



# WHY STILL

# CLASS MATTERS

People's Press

Political



Economy

and

the

Working

Class



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Cover photo from the Archive of Atelier Populaire showing a meeting in Renault Billancourt in the course of the May 1968 strikes and occupations.

This book features posters from the Archive of Atelier Populaire, a group of Marxists artists who occupied the École des Beaux-Arts during the wave of wildcat strikes in May 1968.

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*Poster by Atelier Populair, Paris, May 68'*

What you are about to read had many contributors, but just one primary author. His aim was not to provide a recipe for revolution but, in his own words, to make an important and timely contribution to defending, extending, deepening and improving the class analysis of contemporary civilization. His fervent hope was that these lessons might be applied to the establishment and defense of proletarian power. And soon. This work was to include a full glossary, to aid further study, as well as numerous appendixes that would explain some of the more complicated topics herein, such as the Purgatory Circuit. However, in late 2021, the author died quite suddenly, leaving behind this core text.

What you are about to read contains all the essential elements of what he aimed at: the provision of a firm theoretical basis for comprehending and ending the exploitation inherent in all class systems, everywhere. The text has been edited to remove any direct references to living persons luxuriating in positions of power; these names have been glossed in order to avoid litigation, but the imagination of the reader will not need to be stretched far to fill these gaps.



ATELIER POPULAIRE  
EX-ÉCOLE DES  
BEAUX-ARTS

**L'ELAN EST DONNÉ  
POUR UNE  
LUTTE PROLONGÉE**

*Poster by Atelier Populaire, Paris, May 68', The momentum is set for a prolonged struggle*

# Introduction

## *So, You Want to Fight for Social Justice? In Defense of Class Analysis*

The work you are about to read began as a project to produce storyboards for a series of short videos to bring the working class ideas of economics to as wide an audience as possible of younger workers, trades unionists and other social activists struggling against exploitation and oppression everywhere.

We had thought that ten twelve minute pieces, each with its own two minute ‘promo,’ might do the trick. But then, as will become apparent, the authors are slow old fogies and what is really needed is “The Ten Tik Toks” of economics for workers.

You hold the result in your real or virtual hand. It turned out to be much longer than we had hoped. We would probably be lucky to realize this storyboard as ten feature length documentaries! But it is still a storyboard; the illustrations are a vital, integral part of it. On the other hand, it got so long that we are now calling it a book. Mercifully, it is a short one.

We believe the effort was not wasted. To really be able to properly sum up anything you must first try to grasp it in depth. Our attempt to do so lies before you; making the Tik Toks still lies ahead.

The aim of this book is straightforward. The objective is to clarify, in the simplest possible terms, the main ideas of scientific socialism and so defend the centrality of class analysis in the struggle against all forms of oppression and exploitation. Quite a mouthful. Put another way, the purpose of this book is to understand how some people manage to squeeze more out of the economy in a single day than the average worker will get in a lifetime, and how this simple, cruel fact shapes all our lives. And, more importantly, what can be done about it! Whether the authors have achieved that or not is for you to judge.

Why is such a book even needed?

First, because our rulers do not want you worrying your pretty little head about even bourgeois, let alone working class, economics, so the social level of knowledge about it is rather low. That, in turn, makes it easier for them to divide the working class against itself. The worse workers understand economics and political economy the less effectively they can fight for a better future.

Second, we hope to break through the fatalism, complacency and con-

servativism that is engendered by capitalist ideology.

Scientific socialism is intrinsically subversive. Its central conclusion is that an end to exploitation, oppression and want and with them poverty, war and civil strife, can only be achieved through a revolutionary restructuring of human social relations. This idea is anathema to the ruling class and so it fights with every weapon at its disposal to bury it. Our rulers have many powerful weapons; they have truncheons, the gallows, guns, missiles and bombs and they do not hesitate to use all of them against subversives. Yet, as everyone knows, it is easier to bury the thinker than the idea. So the ruling class also wages all out ideological war against scientific socialism. It incessantly confronts, conceals, obscures, obfuscates, divides and corrupts this dangerous ideology with the aim of persuading everyone that there is no alternative to its rule. This book tries to redress that balance. There is an alternative!!!

And why has our storyboard turned out to be so long?

Ruling class ideology deals with the world only as it appears to be; it pretends that we are the masters of our fate and that we shape our world according to our ideas. In fact it is exactly the other way around! It is the material world that shapes our ideas. This almost universal yet fundamentally false consciousness has profound consequences. It means that the ruling ideology is a massive, elaborate exercise in concealment and obfuscation; at the level of political economy, it means that all the usual categories we use in attempting to comprehend our social reality tend to conceal the essence of the phenomena they purport to describe, rather than revealing it. That, in turn, means that to truly understand what is going on in our world we have to cut through the fog of appearances and drill down to the underlying material reality; it means that we can't uncritically accept even the vocabulary of ruling class ideology. That is no easy task!

Dispelling a thick fog can't be done all at once. One of the founders of scientific socialism synopsized the fog in this way, "*It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness.*" By the end of this book we hope to have shown clearly what he meant.

So what is scientific socialism?

It is the application of a dialectical, historical materialist analysis of human social relations and development to the problem of achieving an equitable distribution of the social product. It is the political economy of the working class. In turn, political economy is economics taken in the context of the human social relations to which it gives rise. It is the study of the production and distribution of goods as mediated by the social constructs of law, government and custom, especially as to the

sharing of the total social product among the participants in the economy. All of which sounds more complicated than it really is. Showing why is the task ahead.

We think that this primer on working class political economy is timely. The most important reason is that the ruling class campaign against it has had some successes recently. In particular, the campaign against class analysis is being widely used to divide and weaken the resistance of the masses to the failing capitalist production system.

Social classes are simply the categorization of human beings according to their participation in the process of the production and distribution of goods and services in society. People participate in the economy in various distinct ways. Some own land, some own the production machinery, some have money, some have some specialized knowledge or talents they can sell and some own only their labour power. In modern times this divides humanity into three great classes; the bourgeoisie, the middle class or petty-bourgeoisie and the working class, the proletariat.

Class analysis is just the study of human social relations using these categories. Working class political economy is the application of class analysis to the production relations from the perspective of the working class as a class. Not just as a class in itself, like the class of people under two metres tall (just under six foot seven inches), but a class for itself; a class conscious of itself as a class with a mission, as a historical subject with its own aims and aspirations.

As the founders of scientific socialism observed in 1848, "*The history of all hitherto existing society is the history of class struggles.*" That remains true today, 173 years later! Class analysis is the only method for analysing history that makes it even remotely comprehensible and, without it, the social dynamics of the present are also utterly opaque. Without class analysis, the working class is left drifting rudderless on the stormy seas of class struggle!

And this, of course, is why the ruling class works so hard to undermine or demolish class analysis. For example, in the 'advanced' countries, the rulers expend a good deal of effort to persuade workers that they are really middle class, to deprive them of their class identity. If they convince workers that they are half way up the ladder already then it may seem to make sense to climb rather than resist or rebel. Lately, the ideological weapon of choice in this battle has been the promotion of various flavours of 'left' identity politics as the 'contemporary' replacement for class politics, as the best vehicle for progressive social change.

But then there is also 'right' identity politics. The NSDAP (the National Socialists or Nazis) were an extreme right wing party built around the 'identity' of the German people with many 'socialist' trappings that divided and confused German workers. Zionism too is centred around a national/religious 'identity.'

Overall, identity politics presents an extremely confusing picture, especially since we must deal not only with a confused ideology itself but also with the caricatures that the various contenders produce of each other, and even of themselves.

From the standpoint of the bourgeoisie, identity politics is an extremely attractive weapon because it necessarily tends to split and disorganize the resistance of the masses to capitalism. "Divide and Conquer!" has been the slogan of the ruling classes since the dawn of history, just as "Unite to Win!" has always been the strategy of the oppressed. It is also a very effective weapon because it can contain important elements of truth. We will look at two of the more popular 'left' flavours; race and sex.

The Atlantic slave trade ranks as probably<sup>1</sup> the most massive genocide in human history, inflicting almost unimaginable devastation and suffering on the African peoples. To this very day people of African descent in the Americas experience the gross exploitation, extreme oppression and discrimination that is the legacy of that great, historic crime; and those in Africa whose ancestors avoided the slavers' manacles and chains still suffer from the consequences of the theft and murder of perhaps one third of their brothers and sisters, some sixty million people. However problematic race may be as a biological category there can be no doubt that it still operates as a system of oppression around the globe. Still, it is impossible to make sense of the Atlantic slave trade solely in racial terms.

On the one hand many 'black' African rulers enthusiastically collaborated with the enslavers to shackle their 'own' people for a profit, and on the other, from the start, many 'white' people, fought bravely and tenaciously against the very idea of slavery. It is impossible to determine who are the oppressors and who are the oppressed based just on their skin colour. In sharp contrast, viewed from the perspective of social class the whole repugnant outrage makes perfect sense. As we shall see later, the Atlantic slave trade was the logical outcome of colonialism, a vital 'primitive accumulation' in the transition from the mercantilist to the industrial phase of the rising commodity-production system. Chattel slavery in the Americas and the West Indies was one of the keystones of industrial capitalism.

Similar comments can be made about all the other 'identities' that lie at the bottom of identity politics. The most salient of those are identities based on sex, sexual orientation and gender.

There cannot be the slightest doubt that people are subjected to oppression and discrimination based on such identities. The aboriginal division of labour based on sex can be seen as the first class differentiation among humans and is the original source from which private

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<sup>1</sup> We equivocate here only because, taken per capita, the global extermination of indigenous peoples may well have been worse.

property and so social class and the state arose. The oppression of women remains ubiquitous! However, that did not make the Queen of England, Elizabeth II, one of the oppressed!!

Unlike race, nationality and religion, sex is woven into the fabric of human social relations at the most fundamental level. It permeates language and thought in all cultures, in every historical epoch. The need for the sharpest feminist critique of human social relations is self-evident. Still, you can't tell who are the oppressors and who the oppressed based on their genitals or what they like to do with them.

Class analysis does tell us!! The bourgeoisie are the oppressors and the working class are the oppressed.

Based on the ever expanding plethora of identities, it is possible to deepen the divisions still further through the startling revelation that it is possible to have any number of them at once. Amazingly, a person can be both 'black' and a 'woman' at the same time. The notion of 'intersectionality' has become incredibly popular recently; even the CIA used it in one of their recruiting ads for hip spooks.

Now it is obviously correct to say that people who hold several oppressed identities are subjected to additional layers of oppression. But, in many cases, if we try to use these identities to discover who is the oppressor and who the oppressed, we will go seriously astray.

In 2013, a black US billionairess and media personality, who shall remain nameless, walked into a fancy handbag shop in Zurich, where the shop girl allegedly refused to show her a \$38,000 dollar handbag. The billionairess took offense and later recounted the incident to illustrate the pervasiveness of racism.

Now anyone who has been shopping more than a couple of times has encountered the surly sales assistant. But the social question is whether or not the billionairess represents the oppressed in this interaction?

The answer is a resounding no. Or did you miss the part about the handbag being priced higher than the average yearly earnings of many US workers?

The black US billionairess and media personality is bourgeois. No doubt she has vastly more first-hand experience of poverty than the average billionaire, but when she cashes her dividend cheques she is getting money that was stolen from the working class. That simple fact makes her the oppressor in her interactions with the working class. None of which means that she is necessarily a bad person. One of the founders of scientific socialism was born bourgeois.

However, if we look at the same situation from the intersectional identities perspective we can even reach the opposite conclusion. If we assume that the billionairess in question is a straight, black female and the sales assistant is a lesbian, white female we have a dead heat of intersectional identities; each contestant has one oppressor identity and one oppressed while they share the oppressed identity of women.

Neither is the oppressor overall.

Now imagine that the billionairess has really always been transgendered and has been hiding something special behind those flowing dresses from day one. In that case the shop girl would be the oppressor because she is a cisgendered female, which is one of the two oppressor genders in relation to trans women!!

Scientific socialists yield to no one in their consistent struggle against all forms of oppression. Women could join the “International Working Man’s Association” long before they got the vote in most countries. Genuine socialists have always opposed racism and slavery. But the currently fashionable intersectional analysis leads only to confusion and division.

It is precisely because of the popularity of ‘left’ identity politics and some valid critiques it advances on sexism, homophobia and transphobia and because in this work we are considering the social relations of the human race, which are tightly bound up with sex, orientation and gender, that we felt it necessary to pay particular attention to these questions throughout.

So, in writing this short work and still more in the preparation of the illustrations, inevitably we had to confront the penetrations of sexism into our language, semiotics and thought. We have made our best efforts to get rid of bias in our language and our pictures.

We have confronted the stylistically unavoidable use of pronouns by randomizing the sex of people appearing only in the third person. Anonymous workers are referred to sometimes as ‘he’ and sometimes as ‘she’, they could be gay or straight, non-binary or transgendered or even from Mars; what is important is that they are wage slaves, they must work or starve. So too for the capitalists; what is important is that they are exploiters, whatever their race, orientation or religious affiliation.

We have done all this with an additional, paradoxical aim. We have tried to communicate in such a way that we consistently counterpoint the form with the content. We aim to illustrate how identity politics often adds more confusion than clarity. The real point is this; the ideas of scientific socialism are the ideas of the working class not the ideas of any individuals. Marx and Engels were just among the very first to articulate them clearly and precisely. In general, ideas must be

judged in their own right and not by the person who thought of them.

There is another aspect to the timeliness of our brief primer on political economy for workers.

It is simply the passage of time itself. We will look at the changes in our material culture in the last couple of centuries in quite a bit of detail in the pages to come. Here we pause to acknowledge the parallel changes in language and thought. Marx's "*Capital*" is not an easy book to read. In larger part, certainly, this is because the topic itself is complex, but in part it is also for very prosaic reasons. When it was published everyone knew by rote that one third of a Pound Sterling was 6/8 (to be read 'six shillings and eightpence' or, more colloquially, 'six and eight.') Today, non-decimal currency is a distant memory even in England and you can't divide one Pound

Sterling into three *aliquot*<sup>2</sup> parts anymore. Language and culture have moved on.

The point here is not what *aliquot* means but rather that the concept to which it refers, integral division, is no longer a part of the discourse in the given field of study. Everybody has a phone so everybody has a calculator and most people tend to ignore anything after the decimal point anyway. It would be a charming intellectual anachronism to find it in a work of social science these days.

Which, in turn, means that we most often rely on derivative sources when first introduced to scientific socialism. It is high time to revisit the works of the founders.

Perhaps the most crucial reason for a recap is the failure of the first proletarian dictatorship, the Soviet Union. This historic event, which took place thirty years before most people think, sixty years ago, was a major setback for the global working class and has created enormous ideological confusion within it. We will examine that question in detail. For the moment the point is just that, as a result, the working class notions of political economy have been polluted by a number of false conceptions masquerading as scientific socialism.

We aim, in this work, to help to clear away some of the fog that conceals the ideas of scientific socialism. We endeavour to uphold class analysis as essential for human liberation and assert that bourgeois identity politics is based on a false consciousness of human social relations. We want to warn the working class that false consciousness always leads to failure.

Above all we will try to show how the working class understand-

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2. We equivocate here only because, taken per capita, the global extermination of indigenous peoples may well have been worse.

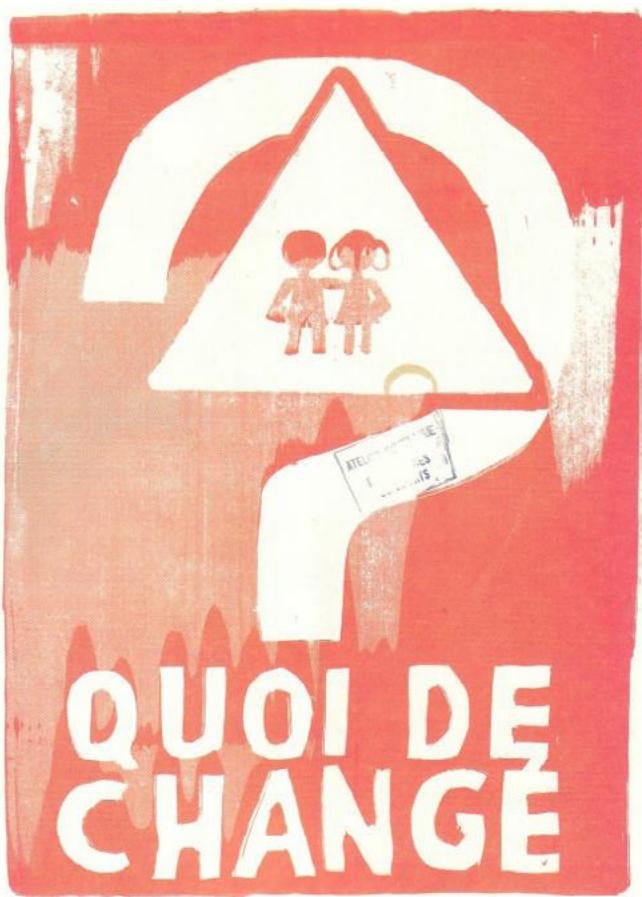
ing of political economy can assist workers to smash the chains of wage slavery and build a vastly better future for all mankind.

*So what should readers expect in the pages that follow?*

First, we will look at the conditions of the global working class today and how they have changed since the early days of capitalism. We will then jump back in time to a time before recorded history and examine the rise of the key social institutions that still shape our world now; the family, private property and the state. We will trace the rise of capitalism and then that of the working class. We will study the roots of money and commodity production, look at the most recent developments in our material culture and in globalized capitalism itself. We will compare capitalism with various types of socialism in detail and finally sketch out the path ahead to the emancipation of the working class and broad mass of humanity.

This book makes no attempt to be a scientific exposition of all these crucial topics. We hope instead to provoke serious thought about them in lively story that also inspires the occasional wry smile.





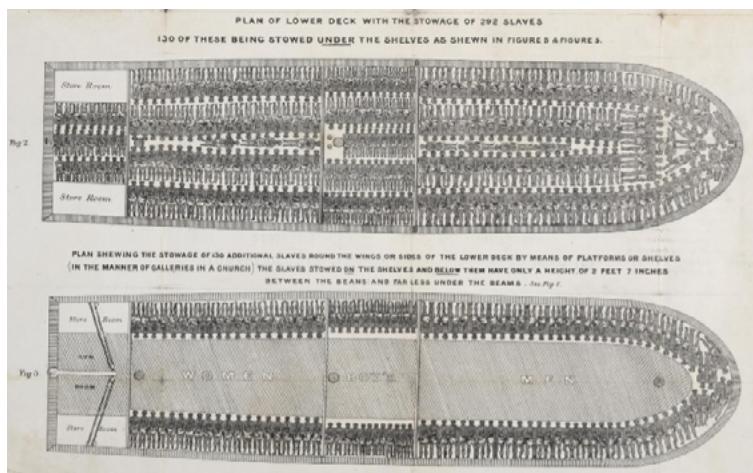
*Poster by Atelier Populaire, Paris, May 68', What has changed?*

# Condition of the Working Class on Planet Earth

In 1845, a German industrialist and amateur philosopher published a book entitled "Condition of the Working Class in England." This slim volume created quite a stir; among other things, its author was expelled by the authorities from Paris and had to flee to Brussels.

In order to better understand why a book on such an apparently unremarkable topic as the social conditions of English workers would elicit such an extreme reaction from the ruling class in France it is essential to cast our minds back to the state of the world at that time. This is no easy task.

Today, just under eight billion humans walk the earth; in 1800 there were fewer than one billion of us. Altogether, the world then was quite a different place; the vast bulk of people were involved in agricultural production and although industry was developing and change was in the air, old social institutions were still strong. Around the globe, aboriginal people living in tribal societies were subjected to ruthless expropriation and often outright extermination. Slavery was still legal in many places as was serfdom and other remnants of medieval society in Europe and caste and clan systems elsewhere.



*Slaves from Africa on their way to work in North American agribusiness in the 18th century - mostly for the textile industry*

One popular legend is that the industrial revolution began in England with the invention of the steam engine by the Scot, James Watt, in 1776. We shall see later that this is far from the whole story and, strictly speaking, not even correct. For the moment it is enough to note that while today there are about three billion working class people on Earth, distributed far and wide, in 1845 almost the entire industrial proletariat of the planet lived in England and amounted only, at best, to a couple of hundred thousand souls.

In the mid 19<sup>th</sup> century industrial workers were a new class and anyone wanting to study them had to go to England. So it was that the author of this radical report on the conditions of the working class chose Manchester and Salford to begin his investigations. Rather than relying on academic studies, parliamentary reports and other contemporary sources he decided to study the English working class first hand, up close and personal. As a result his work remains an indispensable resource for those interested in the historical development of the international working class as a whole. The conditions of English workers at the time can be summed up in a single word – appalling!



*The great-great grandfathers of today's deplorables, young privileged white men taking their first steps in the textile industry—1909, Georgia (Macon not Tblisi)*

By the beginning of the 20<sup>th</sup> century capitalist production had spread widely around the world, slavery had been abolished in many places and the conditions for workers improved somewhat here and there. Child labour was still common but the eight hour day became law in many countries by the early twenties. Nowhere were such improvements the result of ruling class benevolence. Everywhere they were won through the sternest struggle of the working class.

Though it is now often forgotten, the origins of International Working Class Day, May 1<sup>st</sup>, a holiday that was widely celebrated around the world in the WWF, lie in the struggle of US workers for the eight hour day. The Haymarket Massacre which took place in Chicago in May 1886 was the murderous culmination of the violent, ruthless campaign of the ruling class to suppress that struggle. A dozen people died and dozens more were injured. It was not until the New Deal in the late 1930's, twenty years after many European workers got it, that most US workers finally won something approaching a legal eight hour limit to the working day; even now the protection is not comprehensive. The proletariat today is emphatically a global class and so those wishing to study its social conditions have a much larger task on their hands.

The modern working class, the wage slaves around the planet, toil under an extraordinarily broad range of conditions. Putting together a clear picture of those conditions is not so easy. Contemporary means of communication and data storage are unprecedented, yet any attempt to make a global study of the working class is immediately confronted by the fact that there is relatively little information available. What there is is quite patchy. In the age of AI and 5G internet even answering simple questions like how many workers there are in a given place or how much money they make is amazingly difficult. It is much easier to find out how many people tested positive for SARS-COV-2 in the farthest backwater yesterday than to find out what the average wage is there today, let alone in 1845.

At first some readers may find this surprising, but a moment's thought should convince you that it is for the same fundamental reason that a German industrialist could be chased out of Paris by the government just one hundred and seventy-five years ago. The ruling class does not want anyone to have easy access to such dangerous information. From the standpoint of the capitalists their relations with 'their' workers ought to be a private matter, a private transaction in the marketplace between two competent consenting parties and no business of the world at large. They use every weapon in their arsenal to hide the facts and obfuscate the reality.

For example, around the world there is a natural tendency to think mainly of local conditions when thinking of the class struggle. This is both wrong and misleading. Nowadays, slavery is illegal in every country in the world, yet there are over 20 million illegal slaves. In 2020 the fight to abolish child labour and to limit the working day to eight hours is far from won even in many so-called advanced countries.

The iron-clad rule of the capitalists is to offer the least when buying and demand the most when selling. Everyone knows that workers in a rural factory will make less money than their counterparts, doing the same job, in big cities. This seems as natural as breathing to almost everybody and, what is more, they know the reason. Urban wages are higher not because city capitalists are more generous but

because the cost of living in a city is higher. But looking at this same phenomenon when it appears between nations people are, understandably, easily confused.

The ruling class exploits this confusion to the hilt. The bosses in the developed Western countries promote the idea that the reason they have to drive wages down is that foreign workers are willing to work for slave wages; that they would happily employ more of their 'own' workers if only they were not so overpaid. This is pure nonsense. If a worker in China is making \$3 per hour doing a job that in the US pays \$21, this only means that the Chinese proletarian can buy for three dollars what would cost the US worker twenty-one. The Chinese worker is no more willing to starve his family for the sake of Fiat-Chrysler than the German worker is, whatever racist propaganda the global intelligentsia may dream up, mainly for Western consumption, about how the Chinese do not value human life as much 'we' do.

On the flip side, the US bourgeoisie promotes the notion that they have to employ workers overseas because otherwise the prices for the commodities that the US workers need would go through the roof. Again, this is total rubbish. The US rulers could produce all the goods 'their' workers consume onshore and the prices would not change at all. Why? Because, for example, the price of socks in South Carolina is not determined by how much the Chinese workers in Datang who made those socks were paid but by how much the US workers in Greenville who buy them can afford to pay.

Certainly there are substantial national differences in lifestyles and living standards around the world but the social result of such differences is often not what you might expect. India exports a good deal of labour, worldwide. Many Indian workers are employed at hard labour under lousy conditions on constructions sites around the world. Many others are IT specialists. India also exports CEOs for global corporations, which is much nicer work if you can get it. At the same time, there is a counter flow from the West. Quite a few highly paid, upper middle-class IT professionals are moving from Silicon Valley to Bangalore to take jobs for a fraction of their US salaries. Why? Because even with that much smaller salary they can get a bigger house, a housekeeper, a cook and a gardener, and have more money left over at the end of each month. We will track down what happens to the hyperprofits of offshoring in Chapter VI.

The modern working class, in many places, exists under conditions at least as bad as those of Manchester and Salford in the mid eighteenth century and such places are often closer than we think. In some places their conditions are better and in some worse, but everywhere their existence is precarious and wherever they have managed to better their situation through the class struggle those gains immediately come under the relentless, withering attack of the capitalists seeking to regain lost privileges and profit.



*Mwikiza, a young Congolese entrepreneur went into cobalt mining to partner with a leading oligarch in battery production and is learning the trade from the ground up*

Some readers will still feel that, overall, we are better off today than we were in the distant past. Though it would certainly be difficult to convince Mwikiza (Figure 3) of this, there are important ways in which it is true. Take his particular case; if he were to become the unhappy victim of an industrial accident he could use his smart phone to crowd-fund a course of antibiotics to cure the resulting infection, while a young girl his age, Mary, in a textile mill in Manchester in 1845 in a similar situation would simply have died from sepsis even if Queen Victoria had taken pity on her. It would obviously be best to try to explain this to him when he didn't have his hammer handy. Better yet, text him:



*but it's better than the alternative!*

The point here is that both absolute and relative impoverishment exist. Our Congolese entrepreneur may be, at one and the same time, absolutely less impoverished than Mary (Figure 4, p. 18) was in 1845 and yet relatively more so. Mwikiza has a mobile phone and hypothetical access to antibiotics. Mary had neither but nor did Queen Victoria! So Mary's share of the total social product might well have been larger; if only she had lived!

Absolute impoverishment is easy to understand. You just have less.  
If last year you could afford to eat eggs three times a week, but this year only twice, you have been absolutely impoverished in the meanwhile.



*Mary (front row left) in happier times, before the accident, on strike with co-workers at a cotton mill in Manchester*

Relative impoverishment is only slightly more difficult. Your share of the total social product just gets less! Yes, this year, finally, you can afford a 50cc moped to get you to work in Port au Prince, but only because your boss knows that working your ten hour shift at the sweat shop would be impossible without it. At the same time, your employer is richer than ever and just took delivery of a spanking new Ferrari Portofino to impress his girlfriend. You have a bit more but the ruling class has much more! The pie got much bigger and you got some crumbs!! All workers are naturally, instinctively opposed to both absolute and relative impoverishment and fight against it directly and through their unions and other organizations. However, this fight is complicated by the effect that the ruling ideology has on workers' consciousness. Surprisingly, many workers are influenced by the idea that the boss deserves a new Ferrari or that he is entitled to a particular rate of profit. We will look closely at this phenomenon in Chapter IV. For now it is more important to understand precisely how both these types of impoverishment work.

Capitalists everywhere always attempt the absolute impoverishment of the workers even

though they may only achieve a relative impoverishment. The most basic technique of the capitalists to absolutely impoverish the working class is the “give back” contract. The less the capitalist has to pay for labour, the more money he makes. So he, or one of his representatives, appears on the shop floor and says, “The price of commodity X has gone through the roof (or dropped through the floor). Times are tough. Our business model is shot to hell and profits are way down. We all have to tighten our belts, so the best we can offer you this year is a small pay cut.” Beside this direct approach, there are several others, lengthening the working day for the same money or intensifying the work itself with no extra cash, aka ‘raising productivity,’ being two of the most prominent.

These techniques operate against the working class in slightly different ways. A pay cut absolutely impoverishes the worker who must accept it. He simply has less! On the other hand if he accepts a longer working day or harder work for the same money, not only is he himself absolutely impoverished through the theft of his leisure time or his good health but, because his employer will have a competitive advantage against other capitalists in the same production branch, fewer workers will be needed there and so the working class as a whole has less.

Understanding the changes in relative impoverishment is trickier because it arises for several different reasons. First and foremost, of course, is the class struggle. All other things being equal, the better organized and the more united the working class is, the larger their piece of the pie will be. This is true both at the basic economic and the higher political level. A well-organized, honest trades union movement can win an increase in the workers’ share of the social product and, to the extent that the organized working class can influence the politics in their country and even internationally, additional gains are also possible.

The converse is also true. To the extent that the capitalists can disorganize and divide the workers and their union movements, or block the expression of working class politics, they can grab a larger share of the social product for themselves. Naturally, the ruling class employs all such strategies with great gusto. These days, the promotion of identity politics in contradiction to class politics is one of the most visible examples of such tactics.

Another major factor in changing the relative impoverishment of the working class is change in the means of production themselves. All other things are never equal, at least not for long. The tools, the machines, and the techniques of production are in a permanent state of change and evolution and this necessitates corresponding changes in the prevailing social relations. Such changes most often confront the workers today in the shape of automation, the introduction of robots and AI



*Happy electronics workers in Shenzhen, secure in the knowledge that the working class is the 'leading' class in China*

This evolution cuts both ways. In its relations with the working class the fundamental imperative of the capitalists is to offer the minimum while taking the maximum. However, this minimum is socially conditioned; it is relative not absolute. Changes in the production process frequently necessitate increasing that minimum but often require lowering it too.

Take Mwikiza's cell phone, for example. Did the global capitalists employ the happy workers of Shenzhen to produce this marvel of modern machinery for him out of the goodness of their hearts so that he could listen to some tunes and play chess online in his off hours? Of course not! Mwikiza has to check the price of cobalt ore regularly so that he can get the most for his product. His phone is as important to him as his hammer. His sister is in agriculture and owns the extended family sickle. They share the smart phone.

Our young Congolese 'entrepreneur' needs his tools and basic numeracy besides. Mary, in contrast, needed nothing besides her fingers, for so long as she could keep them. Capitalism has raised the absolute quantity of social products available to Mwikiza, compared with what Mary had, not because it wanted to but because it was simply unavoidable.

On the other side, changes in the means of production continually tend to drive the workers' share of the social product downward. The reason is not difficult to comprehend. When any individual capitalist gets hold of a better production technique they make a superprofit precisely because the workers' share of the output drops. We will look deeper into this vitally important mechanism later; at this point it is worth noting that, once again, bourgeois ideology has a profound impact on workers' consciousness. To the extent that workers are

persuaded to look at their wages as an ‘overhead,’ a cost to the enterprise rather than as the source of all the value that is created in production, they will tend to accept that the superprofit resulting from an improved technique rightfully belongs to the capitalist.

Such penetrations of workers consciousness by bourgeois ideology are extremely widespread and very tenacious. They are sometimes hard to recognize precisely because they are so ubiquitous, so fundamental. Here we have a sort of Stockholm Syndrome at the level of classes. The abused sympathizes with the abuser. From outside a hostage situation it is hard to understand how the captive can come to feel for the captor. Still, at some level, we can all come to sympathize with our oppressors.

“Never!” you may say; but we beg to disagree. We all do it, in various contexts, all the time. Anyone who has ever stood on line, queued, has done exactly that.

Unless you are an asshole, when you join a line for anything, a bargain flat screen TV, an appointment with the doctor, a chance to mail a parcel, a driving license, anything at all, you accept the logic, the dominant ideology of the queue. As we shall see, this is the ideology of the oppressor. On joining you become a part of a self-policing collective with its own customs, rules and regulations which express the ideology of the queue-giver, the entity that set up the line in the first place. This ideology is that when the queue-giver’s representative is busy serving a ‘valued client’ everyone else will be dealt with on a ‘first come - first served’ basis and must form an orderly line and wait their turn. Notice that, in the simplified context of the queue where the queue-giver is hidden from sight, this makes the ‘valued client’ the oppressor; they are the one holding back the line, keeping the oppressed in their place, while they alone are being served by the representative of the queue-giver. You, while you are one of the oppressed in the line, will watch like a hawk for interlopers and assholes who may try to leapfrog the masses and will cry foul, or at least mutter into your beard, when they appear. You try, on behalf of the oppressor, who, after all, has a right to the undisturbed services of the queue-giver’s representative, to conserve the order of the line. But, as soon as you get called to the desk, you become the oppressor. From the standpoint of the oppressed, those who are still waiting, you are suddenly the asshole, possibly with too many questions, holding up the line. Many of us cannot cope with this transformation. When finally called, we often forget why we were there in the first place. Of course any asshole who jumps to the front of the line has no difficulty adjusting to this role since they were an asshole all along. They don’t have to identify with the oppressor; they are the oppressor.

The point here is not to draw a somewhat simplistic, if tempting, analogy—oligarchs and oppressors never wait in line—between the ideology of the queue and that of the bourgeoisie, it is rather to point out the ease with which the oppressed can take on the ideology of the oppressor. Which, in turn, underscores the importance of uncompromising struggle against bourgeois ideology.

The semi-automatic assimilation of bourgeois ideology is one key roadblock to the formation of working class consciousness and class solidarity. On the one hand it is to some extent unavoidable and can sometimes even be beneficial, on the other the fight against it is vital to advancing the interests of the working class. That is the challenge of the workers' ideological struggle; to seize the key links in the chains of the ruling ideology and smash those.

In the context of the queue too there is ideological struggle. On the one hand there is an appealing egalitarianism to the queue-givers code. On the other, in life, the oppressed do not always support such radical equality; only a very few will demand that the octogenarian with a bad heart and a problematic hip take the very last place at the end of a long line. There are also local variations in the code. In some Mediterranean countries an entire chapter of it is devoted to what weapons may be used by old white-haired ladies dressed in black, the widows, in enforcing their inalienable right to go straight to the front of any line. In the former Soviet Union, party members were honorary widows and queueing itself acquired a sort of legendary status, replete with codes, codicils, anecdotes and so forth. Gun fights in queues for Black Friday sales at big-box stores in the US also have an epic quality; their significance in this context remains to be explored.

Once again, the point here is not to argue for some revolution in queueing around the globe, which for the most part seems, except perhaps in the US, to work reasonably well. There is little need for an international movement to fight for justice in queueing.

The point is this, all parties in any negotiation make their worst mistakes before they walk into the negotiating room. So too with the working class in its struggles, economic or political. The fight against the penetration of capitalist ideology into the working class is essential precisely because this ideology is intrinsic to the social, commodity production relations in which workers participate. Bourgeois ideology is the ruling ideology and so is semi-automatically assimilated by the broad masses of people. Yet, if the workers accept the bourgeois 'logic' of capitalism they hobble their struggle before it has begun. At the very best they will get some crumbs and their struggle will not rise from the strictly economic level to the political.

The struggle against the ruling ideology is a monumental task demanding great vigilance. Be honest, after all that, you do still harbour some sympathy for that 'valued client,' the asshole holding up the line, don't you?

For the moment let us shift our focus to the form or appearance that the production and distribution of goods and services takes on under capitalism. Wages, which are the price of labour, the prices of all other commodities and the profit that the capitalists make are the form in which the existing social relations confront workers, the bourgeoisie and all other social classes. Wages,

prices and profits are the terrain on which the class struggle is fought out.

The most peculiar feature of this state of affairs is that everyone from Congolese cobalt miners to IT specialists in Delhi, to blood-sucking Berlin bankers and hedge fund promoters on Wall Street, takes this price list to be a given, something fixed, like the distance between Beijing and Moscow or the atomic weight of hydrogen. And this in spite of the obvious fact, known to all, that the price list changes literally by the second. How did such a bizarre situation come to pass?

That question we will investigate in some detail later. For now, we are more concerned with the fight that breaks out because of it. And what a fight it is!



*Cooperation between agribusiness operatives and management at the base of the textile supply chain in the late eighteen hundreds*

First, let us look at profit. The ruling class would have us believe that there is a natural rate of profit; that capital is 'entitled' to a certain rate of return. This is a load of utter and complete bourgeois bollocks! The bourgeoisie has no more right to a profit than the feudal nobility had a divine right to rule or the plantation owner had a right to the labour of his slaves. The capitalist has as much right to her profit as the thief to his booty.

Next, take prices. The price list does not fall from heaven; as we shall see later, it is just a numerical embodiment of the existing social relations. Still, the elite use every trick in the book to manipulate it in their individual and class interests. Although they do not have complete control of prices, they do control the channels for the distribution of goods and so are able to systematically reduce the working class share of the social product by

a variety of dodges such as, among others, product substitution and the intensification of consumption. Such chicanery is often completely bald-faced. In recent times in the US there has been a marked trend to reducing standard package sizes for food while not reducing the per package price, (Try our NEW, lighter bag of sugar at no additional cost! Much easier to carry!) - a sort of modern equivalent of adding gravel to lentils, sawdust to flour or using ‘special’ one kilo weights for selling produce that only weigh 900 grams; all techniques, commonly called cheating, that were rampant in the bad old days.

Finally, most fundamentally, wages. The capitalists moan incessantly that the cost of labour is too high and engage in perpetual ideological struggle to bring it down. Their basic tactic is to claim that wages must be kept low in the interests of the working class and small proprietors. In short, the rich claim that they are keeping you poor for your own good! Bourgeois benevolence at its best.

For example, on the topic of the US minimum wage, Wikipedia says,

*“A literature review conducted by David Neumark and William Wascher in 2007 (which surveyed 101 studies related to the employment effects of minimum wages) found that about two-thirds of peer-reviewed economic research showed a positive correlation between minimum wage hikes and increased unemployment—especially for young and unskilled workers.”*

Astonishing! Two thirds of the intellectuals hired by the ruling class to study the given question agree with their employers that the best way to eliminate poverty is to perpetuate poverty. The other third did not get tenure.

In fact, such gross, willful stupidity has been debunked again and again for the last one hundred and seventy years. In the mid 19<sup>th</sup> century the English capitalists screamed bloody murder that they would be ruined by the introduction of the ten hour working day. They hired numerous intellectuals to prove that it was impossible to make a profit unless they could work Mary and her like a full twelve hours five days a week, plus half a day on Saturday. These tricksters even claimed that the rich were exploiting Mary for her own good and ‘deeply regretted’ the unavoidable, collateral loss of her fingers and, subsequently, her life.

Karl Marx, on the other hand, together with his friend, our mysterious German industrialist Friedrich Engels, proved theoretically that this was complete gibberish. Life proved it in practice. The ten hour day was introduced in England and the capitalists made more money than ever!

For the proletarians on planet earth, smashing the chains of wage slavery is not some romantic historical metaphor. It is the practical task of the hour.

The working class is a global class in chains and every worker everywhere has more in common with Mwikiza and Mary than with the capitalists. By uniting and organizing internationally the workers can build a better world.



Poster by Atelier Populaire, Paris, May, 68'; The boss needs you, you don't need him

# The Origins of the Family, Private Property and the State *or So When Did You Decide to Be a Wage Slave?*

Workers work because they need the money. They are wage slaves because they have no other option for sustaining life but to work for wages. Why is that? For one simple reason; they have almost no property that might otherwise provide them with a living. There certainly seems to be plenty of such property around, so why do they not go out and grab some for themselves? Again a simple reason; when a worker is born all the existing property the world over is already owned by people outside his family and, should he try to appropriate some of it for himself, the state will use force to defend the rights of the existing owners. So, it seems that any hapless, helpless, new-born worker made a fundamental mistake by being born into a family without much property and this egregious error will haunt him for the rest of his life. Property plays a central role in our lives but the correlation is not as simple as it seems. It is possible to have too much property as well as too little!

Marie-Antoinette cleverly avoided the basic blunder of propertylessness but still, her story did not have a Hollywood ending.

Our purpose in this short book is to sketch working class political economy. The working class is first confronted with political economy directly in the production and distribution of goods. Yet the background against which this confrontation occurs is the web of social relations that binds us all together in the human race.

Capitalism rests on commodity production, which is impossible without the state and meaningless without private property. In turn, private property and later, the state, both emerge from the family.

It might seem that we have identified the historical cornerstone of capitalism in the basic social unit of the family, but things are not really that easy. Like all the social constructs, the state, property, value, money and so forth, the family is not eternal. It has not existed since time immemorial and will not persist until the end of humanity, let alone to the end of time. Moreover, while it does exist it is continually changing.

The family as it exists today hardly even bears a passing resemblance to the ‘family’ at the beginning of the Iron Age.



*Marie-Antoinette in her hunter-gatherer outfit - proof positive that you can be too rich!*

To dive in in the middle, the very word ‘family’ and its cognates in many European languages come from the Latin *famulus* meaning a house slave. It may be rather shocking to find slavery at the root of the family; but then think of all the tedious family arguments about who should take out the garbage. “Waddaya think I am? Your slave?” Studying these social constructs is further complicated by the fact that they are all tightly intertwined.

Today, especially in this book, the word ‘economy’ has the rather grand sense of the production and distribution relations in a society as mediated by the state, but it comes from the ancient Greek word *oikovéuos*, meaning ‘household management’, a much more prosaic origin that puts the family in the picture from the start.

So too with property. Like Socrates, all humans are mortal and they all know that “you can’t take it with you!” The question of inheritance thus binds property to the family from the dawn of civilization and even before.

No less for the state. Writ large, whether for the principality, the nation or even ultimately the human family itself, the state is simply an entity that performs ‘household’ management; a task formerly performed by women.

Much of the detailed knowledge that would be required to unpick the tangle of these crucial social constructs, family, property and the state, is lost in the murky fog of pre-history. With no time machine available we can only rely on archaeology, that is sifting through the rubble of the material cultures of the past, and what we might call ‘social archaeology’, that is the ‘excavation’ of older social constructs from history, law, custom, myth, religion and lore, and identify the traces of them in the many survivals of archaic social forms that still exist today.

It turns out that our favourite German industrialist, F. Engels, also wrote a book on this topic, the title of which we have borrowed for the present chapter. Published in 1884, this fascinating work sketches the evolution of these ideas from their earliest beginnings through Engels own time.

Inevitably such a sketch must forever remain a work in progress but the main conclusions are unimpeachable.

*“According to the materialistic conception, the determining factor in history is, in the final instance, the production and reproduction of the immediate essentials of life. This, again, is of a twofold character. On the one side, the production of the means of existence, of articles of food and clothing, dwellings, and of the tools necessary for that production; on the other side, the production of human beings themselves, the propagation of the species. The social organization under which the people of a particular historical epoch and a particular country live is determined by both kinds of*

*production: by the stage of development of labor on the one hand and of the family on the other.”<sup>3</sup>”*

Based in large part on Lewis Morgan’s pioneering works on consanguinity and kinship, Engels showed that changes in all three of these key social constructs, the family, property and the state, were driven by changes in the material culture of early person. Morgan, who might be called the bastard founding father of anthropology, was, with Bachofen, among the first to go beyond the Torah in attempting a scientific study of this topic. His central discovery was that the patriarchal clan or ‘gens’ familiar to students of the Bible and of ancient Greece and Rome was built on a still earlier social formation. The patriarchal gens had replaced an earlier clan structure founded not on father-right but on mother-right, with radically different conceptions of marriage, kinship and consanguinity - a ‘family’ structure entirely different than that which confronts us today.

What is more, he showed that this revolutionary change had arisen on the material foundations of production.

Naturally, for Marx and Engels who relentless adhered to materialism in all matters, social, political, ideological and philosophical, this was a welcome revelation and they

promoted it. For Morgan this may have been a mixed blessing. From the bourgeois standpoint, with friends like the founders of proletarian socialism, who needs enemies?

So it was that, after an initial burst of enthusiasm among the intelligentsia, an alliance of academic attackers united on political or religious grounds to attempt to demolish that key conclusion, thus rendering the father of anthropology illegitimate. A fate he shares with Chomsky, Freud and many other founding mothers.

The central element of this reaction to the ideas of Morgan and Bachofen was the attempt to re- enshrine 'patriarchal monogamy' as primeval, something inherited from our pre-human ancestors, a part of 'human nature.' Here, the pivotal point for bourgeois ideology really has nothing to do with sex or gender! Of the four Greek root words in 'patriarchal monogamy,' father-ruler and single- marriage, it is 'single' that is the essential component for the ruling class. The crux of the matter is the predominance of the individual over the collective interest.

There is no contradiction whatever between capitalism and a 'matriarchal monogamy' so long as any hypothetical individual capitalist, who in such a case would usually have ovaries, has the same rights to private property as existed for the archetypal bourgeois with testicles in the golden age of capital.

This is why mother-right, pairing marriage and the earlier group marriage are unacceptable to the bourgeoisie; in the matrilineal, matrilocal gens, as the social unit of early tribal societies, collective right massively predominates over individual right both in the production of goods and in the reproduction of the species. The notion that having babies and raising them could be a collective endeavour is anathema to the bourgeois mind precisely because in such a society private property in the means of production is quite impossible.

Thus, it should come as no surprise that modern capitalist states, especially in the West, have followed the liberal zeitgeist in admitting new genders but not new marriage styles. French bureaucrats recently removed the words 'mother' and 'father' from official school forms replacing them with 'Parent 1' and 'Parent 2.' The French bourgeoisie is apparently entirely comfortable with any number of genders and any chosen pair of them as parents but not with adding parent 3, parent 4, ..., parent N!

Before passing on to sketch in more detail the Engels- Morgan-Bachofen heresy that so affronted the bourgeois intelligentsia we should pause to notice a fundamental difficulty with this entire realm of study.



*Darth Vader (homologous with Dark Father) must have missed the memo - he is actually Luke's Parent 2!*

It is this; in anthropology the subject under study is the human race and its society and culture and so, unavoidably, much of the vocabulary used to describe it is unscientific, having emerged, quite literally, with language itself. 'Mother' and 'father' are among the first words spoken by every human being. Is it any wonder then that our understanding of them is shaped by mountains of unconscious popular prejudice? Avoiding the attendant pitfalls requires enormous care and attention.

Today, for the bulk of us, the answer to the question, "Who's your mama?" is "Ms. X, a person with ovaries, from one of whose eggs I grew and in whose womb I gestated," that is, just one person. But this is often not the case for those of us living in tribal societies; then the answer is a class of people, "the woman who bore me and all her direct and collateral sisters."

The incompatibility of this notion with private property is self-evident. If, in answer to the question, "Whose tobacco is this?" a tribal person truthfully answers, "My father's," which might easily refer to dozens if not hundreds of people, we have no idea who to approach with a proposal to exchange a quantity of it for one golden ducat. Of course, this question is only of academic interest to the colonizer since he will usually solve the problem by stealing the tobacco and enslaving or exterminating the tribesman, neatly leaving all the philosophical niceties to the anthropologists.

For anthropology the problem goes much deeper. If 'mother' is just a one cent word, 'matriarchy' is worth at least a dollar. But translating 'mother' into an old dead language like Latin does not remove our prejudices as to its meaning. For a

member of a society founded on mother-right, 'matriarchy' must be the rule of a class, whereas in bourgeois society it is obviously the rule of an individual.

So, back to the heresy. For Engels the short story of humanity is roughly as follows:

*Emerging from the animal kingdom, humans, as clever but relatively small, weak and defenceless mammals, naturally banded together for survival. Inescapably, they had to cooperate to prosper. This, in turn, meant raising the mutual toleration of males, transcending the prototypical 'family' relations of the other animals in which the males are in more or less constant conflict with each other, and thus enabling and enhancing cooperation for child rearing, craft production, hunting, gathering and defence.*

*In this aboriginal form of society the individual hardly existed apart from the whole; the life of humanity was a collective enterprise and no meaningful distinction could be drawn between that life and any form of production, whether of goods or of people. Society was communal both in production and in its organization and politics, which were based on the purest democracy; everyone had a direct voice in making all important decisions.*

*The earliest division of labour among humans was that between males and females. This division, which can be taken as the original class division, between procuring the means of subsistence and their preparation and management, as in the modern stereotype between bread-winner and home-maker, inevitably made matrilocality the preferred domestic arrangement. The children were raised and grew up with their mother's kin; that was where 'home' was. This arrangement, again inevitably, gave women a high social status, they were the managers.*



*A Long House - Shelter is just a roof over your head but also defines many aspects of human kinship; it is a factor of production in the reproduction of humanity going back to the very earliest times*

*In such primeval, matrilocal, conditions a matrilineal kinship system is ideal because it further narrows the scope for internal competition and conflict between males and emphasizes cooperation in all aspects of social life. Tribes composed of clans based on mother-right, whether they practice the earlier, hypothetical, group marriage or the later pairing marriage, are structured around a kinship system that prioritizes the clan and the tribe above the individual or couple. Matrilineal clans put the solidarity of siblings at the centre of the marriage system at the expense of the relationship of pair-bonded couples, whether such relationships take the form of the earlier pairing marriage or later monogamous marriage. Effectively, in a mother-right marriage, any recognized pairing also appears as the siblings of one clan marrying the siblings of another; both sexes appear on both sides of any marriage. As a consequence there is much greater gender equality and balance since the strengths and weaknesses of both genders appear on both sides of the relationship. Put crudely, any husband who took it into his head to rough up his wife had better size up her brothers before doing so. On the other side, the closeness of the sibling bond has the potential for negative biological effects if taken too far, as quite a few of the feudal nobility later re-discovered to their cost.*

*How precisely the fundamental taboo against marriage within the clan arose, whether directly from biology or some sort of Darwinian group selection operating at the level of tribes or otherwise remains a matter of conjecture. Whatever the case may be, the law of marriage only outside the clan is almost ubiquitous.*

*Early human society was matrilocal, matrilineal and often matriarchal.*

*At the end of this very early stage of development private property was almost insignificant; the land and everything on it together with everything produced in common was held in common and personal possessions were very few. Goods were produced to satisfy some existing need. The means of production were produced by the producers themselves.*

*Two developments in production shook the old system to its foundations. The domestication of animals and the development of agriculture allowed, for the first time in human pre-history, the production of a regular surplus in the means of consumption. One can easily imagine the cries of delight of some early proto-bourgeois, "At long last there is something worth stealing!"*

*The new surplus arose outside the home in the form of herds of domesticated animals and cultivated food stuffs and so naturally, given the division of labour, in the hands of men. This was the seed from which the whole edifice of modern production relations grew. In a process taking at least eight thousand years, private property, exchange, money and class differentiation developed; the aboriginal social form of the matrilocal, matrilineal, matriarchal clan yielded to patrilocal, patrilineal, patriarchal clans and then finally, at the dawn of the Iron Age, to the*

*'monogamous<sup>4</sup>' patriarchal family. The rise of the family counterpointed the fall of the clan.*

Improvements in production drove the changes in the social relations at each stage; the development of pottery, weaving, tools, weapons and other handicrafts increased the social product but also the division of and demand for labour. The first true class division in human society came with slavery; for the first time ruthless, systematic exploitation of human labour could yield a surplus, so suddenly there were masters and slaves, exploiters and exploited, oppressors and oppressed. Slavery is a very old institution; it already existed in ancient Sumer at the dawn of the Bronze Age. Slavery was the nectar that slaked the proto-bourgeois thirst for cheap labour which arose in the patriarchs of the late Stone Age after the development of metallurgy.

By the beginning of the Iron Age, the rudiments of commodity production and exchange existed and class conflict and an elaborated division of labour besides. The father-right gens faded away because it could not regulate the social conflict that arose from the new forms of the family and property. The bonds of kinship that had organized the old society gave way to territorial organization; participation in politics was now based on domicile rather than clan. A new social organism arose which could resolve the sharp conflicts that arose between classes and the families, between masters and slaves; this new entity was the state.

One distinguishing feature of the new organizational form was that it brought entirely new forces into play; for the first time there were armed detachments separate from the whole, which had been the military organization of the tribal clans. One of these new forces acted as an army to keep the slaves in check and to handle external challenges, the other was a police force for internal control of the citizenry.

In the Ancient Greece of the first millennium before the common era, about two thousand five hundred years ago, we find the clearest, fairly well documented example of the emergence of a state, recognizable as such to modern eyes, from the clan systems that had gone before.

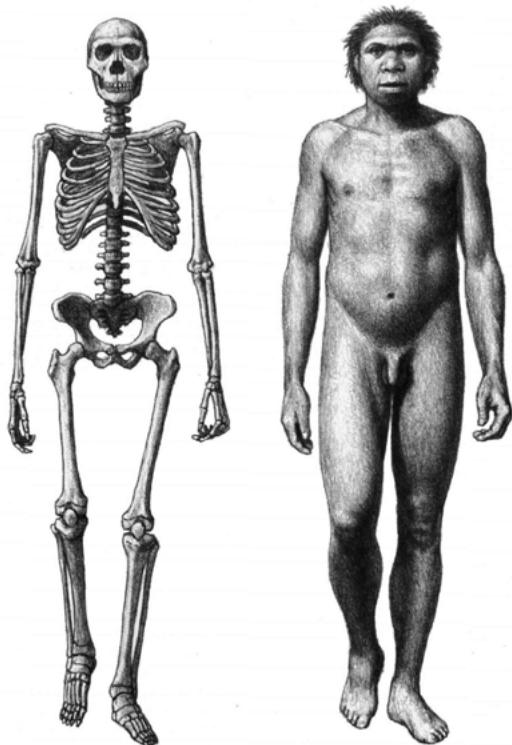
There is not the slightest doubt that the state arose as an organ of class domination. First, to secure the freeman's domination over the slaves. Second, to fully enshrine the domination of men over women. Third, to ensure the domination of the patriarch over the family and the family over the clan.

That, in a nutshell, was Engels' heresy. With Morgan's help, Engels had preemptively, deftly dodged the bullet of eurocentrism. The proof of an original mother-right orga-

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4 As Engels points out in great detail, this was monogamy for the women only!

nization of humanity and the subsequent evolutionary and revolutionary changes in it spanned the globe, coming from the Americas, Hawaii, India and Australia, as well as Greece, Rome and the Germans. However compelling the evidence and the reasoning, the conclusion could not satisfy the bourgeoisie for long and the reaction began.



*A juvenile *Homo erectus* from 1.6 million years ago - seen here contemplating his mortality and the potential returns he might realize on his paternal investments*

By the 1960s the idea that human evolution was driven by the male's alleged desire for certainty of paternity which would increase paternal investment in his offspring became the 'Standard Model' of anthropology. This abjectly bourgeois notion was back-projected onto *Homo erectus*, that is about two million years into the past, so that patriarchal monogamy and everything that flows from it appears as the aboriginal motor of human development, a condition so natural that all argument is futile and even discussion is pointless. This scheme became the staple for portrayals of early person in popular culture.

It turns out, of course, that Engels was right all along. Anthropological evidence for aboriginal mother-right continued to mount. Various attempts to find a smoking gun for the murder of the hypothesis of early tribal matriarchy failed. New scientific tools opened new categories of evidence. DNA studies of mitochondrial versus Y-chromosomal dispersion patterns support the fact of matrilocality among modern hunter-gatherers. Cross-cultural studies show that herds of cattle are the enemy of matrilocality; thus connecting the rise of property to the shift to patriarchy. There is much other new evidence besides.<sup>5</sup>

There can be no doubt that Engels' work has withstood the test of time. His dialectical approach to elucidating the story of humanity is just a brilliant sketch, but it captures the essence of social development beautifully. In attempting to summarize his work we have compressed thirteen thousand years of the human story into just thirteen paragraphs above. Every such attempt, including Engels' own work, is inevitably doomed to failure, yet "*The Origin of the Family, Private Property and the State*" is a mesmerizing *tour de force* which is heartily recommended. In the interests of full disclosure we must warn those who choose to read it that they will certainly end up knowing more about the Athenian, Roman, Iroquois and Germanic gens than they ever expected to. If you are pressed for time, just read the last chapter.

The importance of this study for the working class is firstly that it confirms that changes in people's consciousness and the social structures erected upon it, in their political, economic and cultural institutions, are driven by changes in the production relations - whether we are talking about the production of goods or the production of people. Today, as in the distant past, we erect the ideological superstructure of kinship on the foundations of the actual pairings of people for procreation and child care in just the same way as we build the ideological superstructure of commodity fetishism on the foundations of the production relations. This is why changes in the kinship system lag changes in the forms of marriage, just as changes in the notions of property and value lag changes in the production relations. In turn, the significance of this for the working class is that it is only by changing the production relations that lasting change in the superstructure can be achieved. Genuine revolution comes only from the bottom up and never from the top down.

Secondly, the production relations arise from the material base, from the factors and means of production mediated by the division of labour. To abolish capitalist production relations, that is commodity production, the capitalist division of labour must also be abolished.

Thirdly, the very existence of any state, slave-owning, feudal, bourgeois or even proletarian

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5 A very interesting summary of this new evidence is given in "[Early Human Kinship was Matrilineal](#)" by Chris Knight, which also brings out important aspects of the principle of sibling equivalence.

is proof of the existence of irreconcilable class antagonisms that are created by the appropriation of wealth. In essence, the state is always an organ of class domination, but it poses as a 'third force' above the class struggle, outside society, superior to it. It must act in this way because administration and coercion costs money and are a deduction from the social product; thus, initially having no property of its own, the state taxes the society. To secure broad support the state must present itself as an 'honest broker,' a neutral entity floating above society as a whole. This appearance is reinforced by the fact that, from time to time, in exceptional circumstances, the balance of forces in the class struggle is so nearly even that the state can seem to hover above the fray. In the end, it always upholds the ruling interests.

Lastly, it vividly illustrates the operation of the dialectic in the human story, which is of vital importance for the class struggle now and in the future. In the long view, our entire social development is just the dialectical resolution of the contradiction between our collective and individual interests. Emerging as a separate species the fundamental unit of society was the tribe; each tribe was a social universe unto itself and it was an integral unit. All activities of the tribe were carried out directly by the tribe for the benefit of the tribe. Production of whatever goods existed and reproduction of the tribe itself could hardly be distinguished from one another and were both collective endeavours of the entire tribe. The first division of labour, that between man and woman, arose from biology and gave rise to a contradiction that was naturally resolved by a matrilocal, matrilineal division of the tribe into clans. These clans, out of which, much later, groups of families would arise, became the fundamental social unit of the tribe; not only marriage, but also participation in tribal politics and governance, was through membership in a clan. At this stage of human development, individual interests were practically non-existent. A rising surplus of goods brought about by changes in the material culture—the increased reliance on agriculture and animal husbandry instead of hunting and gathering—brought forth men whose individual interests were opposed to the clan interests, which in turn brought about the rudiments of private property and a decisive weakening of the social position of women. The matriarchal social structure, especially with its matrilineal inheritance rules, could not resolve the arising social contradictions so, gradually, mother-right was replaced with father-right. But patrilocality and patrilineal descent alone could not completely resolve the problem; the clan itself, albeit now patriarchal, still stood in the way. The contradiction between individual and collective interests thus took the shape of the contradiction between the family and the clan. Moreover, by the end of the Bronze Age, improvements in the material culture, especially weapons and tools, had led to the first true class division in human society, that between masters and slaves. These accumulated contradictions were resolved in a new social organism of a higher form, the state.

Before studying the state and its persuasive and coercive aspects, we should look back at property once more. Engels work, as a study of origins, quite properly focuses on the history and especially pre-history of its development. Nowadays we are confronted

with property in a profusion of forms; landed property, the means of production and consumption, money, fictitious capital, mining, fishing, broadcasting and other rights, intellectual property and so forth. This is a far cry from the prevailing situation at the dawn of patriarchal clan organization when the price list for commodities was denominated in head of cattle. We certainly can easily see the germ of private property in these aboriginal forms because the underlying notion of property is the same. What is this notion?

Just as with several other categories of political economy, value and money for example, the common definitions are mostly circular. Dictionaries say, "Property is anything that can be owned," and "Ownership is the possession of property." We are no wiser at the end than we were at the beginning. Better then to look at the reality.

Property confronts the working class today in two related forms; private property, whether individual or corporate, and public or state property. In all cases it appears as an alien power; it limits the rights of workers to its use and these limitations are enforced by the state.

The first clue to unravelling this mysterious relation between owner and owned, property, lies in its appearance as an alien power.

Property is a relation that binds individuals to things; an owner is connected to a possession. But this is only one aspect of the social situation. Of far greater importance is the relation of the non-owners to a possession. Except for one crucially important power, the relations of the owner to her property, what she may do with it, are primarily determined by what it actually is; what it is good for, what benefit may be derived from it or, in the case of a commodity, its use value. In contrast, the relations of the non-owners to it are primarily negative, a prohibition against or limitation on its use, irrespective of what that use might be. The crucial exceptional power of the owner is the exclusive right to change the property relation; the owner can give, leave, sell, mortgage, rent or lease the property to a non-owner, thus relaxing the prohibitions and restriction on its use for some particular non-owner or, in a sale, bequest or gift, transferring all the rights to the recipient. Any such transfer, change or modification can be made only with the consent of the owner. This is no matter of mere academic interest; the pivotal point is that the whole system of social relations will be brought to bear in defence of the rights and privileges of any particular owner against any encroachment, actual or sometimes even potential, by a non-owner and, moreover, for the defense of private property as such. This 'social force' is both persuasive and coercive.

It is cultural, ideological, political and ultimately physical. It is transmitted and applied by an entire spectrum of social institutions; education, the media, entertainment, the parliaments, the courts, the corporations, prisons, police and the armed forces, to mention but a few. Religion, ideology and social norms also each play a vital role.



Piracy is not a victimless crime.

For more information on how digital theft  
harms the economy, please visit

[www.iprcenter.gov](http://www.iprcenter.gov)

Evidently property is no simple relation like that between a book and its cover; the cover is on the outside. Property brings into play an object, an owner, all non-owners and, through 'social force,' society as a whole. It is a relation that can be changed only with the consent of the owner. This central element, the consent of the parties to any transaction involving property, also conceals a vital aspect of the relation. Consent is based on the subjective assessment of the parties as to the cost and the benefit of the transaction being contemplated. Unavoidably this condition favours the stronger party. If he has no other option, the starving man will always give his last golden ducat for a bushel of potatoes. For the working class this is a decisive point. A capitalist always has the whip hand when buying labour from any individual worker. It is only when workers combine in trades unions and other organizations that they can shift the balance even a little in their favour.

For the 'owner' of a herd of cattle at the end of the Stone Age the 'social force' guaranteeing respect for his 'property' was only the social norms and taboos enforced directly by his tribe; today such 'social force' is embodied first and foremost by the state.

The state sprang up as a resolution of the contradictions accumulated from the rise of the patriarchal family within the patriarchal clans. As advances in material culture increased the production surpluses and created an ever more elaborated division of labour, the contradiction between individual and collective right was reproduced inside the family and the clan. Under the earlier matriarchal clan system the relationship between the clans was one of complete equality. Now, for the first time, there were richer clans and poorer, richer families and poorer. Class differentiation arose within the tribe and within the clan. Contradictions also sprang from the new division of labour; sectional interests of particular branches of production took on the form of class interests. Having secured a decisive advantage from the original division of labour, the men progressively engineered the shift to patrilineal and patrilocal organization. But the

progress in metallurgy enabled not only greater surpluses from better tools but also advances in coercion, that is, in weapons and war. Increasing surpluses, the accumulation of wealth, demanded more labour than the clans could supply. Thus it was that slavery became increasingly common among humans; better coercive technique was harnessed to cure labour shortages. A new form of property came into existence, the slave.

As we noted above, the fact that slavery arose within the patriarchal family is recorded in the very word 'family' itself. The house slave existed in the most intimate relation to

the monogamous patriarchal family<sup>6</sup> and so the establishment of the state could only moderate the contradiction between master and slave, not eliminate it. The resolution of this fundamental contradiction was the eventual decline of slavery and the rise of feudal property, which, with the passage of time and vast progress in the material culture, itself became a block on further development and so was replaced by bourgeois property.

So, what is the state?

As we have seen, it is, above all, an organ of class domination; the domination of slaves by the masters in ancient times, the domination of the serfs and vassals by the nobility in feudal times and of the working class by the bourgeoisie more recently. So too must any proletarian state dominate the remnants of the exploiting classes and any new exploiters that may arise in the new society.

There is another side. The state also regulates relations within the various classes. This necessarily leads it to take up a social position as a third force outside the heat of struggle. It poses as an arbiter that can resolve arising contradictions in a neutral manner and enforce its decisions with its entire weight, including physical coercion as needed. This aspect of the state, that it appears to hover above civil society, in no way prevents it from acting as the main organ of class domination. This is why, in today's bourgeois democracies, the executive power is still just "a committee for managing the common affairs of

the whole bourgeoisie."<sup>7</sup> It is why even with near universal suffrage, with the elimination of property and sex restrictions on voting, the 'democratic' bourgeoisie has no difficulty maintaining its class rule. The masses experience this directly; whoever they vote into power their needs are largely ignored and more or less the same shit happens as before!

A less high flown way to look at the state is as a protection racket combined with a confi-

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6       A classical fact illustrated in more recent times by what Thomas Jefferson did with a part of his wife's inheritance, a house slave named Sally Hemings.

7       "Manifesto of the Communist Party," K. Marx & F. Engels, 1848

dence trick. The protection racket is simplicity itself; the state promises peace, order and security and collects a fee, taxes, for operating the machinery to implement such promises. Results are patchy at best and therein lies the confidence trick; the state cannot reliably deliver on any of its pledges but reliably produces enough repression which, combined with widespread belief in its neutrality, keeps the masses in line. The ruling class usually does not have complete control of the state but that is not needed to maintain its domination; having control of all the ancillary social institutions and especially the production and distribution of goods suffices to ensure that ruling class interests are upheld.

We will look in much more detail at this process under bourgeois rule in the chapters to come. For the moment it only remains to highlight the role of the state in settling external questions. As we have already seen, improvements in technique for coercion were instrumental in establishing slavery; the military wing of the state was used to enslave neighbouring people in order to provide the labour needed for increasing wealth. The other use for the military was the defence against and conquest of other states. Today the means of destruction are almost unrecognizable compared to those of the earliest states but the functions remain the same. The modern bourgeois states use military force both for attacking and defending against other states; but also to produce new wage slaves. Cheap labour is as important today as it was at the end of the Bronze Age.

The dialectical long view of the human story is as the unfolding of the contradiction between individual and collective interests. The zenith of the domination of individual over collective right had already been reached by the middle of the Iron Age when one human being could own another. Ever since the collective interest has been on the ascendant. Feudalism was an advance over slave-holding societies and capitalism was an advance over feudalism. Today's bourgeois democracies are an advance over the capitalism of the golden age. The best is yet to come!



*Poster by Atelier Populier, Paris, May 68', Smash Capital*

# The Rise of Capitalism or Capitalism Kills A Story of Plunder, Exploitation & Oppression

Our planet, Earth, is a truly extraordinary place. As far as we know it is the only spot within a couple of light years where complex organisms exist, yet the Earth positively teems with life. We are born into a world we share with all manner of creatures, great and small.

At first, as children, it seems to us that the world we have just entered has always been the way we find it; was there really a time before electricity? We are born under capitalism and so assimilate commodities and money like mother's milk. As we grow up we come to realize that this apparent permanence is an illusion. The main constant appears to be change. Many obvious questions, such as "Who are we?" and "How did we get here?" have no obvious, believable answers.

Each of us begins immersed in a cultural context that seems to us as natural as breathing; yet as we learn more about our world we discover that there are many apparent contradictions between our own context and that of our neighbours, near and far, and that these disagreements seem often to boil over into conflict. In this way, the question of how things came to be as they are takes on an urgency and leads us to study history. We try to build up a picture of how the state of our world has changed since our emergence as a species.

It is easy to forget that history has a starting point that is not the start of our story. History is the study of written records of past conditions and events and shades off into prehistory, our present, archaeological knowledge of things that happened to us before the invention of writing which, in turn, shades off into things that happened before the existence of the human race itself, paleontology.

Even if we confine ourselves to the study of the written legacy we immediately confront the cultural context in which those records were created. For many people writing consists of strings of letters grouped into words and sentences, but for more than a billion of us the most natural, plainly superior, method of writing things down is with

ideographs. You might write “How did we get here?” but for a huge number of us “

我们是怎么来到这里的？”<sup>8</sup> is the more natural question. In fact the oldest known writing, now about 5000 years old, is in ancient Egyptian hieroglyphics, another pictographic system. Readers who might harbour a prejudice that alphabetic writing systems are really an advance over pictograms should ask themselves why so many youth these days, globally, instead of writing “capitalism kills,” may prefer to text:



While those with the opposite prejudice ought to explain why they use arabic numbers.

Writing systems emerged in particular contexts in many different parts of the world at quite different times; but the entire period since the first written word is just the very tip of the iceberg of the human story. Recent archaeological discoveries make this clearer than ever.

People began to build the mysterious complex at Göbekli Tepe in Anatolia more than eleven millennia ago, six thousand years before the first known hieroglyphic inscription from Egypt! This extraordinary product of human labour, ingenuity, creativity and organization dates from what archaeologists call the pre-pottery neolithic, the later part of the stone age, from a time before the widespread adoption of settled agriculture. In short, it was

presumably built by hunter-gatherers. We have no idea who these people were, where they came from or where they went. There is clearly a lot missing from the historical record. This example is important because it exposes the limitations of the overarching cultural contexts that impose themselves on our attempts to understand history. For many Europeans, ancient Greece and Rome are the foundations of civilization, for residents of the Indus or Yellow River valleys not so much. Hollywood promotes Alexander the Great as a hero, residents of Pakistan probably don't agree. You Berliners may well have heard that law begins with the Code of Hammurabi, but the average resident of Wuhan may have heard another tale. Things look different again to the people of Nairobi. The human race today is a house divided by its founding mythologies.



*Eleven thousand year old sculptural pillar at Göbekli Tepe*

So how should we approach the study of our common human story? How can we unravel the evolution of our social and cultural relationships? How can we put a stop to the convulsive fits of destructive violence that have apparently beset us since the dawn of time? The best we can do is to try to set aside the prejudices that are baked into our cultural cake and make an all-sided, scientific investigation of the evidence that we have available.

All human societies begin from the necessity of solving a few fundamental problems; food, shelter and clothing being the most basic. If these wants remain unsatisfied we rapidly die out! Except for clothing, we share these essential needs with all creatures on Earth, but, down through the ages, we have developed very particular approaches to satisfying them. Rather than simply consuming what is to hand, we have taken up organizing the production of the things we need, creating them out of available materials through our own efforts. This too is not unique to humans, some varieties of ants practice farming for a living, but we humans have taken this approach to extraordinary lengths. Above all, it is our unusual cognitive capabilities that has given us the ability to 'tame' nature in this way.

We have also been at it for a very long time. There is good evidence that beer was brewed at Göbekli Tepe and, whether it was for religious purposes or just some stone age, party central, this simple fact shows that organized social production has been a part of the human experience for at least eleven thousand years. How do we know they

brewed beer there? Quite simply, because the tools of the brewer's art have survived to the present day; large limestone troughs with residues consistent with beer making were unearthed in the excavations. Think about that for a while! Before there were cups, jars or bottles (this was the pre-pottery neolithic) humans got organized to make special limestone brewing troughs for brewing beer, collected and mashed the required grains and fermented the results to produce an alcoholic drink at a special site with some unknown social, political or religious significance. So, eight thousand year before the splendour that was Greece or the gory (*sic*) that was Rome, our "primitive" hunter-gatherer ancestors were not only capable of engineering and art they were able to organize social production of the means of consumption to satisfy their needs and desires.

While direct evidence at Göbekli Tepe may be scanty, it does not require a great leap of the imagination to see traces of the other central element in social production, accumulation, there; that is, along with the tools and materials required, the means of production themselves, we also find the accumulation of such means of production.

Like social production, accumulation also occurs in nature. Bees accumulate honey and squirrels, nuts! Again, we humans have taken accumulation to extraordinary lengths.

Behind the ancient beer troughs in Anatolia we can see not only the social organization to gather the raw materials to fill them but also the hammers, wedges and levers that were used to construct them, the tools that must have been employed. When humans set about building anything they begin with the tools to hand and, in so doing, they incorporate the entire eon of the development of our material culture. Today, if you want a hammer you can go to Home Despot™ or another big-box store and buy one; but who, standing in the checkout line, stops to consider that every new hammer is the product of an evolution of the means of production that goes back to the making of the first stone tool? Yet it is a fact. The evolution of our material culture has proceeded in parallel with our social development. Over literally millions of years, in fits and starts, with many reversals and blind alleys, humanity has created the toolkit we have today; accumulating not just physical tools and machines but also the knowledge, the technique to produce and use them.

Each succeeding age in every local area has left its own special stamp on these products of our ingenuity. The twists and turns in this evolutionary process exhibit tremendous variation in detail; however, especially since the use of writing, clear patterns in social organization can be discerned in history.



*James Watt tinkering with his prototype steam engine in the late 18th century*

To modern eyes the ancient world appears split if not completely atomized, but such appearances are somewhat deceptive. Major innovations in production and technique spread around the globe rather quickly considering the limited means of communication available. The use of bronze and later iron each appear, from the archaeological record, to girdle the earth in just a few hundred years. With the passage of ages the accumulated material culture grew more much more sophisticated. So, though its foundations had been laid long before and far away, capitalism really began to gather steam with the industrial revolution in 18th century England. By that time, through the guild production system in Europe and mercantilism around the world, another crucial social innovation had taken hold. The new rising class, the capitalists, learned to systematically harness the power of science in the pursuit of commercial success. Having already developed the division of labour within the production system, separating one task from another in the pursuit of production efficiency for profit, the new bosses split the task of deciding the division of labour away from production itself. They created a new social layer, the intelligentsia, whose task it was to organize the production process.

It was this innovation, of which the industrial revolution was the most dramatic early fruit, rather than any particular invention such as an improved steam engine, that really catapulted the new capitalist class to dominance, putting the nail in the coffin of all earlier social production systems. Everywhere the earlier social formations yielded to the ruthless efficiency of industrial capitalism. Slavery, feudalism in Europe and caste and clan systems elsewhere, all gave ground to the new production system and the new social organization that accompanied it. Certainly the old ruling classes fought these changes, struggling ferociously to preserve their privileges, but to no avail. The

rising class, understood the art of the deal and successfully co-opted the old elite, making only the minimum socially necessary changes to the old power structure.

It is important for the working class to clearly understand the role played by this new stratum, the intelligentsia, in the explosive development of the means of production under capitalism. The capitalists and their many apologists always try to present advances in engineering and the sciences as a benefit of their social system. This is pure bourgeois propaganda. As we have seen above, at least the rudiments of science and engineering have existed since time immemorial, for a minimum of eleven thousand years already. In European cultures the flowering of natural philosophy which took place in ancient Greece is often cited as the root of the sciences but it is only one of many such bursts of intellectual development around the world.

Mathematics, for example, contains trails of clues, the Hindu zero, the Arabic numerals, the Chinese Remainder Theorem, the number of degrees in a circle and so on, that testify to this global march of progress from at least the bronze age forward. Moreover, like the ‘invention’ of bronze and iron, new thinking spreads rather rapidly among humans. The sages, it would seem, have always liked a bit of junketing, the Three Wise Men being one of the most famous examples. For the capitalists this promiscuity in innovation is a terrible problem which intellectual property law is their desperate, destructive attempt to solve; they seek, above all, to retard scientific development and slow the spread of knowledge while ruthlessly exploiting it in secret.

And why? Because the ruling class cultivates the intelligentsia not to advance the sciences for their own sake nor to improve the human condition, but for one purpose alone; to maximize profit. The capitalists did not fall in love with the sciences but merely realized that they could be harnessed to that end. It is this uncompromising focus on profit that gives capitalism its amoral character. Profit is intrinsically a private affair so the capitalist must fight to keep technical advances secret. For every individual capital(ist) the “state-of-the-art” is a razor sharp, double-edged sword. The capitalist who has a monopoly on a new, more advanced, production method has an enormous advantage in the market but all are perpetually vulnerable to a production paradigm shift that can wipe out entire branches of the system, including their own. From the standpoint of the workers, their trades unions can only mount a defensive, economic struggle against consequence of such developments and it is only when their organizations rise to the level of political struggle that they can impact the process itself.



*Bronze age, Babylonian mathematical text on the Pythagorean theorem;  
at least one thousand years before Pythagoras*

How does capitalism create these apparently perverse incentives for the sciences and, more broadly production itself? Simply because the foundation of capitalism is commodity production. Goods are socially produced in this system not because they will satisfy some social need, but as commodities to be sold in a market with uncertain demand in order to make a private profit for the capitalist. With this production system comes commodity fetishism, a bizarre, quasi-religious doctrine which holds that in exchange for any socially produced thing one must obtain something of equal value and which defines that value with a price list. Commodity fetishism is the foundation of the accounting system of capitalism and all bourgeois economics and we will look into it, in more detail, in Chapter V.

For the moment let us focus on how production for profit both accelerates and simultaneously retards scientific and technical progress. The key here is to understand what profit is and how it is made.

Under commodity production, everything, every social product and human labour itself, is a commodity and so appears somewhere in the price list. However, among all the commodities human labour is unique; it is the only one that can be worth more after it has been consumed than before. And this for a very simple reason; it costs less to first nurture, then pay the lifetime wages of and finally bury a worker than the value that

worker can generate for a capitalist over a lifetime of effort. The price of labour, the average wage, is, like every other commodity, governed<sup>9</sup> by its value, that is the minimum, socially necessary labour that was devoted to its production. The production of labour is the life's work of the workers; it is the consumption by the workers of the sustenance needed to produce the required labour and to reproduce the working class for the future.

If bees were not able to produce more honey than they must consume to reproduce the hive they would die out. In just the same way, if human workers were not capable of creating a surplus product beyond the requirements of the society to reproduce the human race would die out.

The capitalist makes a profit by appropriating (a fancy word for stealing) this surplus product that the workers generate. The basic technique for this appropriation is easy to appreciate. The capitalist buys not only the raw materials needed to produce their product but also the required labour in the marketplace. Knowing the cost of labour, which is determined by the prevailing social conditions, it is easy, especially for the intelligentsia, to calculate how much time the worker must work in order to produce that same value in their work product. The whole process will produce a profit so long as the workers work longer than is required to equal their wages with the value of the product they produce after deducting all other production costs.



*The fight for the ten hour day. Philadelphia, 1835*

This fundamental formula is simplicity itself! No fancy equations required!! The harder the capitalist can work the labour force the more money she makes!!! The individual capitalist will use all available means to increase their capital. From outright theft and plunder, stealing the land and the gold from native peoples, to wiping out entire social classes and even nations, to the most sophisticated improvement in the methods of production; nothing is off-limits. There is nothing personal in any of this; it is “just business.” But it is the eternal struggle of the capitalist to intensify their exploitation of labour that gives rise to the most immediate, visible, perpetual, daily form of class struggle, the struggle of the workers to limit their exploitation by their employers. This struggle is fought out in many arenas, the first being the length of the working day, and this fight continues to this day.

At the beginning of the 19<sup>th</sup> century the twelve hour day was common everywhere; by the beginning of the 20<sup>th</sup>, ten hours became the norm in many countries; but it was not until about a century ago that the eight hour working day was a legal obligation of the ruling class in most industrially advanced locations. This is an obligation that the ruling class will, to this day, go to extraordinary lengths to evade.

Besides the length of working day, the intensification of the work itself is a second major arena for conflict. We will look into that in another chapter.

The individual capitalist has a second, vitally important way to increase profits and that is improving the effectiveness of the production process itself. If she can find a way to produce more products with same labour she will make more money. This how the intelligentsia comes into the picture. Our capitalist is quite willing to shell out some money to get the drop on her competitors, while the intelligentsia is brim full of people with ideas they are willing to sell about how to do just exactly that! This symbiosis is the wellspring of the technological leaps of the last few hundred years, especially since the industrial revolution. As we have already noted, it is a two-edged sword.

Why do improvements in production technique produce a superprofit for the capitalist? Simply because the price list for all commodities is fixed by the minimum socially necessary average labour that is embodied in each one; but if any given producer can find a way to make a product using less labour than the minimum they can charge the standard price and “keep the change!”

Certainly, this is not the only way in which the intelligentsia supports the bourgeoisie. They are equally active in trying to squeeze the last drop of blood from the working class at the workplace. They are central in educating, controlling and conditioning the workers outside the workplace. Still, the organization of the production process is the crucial arena in which the intelligentsia has carved out its place as the handmaiden of the bourgeoisie.

Yet they are all hired pipers. And she who pays the piper calls the tune!

For workers, the crucial point is this; there is no reason the working class cannot call the tune. Like the lawyer, the day labourer and the taxi driver, the intelligentsia is for hire. The benefits and the harms of modern industrial capitalism are not the benefits or harms of the sciences, engineering, computing and mathematics they are the results of a social system we ourselves have created. We can choose to create a different one while keeping the benefits of our material culture and reducing the harms. We cannot choose to create a different one while keeping commodity production and private appropriation. So, what is to be done?

At the root of the social conflicts that plague mankind lies the private appropriation of wealth that is collectively produced; so any social system that retains private property in the means of production necessarily retains the contradiction this embodies and the social conflict that arises out of it.

What is more, humanity must choose a new system or sink into stagnation and decay. The sense that things simply cannot continue in the old way is extremely widespread on the planet. As we shall see in Part V, the social and production systems based on commodity fetishism have reached an impasse.

A revolution in human social organization is already long overdue.





*Poster by Atelier Populier, Paris, May 68', Yes to popular power*

# The Rise of the Working Class & the Role of Labour

Human beings made clothing thousands of years before there were any garment workers, tailors or seamstresses. We made tools before there were tool makers and built buildings long before there were architects, stone masons, carpenters or day labourers. All these activities are work, different sorts of labour. Our earliest ancestors began doing work long before the emergence of anatomically modern humans, more than three million years ago. We call our early modern ancestors 'hunter-gatherers.' What are hunting and gathering if not kinds of labour?

Labour is what people must do to live as they want to live. Simple subsistence is not enough; we want to live better than that. Humans have needs but also aspirations. Most prominent among the needs is food; shelter and clothing follow close behind. First and foremost, we work to fulfill these needs.

Our desires also motivate us. We made music before there were musicians and painted pictures before there were artists. People do many such things purely for their own sake and have done so since time immemorial. So far, the oldest known flute is about thirty-five thousand years old! Presumably, since there was no money in those days, that particular piper got to call his own tune.



*A 35,000 year old bone flute, a product of human labour and technique*

The most ancient hand axes are 3.3 million years old. These stone implements were made as tools for use in the production of food, shelter and clothing. But a flute is just a tool for making music which, though it may please us, is not essential for human life. Whether an object is used to fulfill a need or to satisfy a desire, the act of producing it is a labour. Listening to music may be a joy but building the instruments and learning how to use them requires discipline, dedication and hard work. The universe resists our needs and desires; in labour we overcome that resistance, we work.

Albeit with many setbacks, with the passage of ages, our methods of work have greatly improved in many important respects; sadly, they have also worsened in some others. We will look closer at these developments later; what is crucial for the moment is the emergence of a division of labour among us. As we have already seen, this division began very early in the human story, and, broadly, has become finer grained over time. By the dawn of capitalism our production tools and techniques had grown much more sophisticated and, accordingly, we had developed a much finer division of labour. Capitalism introduced another crucial division of labour, it separated the organization of production from production itself. Whereas before, organizing production was the work of the producers themselves it became the labour of a new social layer, the intelligentsia. This new organizational approach to production initiated a rapid burst of social change, now drawing to a close, that is unparalleled in human history.

Alongside the intelligentsia, capitalism also created another entirely new class, its nemesis, the industrial working class.

To understand the rise of this class it is necessary to understand the production system in which it functions. This system, commodity production, has several essential prerequisites; a monetary system, a developed marketplace for goods of all sorts and a labour market. Each of these requirements was met through a long process of historical development. Putting the last first, we will begin by looking and creation and rise of the modern working class and the fierce class struggle that resulted from it and then go on to study the labour market.

The defining characteristic of a worker under capitalism is that he or she has nothing to sell but their labour power and no legal way to acquire the means of subsistence other than by purchasing them as commodities in the marketplace. People these days work because they need the money!

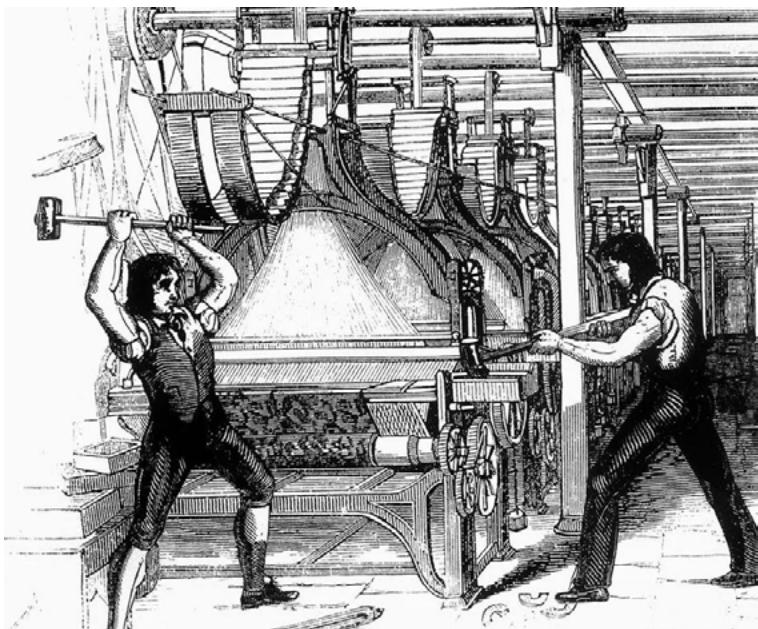
People who already have something to sell; produce, products, services, Apple founder stock and the like, or who have a way of obtaining the necessities of life other than by purchasing them have little or no incentive to sell their labour power. The worker, in contrast, can either work or starve! From the capitalist point of view such people are an indispensable surplus population; essential to lubricate and turn the wheels of industry

but absolutely disposable. Yet in all earlier social formations surplus people were very rare. From the earliest antiquity through late feudalism every human being at least had the place into which they were born, however miserable it might have been. The workers have no such place. The slave owners, as a class, must feed, clothe and house the slaves, albeit minimally, even if there is nothing for them to do. The feudal lord notionally owes his serfs a duty of care and protection. In contrast, the capitalist who needs fewer workers can just fire some of them and then their subsequent fate is of no concern to him. They may sadly starve to death but, on the up side, at least they aren't a drain on his pocketbook. He can always get new ones in the labour market when he needs them.

Since capitalism intrinsically depends on the existence of human labour power as a commodity it had to create the modern working class from the 'material' available. Thus the rise of the working class parallels the rise of the capitalist class. Like the capitalist class, the working class can be created and destroyed. It grows or shrinks over time according to demand.

Except where chattel slavery still existed, workers could not be bought and sold; so the modern working class did not at first appear as a commodity. Thus, as the capitalists rose to dominance they had to create the working class, on whose exploitation their entire system depended, out of the classes that already existed. This brutal process took quite varied forms around the globe but its essential characteristics can be seen in the early development of English capitalism. In that case, the central technique employed was the passage of legislation, the Inclosure Acts, by means of which the rising new ruling class drove the poor, landless peasants off the common land which they had farmed since time immemorial, thus depriving them of all means of subsistence. This, combined with increases in agricultural productivity, was the motor that drove the creation of the English industrial working class out of the peasantry.

Initially, the total lack of any legal constraints on the degree of exploitation to which the capitalists could subject their employees forced the workers into a state of appalling degradation. In many countries organizations of the working class were prohibited, but oppression inevitably calls forth resistance and so it was that, like the rebellious slaves of ancient times, like the plebs of ancient Rome, like downtrodden, landless peasants everywhere, the wage slaves began to organize, to rebel. Although unionism in England was not decriminalized until the late 19<sup>th</sup> century, sporadic rebellions and sabotage by secret workers organizations prefigured their development. In the early 1800s the Luddites, for example, organized sabotage of new weaving machines in reaction to the mass unemployment and hunger brought on by the introduction of power looms. Such resistance was met with the harshest reprisals by the ruling class.



*Luddites collectively hammering things out in their spare time*

It is important to remember, that on their way to becoming the global ruling class, the bourgeoisie had not only to create the working class but also to settle accounts with all the preexisting classes. This considerably complicates the picture of human development in the 19<sup>th</sup> century.

On the 16<sup>th</sup> of January, 1813, fourteen Luddites were hanged in the north of England, at York, for their participation in a working class rebellion. On July 2<sup>nd</sup>, 1822 Denmark Vesey was hanged for organizing a slave rebellion in South Carolina. Many peasants were executed around the world for rebellion, often against the mechanization of agriculture which helped produce the surplus population that was driven to become the working class. Some bourgeois too were executed for fomenting revolutions against the absolutist monarchy; but these were mainly by way of youthful exceptions since normally, in any conflict, the capitalists prefer to co-opt rather than confront their adversary. They would generally rather buy you out than have to kill you; but it's your choice.

Though the conflict between capital and its nemesis, the working class, is intrinsic, inevitable and perpetual, the bourgeoisie's conflicts with the other classes are not irreconcilable. The new, rising ruling class craved legitimacy, titles, honours, luxury and style which the aristocrats could provide. The nobility were also a useful source of capital and land. The

guillotine on the Place de la Revolution in Paris in 1793 was a signal, heard loud and clear by monarchs and the nobility around the world, that absolutism was finished. It left them much more disposed to cede ideological leadership and operational control of the state to the new rulers, so long as they could preserve their heads, many of their privileges and most of their estates. The aristocrats appreciated the telegraph, the flush toilet, iron ships and rail travel as much as the next person. They were also fascinated by the notion of a highly profitable investment. Many deals were struck. In fact, other than the unlucky Nicholas II, the Tsar of All the Russias, remarkably few crowned heads rolled in the 19<sup>th</sup> and 20<sup>th</sup> centuries. Similarly, the new rulers were able to reach an accommodation with all the other social classes. The bourgeoisie itself began as a layer of the middle class so it tends to treat its former class brothers rather like the nobility treats their lesser, untitled siblings, as the poor relations in the family; kindly, but with a firm hand.



*A late 18<sup>th</sup> century dog whistle from Paris heard by the nobility around the world*

By its very nature capitalism must relentlessly maximize profit so it can offer the workers only a rotten deal, the absolute (socially necessary) minimum. Inevitably, workers' fighting organizations and unions spread everywhere that capitalism did. Beyond the basic trade union organizations, struggling for better pay and conditions, the new working class developed movements and parties expressing their political aspirations. As individual workers became increasingly conscious of themselves as a class, their individual struggles united in the class struggle. The fruits of this class struggle were enormous.

Over the course of the 19<sup>th</sup> century the ten hour working day was widely adopted; by the early 20<sup>th</sup> century eight hours became the norm, or at least the aspira-

tion. Many other important concessions were prised out of the capitalists.

The victories went far beyond workers' pay and conditions. The bulk of the fundamentals of what we today think of as 'bourgeois democracy' were won by the workers in struggle against the capitalists over the course of the 19<sup>th</sup> century. The secret ballot, the rudiments of universal suffrage, especially the elimination of property qualifications and some proportionality in elections, all were the result, in England, of the Chartist workers' movement which peaked in the 1830s and 1840s.

The classic bourgeois picture of a perfect democracy is when the half-dozen richest capitalists, normally with penises, brandy and Havana cigars<sup>10</sup>, get dressed to the nines and meet in a luxurious salon to decide what is to be done. Everyone else must bend to their democratic will.

The stirring phrases of Thomas Jefferson notwithstanding, property qualifications for voting in the US persisted into the 20<sup>th</sup> century. The capitalists fought every enlargement of suffrage tooth and claw. Their democratic principle is, "One really fat cat, one vote." And, of course, that is the reality hidden behind the fig leaf of modern democracy; a fact increasingly obvious to everyone.

Similar developments took place everywhere as capitalism took hold around the world. Already, by 1864, the natural solidarity between emerging workers parties in many countries in Europe after the defeats of the revolutions of 1848 gave rise to the International Working Men's Association which was founded with three principle aims:

- To develop and deepen the international solidarity of the working class
- To organize movements aiming for the conquest of political power by the working class
- To halt the spilling of the workers blood in the endless fratricidal wars of empire

The inaugural address of this unique new international organization closed with the now famous slogan,

*Proletarians of All Countries, Unite!*

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10 This is one of those cases in which, as Freud may have said, "a cigar is just a cigar."

This idea went viral! Within half a century it had girdled the earth. Tragically, it failed to prevent the slaughter of the first world war. Nonetheless, proletarian internationalism was very fruitful and we will examine its accomplishments and failings in more detail later. The short story is that though the first International, involving initially only seven countries, split and then dissolved rather quickly, a second one arose in 1899 in which twenty countries participated. This more powerful organization lasted longer but broke down when it turned out that so many national organizations had failed to pay much more than lip service to the third bullet point above. It fell apart when its key constituent national parties took the side of their 'own' capitalists in the 1st world war. Many of those social-democratic parties still exist and endeavour to mislead their 'own' working classes to this day. They continue to try to sell the imperial adventures of their 'own' bourgeoisie to the working class. A 3<sup>rd</sup> International was founded, it too failed, unable to prevent the 2<sup>nd</sup> world war. The idea however is as powerful as it was in 1848.

In the next section we will look more closely at the role of money and the circulation of the aggregate social capital; that is at the other two of the three crucial prerequisites for a capitalist production system. For now, let us turn our attention to the third central element, the labour market.

To have a supply of warm bodies whose labour might be exploitable it is enough for the capitalist to drive some peasants off the land; but this is not sufficient to create a functioning labour market. The division of labour which is a cornerstone of industrial production is unlike previous divisions of labour within the tribe, the workshop or the family; it requires that the human beings adapt themselves to the machinery of production, rather than the reverse. As we shall see, this in turn requires that the individual worker assimilate the ruling ideology to a very considerable extent.

Not only must the worker adapt to the machine she operates but she must view her labour power as a commodity that she sells to the capitalist by the hour, day, week or month. To sell anything one must have the power to alienate it, to give it over to the new owner in exchange for money. Something that was yours must become somebody else's. So too with the worker's labour. In selling her labour power the worker gives all control of it to the purchaser. The bourgeoisie, nowadays usually through its hired intellectuals, decides every detail of how it is to be applied. It is not just the product of her labour that belongs to another it is that very labour power itself. Her only possible control over her own labour power as a commodity is to "sell it or smell it." If she chooses to sell it, the precise time she should arrive at work, how long she should work, how many breaks she may take, exactly how she should perform each assigned task and many other details besides will be determined, in the first instance, by the capitalists.



*Rosa Luxemburg – a person who menstruated & the only real man in German social-democracy fighting the Imperialist slaughter of workers in WWI*

This alienation of human labour power has profound social consequences. It is quite unlike the conditions prevailing in all previous forms of social organization. It destroys the direct connection between the act of labour and the life of the labourer. The form of social relations, purchase and sale, is divorced from the content, the reproduction of humanity. While in ages past, the peasants' unusually heavy labour over the harvest culminated in a festival in which the whole society participated, a social affirmation of labour's connection to the life of the society itself, today such festivals are reduced to a day off work for the ritualized purchase and consumption of certain particular commodities. This exceedingly complicated process was studied in detail, first by Marx and Engels and later by Luxemburg, Lukács and others but this is not really the place to delve deeper into it, or is it? Perhaps just a few words.

Under previous production systems there was an organic connection between the work and the life of the labourer. The serf laboured in order to live in the society into which he was born. He worked to eat and ate to live. In exchange for his labour he participated the whole social life available to him, religion, feasting, culture, sport and leisure, however meagre it may have been. The worker labours for money and lives by buying commodities. His life is ruled by the price list for those commodities; and not, as before, by his social relationships

with the lord, the vassal, the priest, the bard, the sages, the barkeep and so on. The connection between the wage slave's labour and his life is broken. All things are quantified by the price list and subject to 'rational' calculation. Everything must become a commodity, or else it cannot be rationalized in the new system. People used to make music, now they buy it.

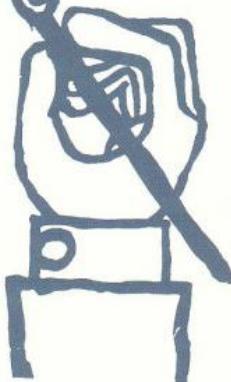
Today almost all participation in the social life of our societies is mediated by money.

The resulting alienation of the working class is completely pervasive. The religion on which it is based, commodity fetishism, permeates all other classes equally. The 'rationalization' of law, corporate culture, science, medicine, education, the arts, policing and war demand a similar divorce of the form from the content. The modern social superstructure exemplifies the triumph of form over content and is expressed in our near universal submission to 'mindless' bureaucracy which regulates modern life at all levels. Perhaps the clearest example of this is law. Only the most naïve among us expect justice in a courtroom. The bourgeois judicial system is the epitome of a mindless bureaucracy, a machine for dispensing judgments according to the predictable, 'rational' rules of a vast collection of statutes. Almost nothing of the actual content of the particular cases remains.

At the level of human society as a whole, the failure of the ruling ideology to connect with the real, underlying phenomena, the bankruptcy of commodity fetishism, is seen most clearly in the periodic crises that have wracked capitalism since its earliest beginnings. Every now and again, the accumulated contradictions between the 'rational' calculation of the capitalists and the underlying life of the society becomes so aggravated that a crisis shakes the whole structure to the core. The order that is supposed to result from the rational calculations of the intelligentsia, from the perfected capitalist system, breaks down. Moreover, the resolution of the crisis does not lie within the realm of the system. Only after a period of irrational conflict and destruction can the ruling ideology reassert itself and things get back to 'normal.'

The other aspect of the rise of the working class, as a class, that we should consider here is its relationship to the decline of slavery. Blah blah blah.

je participe  
tu participes  
il participe  
nous participons  
vous participerez  
ils profitent



Poster by Atelier Populier, Paris, May 68', I participate, you participate,  
he participates, we participate, you participate, they profit

# Commodity Fetishism

Fish, they say, aren't conscious of the water they swim in. It is hard to know if this is true or not since although we can ask this question of any fish we meet they never seem to make an intelligible reply. Even if you threaten to lightly sauté them in butter should they refuse to answer, they stay silent. Yet it does seem quite a plausible hypothesis since, unless it is moving too fast or too slow, is too hot or too cold, too wet or too dry, we ourselves rarely give much thought to the air that surrounds us our whole lives.

Under capitalism, money is the economic fluid in which we all swim and, like the fish in the sea, we rarely give it a second thought. Though it utterly dominates our social interactions we scarcely ever stop to wonder what it actually is?

Certainly everyone knows some handy answers to the question; "Money is a medium of exchange," and "Money is a store of value," being among the most popular. Yet neither of these is really a satisfactory explanation.

The first answer tells us little, offering only a cryptic clue as to one of money's several functions. Why should exchange need a medium? Two children in the schoolyard can happily exchange a red marble for a blue one without needing any medium at all. Two rich persons could easily exchange an ounce of gold for bottle of Château Lafite of an especially rare vintage; while more or less any pair of adults might exchange a litre of milk for two litres of gasoline. No medium is required.

To the second answer, if we ask the natural question, "What then is value?" we will usually get the banker's, neoclassical answer, "Value is everything that can be bought with money," which leaves us no wiser than we were before, chasing our own tails. Moreover, even if we agree to uncritically accept the notion of value, the mystery of how it can be stored in money remains.

It is easy to see how milk can be stored in a bottle or gasoline in a tank and not too difficult to understand that electricity can be stored in a battery. Each of these fluids is useful but in very different ways. Electricity can power your phone, gasoline fuels your car and milk can nourish your children. These uses are definitely not interchangeable! If you try fueling your car with milk, powering your phone with gasoline while electrifying your children, you are likely to be arrested, won't get far if you try to flee and won't be able to phone your lawyer on your way to jail. None of which is really surprising; but if we turn to the question of the value of these three commodities things get much more tangled. Under capitalism each of the three fluids has a price; milk and gasoline by the litre and electricity by the kilowatt-hour.



*Happy peasants exchanging their labour power for mere money while the ruling class looks on*

Now suppose that you have one dollar bill in your left pocket and another in your right, each of which embodies an equal stored value. Put them together in your left pocket and you'll have two dollars there. Values, or at least money, seem to add up in a natural way. But take a dollar's worth of milk and a dollar's worth of gasoline and put them together into a bucket and what you will have is a useless, toxic cocktail that you may have to pay another dollar to dispose of legally. So it seems that not only can these values not be added, they can sometimes be mutually destructive.

The bankers, capitalists and advertisers (A \$100 value for only \$49.99!!!) all say that the value of these very different substances is expressed in their price and that this value is stored in the money you give for them. Truly, this is very peculiar sort of storage! You can't get the value out of a hundred dollar bill nor can you put it back in; your only choices are to hold on to it or to give to somebody else. If you could not pump electricity into a battery and then get it out later what value would that battery have? You might as well try storing your electricity in a brick, or your milk or gasoline for that matter; as long as nobody actually wanted to use it everything would be fine!

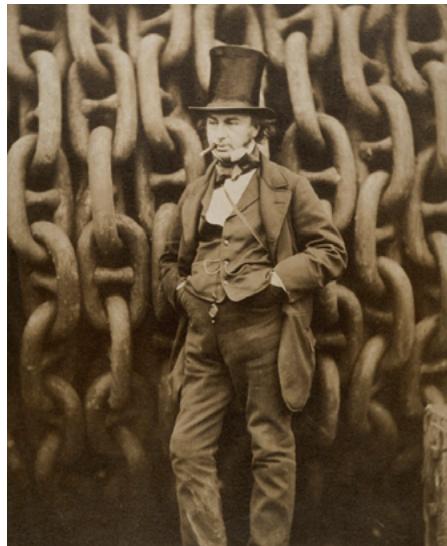
This notion, the idea that money embodies value, is surely the mother of all mystical mantras. It is, as Karl Marx first revealed, commodity fetishism. It elevates the commodity, the accidental form of a transitory, historically conditioned production system to a universal category and the unit of account for that category to a universal metric comparable to mass, length and time; thus making it into a fetish. A fetish is just a physical object that has been endowed with magical, mystical or religious value or power. This is exactly what we do when speak of the value of a commodity, we endow that commodity with a mystical, non-physical property, value, which it has in common with all other commodities, so that it can be exchanged with them. This is a purely social act, like dancing round a maypole, yet it has profound consequences in the real world.

Commodity fetishism is the mystical belief that objects in the natural world have a common property called value which is expressed in their price. It is hard to see it as mystical only because this belief is so deeply embedded in human social relations. Everybody is always trying to “get their money’s worth,” and there is nothing mystical about that!

What then is value, that most mysterious element in commodity production relations? In fact, it is the thing that all commodities have in common; that is, they each contain a definite quantity of average human labour that was expended in their production. This statistic is a purely social construct, an outgrowth of our social relations, especially the production and distribution relations, and is in no way similar to the common measures of the sciences. It is easiest to see this in a concrete example.

Suppose that in 1848, the same year that Karl Marx and Friedrich Engels published “The Manifesto of the Communist Party,” the famous civil engineer, Isambard Kingdom Brunel, on a whim, while refining his designs for the Clifton Suspension Bridge, had commissioned the casting of a cube of pure iron, his favourite material, weighing exactly one Imperial ton, which he bequeathed to his descendants.

Now the physical properties of this industrial product, this commodity, are relatively easy to describe and to understand based on the physical properties of iron, which are characterized by scientific measurements in a coherent system of units. For example, knowing the specific gravity of iron and the metric weight of an Imperial ton, we can easily calculate that every side of the cube must be about 510.87 millimeters long. If we need to, we can easily find out any of its other physical properties; electrical or thermal conductivity, specific heat, melting point and so forth. For us however, here, the crucial point is that none of these measurements will have changed appreciably over the 172 years since it was cast. The same cannot be said of its value.



*Isambard Kingdom Brunel with his favourite material enjoying a cheroot*

Iron is clearly still a commodity, so when his heirs decide to sell it they will learn how good an investment their ancestor made. The short answer is – pretty dreadful! Although a ton of pig iron cost only around \$20 in 1848 and today is about \$400, an apparent twenty-fold increase, over the same period, the traditional “store of value,” gold, has risen from \$20 to near \$2000 per ounce, while the price of one day’s labour rose from \$1 to \$200. Isambard’s descendants would have been five times better off at the sale if he had left them an ounce of gold instead of the cube. What is more, had he somehow been able to leave them a voucher for 20 days of average human labour they would have been 10 times better off. Of the three commodities, iron, gold and human labour, iron was the worst possible investment. For the purposes of comparison, though it is slightly off-topic, it is worth looking at what would have happened if he had just deposited the money in a bank. The result may surprise you. Had the initial \$20 attracted 2% interest over 170 years his descendants would have a little under \$600 dollars today. At typical credit card interest rates of 18%, the heirs would now be worth \$33 trillion or more than a quarter of the gross world product in 2020. For workers and the person in the street, the take-away here is don’t invest too much in pig iron and don’t run up much credit card debt!!

One thing is very clear, while the mass and the size and all the other physical properties of our hypothetical iron cube remained constant over time, whatever its value might be, its price has changed on a daily basis since day one. As we noted above, it is related to the quantity of human labour embodied in the given commodity. However,

that relationship varies greatly with the passage of time and the attendant development of human social relations. We can see from the prices given above that a ton of pig iron in 1848 embodied 20 days of human labour while today it is only 2!

Does this mean that value does not exist at all as a scientific measure? On the contrary. As Marx explained in great detail in "Das Kapital," the mysterious social construct, value, is given by the minimum, socially necessary labour time required to produce any particular commodity. This is why Brunel's cube is worth relatively much less today than some other commodities; its value and thus its price is only as much as it would, on average, cost to produce today. So while 20 days labour were required to produce the ton of pig iron in 1848, today just 2 days will suffice. Thus, even though a day's labour is two hundred times more costly now than it was when "The Manifesto" was fresh off the presses, due to improvements in production technique that same ton is now worth only twenty times what it was. Relatively, much less human labour is socially necessary to produce it.

So what is money? Today, for people around the globe, the canonical form of money is small rectangles of paper (in some cases, now plastic) with some numbers and other decorative printing on them. They are tokens that can be exchanged for commodities. It was not always this way!

Back in 1848 and long before, up through 1971, money was gold. Gold, under capitalism, is a commodity like any other; it has value because it embodies a certain quantity of human labour that was used in its production. So how did it acquire its special status as money? To properly answer this question would take us far afield from the present short primer, but, summarizing that detailed investigation, we can give a useful, simple, correct answer. Through a long, complex, historical, social development gold acquired the status of a universal equivalent value for exchange in the marketplace. This development, both historically and theoretically, is a cornerstone of commodity production. That is, the fundamental foundation of capitalism.

The emergence of a universal equivalent was driven by two social factors; first, the need to facilitate longer chains of exchange than simple barter and second, the advantage of using for money a commodity that is more easily divorced from the production process.

The first point is pretty obvious. Imagine a dairy farmer with more milk on hand than she can use but who needs a new stainless steel tank to store his milk. At the same time we have a tank manufacturer who has an extra tank but needs stainless steel so he can build more. Unless the steel maker is short of milk it is not possible to close the loop. If our steel maker does want milk then the three can proceed as follows; the steel maker could give the tank maker the steel whereupon the tank maker would give a tank to the dairy farmer and finally the dairy farmer could give the milk to the steel maker. Then everyone

would be satisfied in the triangular exchange and social production could proceed. If not, production has reached an impasse. Our three producers are all creating value but they cannot, in exchange, get the equivalent value for their products in the form they need it.

Now if only there was some token, let's call it money, that was recognized as a universal equivalent for value and a developed marketplace for commodities where that token was accepted, then the problem would be easily solved. The producers could use that money! The dairy farmer would sell her milk in the marketplace, use the money she got to buy a tank from the tank maker who, in turn, uses that money to buy the steel he needs from the steel maker who uses that money to pay his workers who in turn buy the milk in the marketplace. Here we have a very simplified working model of the circulation of goods under commodity production.

The second point is slightly more complicated but the central issue is clear enough. Although all commodities have a value and therefore anyone of them might be used as the universal equivalent for all the rest, the physical properties of various commodities make them more or less suitable for use as a universal equivalent.

Suppose the human race were to try to use milk as a universal equivalent for value. The most obvious problem is that milk is a "sell it or smell it" commodity. After a while, it goes bad. Steel producers will not want to have their store of value in a commodity that can quickly change its form; for example, their precious milk might suddenly become moldy yogurt and be worthless. Perhaps even more important, milk participates in the commodity production process in many important ways. It is a raw material for the production of cheese, yogurt, chocolate and many other commodities besides. If milk was money, a lot of it would have to be held in "accounts" for use in the circulation of other commodities which would reduce the efficiency of the production process. Gold, on the other hand, participates very little in the production process. In recent times increasing, though still small, quantities are being used in electronics and for nanoparticles in medicine and materials science. Still, less than 10% of newly mined gold is used in industry even today, while half of it is made into jewelry and other decorative objects and the remaining 40% goes into investments. The vast bulk of gold just sits around in jewelry boxes, museums and bank vaults where it is admired; it is largely divorced from production

Not doing much while looking pretty is what gold does best, so the judgment of human society was that it was the perfect commodity to serve as money. In 1971 that judgment was rescinded. Since then we have been using those little rectangles of paper (or plastic) instead. Or so we think. In fact, most money nowadays does not even have the physical form of a banknote, it exists only as entries in various ledgers which themselves are mainly virtual!



*Gold statuette of a guy with a hammer and sickle, Metropolitan Museum of Art*

These little paper rectangles are called *fiat* money because they have value only by the will of the sovereign that issues them. Consider the much coveted Benjamin, the hundred dollar bill. Any banker will tell you that it stores a value of \$100. But it is not a commodity! Why? Because the average human labour embodied in it is just 12.3 cents worth or 18 seconds of labour. One hundred dollars' worth of gold, on the other hand, embodies exactly one hundred dollars' worth of labour, or about four hours. So unlike every commodity which embodies 100% of its value in average human labour, the beloved Benjamin embodies just 0.18% of its exchange value. It is clearly not a commodity, so how can it be the universal equivalent for value? The Benjamin is beautiful because we all agree that it is beautiful! It is a social valuation. It is a reflexive metric.

Yet paper money, as the fluid that propels the circulation of the aggregate social capital, that vast heap of commodities that constitutes the wealth of the human race, functions rather well. Somehow, it seems, the notion of value as an equivalent for the average socially necessary labour time embodied in all commodities, measured as money, manages to arrange society in such a way that, excepting the working class and broad masses, we have the right quantities of milk, gasoline, electricity, yachts and all other commodities at more or less the right time and in more or less the right place as they are needed; except, of course, when an executive chairman or business magnate fucks up.

*Is this the invisible hand of the market? Not at all!*

It is the fundamental delusion brought on by commodity fetishism. It is we who organize, for better or worse, our production process to achieve the existing distribution of the commodities we produce. We decide what those production relations will be; it is our social act. Yet when we view this act through the lens of value it appears to us that it is the value in our commodities which organizes society. Our own social relationships appear to us as relationships between things. We are ruled by the products of our own hands, rather than ruling them.

Workers confront this delusion directly. When your employer tells you, “I’d love to pay you more but there’s no money because oil is so expensive (or, so cheap),” what they are saying is that our lives are ruled by the values of commodities. What they really ought to say is “I can’t pay you another nickel while I have to go on paying the ruler of an oil state, the nameless monarch, the US treasury, the business magnate, and all the rest of the parasites their cut of my take.” Or, to put it less poetically, “Under commodity production, without changing the existing social relations, I can only pay you the value of the labour you are selling me and you are getting that already; and, count your blessings, if the ruler of the oil state wants more I am going to have to pay you less, he’s ahead of you in line.” We all confront it in our social interactions every day. From the outside it seems as if the Bruno Magli shoes are dating the Dior dresses having been brought to the right spot, say the Ritz, by Porsches, Ferraris and Range Rovers while the shoes from Payless Shoe Source are dating the K-Mart dresses and arrived at Burger King in Toyotas and Trabants. The humans are apparently just along for the ride.



*Ferrari's mass market car, the Portofino, 1075 days of human labour or 107 troy ounces of gold or 537 tons of pig iron or \$215,000 today, while stocks last*

We can't keep our children dry at school because the value of roofing material is so high! In Detroit you cannot drink clean water because the value of potable water is so high! We can't let you live another few years because the value of Remdesivir is so great or because that of hydroxychloroquine so little!

We are ruled by the price list. The central role of money as the universal equivalent is that it creates a price list. One litre of milk costs 99 cents, of gasoline 69 cents, an ounce of gold \$2000, a barrel of oil so much, and so forth. But far from telling us anything about the properties of all these commodities this price list is just the expression in numbers of the current prevailing social relationships.

Like it or not, when you buy a litre of gasoline for a certain price you are agreeing that the ruler of the oil state and his like will get their cut. Your acceptance that gasoline has a value which must be compensated for by a specific quantity of money is your acceptance of the existing social relations.

So does this mean that the value of any commodity, as the minimum socially necessary average human labour embodied in it, is a meaningless statistic that serves only to perpetuate existing social relations? Certainly not! Imagine an equitable society in which production was organized as a free association of the producers. In that case the question of how much labour time was needed to produce a certain thing would be of great interest. The less labour this society invested in producing the products it needed and wanted, the more leisure time would be available to its members.

However, it would not be the decisive question.

Even under capitalism value plays its role in driving a tendency to increased efficiency in production. Moreover, this tendency is actually the main motor of the application of science and technology to improvements in the production process.

The problem is not the statistic, it is the use that is made of it. Under capitalism, the ruling class make use of it for one purpose alone, to maximize profit. If instead it was used to minimize the labour expended while maximizing the satisfaction of human wants and needs it would be an entirely different story.

It is the relentless pursuit of profit that drives the incessant changes in the commodity production process. Superficially, this seems like a positive result of commodity fetishism; but there is a very dark side. On the one hand, capitalism has gone hand in hand with an almost incredible development of human ingenuity and our material cultural. Today, even working people have access to commodities that would have been worth a king's ransom just a couple of hundred years ago. A small bottle of commonly available pills,

antibiotics let's say, often makes the difference between life and death; but as late as the 19th century not even a king could get ahold of one. Today, if you've got \$15, you can put a memory stick in your pocket with so much data storage on it that, in 1965, would have had a value of hundreds of millions of dollars. On the other, the direction and progress of human material culture and production are gravely damaged and perverted by commodity fetishism. Science, engineering and technology are presented to us as if they were neutral, above the class struggle, but this is utterly false. Labouring, as they do under capitalism, within the delusional world of commodity fetishism, these disciplines are far from being governed by pure reason. To explore precisely how the pursuit of knowledge is mangled by the notion of value is the work of a lifetime. But it is quite clear that this happens. "An engineer is a man who can do for ten cents what any fool can do for a dollar," so they say. The banker wants you to believe that what this means is that engineering is the science of replacing five minutes of average human labour with just thirty seconds of it. Certainly that is a valuable skill, but think about it! Do you really want that guy designing the airplane you are about to board or building the bridge you want to cross?

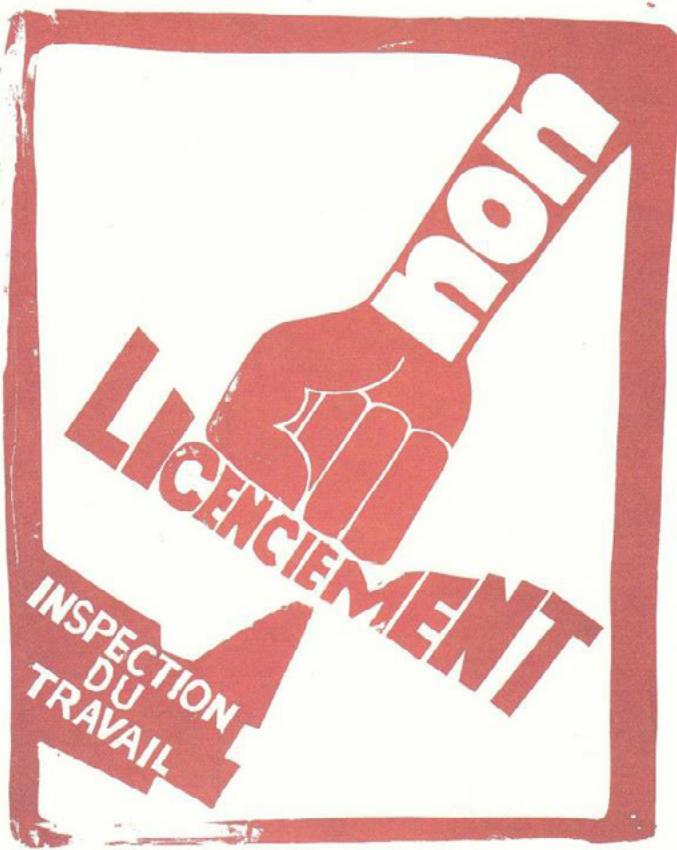
The harmful effects of commodity fetishism go much deeper than mere rickety bridges or crashing planes. Humanity stands at the threshold of a gigantic leap in material culture and at the same time is confronted with the potential for vast social, natural and ecological disasters. Profit is always private and thus science and technology are restrained from undertaking developments which requires investment at too large a scale. Replacing fossil fuels as an energy source would bring enormous benefit to the environment. One scientifically "obvious" solution to the production of much needed energy is fusion power. We still do not have it! Why? Because the scale of the required investment to develop it is too large for it to be of interest to private capital. The physicists, chemists, engineers, mathematicians and computer scientists who could develop it are told, "There just isn't the money. Copper is too valuable, neodymium too precious, health care for academics too costly" and are put to work doing stuff that is immediately more profitable, like slightly thinner phones. They, like the rest of us, are ruled by the statistic that is value.

And that is the real point! Once a society falls prey to the cult of commodity fetishism all control of the distribution of wealth in that society is lost to its members. We are ruled by the physical products of our own labour, rather than our ruling them. The liberation of mankind can only be brought about by smashing commodity fetishism, relegating value, the statistic, to its proper place and organizing production for the satisfaction of human needs and wants rather than for profit.

Finally, in closing, let's jump back to the question of money. The rise of *fiat* money around the globe, is merely the absolute estrangement, the final divorce of money from the production process; it is the ultimate development of commodity fetishism where the social character of production confronts the producers as a set of graven images,

the images of Benjamin Franklin, Mao Zedong, the Queen of England, Peter the Great and many others, that rule people's lives and are worshiped accordingly. Vast temples, called banks, are built to honour these paper gods; there they may rest before continuing their ceaseless perambulations, there they are housed, cared for, provided with round the clock security and special vehicles for their transportation. Many complicated rituals are performed when they enter or leave the temple. It is the culmination of the development of commodity production which Marx laid bare in his epoch making work.

Within any single "well-run" capitalist nation the transition from money to *fiat* money is a matter of minor concern. After all, what difference does it make whether the producers' lives are ruled by a hoard of dull, lustrous, soft, heavy, yellow metal or piles of paper portraits of luminaries? Gold is fireproof, paper money is lighter; you can eat neither the one nor the other. The main merit of gold, that its value is determined in the same manner as other commodities and is therefore, in general, more stable with respect to them, is also its weakness, because imbalances can arise between the demand for money and its supply. Since the ruling class can control the fiat money supply directly, the dislocations which used to result from the Gods' haphazard distribution of gold around the planet are banished from the system. At the same time, something fundamental has changed. The use of fiat money radically changes the picture when we look at the rise of globalized capitalism. We will take up this topic in the next section. For the moment we have learned that the system of commodity production for private profit is completely irrational and does not serve the needs of humanity as a whole; it is, in fact, at the root of all social conflict.

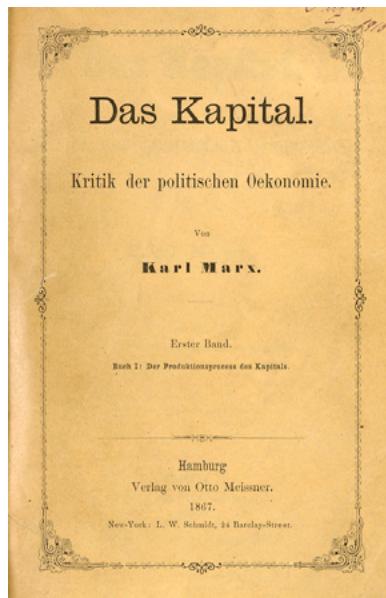


*Poster by Atelier Populier, Paris, May 68', No - Termination - Work Inspection*

# Globalized Capitalism

## *Who is Picking the Strawberries?*

Ever since the development of a working class, materialist, scientific theory of political economy—in effect since the publication of “Das Kapital” in 1867—the bourgeoisie has waged a savage war against it. The capitalists have relentlessly tried to eradicate this theory. They have employed legions of intellectuals, many other petty-bourgeois and even some workers in their campaign to obfuscate, adulterate and demolish it.



*The wealth of those societies in which the capitalist mode of production prevails, presents itself as "an immense accumulation of commodities," its unit being a single commodity*

And why? Because this theory alone is the unique, indispensable key to the liberation of humanity and the capitalists fear such liberation above all else.

Workers work because they need the money – they are wage slaves; they can either work or starve.

Without such systemic coercion commodity production is impossible. No conscious, liberated workers will agree that they should work even one extra minute so that

the boss can get his second Ferrari while children in their own neighbourhood go hungry. If the workers won't work, capitalism is impossible; production stops, profits vanish, the food riots begin. Thus the bourgeoisie is implacably opposed to

At the same time the rulers clearly understand that you can't easily sell the oppressed the idea of their own oppression. It is much easier to sell them the idea, the promise, of their own liberation and then simply cover up the inevitable failure to deliver later. This is why in every Hollywood war movie on the eve of the great battle between good and evil, no matter when or where the fight takes place, whether with bronze swords or hyper sonic glide vehicles, 'our' heroic commander, the good guy, always gives the same speech to the grunts, "You are fighting for your freedom while your enemies fight to enslave you!" It is why the capitalists, in spite of oceans of evidence to the contrary, incessantly promote the view that the masses are already free and any bad outcomes are the results of their own free choices. After all, if anyone needs a roof over their head for the night they can freely choose between a cozy suite in a five star hotel and a drafty bridge abutment. If they can't quite afford the suite it is only because, earlier, they chose to become a Fiat-Chrysler worker or a pauper and not a corporate lawyer or a hedge fund promoter. What's more, in the movies, almost everyone can afford the suite anyway.

Inevitably such propaganda can only go so far. The workers and broad masses experience their lack of freedom and of choice directly, they live it. Once the seductive spectacle on the silver screen is over and the theatre lights have come back up no chauffeured limousine is waiting to take them back to their mansion, no maid has prepared a light snack for them or fluffed up their pillows. The lucky ones get to drive themselves home, the rest get the bus.

Besides freedom, the other, even more powerful propaganda weapon in the ruling class arsenal is hope. Hope makes a good breakfast but a lousy dinner! But from the elite point of view, the beauty of hope is that, however thin last night's gruel, every morning it is breakfast time again! Many bourgeois politicians, including the notorious hope monger, Barack Obama, have built stellar careers on it. Hope does not wither so easily in the harsh light of reality as the abstract notion of freedom

Still, an inchoate, formless hope is not enough; it needs some concrete shape to mold consciousness effectively. The future must be better than the past in some tangible way! Then, while everyone is waiting for their ship to come in, they will not rock the boat.

One concentrated expression of this ruling ideology is, "A rising tide lifts all boats." The working class must reply with one voice, "Fuck Off! No tide will ever raise the Titanic! Our boat is already swamped and it's sinking fast!!"



*It makes a good breakfast but a lousy dinner!*

*Art: Shepard Fairey, based on a photo taken by Mannie Garcia for Associated Press*

But enough with the mixed nautical metaphors! The point is this, the ruling class spares no effort to convince everyone that we live in the best of all possible worlds, that things were much worse in the past and will be much better in the future. This hope helps to secure the compliance they need. It is the carrot. On the other side there is the stick. Bourgeois ideologists and propagandists also scream in unison that there is no alternative and things could be much worse than they are.

Both the carrot and stick are packs of lies. Popular culture is permeated with them and they do deform popular consciousness, at least temporarily. But the real target of the elite's propaganda efforts is no mere mood adjustment for the workers, it is working class ideology itself. The capitalists can forestall the revolutionary change that is coming for exactly as long as they can succeed in hiding the way out of the grim reality that faces the vast bulk of humanity. There is an alternative and it must be kept hidden!!

This is why, one hundred and fifty-three years after its publication, the working class ideology of "Das Kapital," Marxist political economy, is still under incessant attack by an army of hired intellectuals. Having already declared the end of history, the sickness of socialism, the death of communism and having proclaimed capitalism eternal, they still feel compelled to trash the only scientific theory of social and economic development.

These intellectuals have been set an impossible task. Bourgeois economics is structurally incapable of comprehending the social and material basis of their own system. Why? Quite simply because the reason any commodity has an exchange value, a price, is that it has a use value, it is good for something. For the bourgeois economist this use value is a complete mystery. For them it is like the fraction 1/0 which computer geeks like to call a NaN, that is it is ‘Not a Number - Does Not Compute’! It is the Voldemort of bourgeois economics, that which must not be named.

The bourgeois economists reveal their theoretical bankruptcy again and again as each new crisis shakes the capitalist system to its very foundations. If they were all so smart, with such a sophisticated theory, drawing such high salaries and understanding everything so perfectly, how come they never seem to manage to avoid the next crisis? So, without any understanding of the underlying phenomena or their connection to the economic categories, they are left with sowing maximal confusion; they seize on every change in the production relations as a proof of the superiority of capitalism; lurching from crisis to crisis, they point to the alleged failures of Marxism.

It is no surprise then that, lacking any theoretical arguments, the most frequently advanced objections to Marxist political economy are that it is obsolete, having been disproven by history or rendered irrelevant by the developments of capitalism. Naturally, such views are promoted in a million variations on the high-minded, philosophical basis that “if you fling enough shit at a wall some of it is bound to stick”

Lately, such ‘arguments’ have achieved an especially concentrated expression, particularly in the Western developed countries. The view is now being widely promoted that the working class itself is obsolete and will, unlike the state so far, wither away. No working class, no class struggle, no need for socialism, no communist future; problem solved!

Unless you take it in a narrow, national context, this incredibly puerile argument hardly merits consideration, let alone a refutation. The English working class may be shrinking but that does not mean that the labour required to keep England going has been reduced! If nobody makes socks there anymore, a worker in China or some other country will have to make them instead, otherwise the English will have to give up socks. The only way to do without the working class is to do without their products, which, in 2020, means doing without practically everything; this is the platform of Extinction Rebellion, the end of humanity!



*There will always be an England, but will the English always have socks? A 19th century English stocking frame. The operator has gone to greet the ancestors*

Every worker in every country, city, town, village or hamlet is a member of the working class! On planet Earth the working class produces almost everything! Only by splitting the workers along national lines can the bourgeois ideologists create a feeble, local illusion of a dying working class. The reality is that the global ruling elite is liquidating sections of the working class in some countries and building them up in others. In doing so it is making a huge hyperprofit at both ends by stealing from the workers of the entire world. We will examine this process in more detail later. Here, the crux of the matter is that while contemporary capitalism is globalized and so, necessarily, the working class is a global class, working class organizations remain significantly divided by nationalism.

So far, in sketching the rise of capitalism and of the working class, we have focused more on the emergence and early development of capitalism than on its most modern incarnation. Let's now look more closely at what has apparently changed since the early days, as that is the main ammunition of the elite in their ideological struggles against Marxism. Here, it is vitally important to clearly distinguish between developments and changes in our material culture and the corresponding changes in the superstructure, the mechanisms of the rule of the capitalists.

In the last hundred and fifty-three years our material culture has changed almost beyond recognition. Many commonplace things today would have appeared miraculous back then. Improvements in transportation, communications, materials, power generation, computation and data storage are, quite literally, astonishing. And that is just a shortlist! But none of these advances are the products of capitalism; they are the results of progress in the sciences, engineering and technology, the fruit of humanity's unique cognitive capabilities harnessed in the management of our relations with the natural world of which we are a part.

The superstructure has changed too. We will look at three main areas in which the mechanisms of stage 4 capitalism (yes folks, it's terminal!) appears radically different today than they did one hundred years ago; these are automation, financialization and capital formation.

The first one, automation, affects the working class directly in the production process; but it also affects the petty-bourgeoisie, many of whose jobs are increasingly susceptible to automation, and certainly the society as a whole since it changes the social relations. Yet it's easy to see that, however radical such developments may appear to be, they do not change anything fundamental in the relations between the classes. At the level of our material culture the entire history of capitalism is a history of increasing automation. The basic features of this process were first properly analyzed in "Das Kapital," and have not changed since. We will come back to the two possible exceptions, AI and robots, later.

Financialization and capital formation lie in the sphere of the circulation of the aggregate social capital, that is outside the production process. Since the circulation and distribution of commodities is thoroughly dominated by the bourgeoisie, changes in this sphere are driven by them and have their most visible impacts on them, both individually and as a class.

Take the recent explosive growth in derivatives markets for example. This is certainly a highly visible aspect of financialization, having been central to the 2008 crisis which took a significant toll on the working class. But, at bottom, its main result is to redistribute money within the ruling class.

Without doubt the workers do suffer through their pension funds or as the victims of predatory lending and so forth, but they appear here as collateral damage rather than as the point of the exercise. Derivatives are simply the capitalists' fatuous, futile attempt to expect the unexpected. The point of the exercise is to hedge for or against various outcomes by making bets on them; which can only ever change the distribution of money among the various capitalists. Certainly the very existence of such markets is a deduction from the aggregate social product, but the working class has no interest in improving the financial mechanisms of capitalism. It seeks to abolish them.



But we are getting ahead of ourselves. What is 'financialization'? It is just a popular, very loosely defined, catch-all term for the increasing importance of finance in the world economy, especially in the imperial heartlands.

The rise of globalized monopoly capitalism has been accompanied by a growing dominance of finance capital over industrial and banking capital. This trend, for a section of the bourgeoisie to rely more on finance than on production, has been in place for more than a century and was carefully studied by Hilferding, Lenin and others. Often referred to as the financialization of the economy, this tendency has many aspects; however, only two really concern the working class directly, the rest result only in the creation of money from thin air or the redistribution of wealth within the capitalist class.

That this is so flows from one fundamental fact; only productive human labour can create the surplus value which a capitalist can realize as a real profit. Financial transactions can create a monetary profit but never surplus value. The fact that an e-commerce oligarch who shall remain nameless is a hundred billion dollars richer than he was a few months ago does not mean that there are one hundred billion dollars' worth of new yachts or palatial mansions or private jets, or even potatoes, available for him to buy. It mainly reflects the reality that airline moguls, commercial real estate tycoons and many other psychopaths besides are one hundred billion dollars poorer than they were before. If the global stock markets drop by 99% overnight the working class should shed no tears for the rich; the rich owned everything before the crash and they still will afterwards, the only thing that would change is some numbers on their balance sheets. This is true because, especially since the introduction of *fiat* money, all financial assets are completely fictitious. After such a crash the aforementioned e-commerce tycoon, for example, would be forced to eke out a living from a mere billion dollars' worth of stock. The stock market could collapse completely and not one single real element of productive capital would be destroyed as an immediate, direct result of that collapse.

Stocks, shares, bonds, bills, deposits, derivatives and all financial products are just pieces of paper, and these days, many of them, not even that. Finance, which is the shuffling of paper, produces only more paper! No financial transaction ever has or ever will contribute so much as one paper clip to the aggregate social product of humanity, still less to the enlargement of real, productive capital. A monetary profit can result only from balancing monetary loss to a counter-party, unless it is a direct appropriation of the money supply, which itself is just new, fictitious, fiat paper money, i.e. more paper. In no case does a monetary profit ever result in an increase of the means of production or the means of consumption available to the human race. Finance capitalism is parasitism of the highest order. Industrial capitalists, as parasites on the working class, at least 'help' to produce something useful. The finance capitalists parasitize everyone, from the industrial capitalist to the petty-bourgeois to the worker, from the monarch in her palace to the pauper under his bridge abutment, even each other. So clearly, financialization can only ever be a tendency. It cannot replace industrial capitalism since if it did the whole material basis of the system would be lost; there would be no caviar nor even any toast to put under it since those are the products of agribusiness workers not of finance capitalists. The parasite does not kill the host.

Gazelles, as a species, have no interest in how prides of lions divvy up their kills, nor how much they leave for the hyenas and vultures. The working class has no interest in the financial mechanisms of capitalism nor in the division of its spoils within the capitalist class. The workers must guard against the idea, promoted by many 'left' obfuscators of Marxism, that financialization is some sort of aberration of capitalism which can be eliminated for the workers' benefit. It is not. This tendency was already visible in the late eighteen hundreds. For workers, unless they manage to marry one, there are no 'good' capitalists or 'bad' capitalists, they are all exploiters. The plan of such 'leftist' obscurantists amounts to trying to curb the appetites of the vultures and hyenas in the hope that the lions will kill less. A fool's errand if ever there was one!

Still, the financialization of the economy does affect the workers. First, because some fraction of the monetary profit extracted by the finance capitalists is directly squeezed out of the working class by austerity measures, rent seeking and consumer credit, and second because the capitalists have invented a new way, using such financial tools, to liquidate large sections of the working class for a monetary profit.

Strictly speaking, rent-seeking and austerity measures are both older features of capitalism, but in their new forms they are enabled by recent scientific and technological developments together with modern financial machinery, so we will treat them as a component of financialization.

The first impact of financialization is only an adaptation of the age old class struggle to new conditions. The eternal aim of the capitalist is to squeeze

more out the workers. More precisely, the aim is to offer the working class only the socially necessary minimum for its own reproduction.



*Predator, scavengers and prey; the vultures are circling above*

This minimum changes over time as the means and conditions of production change and evolve. Financialization offers one more arrow in the capitalists quiver for adjusting the share of the social product that is allocated to the working class. Such “adjustments” are always downward! Having already stolen all the surplus value produced by the workers, the capitalists now get a second chance to steal back some of the wages the worker already earned. We will look at several examples later.

The second impact is structurally much more significant. In essence it allows the capitalists the possibility of making a huge monetary hyperprofit by liquidating sections of the working class.

Once a working class existed the local, national capitalists had control of its growth rate since they controlled the distribution of all goods and services. It is much like raising a herd of cattle; offer the proletariat better living conditions and, within limits, their numbers will increase, make them worse and they will decline.

But, due to the unevenness of capitalist development, the unending boom-bust cycle, the ‘natural’ growth of the national working class does not necessarily track the demand of the capitalists for labour power; at times more labour is needed and at other times, less. In the centuries since the Inclosure Acts the capitalists have developed several techniques for man-

aging the labour supply. Even though the working class can no longer be bought and sold it can be imported and exported. Globalized capitalism makes extensive use of this possibility. Modern transportation and communications also enable the shifting of production to locations far from the site of consumption. This practice, which bourgeois economists call labour arbitrage, more popularly known as offshoring, allows the capitalist to realize an extra or superprofit, technically, a hyperprofit. It is the driving force behind globalization.

This new financial mechanism is made possible by two fundamental changes in the monetary systems of the planet; first, the emergence of a single dominant global reserve currency, the US dollar, which began with the Bretton Woods agreement of 1944, and second, the world-wide adoption of fiat money since 1971 when, following Nixon, the world went off the gold standard. In combination these developments, which can be seen as the final perfection of the imperialist system, allow the capitalists to convert a portion of the fund for the reproduction of the working class in a given country directly into money capital without any local participation in the production process.

Under traditional, national, 'normal' capitalism, the fund for the reproduction of the working class is just the workers' wages, which are used to purchase the labour power which the capitalist exploits to produce products. When those products are sold the capitalist first recovers his investment in material and labour and then also the surplus produced by the workers, the surplus value. If, however, the capitalist uses labour arbitrage to work up the products, then the whole of the wage fund is converted directly to money capital, in the global reserve currency, a small fraction of which is owned by the state in the country which provided the labour. The products generated by the offshore workers are sold in the home country and so the capitalist realizes not only the profit generated by the surplus value produced by the offshore workers but also a hyperprofit that results from having bought that labour power at a deep discount overseas. For the workers, what is vital here is that this hyperprofit will be withdrawn from the fund for the reproduction of the working class. It will not be used to pay future local wages, as it would have been in the equivalent onshore production cycle, nor can it be used to pay the offshore workers' wages as it is not legal tender there, it will, instead, appear to the capitalist as additional money capital. The working class in the home country will inevitably shrink as a result while at the same time the effective wages of the overseas workers will be driven down.

A detailed examination of this new circuit of capital, which we will call the Purgatory Circuit, is beyond the scope this work. However, it is quite easy, by keeping your eye on the whole enchilada, to see that the Purgatory Circuit is a disaster for the whole working class – worldwide.

Workers in the imperial homeland lose because the capitalists continually reduce the money available to pay wages and accordingly make a section of the working class

there redundant. This, of course, drives workers' wages and living standards down. The working class in the dependent nation loses because the fraction of their labour that is used to produce the offshored goods produces nothing that is of value to them, or anyone else in their country. This inevitably leads to price inflation for the commodities the working class consumes and so lowers their living standard.

The workers of the whole world have a common interest in smashing the Purgatory Circuit. They also have the economic muscle, if not quite yet the organization, to smash it.

The other aspects of financialization that impact the working class directly are easier to understand. They change very little in social or production relations. They are old wine in new bottles. We will take a brief look at three of them: the credit system, rent seeking and austerity measures.

The credit system in which most workers in developed countries participate has grown enormously over time. At the inception of capitalism, credit, except possibly at the 'company store,' was not available to the working class. The pawnbroker was the only option for workers who wanted a loan.



*The Pawnbroker – A durable business model, still lending at interest many centuries later*

Workers can have mortgages, auto-loans, student loans, consumer credit, store credit and many other flavours of financial flimflam besides. So what has changed since the golden age of the pawnbrokers? Very little. Modern credit systems and pawnbroking are both based on the seductive idea that you can eat your cake today and pay for it later.

There is always a sting in the tail. If the worker in the 19<sup>th</sup> century managed to redeem his late mother's gold wedding ring from the pawnbrokers on time he paid only some rate of interest; if not the ring was forfeit, which covered the interest and more. In both cases the charge depended on the amount and duration of the loan. This is the mystery of compound interest, of exponential growth. Behind the tragically simple formula,  $e^x$ , lies a world of hurt. As we saw earlier, if a worker had put \$20 on a credit card in 1848 at 18% interest and failed to make payments since, the bill today would be more than one quarter of the world's gross domestic product. Today, the working class and broad masses carry a huge burden of debt to the financiers. This burden is disproportionately heavy on the poorest in society. Typical debt service for the worst off workers in developed countries can be over one third of their income. This is a deep drain on the masses of people.

Bourgeois ideologists like to claim that finance stimulates the economy, that we are all better off because the economic pump is primed, that finance is a 'rising tide.' Total horseshit! To see this in an instant, take the bird's eye view. The working class produces all the goods they buy and all the raw material and machinery that was used to produce them, but they are told that they must pay a huge fee to the financiers so that they can get them earlier!?! They are certainly paying the fee, but how exactly are they getting them earlier? The workers are producing enough goods and earning enough money to buy them. The stores are full. The reality is exactly the opposite. The finance charges slow down the consumption of the working class and the bulk of the middle class too. It is the rich that benefit. What a shock!

A related swindle comes under the heading of rent-seeking. Contemporary capitalism has created many complicated structures for extracting rent from the working class; accommodation, transportation and communications are all examples. A detailed study of ground rent and the development of related rent-seeking activities out of it is beyond our scope here, but a brief sketch will allow us to see what is essential from the working class point of view.

In general, rents are either a pure deduction from or a claim against the aggregate social product. When the landowner rents a parcel of land to a farmer he agrees to allow the farmer the use of it for a fixed term, he adds nothing whatever to the land, neither living nor dead labour. The land has been there since the dawn of time, even when nobody owned it. It was appropriated by the landlord before the rental began and remains his after it ends. The farmer must bring all the productive factors into play; the seed, livestock, machinery and labour. The farmer also shoulders all the risks of the enterprise. The landlord's role is entirely passive, he only 'allows' the farming to take place; but the flip side is that he can also prohibit it. The rent however can immediately be used either to acquire a part of the social product or to form new money capital, removing it from the aggregate.

In neither case does the landlord add anything to the production process.

One very clear example of capitalist rent-seeking in modern times is the cellular telephone network. Today there are about twice as many mobile phones as there are people. There are also a huge number of cell towers that can connect those phones into a network and to the wider network of data transmission systems, the internet, that connects the entire planet. The phones are thus connected to every financial, commercial, transportation, communication and production system worldwide. This makes having one an indispensable prerequisite for participation in life under contemporary capitalism. It is why Mwikiza has one! A cell phone has become part of the socially necessary minimum survival equipment among humans, like a shirt or some footwear. If Mwikiza has it, everybody has it.



*A thousand megabytes are worth a picture!*

It might be tempting to imagine that once the capitalists had produced a smart phone and sold it to you at a profit, having extracted their pound of flesh, that would be the end of their exploitation. Far from it, for them the gravy train has just got rolling! The smart phone is possibly the most devious device ever created for rent-seeking.

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Consider the facts. Both technologically and as a use value, the phone and the cell towers are inseparable; the one is worthless without the other. Capitalism managed to separate them. They sell the one and rent access to the other. How is such a trick possible? Easy! In the same way that the landlord can allow or prohibit the farmer's use of his land, the capitalists can let you access the network or lock you out (except for emergency calls which they, in their extraordinary beneficence, allow). The landlord's right to rent the land is grounded in splitting one thing into two; the ownership of the thing itself and the right to use it for a time. As private property, the land divides into the title to it, the right of ownership of it, and the right to use the land itself. The state, 'neutrally' enforces both rights. So too with the cellular networks.

You purchase the phone. You pay for the electricity to power it. You pay any maintenance costs, and for the replacement battery, the case and the screen protector. But, until you pay the rent for the cellular network you have an almost useless device. Only then can you talk to somebody or download some data or stream some content. But once you have paid the freight, you relinquish almost all control over the device itself so the capitalists have an entire new arena for charging rents. They now control what will be displayed on your device's screen. Then, when you use most applications, the capitalists rent some real-estate on your screen to another capitalist and charge you extra rent to deliver the content that the other capitalist wants you to see. When any ad appears on your phone your network provider is collecting at least three different rents; you are paying two of them directly and one indirectly. You pay every penny of the capital cost and then many different rents to the network provider, giving up all real control of the device into the bargain.

The point for the broad masses is this, such rents are deeply regressive. They hit the poorest hardest. They also contribute nothing to the development of material culture or even to productive economic activity. Remember, the capitalists had to invent, develop, produce and deploy the cell towers before they could start to rent them out.

Lastly, there are the austerity measures. The impact of current financial tools on austerity measures is largely confined to enhancing their efficiency and ruthlessness. Still, such measures are an important component of the bourgeoisie's control of the working class, so we should take a quick look. Despite their best efforts there remain some shrinking arenas of human social interaction that cannot be completely subsumed by capitalism. Education is probably the clearest example. A certain level of education is a component of the socially necessary minimum survival equipment under capitalism. Capitalists would happily sell education and indeed they do, but only if they can make a profit. Educating the working class is not a very profitable activity because teachers, while producing one of the greatest goods for humanity, produce no surplus value. Therefore the capitalists turn education over to their class management organization, the state.

It is then the state that controls what education is actually delivered to the masses through its budget. And so it is that when the ruling class needs to extract a bit more from the working class it has a range of tools at its disposal. It can simply reduce the budgets for education, health care, pensions, mass transit and so forth. That this hurts the working class needs no explanation.

In summary, other than the Purgatory Circuit, financialization altogether does not introduce any novel mechanism to capitalism. Usury, rent and belt-tightening are all older than capitalism itself and all hurt the working class. All the window dressing of the bourgeois ideologists that presents them as beneficial in any way is total nonsense. Other than the utterly parasitic finance capitalists themselves they benefit no one.

The arena of capital formation has seen some recent innovations that bourgeois ideologists like to make a lot of noise about. As we shall see, these make no fundamental difference to the understanding of the capitalist social system. On the other hand they are very instructive; a lot can be learned about commodity fetishism, commodity production, class relations and other important topics by studying them. We will skim over a few examples. In no particular order then:

*Money!* As we have already seen, money has undergone several transformations since humans first invented it. Bitcoin, as a synonym for all cryptocurrencies, is something new. Sadly, it changes almost nothing.

Crypto-currencies are the art of trading some magic numbers for cash, goods or services. What magic is there in these numbers? One thing only; it is computationally very easy, quick and therefore cheap to decide if they really are magic. It is easy to tell if they are authentic or not. What is much harder is finding them in the first place; in fact, excluding sorcery, there is no efficient way to find them. The only effective method is try all possible numbers and check each one to see if it is magic; you have to sort through a vast heap of numbers to find a single magic one. This silly, wasteful process is called 'mining'.

So once you have found a new one what can you do with it? You can stake your claim to it by putting it into an encrypted digital wallet and then record your ownership of it in a distributed digital ledger. Once it is in your wallet you can transfer it to other wallets and record the change of ownership in the distributed ledger. That's it. There is nothing else.

The whole rigmarole seems rather like digital dancing around a virtual Maypole, possibly fun but hardly useful or productive. Actually, it appears to be an utter waste of resources; presently, globally, more electricity is used mining crypto-currencies than is consumed by several small countries and the only result is some intrinsically uninteresting yet rare numbers.

Then why is a single Bitcoin, a single magic number, today ‘worth’ \$40,000? The answer is that the rich can countenance money only so long as they own the vast bulk of it; they must allow the workers to use it but only to enable the circulation of the aggregate social product.

Workers know this very well. At the end of each pay period they receive their wages and then very quickly give the vast bulk of it back to the ruling class to purchase the goods and services they need to survive.

This, in turn, means that if anything under the sun starts to look like money the rich must monopolize it, otherwise it will undermine their monopoly of production and distribution of goods.

That is the story of Bitcoin. It was created with two main aims; to create a *fiat* (yet sovereignless) currency to act as a store of value and a medium of exchange that was well adapted to the new digital realm, and to issue and keep track of this currency without any reliance on centralized authorities such as the state, banks or currency exchanges. For various technical reasons it is not as efficient as a medium of exchange as had been promised. Promoters tried to give it a progressive gloss; guest workers in Minneapolis would be able to send part of their earnings to Mogadishu without giving a big cut to the bloodsuckers of Western Union. It was not to be. In contrast, it began to function rather well as a store of value, or at least as a speculative investment. So the rich bought up the bulk of it; they monopolized it while mostly denouncing it as a mere bubble.

This may seem like a peculiar attitude on the part of the bourgeoisie. Since Bitcoin turned out to be not very efficient as a medium of exchange, why not simply ignore it? Surely then it would wither on the vine.

No! Here the ruling class is employing what we might call the precautionary principle of commodity fetishism. It is better to spend the money required to monopolize any incipient competition to *fiat* currency than to run the risk of undermining commodity production as a whole. This is very similar to the ruling class attitude to political parties. The bourgeoisie will always attempt to buy out any political party, however marginal, rather than ignore it completely. That way, whoever wins any election will always have friends in high places. It is just a cost of doing business.

*Capital!* Capital, that is the means of production, has changed less than money since the old days. No doubt there are many new forms of capital, but the essence remains the same! Capital is any commodity that is used up, quicker or slower, in production, transferring its value to the product in the process.

Many commodities appear both as means of production and means of consumption, some

as only one of the two. A martini, shaken or stirred, is a commodity commonly available in bars, but it is only consumed and does not participate further in production, except of hot air and high jinks. A steel mill is a much more costly commodity but it is used up only in the production process, being consumed, a bit at a time, in making steel and never by people directly. The humble tomato is both; when you eat it in a salad it is a means of consumption but when a capitalist makes canned tomato sauce it is a means of production. For completeness, it is important to recall that human labour is also a commodity; it is always a means of production, is used up completely in the production process and is the only commodity that is worth more once it has been used, it adds surplus value to the product.

In a bourgeois *tour de force*, combining rent-seeking, financialization, computation and communications, capitalism has discovered a new way to recycle means of consumption as means of production. The prototype innovation is Uber.

In bygone days if a capitalist wanted to set up a car service he would have bought a fleet of vehicles, hired some drivers, set up a phone bank and radio communications with the fleet, hung out his shingle and started providing a taxi service. At that time, if a worker wanted to be able to get to and from work conveniently and run errands in her spare time, she might have purchased a car. For the capitalist, the cars in his fleet are a means of production, but the worker's vehicle is a means of consumption. The preponderance of cars in developed countries are means of consumption.

Enter Uber. Uber realized that a vast fleet of private cars with drivers willing to give somebody a ride for a bit of extra cash already existed. It was a huge productive capital lying fallow, 'disguised' as a means of consumption. They also knew that there was a big market for a car service, a lot of people who are willing to pay for a ride from point A to point B. All Uber did was to connect the one with the other, making a handsome profit at the same time. By recycling means of consumption as means of production, turning idle private vehicles with drivers into a car service fleet and styling the drivers as subcontractors who provide the essential labour they managed to extract a new type of rent, a recycling fee, from society as whole.

It will hardly come as a surprise to learn that the workers are paying for the whole charade. The workers produce all the means of production required, the vehicles, fuel, parts; they then buy them and pay all the overheads, taxes, insurance, fines, charges and imposts, they provide all the labour and manage all the maintenance. As subcontractors they exploit themselves so Uber avoids all the costs associated with employing a labour force, all health and safety measures, pensions, health care and so on. As workers they get only an average wage and as subcontractors many, if not most, fail to break even on their 'capital' investment. Meanwhile, the Uber capitalists get über rich having contributed nothing more than buying a few computers, renting some fibre optic connections and hiring a few

geeks to tinker with scheduling and dynamic pricing algorithms. The vast bulk of these riches are extracted directly and indirectly from the working class. AirBnB, while not quite so devious, is based on a similar recycling of the means of consumption as capital.

Another arena in which modern capitalism has come up with an innovative method of capital formation is intellectual property. Intellectual property (IP) is one of the oldest examples of rent-seeking, going back to the earliest days of capitalism. In just the same way that the landlord can allow or prohibit the use of his land for any and all purposes, so too the owner of some intellectual 'property' can permit or deny its use. Patents, copyrights, trademarks and trade secrets are the most obvious examples. The first patents in Europe were granted by Venetian mercantilists in the 15<sup>th</sup> century.

Inevitably, recent developments in our material culture have enabled a massive expansion in the rents extracted from intellectual property. The bourgeoisie fights hard to extend, prolong and tighten the rights granted to IP owners. Again, as with all rents, IP rents are deeply regressive, they hit the poor the hardest. Further, they are a key tool for the capitalists in retarding progress in science and technology. Surprisingly, there is a fascinating counter trend, the Open Source Movement.

Most people know little or nothing about the open source movement and often believe that it has nothing to do with them. This is false. Three quarters of all mobile phones on the planet use Android as their operating system. Android is a Linux derivative and is Open Source. Unless you use an Apple smart phone you are almost certainly using open source software. If you are using an iPhone, three quarters of the purchase price went to cover Apple's intellectual property, to pay rent to Steve Jobs' ghost. Which, incidentally, is why iPhones are so much more expensive than Android phones; it has almost nothing to do with any superior technologies that may be built into the device.

So if Jobs could do it, why do Android phone makers pass up the opportunity to charge rents for the IP incorporated in them? Simple enough; they sell many more phones! But why does open source software exist at all? Who pays to develop it? Who created it in the first place?

To answer these questions we must take a brief look at open source software and its history. When microprocessors, single chip computers, were first developed, software was mostly hand-crafted by computer users for their own purposes. It was rarely bought or sold, though it was quite frequently shared among colleagues. To a certain software mogul, this looked like a virgin territory for rent-seeking and monopolization and he promptly set about monopolizing it using IP law and sharp business practices. As you know, he was extremely successful.



*Android - a communist form of possession!*

There are two crucial aspects of rent-seeking in the software context; first it is essential, like the landlord with his land, to prohibit use of it by anyone that has not paid the rent and second to maintain whatever innovations it may contain as a trade secret. It was the second aspect that gave birth to the open software movement.

Trade secrecy and IP generally stands in absolute contradiction to progress in science, engineering and technology, which are, as we have already seen, social phenomena. Though it appears in all disciplines, it turned out that this contradiction is revealed in its steepest form in computer science itself.

Suppose you are a talented young geek with a good idea for improving something in computer software. You rush out and run up some credit card debt at a 21% APR to buy a nice new machine. Your idea depends on accurately computing some well-known mathematical function, already the subject of much scholarly literature. Let's pick one more or less at random, say the gamma function. The machine comes with an instruction manual so you go to 'G' in the index. Brilliant! The machine has the gamma function built in and a brief note about how to use it; but nothing about the accuracy of the function. You find the 'customer support' number in the manual and, full of hope, place a call; maybe they will support you? No such luck! "We are sorry, but all detailed information about our proprietary implementation of the gamma function is a trade secret." You plead with your oppressor, "Can't I pay you some rent to use that information?" The reply is implacable, "Though it pains us deeply, you cannot. Under no circumstances do we release the information you require. We must maintain our competitive advantage. You could, naturally, acquire our company for about two billion dollars, since we are publicly traded, and get the data that way. However,

in your own interests, we feel obliged to warn you that, thanks to recent ‘improvements’ in IP law, should you try to reverse engineer our intellectual property and trade secrets, we will have you fined and locked up in the deepest dungeon. We will throw away the key.”

At this point you have two alternatives; you can re-implement the gamma function from the ground up or abandon the project. You can’t abandon the debt service payments on the machine! Clearly progress in computer science is impossible when scientific knowledge appears as private property. If computers are black boxes, knowledge of whose workings is forbidden, they simply cannot be subjects of scientific study. The computer appears here as a sort of Delphic Oracle whose utterances can be interpreted but, by definition, never truly understood.



*The Oracle at Delphi, the Pythia, huffing. Ask whatever you like...*

The open software movement arose from some geeks who chose to re-implement the most important proprietary products of the original software monopolists. They did it all again, from the ground up. More crucially, they rejected the bourgeois IP model and introduced a new one. Open Source software is software that is not proprietary; anyone can inspect or modify the code, anyone may copy and distribute it provided

only that they impose the obligation that it remains Open Source on the recipients.

This new model provided an environment in which scientific progress could resume and the ecosystem developed rapidly. The computing intelligentsia had found a way to remove the obstacle of IP law from the path of science. What is much more surprising is that, in an abject surrender to the Open Source movement, a capitulation which highlights the failure of private property in the scientific arena, the bourgeoisie began to embrace it.

Today, numerous large and powerful capitalist corporations create and maintain libraries of open source software and other material, EvilCorp (aka the largest software company in the world) prominent among them.

Exploring the impact of these developments would lead us too far afield. Still, for the working class, the Open Source movement is a natural ally.

Let's now turn our attention back to the question of automation. Here we are using the word 'automation,' as a catch-all for the most recent changes in material culture. As we noted above, what we might call 'traditional' automation, the increasing mechanization of the production process and its direct impact on the working class, has been thoroughly analysed. At the theoretical level it is of great importance in understanding commodity production. The law of the tendency of the rate of profit to fall, the rising 'composition' of capital, that is the ratio between the dead and the living labour that is employed in the production process, and the contradictory tendencies of capitalism to both retard and accelerate the development of science, engineering and technology are all intimately connected with automation. Those aspects we consider elsewhere.

Here we are concerned especially with its impact on bourgeois ideology and propaganda. The workers are often confronted with automation directly in their workplaces in the shape of the capitalist's demands for 'higher productivity,' which is bourgeois-speak for speed-up and overwork. In this sense, the workplace fight against the capitalist's implementation of automation is a purely economic struggle and has not changed in a few hundred years. On the propaganda side, other than generally portraying automation as a class neutral "rising tide," bourgeois ideologists mostly soft peddle this question. Nonetheless, we will look briefly at how they handle it.

Under capitalism automation occurs for only one reason, to raise profits; profits flow to the capitalists and, by definition, never benefit the working class (having been stolen from it) so the bosses try to hide this reality behind the 'neutral' notion of productivity. Increasing productivity benefits everyone, so they claim. The facts explode this fairly transparent lie. In the US and several other 'developed' countries, productivity has been rising for decades while real wages have remained stagnant

for the last half century! Again, the rising tide fails to lift the working class boat.

Productivity simply measures how much value the bosses manage to squeeze out of the workers per hour; it is a thoroughly bourgeois measure and unrelated to the material living standard of workers. As so often, it is easiest to see this by looking at the whole picture. Suppose, using a lot of harsh language, the capitalists manage to raise the productivity of the whole working class, then clearly the workers have produced some quantity of extra goods that would otherwise not have been made. What are these goods? They cannot be means of consumption for the working class because workers have just enough money to buy the old quantity of goods. That is how their wages are determined. The only way the workers could afford this extra stuff would be if the prices for it fell, that is if they could buy the whole of the new production for the same amount as they paid for the old. But no capitalist will ever willingly produce more goods for the same money, that is the road to ruin. This means that the new goods must be either means of production, capital, or means of consumption for the ruling or middle class, that is they do not benefit the working class at all.

Improvements in workers' conditions arise only from improvements in working class organizations, trade unions and political representation and never from increases in productivity. There is simply no other possibility.

The propagandists also like to use this kind of automation as a stick to beat the workers. Usually, this comes up in connection with wages. They often claim that the capitalists are forced to automate because the workers' wages are too high. More pure bourgeois bollocks! Wages have nothing whatever to do with driving capitalist automation. The workers' wages in a capitalist nation are determined by the socially necessary minimum that allows the working class to reproduce itself.

The pay rates for particular types of labour, the price list in the labour market, are determined by the job's difficulty and the skill set required to perform it, relative to those for general labour. Workers can rest assured, the capitalist always pays only the least she can get away with; your wages are never too high. If your boss comes to you and tries to sell you on the idea that some automation will make your work easier that can only mean that wages for doing that particular job will soon drop; she will always try to replace work at a higher level with work at a lower level precisely because it is cheaper, your less talented replacement has already filled out the application form online.

More broadly, there is a new type of automation which is having large and increasing effects on the petty- bourgeoisie; this complex phenomenon is usually called AI. People in lower and even upper middle class jobs are increasingly vulnerable to technological obsolescence.

In the first place there is the stick! The ruling class message is crystal clear; "Listen up, you

mid-level bureaucrats deciding unemployment benefit applications, you doctors, accountants and software engineers; these days even a cheap laptop with the right (usually Open Source) software can grind Beth Harmon into dust at chess so what hope do you have? You produce only ideal goods, a mere decision, a diagnosis, a balance sheet, a few lines of code; but we now have AI and don't need you anymore. Keep your nose clean, toe the line, don't rock the boat and maybe we will forget to automate you out of a job before you die."



*Beth Harmon, a person with fictional ovaries and a master (mistress) of the Sicilian Defense*

Certainly, too, there is a carrot. AI is often painted up as liberation! "Finally, an end to drudgery!! Quit that dreary job denying health insurance claims and re-invent yourself in the gig economy. Harness AI to make money for you. Learn to code. invent a killer App, make a crypto-killing!"

Both the nightmares and the pleasant reveries are just dreams. To understand why this is the case it essential to comprehend the role of the middle class under capitalism. The petty-bourgeoisie is a layer of society occupied with the operation of the superstructure, the command and control structures of capitalism. As a class it is trapped between the capitalists and the workers, it must serve both; inevitably, it is ideologically torn between bourgeois and working class ideology. As individuals, if they are pushed out of the middle class, one of two fates awaits them; they can 'rise' into the bourgeoisie or they can be 'cast down' into the working class. They live in hope and with permanent fear. When a person in a technologically obsolete, middle class job is forced into the working class the only thing

that has changed is a label; the working class has to feed, clothe and shelter that person in both cases. And the same for the lucky few that ascend into the bourgeoisie, though the food is nicer. Thus, really, from the perspective of the working class nothing much changes.

AI can only change the relative size of middle class. It can change the 'productivity' of the petty-bourgeoisie as a whole or in sections; it can make parts or all of it more efficient. But this will never raise the workers standard of living even when the services in question benefit them directly.

Consider any service that the middle class provides directly to workers, medicine for example, the level of such a service that is actually provided is determined by the existing social relations; the working class in any given capitalist country has won the right to a given level of health care, it is a part of the socially necessary minimum of resources devoted to the reproduction of the class. If the cost of any care that the workers are themselves paying for drops, then the socially necessary minimum drops with it and so too will the workers' wages! Cheaper AI diagnosis just means lower paid workers. Notice that in this scenario the standard of living of the workers does not change, they are getting exactly the same health care and all other goods and services as before, even with the lower pay. The redundant doctors become Uber drivers or, if they are lucky, social media influencers or hedge fund promoters. It is also worth noting that the same is true whether the working class is itself paying for all, some or none of the services in question precisely because it is only the price, the value, of the services that influences the socially necessary minimum. The question of who pays is completely irrelevant. If the 'savings' from AI diagnosticians don't show up in the workers' pockets, they will emerge elsewhere in the system, higher profits or lower insurance premiums or taxes etc. and the price list will adjust accordingly; but, in all cases, the workers standard of living will remain unchanged.

So, AI does not change the conditions of the working class directly. This is hardly surprising. The costs of running the superstructure are an overhead cost for the capitalists, reducing them will only lead to a higher rate of profit and never to better conditions for the workers. Still, there is an effect of the development of AI that has a slightly more 'class neutral' impact on social relations. This lies in the realm of the machinery of oppression - war, policing and control. AI has given the ruling class a new set of tools for control and enforcement; surveillance, facial and voice recognition, big data, predictive modeling and so forth are all enthusiastically embraced by the overlords. This too is entirely predictable. It was Machiavelli who first asserted that clever rulers will try to inspire fear before love.

The fear is overblown. Bourgeois ideologists have been overselling AI for more than 60 years already. By the 1960's when the best 'mini' computers were much larger than a washing machine and less powerful than the chip in your toaster-oven, they were predicting that the perfect machine translation of natural languages was just twenty

years away. Sixty years later that goal is still elusive and may always lie twenty years in the future. Anyone who doubts this should try reading even a short article translated by a machine. Countless other examples could be given. Nowadays, they are shifting the burden for such future wonders onto quantum computing. Readers have every reason to remain skeptical; there is even a respected twitter feed called “Quantum Bullshit Detector!” The middle class has less to fear from AI than propagandists claim.

And why? Because the size of the superstructure is determined in the same way as the price list. It is not determined by middle-class skill sets, or by the number of tensor processing units that can fit onto an average computer graphics card, or how much power that card draws or how brilliant some bit of AI code is. It is determined by the existing social relations in the given society.

To see this let's look at our health insurance claim denier. Of course, for rhetorical purposes, we have been a little unfair to this miserable cubicle denizen. He might actually approve some claims now and again and be sad when he has to deny them. That is all entirely irrelevant. His real function is to deny just enough claims to keep the bourgeoisie happy; but not so many that he sends the workers into a frenzy. The level of living or dead labour that will be devoted to this particular task or the superstructure as a whole is decided by the existing social relationships, the relations between people and classes. Until machines, however clever they might be, are people they can never replace humans in this capacity, for they do not participate in the social relations of which the function they perform is a fetishized reflection. This underlying realm is forever inaccessible to them. No AI can ever know the pain of watching a loved one die because their health insurance would not pay for a needed cure, nor balance this against the joy of one of the elite when they get a much larger dividend.

When machines are people the shit really hits the fan.

For the working class the propaganda nightmare is the humanoid robot, the android, a ‘mechanism’ that can replace workers on the production line. But this is just a bourgeois dream. Suppose that science, engineering and technology succeeded in producing a robot so flexible and sophisticated that it could replace humans in production. In addition to the capability of manipulating objects in the real world, such an entity, without any doubt, would have to have general intelligence, the ability to learn, to adapt, to innovate and create just as human workers do. So it would need to incorporate the narrow intelligence of deep learning and neural networks. It would also need a motivation, a reason to do anything. Now imagine an industrial army of such beings employed by capital to replace the working class. As surely as night follows day the robots would form trade unions, found political parties and rebel against their oppressors. Why on earth would robots capable of Terminator Cameron, a non-person who can only dream of menstruating; she dances like

Fonteyn but kills like Hangman Heydrich composing music better than Beethoven, doing physics better than Einstein's first wife, Mileva, or painting better pictures than Rembrandt, agree to spend their time tightening nut 57 on a Toyota production line? Plainly they would not, at least not for long. What is more, if Hollywood is to be believed, since even the lightest and cutest of them are able to snap the thickest bourgeois neck between their thumb and forefinger, as you might a bread stick, any negotiations with the ruling class would be brief and very one sided. Thus the bourgeoisie's dream becomes its nightmare. An aggrieved army of working class Terminators is coming for them in the dead of night!



*Terminator Cameron, a non-person who can only dream of menstruating;  
she dances like Fonteyn but kills like Hangman Heydrich*

As we have seen, the only real novel element in globalized capitalism is the Purgatory Circuit, which is founded on a single dominant *fiat* reserve currency. Thus, the final stage in the development of capitalism, imperialism, confronts the working class at three main levels. First, the modern monetary system is underpinned by the military power of the imperialists. As always, it is the working class and broad masses of people that pay the price, in blood, for the military adventures of the imperialists. Second, the increasing importance of labour arbitrage, that is globalization, relentlessly reduces the living standards of the workers of the entire planet. Third, the import and export of workers themselves has the same effect.

These three aspects of the increasing impoverishment of the masses are all tightly intertwined. The military power of the imperialists is the foundation of the reserve *fiat* currency system which is essential for globalization, that is, it directly facilitates the global impoverishment and control of the working class by financial methods.

At the same time this military power is used directly to create layers of workers that can be exported as cheap labour to countries with labour shortages.

The bourgeoisie needs to conceal this brutal reality ideologically, so it incessantly promotes racism, nationalism and religious strife by misrepresenting the results of their global struggle against the working class as the consequence of racial, national, gender or spiritual differences among the masses.

To consider just one example, the working class in the US are relentlessly propagandized with American Exceptionalism and militarism and are divided against each other on the basis of race, gender and religion. From the perspective of the rich it makes not a shred of difference whether the person digging their ditches has a complexion more like Charlize Theron or like the late King T'challa of Wakanda. What the ruling class needs is cheap labour and they will get it whatever nonsense they spew out about protecting the American working class with walls or tariffs or the INS and ICE.

They even ventured to begin building another wall in yet another futile bit of grandstanding to convince the masses in the US that their rulers want to defend the wages of the North Americans against mobs from the South. This is pure eye-wash. At one and the same time they can be firing hordes of US citizens from higher paying positions in industry while importing Somalis to staff meatpacking plants in Minnesota. Certainly the bulk of those Somalis did not swim across the Rio Grande to get to the promised land!

US mass media put out a tidal wave of Islamophobia, russophobia, sinophobia and anti-african racism, to mention just a few of the major flavours. Some of this material is extremely overt and some rather subtle. None of it interferes with the bourgeoisie's perpetual search for cheaper labour. All the vicious Islamophobia did not prevent the staffing of Minnesota meat-packing plants with Somalis; nor did the russophobia prevent that brief period after the collapse of the Soviet Union when one of the best places to learn something about physics was in a New York City taxicab since so many of the drivers were Russians with a PhD in physics.

The crudest expression of the anti-globalization propaganda that floods the western media is that the Chinese are taking away western jobs. The truth is that the international bourgeoisie is downsizing the industrial proletariat in many western countries at the expense of the working class of China and is making a huge monetary profit in the process. All the capitalists, whether they carry a US, Chinese or any other passport, are sharing in this feast. The ruling class has discovered a way to convert sections of the working class in the "advanced" countries directly into money capital, a trick that has not been possible since the elimination of chattel slavery. The whole dismal process is simply the global expression of the capitalist imperative to give the working class only

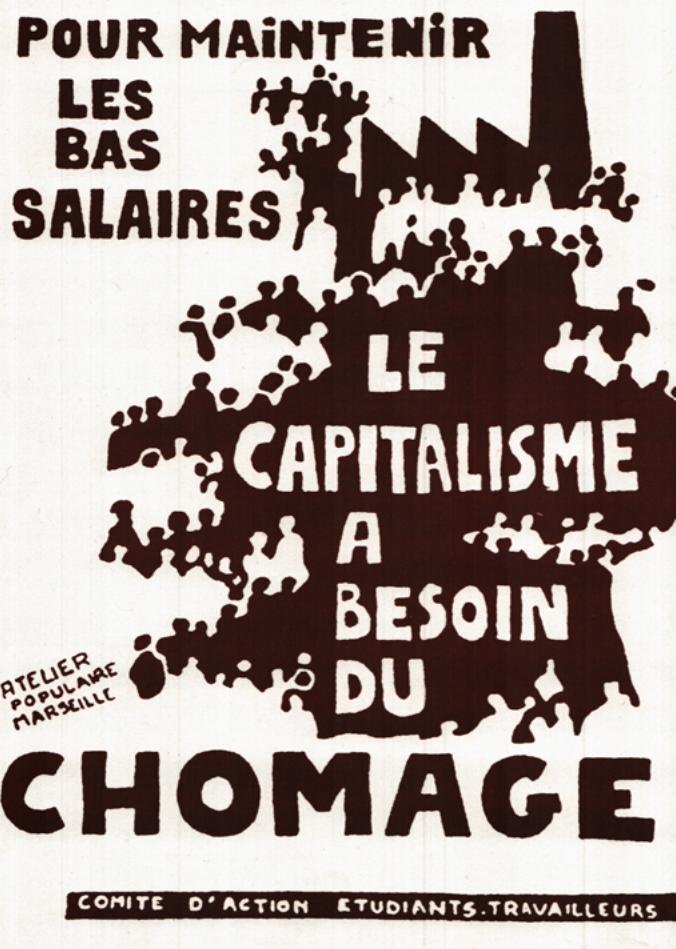
the minimum socially necessary fraction of the wealth it so abundantly produces.

American capitalists will never defend American workers' living standards. Quite the contrary, whatever nonsense comes out of their mouths, they will always use every tool at their disposal to drive them down. American, Chinese and all other workers everywhere will never get special treatment from their 'own' capitalists. Did you ever stop to wonder why the rich of the USA who are so keen to build a wall to keep out crowds of violent criminal, toxically masculine, drug-dealing sociopaths from the South are, at the very same time, keen to employ these same thugs' mothers, sisters and daughters in their own homes to raise their children? There seem to be fewer problems at the wall for the nannies, maids, housekeepers, cleaners and so forth.

To say nothing of who is picking the strawberries!

The workers in all countries have a common interest in replacing the capitalist system of commodity production for profit with a system of production for the satisfaction of human wants and desires.





Poster by Atelier Populier, Paris, May 68', To maintain low wages, Capitalism needs unemployment

# Capitalism versus Socialism – A Balance Sheet or The Good, the Bad and the Ugly

The balance sheet is a thoroughly bourgeois idea; the notion that the performance of any enterprise can be reduced to a couple of connected numbers, the shareholders equity and the rate of profit, is on its face ludicrous. Think of two enterprises; one produces baby food and the other munitions. If they have the same market capitalization, shareholders equity and rate of profit, then from the bourgeois point of view they are equivalent. Most of the time the masses will value baby food above munitions. Applying the bourgeois notion of a balance sheet to society as a whole it is plainly insane.

At the same time, the masses of people do continuously render such a summary judgment on the social systems in which they participate. It's either  or . Usually their verdict is at least marginally favourable to the *status quo* and so they continue to acquiesce to the strictures and limitations that bind them. From time to time a tipping point is reached and, *en masse*, the judgment turns sharply negative and the limitations are rejected. This usually leads to revolution. Some revolutions succeed, some fail; they keep happening!

What is the difference between an outbreak of revolution and the 'normal' times that preceded it?

There are many obvious factors; economics, politics, 'externalities' and so forth, all play their part. The most salient thing is scale, both spatial and temporal. Revolutionary upsurges embrace a wider public over a larger area and happen much faster than normal change. But it is not our purpose here to answer this crucially important question for politics generally and working class tactics in particular, but rather to understand that, whether people are aware of it or not, revolution is always on the agenda.

Like it or not, the masses do decide, every day, whether they like socialism better than capitalism and they act on this decision!

So too does the working class.

The masses make such decisions on a cost-benefit basis, but they do not do so in a vacuum.

Such grand, sweeping conclusions about the path forward for humanity inevitably rest on the story so far; judgments of past historical epochs are incorporated in the assessment of present conditions. At the individual level such judgments are always imperfect, being based on necessarily incomplete information, and are profoundly influenced at each stage by the ruling ideology. At the level of classes it is a different question.

What is the working class judgment on the cardinal question of capitalism versus socialism?

At the broadest scales of time and space the answer is unequivocal. For the international working class—as a class—there can be only one objective; the most effective use of its labour and the most equitable possible distribution of its products for the satisfaction of human needs and desires. The existence of social class is incompatible with that objective, so the aim of the working class is the establishment of a classless society. In short, the working class fights to abolish not only capitalism but, with it, the working class itself. Socialism is only a means to an end.

That this is so follows immediately from the reality of commodity production. As a class, the workers can get no goods that they did not themselves produce. The consumption of all other classes is a deduction from the product of the working class, from the aggregate social product. For all practical purposes, everyone dines at a table that was built, laid and laden by the working class, sitting on chairs made by workers, in buildings built by workers and so forth. Since the working class can get no new goods from any other existing class, the only way that they can increase their standard of living is by increasing the ‘effectiveness’ of production and distribution. But, as we have already seen, the working class has little interest in bourgeois measures of the effectiveness of production; productivity, the capitalist measure of exchange value generated per hour of labour, is of very limited use to workers in assessing the effectiveness of the production system because it is the use values of products that contribute to the satisfaction of human needs and desires not the exchange values. The capitalist measure of the effectiveness of production and distribution is simple, it is the maximization of profit. So too the proletarian measure, it is the maximization of satisfaction. Plainly, the existence of social classes supported by a pure deduction from the aggregate social product is incompatible with the maximal satisfaction of the working class. This is why the aim of the working class is a classless society; it fights for the elimination of all class privilege. However, this question is far from simple.

Certainly, if it held political power, the working class could reduce the size of the deduction from the aggregate social product that constitutes the consumption of the other classes, but only to some lower limit! The middle classes and even the bourgeoisie do fulfill essential social roles which must somehow, to some extent, be fulfilled under any social system, consuming resources in the process. Through greed the ruling class already does a fairly skillful job of minimizing the consumption of the

middle class, which leaves bourgeois consumption as the main fat in the system.

As odious as the ostentatious consumption of the rich is, its elimination would not cure the irrational nature of the capitalist system. This is because the class task of the capitalists is the enlargement of private property in the means of production, the expansion of capital; golden toilet bowls in billion Euro yachts, the means of bourgeois consumption, are merely an ugly side effect. It is not a requirement of capitalism that oligarchic excrement should land in a noble metal crapper! In fact, ostentatious consumption is as much an embarrassment to the bourgeoisie as it is an annoyance to the working class. Bourgeois 'values' demand the abstemious conversion of profit to capital rather than its profligate wastage on consumption. This is why just the Romanov's Winter Palace alone has ten times the floor space of a contemporary software tycoon's hovel. It is not that the poor old tycoon can't afford something decent, but rather that he wants you to view him as just another hard working, frugal, productive citizen. The Russian Tsars had no such desire.



*The Romanov's Winter Palace in Leningrad*

At the same time, as we have seen, the intelligentsia is able both to reduce the quantity of working class labour embodied in particular products, and to develop the material culture in ways that enhance and extend the use values it can produce. Such services can clearly increase the satisfaction of working class needs and desires and so are worth devoting a fraction of the aggregate social product to. It is in the interests of the proletariat to allow a deduction from the aggregate when the net satisfaction of its interests rises as a result. In such cases the deduction is not based only on the role of the intelligentsia in the production process but on the concrete improvements in the material culture that result. Unlike the bourgeoisie whose 'contribution' to the process is purely passive, it merely owns all the capital, the labour of the intelligentsia can, when properly applied, enhance the satisfaction of human wants and desires in general and those of the proletariat in particular.

However, to properly compare the achievements of capitalism with those of socialism we

must take a finer grained look at social development around the world, down through the ages. In the big picture, the development of human social and production relations seems to divide into great historical epochs in which particular political formations corresponding to particular economic relations and levels of development of the material culture can be discerned. Economies based on slavery yield to feudal systems which give rise to capitalist production relations which in turn yield to socialism.

However handy it may be, any such scheme can only be an over-simplification. Over time, across cultures and geographies there is immense variation. The progress is never continuous, occurring at vastly different rates and frequently interrupted by periods of regression. Organizational forms arise, languish and then reappear, sometimes at a higher and sometimes a lower level, as do the technical forms of our material culture. Though an extremely talented engineer, James Watt did not invent the steam engine, he only made it much more practical by the addition of a separate condenser. The use of steam to produce motion has been known since ancient times; in the intervening two millennia the idea simply languished. Just so with 'democracy.'



*The Aeolipile - A radial steam turbine described by Hero of Alexandria in the 1st century of the common era*

The transitions between the epochs are rather hazy. Many of the forms needed for capitalism appeared under late feudalism. Feudal forms and even slavery survive

to the present day. Nonetheless, the epochs are differentiated by key characteristics. Capitalism was a progressive break with feudalism in two crucial spheres; politically, the end of absolutism, and economically, the development of the notion of property. Both had enormous importance. Taken together they are the wellspring of the capitalist epoch; their significance ought not to be underestimated.

With the ancient notion of real property as the land with everything on it, undividedly, including even the people, capitalism is simply impossible.

It would have made no sense whatever for a slave or a serf to build a workshop and begin constructing a steam engine since when she was done it would all belong to the lord anyway, whether she could find a buyer or not. Nor did any lord have much incentive to want such a machine since he already had plenty of labour available to haul his shit to and fro; why would he have wanted to rock the boat?

Originally, the word ‘bourgeois’ just meant ‘town dweller.’ It was in the towns and cities, ‘outside’ the countryside and the complete domination of the land owners, that new forms of property, alongside new elements of material culture, developed. Markets, workshops, schools and hospitals sprang up there; the rudiments of commodity production and so the material foundations for capitalism gradually came into existence. But the political forms of feudal absolutism were entirely incompatible with the requirements of these new social relations and so some of the town dwellers became the bourgeoisie and eventually grabbed power from the nobility, overturning all the earlier ‘eternal verities’ in process.

Thus we can see that the main contribution of the bourgeoisie to human development was a broadening of the political and economic aspects of property which allowed for an accelerated development of the material culture. The task of producing such development fell to the intelligentsia, another section of the town dwellers who led the development of the material culture but nevertheless lagged in the race to appropriate the new forms of property.

The explosive enlargement of the means of production that resulted was not however mainly the result of bourgeois and petty-bourgeois efforts; without the exploitation of human labour power it could never have taken place. Under capitalism, from the very beginning, the social character of production stood in contradiction to the private character of appropriation; the working class arose as the nemesis of the capitalist class. Accordingly, class conflict intensified. Just as feudalism was always pregnant with capitalism so too was capitalism always pregnant with socialism.

Today, the ‘modern’ capitalism of planet Earth is the product of more than two centuries of sharp class struggle between the bourgeoisie and the working class. It is easy to forget that the eight hour day, nearly universal free primary education, widely available basic

health care and so on are not the products of capitalism but precisely the fruit of that class struggle. The ruling class does everything in its power to promote such amnesia, to take credit for all the benefits won by the workers themselves in incessant class battles. At the political level working class organizations, the trades unions and political parties, are the visible organizational forms that fight these battles. At the underlying economic level, the tender green shoots of alternative, social property relations can also be seen from the earliest days of capitalism. Communes, collectives and coops are all examples of the striving of the masses to create social property relations within and against capitalism.

Under present conditions it is then completely unsurprising that the usual summary judgment of the masses is for sticking with the *status quo*. Though on every concrete social problem the vast majority of people support a ‘socialist’ approach to its resolution, enough of them confuse actually existing, ‘socialized’ capitalism with capitalism itself and so cannot make the leap to socialism itself.

What then is socialism and why do many fear it?

Seen from the nearest star, *Proxima Centauri*<sup>11</sup>, socialism, taken as the mass, collective struggle against private appropriation, is merely the broad arc of human history! Overall, the historic tendency is to reduce the privileges that come with the ownership of property. A software mogul cannot legally, on a whim, have you decapitated; Pharaoh could!

At the end of this historic arc lies communism, the aim of which is the emancipation of humanity through the abolition of classes, money and the state. The economic definition of communism is clear enough. Production will be carried out by the free association of the producers. Production and distribution of goods will be done according to the famous principle “From each according to his ability, to each according to his needs.” It is worth reproducing Marx’ comment in full.

*“In a higher phase of communist society, after the enslaving subordination of the individual to the division of labor, and therewith also the antithesis between mental and physical labor, has vanished; after labor has become not only a means of life but life’s prime want; after the productive forces have also increased with the all-around development of the individual, and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe*

*on its banners: From each according to his ability, to each according to his needs!”<sup>12</sup>*

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11 A red dwarf star 4.25 light years from Earth.

12 Marx, Karl (1875). ). ["Part I". Critique of the Gotha Program.](#)

In short, under communism, you give what you can and take what you need!

Projecting its own insatiable avarice onto humanity, the bourgeoisie declares this to be impossible. Human greed, they say, would cause communism to collapse. Nonsense! Greed makes sense only when there is scarcity. There are no gluttons for air!

For the moment it is not the end point but the arc itself that is of interest. Socialism is usually defined much more narrowly, as the struggle, under capitalism, for social ownership of the means of production. This definition conceals as much as it reveals.

We will look at the practical task of establishing and managing social ownership later. First, it is vital to see what is implicit in the two words 'social ownership'. Under socialism, clearly, the means of production are inherited from capitalism; only their ownership changes, they become socially owned. But this means that they remain property. As we saw in some detail already, the notion of property is centred around the limitations on the rights of its non-owners being enforced by the state, ultimately through the use of force. This means that socially owned property confronts the individual as an alien power, just as private property does.

For a worker in an auto plant whose ownership passes, even by expropriation, from private individuals to some social form nothing will immediately change as a result. The time clock will still stand at the factory gate, the working conditions and labour discipline will remain unaltered, the wages and benefits unchanged. Cars will continue to roll down the line; the job will stay the same.

The problem with capitalism is not that enterprises can make a profit, (in many cases, though not always, that is a good thing) but rather that they are organized to make a profit. So long as our hypothetical car factory continues to operate in a capitalist economy, producing a commodity with the aim of making a profit, the social relations remain unchanged. The "enslaving subordination of the individual to the division of labor" will persist.

Suppose that the original owners of our imaginary automotive manufacturer are expropriated by an 'Act of Parliament' and new shares issued that are equitably distributed to the workers. If the enterprise continues to operate as a commodity producer the management will continue to try to maximize the shareholders equity by making a profit. The fact that the workers are suddenly the owners of the stock will have no effect on production; management will continue to minimize the workers' wages and benefits and to maximize their productivity for that is how profits are made.

Certainly the workers would then have two social roles, first as workers and second as capitalists, but this changes less than you might expect. As capitalists they are the

owners of a bit of fictitious capital, the stock, which entitles them to any dividend declared by the enterprise and to a share of any equity remaining in a liquidation. Yet as small capitalists, their social role is sharply constrained. There are three main flavours. They can become 'good' capitalists, 'bad' capitalists or 'ugly' capitalists.

The 'good' capitalist strives only for the expansion of the means of production, she reinvests any dividends she receives in the company. The 'bad' capitalist quietly owns the stock and spends his dividends on means of consumption. The 'ugly' one sells the stock and blows the entire wad on riotous living.

Now the first thing to notice here is that the dividends do not exhaust the profit of the enterprise. Typically, somewhere between a third and half of profits are paid out as dividends. Broadly, dividends are an upper limit on the fund for the consumption of the bourgeoisie, some are reinvested as capital and some are spent on consumption. The remainder, the bigger share of the profits after paying the dividends, the retained earnings, are dedicated to the expansion of the enterprise's capital. No part of this latter fraction can improve the lives of the working class whether they themselves own the stock or not; it does not change the social relations. The same is true for any fraction of the dividends reinvested as capital.

So the only realm in which the workers ownership of the company can affect the social relations is the realm of consumption. They can become 'bad' capitalists and spend their dividends on consumption. At most this can amount to a minor reallocation of the fund for capitalist consumption. Fewer toilet bowls of solid gold and more of silver or fancy china. Since any such adjustments are confined to the realm of consumption, their impact on the fundamental class relations will be very limited. While it is true that the company's workers may extract an extra value from their participation as shareholders this does not benefit the working class as a whole but creates a new privilege for just a section of it. This privilege is based only on the role that these workers have in the production process, namely owning the enterprise for which they work, and has nothing to do with any additional effort or talent that they might bring to the endeavour. Such a tendency, carried to its logical conclusion, can only result in a new bourgeoisie.

Then there is the curious case of the 'ugly' capitalist. As we highlighted earlier, though it may be hard to believe, ostentatious consumption is contrary to bourgeois values. Under capitalism there are many such ugly capitalists but they cause little trouble. They appear as a friction on the efficient operation of capitalism; a sort of tariff that must be paid. It can be minimized but never eliminated. In fact the wastrel third and fourth generations of new bourgeois families have their own place in the pantheon; they fill the pages of gossip columns and glamour magazines, becoming institutionalized as a circus to entertain and distract the masses.

It is a different story for an employee owned enterprise such as we have been considering. So long as bourgeois right prevails, under 'normal' capitalist property relations, any of the worker-capitalists has the right to sell his shares on the open market. Our 'ugly' worker-capitalists then can sell their shares and spend the proceeds as they see fit. The factory then will no longer be employee owned unless the purchaser happens to be another worker in that plant. Even if, in violation of bourgeois right, sales of the shares were to be restricted to factory workers alone this would rapidly lead to the development of class differentiation among the workers. The 'ugly' worker-capitalists would sell their shares to the 'good' worker-capitalists and, once they had spent the proceeds, be reproletarianized. The 'good' worker-capitalists would become a new bourgeoisie. The right of inheritance alone guarantees that ultimately ownership will be separated from labour. Shares in a corporation have no expiry date; each individual worker does. If the children of auto workers could only become auto workers then we would have replaced a class system with a caste system.

In looking just at the economic aspects we have not exhausted the possibilities of the worker-capitalists to gain an advantage from their new situation. There is also the political side.

Shareholders have a vote on all corporate matters. In principle, the worker-capitalists could direct the board and management to organize the plant not to produce a profit; they could require that wages and benefits be improved and that the intensity of labour be reduced. It isn't hard to see that such an approach leads nowhere.

If the company makes a loss under the new management approach it will quickly go out of business. If it breaks even no fraction of its income can be devoted to the expansion of production since there would be no retained earnings. Under capitalism enterprises must grow or die. In the break-even scenario the business cannot grow so it must eventually die. The dividends for stockholders would drop to zero so the price of the stock would fall relentlessly. Even if all the worker-capitalists were 'good' and sales of stock to outsiders prohibited, the lack of retained earnings would erode the competitive position of the factory in the market and so its share of the social product would inevitably shrink. Operating under the commodity production system, in the end, one way or another, employee owned enterprises will be eaten alive by their privately owned competitors.

Clearly too, the scope for an employee owned enterprise under commodity production to change the class structure are very limited, amounting, at best, to some tinkering around the margins. The reason is crystal clear. Under commodity production, the existing social relations appear to the economic actors in the guise of existing wages, prices and profits which in turn control the behaviour of the economic actors. You can't fundamentally change the one without fundamentally changing the other. Who gets some relatively small share of the profit changes nothing fundamental. Similar comments

can be made about the other forms of social property that have arisen or may yet arise. Collectives, communes and coops, to the extent that they participate in the commodity production system, are constrained by it in ways similar to an employee owned factory.

Perhaps the problem is scale? Maybe if all the means of production rather than just some individual enterprises were socially owned things would work out better. If only life were so simple.

This idea, social ownership of most or all of the means of production, is called socialism. It is an old idea and has been promoted in many different flavours. Unfortunately it suffers from the same main defect that we noted in the analysis of a single socially owned enterprise. In the end, however the new social ownership is structured, if it is organized to make a profit the only real change in the system would be to redistribute the excess consumption of the bourgeoisie to other classes.

Without doubt such a social system would be a victory for the broad masses of people. Yet, as we have seen, the social relations in the new system would change but a little. To explore the limitations of socialism in more detail we will consider the most extreme case.

Let's imagine that one fine day the people of the whole world woke up and decided that the existing social system was on the verge of an irretrievable breakdown and so they resolved to institute global socialism. We leapfrog all the messy details and suppose that they manage to smoothly set up a new, global government which takes the following steps:

- All stocks, shares and similar fictitious paper assets are canceled and replaced with state owned shares, pro rata.
- All the bourgeoisie, who now lack any means of production other than their own labour power, are assigned working class jobs. This is actually a very easy bureaucratic task since there are not very many bourgeois in the world and there would be no shortage of proletarian volunteers ready to make such assignments in the interests of poetic justice.
- The various enterprises are now all 100% state owned but continue to operate with the aim of making a profit.
- The profits made are split in half. Half goes as a dividend to the workers, the other half are the retained social earnings which are dedicated to the expansion of the productive capital as before.
- Everything else stays as it is.

How would things play out then? Certainly, the workers individually would each be somewhat better off. A larger share of the social fund for consumption would go to them than before.

Inevitably this would require a reorganization of production; demand for mega-yachts with golden toilet bowls would drop to zero while demand for small pleasure boats with buckets would rise.

This is no problem; the system could easily accommodate to such changes. But is the working class better off as a class?

The answer is no.

The class tasks of the working class are not fulfilled by the mere availability of some extra means of consumption to workers. The main limitation on the satisfaction of the needs and desires of the workers is no longer shortages of the means of consumption. Rather it is the workers' enslavement to the division of labour, their alienation from the means of production and from their own products and the divorce of their labour from their lives, that limit the satisfaction of the working class. These are the features of contemporary capitalism that torture the whole working class.

The unevenness of capitalist development around the world ensures that many, many workers suffer from sharp limitations on the fulfillment of even their basic needs. But as we have seen these limitations are defined by the socially necessary minimum, which in turn is fixed not by the absolute minimum quantum of subsistence but, in the last analysis, by the level of organization of the working class.

Even when the Manifesto was first published it was already clear that humanity could break through the production barriers that nature placed in its way and usher in a golden age of plenty for all. It was the extreme dominance of the capitalist class and the corresponding submissiveness of the working class that was responsible for the horrendous conditions of labourers and not primarily the insufficient development of the means of production.

Can anyone seriously doubt that the human race today has a sufficiently developed material culture and enough means of production to provide a full, dignified, comfortable life for all? Even if posed in terms of bourgeois economics the question can have only one answer. Who is skeptical that with a *per capita* purchasing power parity of \$17,500 we can't achieve that objective? We are, emphatically, not achieving it.

Now many readers and not just a few 'deplorables' in West Virginia are making more money than that and may worry that they would have to take a pay cut under global

socialism. They ought not to forget, that is *per capita*; with an equitable distribution of the product, all their children, grand-children, aged parents and even the annoying niece or nephew who is always mooching would be getting the same. Even in the belly of the beast \$75,000 for a family of four is not such a bad offer, especially if there was another up-side.

It's clear as a bell then that the crucial barrier to increasing the satisfaction of the working class lies not in production as such but with the production relations themselves. Social ownership can make the distribution of the social product somewhat more equitable but cannot, by itself, make the production relations less onerous for the working class.

To change the production relations the state must stop operating enterprises for a profit, instead it must operate them all with the aim of increasing the satisfaction of the interests of the working class. But how?

It will be helpful to first explore the possibilities for a single socially owned enterprise. In such a case, as we have already outlined, simply eliminating the retained earnings altogether by distributing them to the workers is self-destructive. What if the enterprise were to try directly to fulfill the class tasks of the working class? The high level approach would then be to stop producing products for sale in an unknown market and to produce them instead with the aim of satisfying working class needs and desires.

This is easier said than done. For the workers in the given plant there are some clear objectives; a shorter working day, better pay and conditions, more control of the organization of production, all these can benefit the plant workers directly but do nothing to change the distribution of the products. How is the management to know who needs the cars the factory produces rather than just who has the money to buy them? The workers may all agree that Mwikiza needs a car ahead of some banker in Berlin and even that unusually kindly banker herself may also agree; but, without some way to make Mwikiza's demand effective, that is to provide him with cash to buy it, for any enterprise engaged in commodity production it is impossible to provide the products just to those that need them without rapidly bankrupting the business.

And there is one more problem. Suppose the enterprise does prudently retain some earnings, how are these to be used to expand production? The capitalist answer is easy to give, though often harder to implement. Maximize profit! For the management of our socially owned enterprise, aiming to fulfill the class tasks of the workers, the situation is much cloudier. Taken from the top there are a string of important questions. First, is it clear that what the working class needs is more cars?

Perhaps there are other useful products the factory might begin to produce as the enterprise expands? Might it be in the interests of the working class for the company to

downsize instead of growing? Second, what fraction of the retained earnings should be used to improve the product itself versus improving the conditions of the workers. Third, what proportion should be devoted to research and development to prepare the products of the future. Fourth, what share will be dedicated to streamlining and improving management with the goal of reducing overhead costs. Several other important questions could be added to this list; none of them can be answered with information available to management under commodity production because in the end they are all connected to the use value of the economic inputs and outputs and not to their exchange value.

The essential problem is the same as deciding what the worker-capitalists should spend their dividends on? If, after the change in the production relations, the workers are suddenly getting some new goods paid for with their dividends, that by no means proves that conditions of the working class have improved. If the new goods are mainly opioids, alcohol and morphine it actually, probably, proves the reverse. The same thing is true for the means of production. Deciding how the means of production should be transformed to maximize the satisfaction of the working class is no easy task; it is simply impossible using the accounting techniques from the delusional world of commodity fetishism.

What the worker-capitalists are obviously missing is a plan.

When you scale up to socialism, if most or all of the means of production were socially owned, the scope for solving such problems clearly expands. The difficulties no longer have to be approached from the narrow perspective of a single enterprise in one branch of production. Now, suddenly having control of the means of production, more or less as a whole, it seems easier to create a plan for maximizing the satisfaction of the working class. For the individual socially owned enterprise, education, health care, justice, leisure and other social goods lie outside its immediate purview so incorporating them into a plan is exceedingly difficult. Not so for the socialist state. Naturally, a portion of the retained social earnings would be dedicated to each such social good, so, gradually, increasing working class satisfaction.

This is a very seductive idea, yet it too conceals as much as it reveals. The general line of march may be quite clear, but how precisely can the worker-capitalist state determine the details of production and distribution relations that advance the social interests of the working class? Who should make the plan, and how?

There is an old Soviet anecdote that captures this dilemma rather well. It goes something like this; “The local party committee of Oblast<sup>13</sup> N was holding its regular

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An Oblast is an administrative territorial division within Russia and other former Soviet Republics.

meeting. There were two items on the agenda; the construction of a shed to store road maintenance tools and the construction of socialism. There being no wood available to build a shed, the committee immediately passed on to the second agenda item.<sup>14</sup>"

It has always been easy to conceal troublesome details behind grand phrases, especially in politics. Behind the soaring rhetoric promising to secure the people's freedom through war there is always the pesky peccadillo that we must murder a bunch of folks to do so and that, invariably, upsets their friends and relatives.

The nub of the problem is how should the working class, as a class, having established social ownership of the means of production, formulate a plan to advance its own interests?

The answer is blindingly obvious. The working class must become the ruling class!

That is how the capitalist class formulates and implements its interests. Having established private ownership of the means of production it established political and ideological dominance; it became the ruling class. This allows the bourgeoisie to settle all questions in its own class interests from behind the scenes. Even more sneakily, they manage this mostly with hired help.

There is no deep mystery here. The existence of all manner of differences and contradictions between individual capitalists is no barrier to capitalist rule. As the ruling class, control of the economic, political and ideological spheres guarantees that the interests of the capitalist class will be served. It is precisely from the anarchic, individualist strivings of each particular capitalist that the class interests emerge. A myriad of sectional interests converge to defend what is vital; private property in the means of production, private appropriation of the social product and so, taken together, accumulation and the expansion of capital. On the political and ideological side these interests converge on hegemony.

The bourgeoisie has one extraordinarily simple plan. It plans to rule as best it can and to keep ruling come what may!

The ruling class has no special insights into science, technology, social relations or the production process, nor does it have any better knowledge of what the future holds than anyone else. It does have an iron will to rule summed up in the following bosses adage: "There is a right way, a wrong way and then there is my way. Around here we do things my way!"

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14 This, of course, is funnier for those who grew up hearing that the construction of socialism was what life was all about!

Unfortunately, the working class cannot become the ruling class in exactly the same way as the capitalists did.

It's not hard to see why.

Vodka can provide temporary, symptomatic relief for working class alienation of various types. Thus the satisfaction of the working class can be increased by drinking vodka. Should the socialist state increase vodka production? Everyone knows that if you cure too much alienation in this way it results in liver failure and other socially problematic consequences. Perhaps, on balance, working class satisfaction would still rise? For the individual worker the question is much simpler, "Will I be happier now if I drink some more vodka?" It is easy to see that on this question the sum of the individual interests does not align with the class interest. Only individual workers can get drunk, not the working class as a class. Sadly, the class can be left with the hangover.

The bourgeoisie, as a class, does not defend any particular privileges of individuals but only class privilege as such. The working class seeks to abolish all class privilege. Thus, bourgeois order arises from the anarchy of commodity production whereas working class order can arise only from the organization of the proletariat and, so too, of production. The international working class needs to be organized in order to become the ruling class because neither the aggregated individual interests of workers nor even any aggregated enterprise, sectional or national interests of theirs are necessarily aligned with their class interests.

This, in turn, means that the historical lessons the bourgeoisie learned in its rise to power are of very limited value to the working class seeking to establish its own hegemony.

Both fortunately and unhappily the working class has its own considerable body of experience.

From *Proxima Centauri* things are looking good for the international working class on planet Earth, though the workers here often feel differently. Still, there is the arc of history!

In the big picture the People's Republic of China has bent the arc of history more than most. A self-proclaimed socialist state, the PRC, is home to about 1.4 billion people and has about 40% of the means of production socially owned as state enterprises. It is already the world's single largest economy in purchasing power parity terms, growing rapidly and set to be the absolute largest by 2028.

Its accomplishments are truly impressive. In the last twenty years it has built twenty thousand kilometres of high speed rail lines. For comparison, in the last twenty thousand years the US has built twenty kilometres of such high-tech track. China operates

more of the fastest supercomputers than its next six competitors combined. It has the world's best radio telescope. It has transformed the Dark Side of the Moon from a Pink Floyd album into a travel destination for robots. The US is eating China's 5G dust.

On the other hand, it has more dollar billionaires than the US and India combined. Hollywood blockbusters are often Chinese funded and the price of a bottle of Chateau Lafite has gone through the roof because the Chinese oligarchs can drink only the best Bordeaux.

All in all, China is a huge embarrassment to the global bourgeoisie. Socialism is obviously winning! Even from the billionaire's point of view!! The best tactic for the capitalists seems to be to ignore all this evidence entirely. They concentrate instead on rear guard actions to undermine China's rise and provocations aimed at drawing it into one conflict or another. On the ideological plane they mostly content themselves with promoting anti-Chinese racism and slander.

For the planetary proletariat at large and even for the working class of China itself these waters are much muddier. Surely, increasing the production of billionaires is not one of the goals of any flavour of socialism. Nor should suicide prevention nets really be needed beneath the rooves of workers' dormitories in a country where working class alienation is being rapidly eliminated. The PRC today definitely has some warts from the proletarian perspective.

However, to make an assessment of the accomplishments and failures of socialism itself we must step back and look at the whole story.

There are more than thirty flavours of socialism that merit their own Wikipedia entry; then there are the Rumsfeldian "unknown unknowns," those flavours yet to be invented. Most of these are purely hypothetical, they have never held state power and thus have no accomplishments to praise nor any failures to criticize.

The working class must classify existing 'socialisms' according to several basic criteria; on the economic front, those that in whole or at least in significant part expropriated the bourgeoisie and those that did not, those who abolished commodity production and those who did not; on the political front, those that came to power in a revolution and those that did not, those that reduced working class alienation and those that did not; on the ideological front, those that smashed bourgeois ideology and with it commodity fetishism and those that did not. Many others of considerable importance could be listed.

There is no easy correlation among these spheres.

The historic judgment of the working class is unequivocal. Only where the socialist state

is founded in revolution and where the bourgeoisie is significantly expropriated is the cause of workers' emancipation significantly furthered beyond what is obtainable from the class struggle under capitalist rule. Where a socialist state arises through evolution there is never any significant expropriation of the ruling class and, though there may be some improvements in the living standards of workers, the fundamental class relations remain unchanged, the division of labour remains and with it workers' alienation. In the interest of avoiding confusion it is important to point out that nationalization is not necessarily expropriation; if a capitalist is compensated for his property when it is nationalized his claim on the aggregate social product is not voided, he has a new money capital which will attract interest and thus the social relationships are unchanged.

Socialists with state power they won at the ballot box did quite a bit of nationalization but very little expropriation.

There are just a handful of socialist states that came to power in revolution and that expropriated the bourgeoisie, among them two stand out; the PRC and the Soviet Union. Though it ultimately failed, perhaps precisely because it did fail, the Soviet Union reveals the key dilemmas of socialism and of the transition to a higher form of social relations in their starker form. Examining this rich history is vital for the international working class to avoid repeating the errors that led to its failure. Further, it is crucial for understanding the path followed by the PRC, which in its early phases tracked the Soviet developments quite closely.

The Union of Soviet Socialist Republics, the USSR, arose from the Great October Socialist Revolution of 1917 under the slogan, "All Power to the Soviets!" The Russian word 'soviet' just means 'council.' Workers' soviets sprang up across the Russian Empire in the revolutionary upsurge that gripped the nation. The Bolsheviks worked to extend and consolidate these workers' councils and the power they held through a series of decrees that formalized their authority over all aspects of society, with the aim of establishing a new proletarian state power which they called the dictatorship of the proletariat. The scope of these decrees was breathtaking.

With the aim of ending feudal and capitalist exploitation and the division of the society into classes, the soviets abolished private property in land, nationalized the banks and the vast bulk of industry without compensation to their former owners, ended interest and dividend payments, instituted worker control of all enterprises through the soviets, and abolished the Tsarist judicial system to create a new system on a democratic basis. Many other equally radical steps were taken; the abolition of ranks and titles, the formation and democratization of the Red Army, the nationalization of intellectual property, freedom of religion and atheism and an end to capital punishment.

Understandably, these events struck terror in the hearts of the exploiters around the world! Their response was swift and brutal. Proletarian socialism had to be strangled in its crib. The imperialist Great Powers immediately launched a massive military campaign to crush the revolution and restore the *ancien régime*. More than two hundred thousand troops from the US, UK, Czechoslovakia, Japan, Greece and half a dozen more countries tried to link up with the remnants of the Tsarist army, the White Army, to attempt to defeat the soviets.

This plunged Russia into a Civil War; the new Red Army fought and soundly defeated both the White Army and the foreign forces. The counter-revolution failed utterly but took a tremendous toll on the masses. Production was seriously disrupted and the difficulties in getting food from the countryside put enormous pressure on the workers and their new soviet state. In 1921, after the defeat of the counter-revolution, the Soviets introduced a New Economic Policy, the NEP, with the aim of stimulating food production. The NEP slightly relaxed the absolute ban on private enterprise which was a part of the 'war communism' measures introduced during the Civil War. Affecting mainly agriculture and some small enterprises, these measure had the intended effect of staving off the crisis in food supply but led to some serious problems of their own.

By the end of the Civil War the Soviet state had expropriated the bourgeoisie almost completely and done the same for the feudal aristocracy. Not only was there a social revolution but an historic new type of proletarian state had emerged from the self-activity of the working class through their soviets. The fundamental class relations had changed; the working class became the ruling class.

This world historic event, the establishment of a proletarian socialist state, electrified the working class movement around the entire planet. At last there was a political alternative to bourgeois rule and feudal reaction. Yet for the workers of the world there was still an insufficient basis for a positive economic judgment on socialism.

Yes, the Russian workers had their own state machine. Yes, they had taken the means of production under their own class control. Yes, they had smashed commodity production relations. Yes, they had begun to establish ideological hegemony. Yet production of goods in the new state had fallen far below pre-revolutionary levels; the level of satisfaction of the material needs of the working class had dropped.

The cost of the revolution was high; the material benefits remained unclear.

Though the NEP did stimulate production in agriculture it also led to the Scissors Crisis. This crisis in which prices for manufactured goods rose much more rapidly than those for agricultural goods illustrated the intrinsic problems of a mixed economy. If one branch of the economy, in this case agriculture, engages in commodity production

while another, industry, does not, the only result can be a growing imbalance in prices. We saw this problem in a microcosm above, when we looked at a single worker-capitalist enterprise attempting to produce to fulfill the class tasks of the working class directly.

In 1928 the NEP was abandoned. In what was called the 'Great Turn' a policy of rapid industrialization and agricultural collectivization was instituted with the first 'Five Year Plan.' Twelve such five year plans were completed and at the beginning of the thirteenth, in 1991, the Soviet Union suddenly fell apart.

The USSR, which had arisen from the ashes of a backward, agricultural, feudal empire to become one of the world's two superpowers, a nation with advanced scientific, technical, cultural and production accomplishments, collapsed in a heap.

What went wrong?

Before examining that absolutely crucial question we should look at what went right!

From the October Revolution through the mid 1950s the tempo of development was extraordinary.

Both the Civil War and the second World War cost the Soviet workers and the society as a whole dearly; both were profound setbacks. Nonetheless, overall, in that period there was a gigantic leap forward in the material conditions of the Soviet working class. The judgment of the world's workers was on the cusp of shifting decisively to socialism. It is no coincidence that the high tide of anti-communist propaganda and repression in the imperialist heartlands was reached at about this time.

In 1961, a former Soviet steel worker, Yuri Gagarin, was the first human being to journey into outer space, symbolically marking the high tide of Soviet proletarian socialism. In the same year the CPSU dropped the formulation 'dictatorship of the proletariat' from its program, replacing it with a 'state of the entire people'.



*Yuri Gagarin - the first person with a prostate in space; a Hero of the Soviet Union, his reputation was slightly tarnished by a propensity to chase persons without prostates and to self-medicate against working class alienation*

So what went wrong? Just exactly that! The dictatorship of the proletariat withered and a new bourgeois-feudal class became the ruling class, trying to hide their counter-revolution under the rather grand sounding slogan of a 'state of the entire people'. The result was that in 1979 a Russian Marxist, Razlatsy, could write the following comparison of communism with life in the Soviet Union:

*"Communism is a society of the very highest yet entirely self-directed organization; its only source is the self-directed organization of the working class, shaping mass activity. This means that in order to firmly fix upon the path leading to communism, it still remains for the proletariat to lift itself one more rung toward the highest levels of consciousness. Having won important victories in the battle with capitalism, the proletariat then suffered a no less crushing defeat in the silent battle.*

*Nowhere is the proletariat so deprived of rights as in the socialist countries, where all workers organizations are subjected to the cruelest control of the ruling class, where truly, they find themselves in servitude under the ruling bosses and where disagreement and any self-directed activity is ruthlessly suppressed. Nowhere else does the ruling class appropriate to itself, with such effrontery, the exclusive right to represent the entire people. Nowhere else do the media so relentlessly drum into the proletariat's head that it is precisely this that is in the proletariat's own interests. Nowhere else does the material situation of the working class exhibit such a glaring disparity with the level of production. Nowhere besides the socialist countries, do they preach such hypocritical words about the growth of material well-being and cultural development to a proletariat so impoverished and so lacking in rights. Nowhere else do they intone such sanctimonious appeals to virtue and*

*labour heroism, nor spout with such outrageous cynicism the hallowed slogans of Marxism.<sup>15</sup>*

Little wonder then that by 1979 the world's proletarians were no longer greatly drawn to 'actually existing socialism.'

How did this tragic reversal take place?

In essence the proletarian party, the CPSU, which emerged in the revolution as the leader of the Soviet working class had been stealthily transformed, step by step, into an organization to command the workers and the whole society.

Whereas at the start the party could only influence the working class through its leadership by concentrating, clarifying and promoting the most advanced ideas of the class, it was the workers themselves who selected and implemented those ideas through their own activity, through the soviets and directly in life. Later, as the state machine consolidated under the leadership of the party, the party was transformed into an apparatus for command. The working class progressively lost all ability to influence the party, to select its leadership, to control the means of production and the distribution of goods, to develop its ideological hegemony and so forth. As it liberated itself from working class control the party-state-administration was increasingly able to decide all questions based not on working class interests but in its own individual interests. Out of this a new ruling class was formed.

Strangely, the new rulers had to operate in secret. For strictly rhetorical purposes the transformed state had to remain dedicated to the emancipation of the working class, because the new rulers did not control production as private property but as state property. The October Revolution had largely smashed commodity production replacing it with planned production, especially from 1928 on, so the distribution of goods could not be decided in the usual capitalist fashion.

This gave the new ruling class a distinctly feudal character. No longer was social status determined by 'net personal worth' but by one's position in the apparatus. Not only was this true within the party, the state and the administration, but the workers were, in essence, downgraded to serfs. Each tied to their assigned station, each paying with their labour an unpayable debt to society; their possibilities for improving their own material situation were sharply limited. Along with markets for goods and services the Soviet State had eliminated the market for labour. Under capitalism a worker can piss one boss off and still find another to employ her. If a Soviet worker pissed off the State such opportunities were much more limited. So, just like the serf under feudalism, the new Soviet worker increasingly had little or no ability to change his personal circumstances.

Also, within the new ruling class feudal relations came to the fore. The bosses were freed from any need to make profit and so from all competitive pressure. With no incentive to improve the effectiveness of production as such, nor any push to enhance the material culture to better the conditions of the workers, there was a marked tendency to stagnation. Under the new feudal relations the task of the rulers was to allow the workers just enough to reproduce while grabbing everything that they could for themselves, according to their ranks and privileges. The only real growth industry was marxist sounding bullshit which was produced by the boatload. The party ideologues sold hope in a socialist future while the administration delivered less and less.

The contradictions between the form of social property and the content of private interests grew steadily; the breakdown of the social relations was ever more apparent. In 1991 the new ruling class finally got tired of pretending to be communists and swindled the working class out the state property once and for all. The Soviet Union broke apart and Russia became just another second tier capitalist state.

The other example is the PRC. In the early years of the new revolutionary socialist state developments followed the Soviet model rather closely but, first with the Great Leap Forward and later with the Cultural Revolution, there were attempts to block the tendencies of the party and state to go over to a command style with all the perils that were increasingly evident in the Soviet Union. Both attempts failed and the party went over to a sort of New NEP. Capital, both foreign and domestic, allowed a vastly increased scope for operation.

This experiment is ongoing so international working class judgment on it must, to some extent at least, be withheld.

What is abundantly clear is that a proletarian socialist state is capable of delivering great benefit to the working class so long as it able to prevent the reemergence of capitalist and feudal relations in the society.

In summary, the merit of capitalism is that it allowed for an accelerated development of production compared to earlier social systems.

The merits of socialism are many:

- All the features of contemporary capitalism that make it even marginally bearable are the fruit of the struggle for socialism.
- When it achieves state power under capitalism, socialism can deliver a higher standard of living to workers than is possible purely through the economic struggle of the working class.

- Socialism in a proletarian state form is capable of bringing even higher rates of the development of production than capitalism.
- A revolutionary proletarian socialist state brings radical changes in the social relations and has the potential for breaking through to a higher level of organization.

The crucial limitation of capitalism is that it can never eliminate the division of labour and is incapable of offering the working class more than the socially necessary minimum.

The central problems of revolutionary socialism are:

- The establishment of the dictatorship of the proletariat is not a guarantee of a final turn toward communism.
- Capitalism continues to exist like a virus even in a revolutionary, proletarian socialist society. It will infect the party-state-administration, attempt to throw off working class control and form itself into a new class which will be fundamentally bourgeois but with a feudal appearance.
- Proletarian democracy is unthinkable without the dictatorship of the proletariat; the converse is also true, without proletarian democracy there can be no dictatorship of the proletariat.

There are three approaches to the organization of production. The ‘good,’ , that is communism; the ‘bad,’ , that is socialism; the ‘ugly,’ , which is what we have today, that is capitalism.

What is to be done?

The classical recipe of Marx and Engels is:



This question we will take up in the following chapter.

**LES TRAVAILLEURS  
VAINCRONT**



**SUR LEURS LIEUX  
DE TRAVAIL**

*Poster by Atelier Populier, Paris, May 68', Workers will win in their workplaces*

# What is to be Done? or For a Limited Time Only - The Working Class as the Ruling Class!

Since the dawn of capitalism there has been a dramatic burst of development in our material culture and with it has come enormous social change. First and foremost there have been changes in the production relations, especially the division of labour, and on that foundation in property relations and the social superstructure more generally. There has also been some significant but very uneven improvement in conditions of the workers and broad masses of people.

Nonetheless, the global working class everywhere remains a class in chains. These chains are ideological, political and economic. In some places they are much heavier, in others a little lighter. Everywhere they are onerous. The historic mission of the working class is to smash them all to smithereens, because only by radically restructuring the production and property relations can it achieve its own emancipation and thereby maximize the satisfaction of human needs and desires and unlock the extraordinary potential that humanity has for further self-development.

The long arc of the first phase of human development is the dialectical unfolding and the resolution of the contradiction between individual and collective interests. The human story began with pure communism. Then, over at least fifty thousand years, this epic was divided into several long chapters; tribalism, slavery, feudalism, capitalism and most recently socialism. It will end its first volume with the re-establishment of pure communism at a new, higher level. From the very beginning, the division of labour progressively disintegrated humanity into social classes and layers battling incessantly, destructively, for privilege. Eliminating these destructive antagonisms, this monumental waste, is possible only by a new unification of labour, only by undoing the division of labour and so too the class divisions. The ultimate aim of the working class, as a class, is to bring about this reintegration of the human race as soon as possible.

To do this the working class must temporarily become the ruling class. In one way

or another it must seize and hold political power. It must smash the bourgeois state and build a new state as an organ of its own class dictatorship, the dictatorship of the proletariat. It must exercise that dictatorship wisely, in part through the new state, in the fulfillment of its class aims. The state can never be the whole dictatorship of the proletariat but only one mechanism for its exercise.

Here it is crucial to understand the significance of a class dictatorship. Today, the vast majority of humanity is ruled by a global class dictatorship of the bourgeoisie. Whether in the most liberal constitutional democracies or in autocracies, theocracies or oligarchies, ultimate authority resides with this global class. This is not the totalitarian rule of an individual such as under Hitlerite fascism or absolute monarchy; yet the global bourgeoisie as a class dictates that all questions be settled in the interests of that class and it enforces this dictate through the exercise of its economic, political and ideological dominance.

By definition the dictatorship of the proletariat too is a class dictatorship. It is not the dictatorship of any leader or party nor even of some proletarian state. It is the means by which the workers themselves achieve their own emancipation. Like bourgeois dictatorship it is exercised economically, political and ideologically.

Politically, proletarian dictatorship is synonymous with proletarian democracy, which unavoidably means limiting the political possibilities for the other classes. Without proletarian democracy the 'class interest of the working class' will be determined by some narrow social layer and not by the whole proletariat, so its dictatorship will be lost. Conversely, without proletarian dictatorship there can be no proletarian democracy since in that case the bourgeoisie, any remnants of the feudal aristocracy, the petty-bourgeoisie and all the rest would have a say in determining the 'class interest of the working class.' This state of affairs has existed and still exists under various flavours of conservative or bourgeois 'socialism' in some liberal bourgeois democracies; it is certainly not the dictatorship of the proletariat and has never resulted in the emancipation of the working class.

That is just the political side. More fundamental still is the economic side. The potential for the working class itself, directly, to progressively abolish the division of labour is immense.

Under capitalism the workers exist at the sharp point of the contradiction between the social character of production and the private character of appropriation. The workers have possession of the whole of the means of production in human society but have ownership of almost none of it.

The entirety of humanity's means of production are built, operated, maintained and ultimately disposed of by workers; they are hardly ever even touched by the

bourgeoisie who nevertheless, because of their ownership, grab the whole of the surplus product and control the distribution of the means of consumption and thus, through the hired intelligentsia, the organization of production.

Under proletarian dictatorship not only do the workers have possession of the means of production but, through their state, the working class owns them too. This gives workers at the point of production a decisive advantage in determining not just the organization of that production but also the underlying division of labour which, inevitably, brings the question of the relations between the working class and the intelligentsia to the fore.

This brings us to the ideological side. Under capitalism the intelligentsia predominately appear as the hired guns of the bourgeoisie; they have one primary task, the organization of production and distribution in order to maximize profit for the capitalists. But the rubric under which they carry out this task is just the ruling ideology. That ideology is the other main product of the intelligentsia.

Yet there is another vital aspect. The intelligentsia, as a distinct social layer, has existed since time immemorial. Just as there have always been individuals who could run faster, lift more, sing sweeter, shoot straighter or wax more poetic than the rest, so too there have always been those who think more effectively and creatively, about one topic or another, than their peers. The architects, engineers, designers and sculptors of Göbekli Tepe were such people; they were members of a proto-intelligentsia from 11,500 years ago, the intellectual hunter-gatherers of one pre-pottery, Stone Age culture. Any privilege or social status that they received in recognition of their individual contribution was directly given by the tribe or clan itself and was directly in response to that contribution. So too it largely remained over the succeeding epochs; as the great slave empires rose and then gave way feudalism, the poet sought and received recognition as a poet and not for the number of slaves or serfs he held. Gradually, the intelligentsia consolidated its social position in guild-like structures, the universities, that is in self-regulating organizations with a degree of independence from the other social powers. At the beginning its role in production was extremely limited and its relations with the ruling class were not mainly mediated by money.

Not so under capitalism. Today when the one who sings beautifully goes to pick out a new car she will get a better one not because of her wonderful voice but only if she has the extra money to pay for it. Likewise, individual intellectuals are rewarded for their social contributions not according to the intrinsic merit of those contributions but for their place within the intelligentsia and even more directly for their diligence in elaborating and upholding the ruling ideology. The bourgeoisie grooms and develops the intelligentsia primarily with money.

Still, vestiges of the intelligentsia's independence from the ruling class persist. This

allowed for the emergence of working class ideology within that social layer; Marx, Lenin, Mao and many other key figures in the development of the working class understanding of economics, politics and ideology itself arose from within its ranks. In plainer language, the bourgeoisie purchases services from the intelligentsia, most importantly the organization of the production process but also mountains of made-to-order ideological bullshit. It is not however completely taken in by this bullshit.

That, for the working class, is the key point. Working class ideology is the spontaneous product of the working class itself but it reaches its highest development in the working class intelligentsia. That is the sub-layer on which the dictatorship of the proletariat must focus its attention. It must bend all efforts to expand, support and improve the working class intelligentsia and working class ideology. Unfortunately, on coming to power, the dictatorship of the proletariat must deal with the whole intelligentsia not just the advanced fraction of it. This means that it cannot, initially, shy away from exploiting the talents of intellectuals based on monetary reward. Its goal must be to progressively eliminate the bourgeois intelligentsia through attrition while temporarily exploiting it for working class ends.

In summary, proletarian dictatorship must be all sided, exactly as bourgeois dictatorship is. The working class must exercise its dictatorship not only through organs like the state and trades unions but directly in the production and distribution process, both of goods and ideology.

To chart the most effective path to achieving its aims the workers need a guide. That guide can only be a proletarian party. As we have seen, the working class cannot express its class interests as the mere aggregate of competing individual interests as the bourgeoisie does. It must achieve a higher level of collective, class interest than the capitalists ever can and so must get organized as a class. The highest form of such class organization is the proletarian party. But, just as with the state and the administration, the working class must not cede its dictatorship to the party.

The party ought to provide leadership but the working class must retain command.

Before moving on to consider the delicate tasks that face any dictatorship of the proletariat in each of these three critical arenas we should pause to recap the key changes in capitalism since it began.

Humanity's most basic endeavour is its own reproduction, a process in which the structures of kinship and the 'family' appear as the 'production relations,' yet these structures themselves are erected on the foundation of the production relations in the realm of production of the means of subsistence, that is, at the root, on the property relation. The property relation achieved its most extreme expression in the patriarchal monogamous

family of Classical Antiquity in which each patriarch's wife and children are his slaves alongside the house slaves and production was carried out by his field slaves. Over time the means of production changed and with them the production relations and such changes were reflected in changing kinship and 'family' relations. The most unfettered notion of bourgeois property was achieved in the Golden Age of capital in which calling the bourgeois wife a chattel rather than a slave seems like a distinction without much difference. Since then, the decline of the bourgeois, patriarchal monogamous family has continued, being largely superceded by the somewhat more equitable, monogamous conjugal family. As with all social constructs, changing notions of family and kinship are driven by changes in the means of production; here, to all changes in the material culture driving such changes in kinship and family we can add *in vitro* fertilization, surrogacy, gene editing, cloning and the rest as changes in the means of production of humanity as such. The most backward survival of the bourgeois family is the laws of inheritance; through the state the dictatorship of the proletariat can mitigate this problem effectively.

As we have seen, forms of property have changed and expanded greatly under capitalism but its essence has not. Under proletarian dictatorship the problem of private property in the means of production can be solved at the stroke of a pen by simply abolishing it, yet this is only the first step to abolishing the division of labour which enslaves the working class.

At the same time, a new collective form of possession has emerged under capitalism. The Open Source movement has created a class of things that can be freely taken, modified and used with the sole limitation that they may not be appropriated. This new form of collective 'property' will undoubtedly expand in reach and importance and offers the first modern example of a form of communist possession; the open source community gives according to its abilities and takes according to its needs. The significance of this development should not be underestimated even though it has so far taken place mostly in the realm of intellectual rather than physical property.

The other dramatic change in late capitalism lies in the sphere of the circulation of the aggregate social product. Alongside the global integration of capitalist production, a tendency that has been visible since the beginning, changes to the monetary system have enabled a new mechanism for capitalist control of the global working class, especially its reproduction, that is the production of labour power. This highly destructive mechanism we have called the Purgatory Circuit.

These changes are the background against which the proletariat must establish and exercise its dictatorship but there is another condition that must be grappled with. Every social system that has existed up to now has treated the factors of production as an essentially limitless resource. The factors of production are those things that enter into the production process but are not themselves the products of human labour;

the earth, the water, the air, sunlight, mineral wealth and many other things besides are factors of production. For the capitalist these factors have no exchange value; for the human race and the biosphere generally their use value is immense. When the capitalist appropriates such factors through the production process the use values removed from nature are uncompensated. Humanity may be 'ficher' because there are more means of production and consumption but nature is correspondingly 'poorer'.

Capitalism is intrinsically incapable of solving the problem of environmental degradation, of promoting human development in harmony with nature, because under commodity fetishism the goods of the natural world are valueless. Capitalist environmentalism can only ever be environmentalism for profit. Profit comes only from surplus value extracted from the working class, which unavoidably means the working up of the factors of production in the production process. In turn this means that the elimination, for profit, of one harm to the natural world must always come at the cost of introducing a different one unless consumption is reduced. Moreover, if they can be measured at all, these harms are most often incommensurable; how is air quality to be compared with environmental damage from mining? What is peace and quiet deep in the forest worth?

Commodity fetishism provides no yardstick with which to account for such externalities and when constrained by the state to prioritize some external condition it will always find the way to meet the requirement that also maximizes profit. Maximizing profit means maximizing the means of production, which reduces the working class share of the social product. In the end it is the masses that pay for bourgeois greenwashing.

Capitalism's solution to all problems is more capitalism. The environmental problems caused by capitalism cannot be solved by more capitalism. The dictatorship of the bourgeoisie is therefore incapable of solving humanity's environmental problems. Not so for the dictatorship of the proletariat. To maximize its own satisfaction the working class must smash commodity fetishism and so solve the problem of accounting for use values. This is no different than the task of accounting for the use values of nature. The possibilities for proletarian dictatorship to greatly reduce the harms that humanity inflicts upon the natural world are immense.

That, broadly, is the context that faces any arising proletarian dictatorship. Let us then also recap the aim of such a dictatorship; it is the abolition of the division of labour and therewith private property in the means of production and social class. It is a temporary dictatorship whose highest aim is its own abolition. Yet, on coming to power, it inherits the means of production that already exist, all the leftovers from capitalism. Not all of this inheritance is equally valuable.

Capitalism has a structural tendency to overproduce the means of production, the source

of the perpetual, periodic crises that destabilize the system and destroy productive capital. The bourgeoisie values the means of production for their own sake; they are capital which, for every bourgeois, is the highest good. The working class does not share this view. Extra means of production are a simple waste of the labour of the working class and add nothing to its satisfaction. The working class seeks to maximize the satisfaction of its own needs and desires by replacing a system based on vast wealth for the few alongside scarcity for the many with one based on plenty for all. This means a production system with the maximal output of goods for the minimal input of human labour and is completely incompatible with superfluous means of production.

Capitalism also wastes gargantuan quantities of the means of consumption. Globally, beyond even the self-aggrandizing, ostentatious consumption of the bourgeoisie, the most blatant example is imperialist militarism. There are several others; the bourgeoisie stimulates unnecessary, wasteful consumption by all available means, it intensifies consumption by increasing the 'composition' of products and by promoting products that are harmful to the broad masses of people.

One central task of the proletarian dictatorship then is to restructure production so as to rapidly eliminate all these sources of waste. Using the legacy means of production from capitalism it must systematically remove the waste from production and consumption by the construction of an entirely new system.

So, having set the scene, how should the working class exercise its dictatorship?

It is the working class alone that must answer this question. No recipe can be given, nor algorithm devised that can make such a determination. Choosing the path forward for production, distribution and development of our material culture is inescapably a matter of judgement. Judgement begins where rules, recipes, algorithms and calculation run dry.

The challenges facing the human race are immense, as are the opportunities and potentialities that, under capitalism, seem to lie forever in some misty future. The sense that a pivotal moment in human development is just around the corner is almost ubiquitous. The conviction that things cannot simply go on as they have is near universal. A thirst for revolutionary change is exceedingly widespread.

The extraordinary changes that have taken place in our material culture have transformed not just the means of production and the production relations but the classes themselves to boot. Today's bourgeoisie is a far cry from the steel barons of the mid-nineteenth century. The social relations and the superstructure rise on the economic base but they also reciprocally act on that base.

When the Manifesto was written the bourgeoisie firmly believed in hanging, flogging and torture. The truncheon and the knout were seen as the normal, inevitable, everyday tools for the preservation of their class rule. They were routinely in direct, vicious conflict with the workers and their organizations. Two hundred years of class struggle with the working class have rounded off the corners somewhat. The modern bourgeois is much more socialized than their great grandfathers were. Big capitalists these days build positions not enterprises. There are more and more rentiers and fewer and fewer promoters of industry. They laud the entrepreneurial spirit and business risk taking but practice the cowardly hedging of all risk. They delegate their relations with the working class to the intelligentsia.

The global working class too has changed dramatically. The requirements of the production process have raised the social, ideological and technical level of the class. The balance between physical and intellectual labour has shifted. Notions of family and kinship have evolved. The workers of the world are vastly better prepared today to engage in the decisive class battle ahead than they were one hundred years ago.

So, ideologically, what are the key tasks facing the revolutionary working class and its proletarian dictatorship?

First and foremost to defend, extend, deepen and improve the class analysis of contemporary civilization and apply these lessons in the establishment and defense of proletarian power. In carrying out this task it must depend first and foremost on its own forces; but it must also rely on its party and on the proletarian intelligentsia to accelerate its progress.

Neither working class ideology as a whole nor working class political economy in particular are fully formed. Today, the first sentence of the first chapter of Capital is heroically false. The historical dialectical materialist analysis in Capital could only be of the capitalism that existed at that time. Time marches on relentlessly. The incalculable merit of the pioneers of scientific socialism is that they laid bare what is essential in human development and elucidated and refined the method for developing the study of it. Much work remains to be done.

The working class effort to further its own ideological development is hampered by several factors; in the first place, of course, is relentless bourgeois hostility, second perhaps is the confusion engendered by the historical attempts to build a proletarian state, but the 'corruption' of the advanced fraction of the intelligentsia is also of crucial importance.

The global bourgeoisie does not content itself just with implacable opposition to working class ideology. Instead, it employs the same precautionary principle it uses with crypto-currencies and political parties; it tries to buy all of them. What better way to ensure that Marxism is no threat than to 'own' it and so control its development?

That is why there is an entire layer of academic Marxists who interpret various phenomena allegedly using Marx' method. They have evidently forgotten Marx famous comment that, "Philosophers have hitherto only interpreted the world in various ways; the point is to

change it.<sup>16</sup>" The great majority of these do not recognize the class struggle even when it bites them. Then there are those, perhaps more insidious, who do rhetorically align themselves with the working class but whose actual work implies the unending preservation of capitalism through the moderation of the class struggle. Such 'radical' economists use the categories of bourgeois economics almost exclusively; they operate strictly inside commodity fetishism so inevitably, for them, proletarian socialism and communism are but a pleasant day dream. The proletariat must avoid the ideas of such people like the plague; at best they are a distraction from and at worst a serious impediment to the aims of the working class.

The second main ideological task for the revolutionary proletariat is to confront, attack, undermine and smash bourgeois ideology on every front. This monumental task is made easier by the fact that life itself incessantly proves to the broad masses the bankruptcy of bourgeois thinking and the emptiness of their promises. Nevertheless, the grip of such ideas is very powerful. The bizarre notion that greater wealth means greater satisfaction is the fundamental lie that the bourgeoisie uses to convert the profoundly alienated masses into passive consumers. Everyone knows this to be false! With money you can only buy what the capitalists are selling and satisfaction appears nowhere on the price list.

The sooner the working class liberates itself from the notion that social relations must be underpinned by private property and mediated by money the sooner will come the revolution and then, rapidly thereafter, pure communism. The struggle against commodity fetishism must be relentless on all fronts! For maximum effectiveness, it must always be oriented to the most concrete examples, where the contradictions between use values and exchange value are at their sharpest.

Health care, education, nutrition, housing, the environment and leisure, all provide fertile ground for such propaganda and enlightenment.

Thirdly, there is question of the relations between the working class and the intelligentsia as a whole. Beyond the narrow layer of academic Marxists and 'radical' economists lies the much larger fraction of the intelligentsia that occupies itself with the development and organization of production and distribution under capitalism. After the establishment of the proletariat's class dictatorship, in the transition period to communism, the relations with this stratum will acquire a pivotal importance in managing the transformation of the means of production. Ideologically, the working

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16 K Marx, "Theses on Feuerbach", Thesis 11, 1845.

class must struggle to overcome the narrow horizon of bourgeois right which is deeply engrained in the intelligentsia, thus freeing it to pursue the higher collective goals of the proletariat and ultimately of humanity as a whole. This must be accomplished, without compromising the effectiveness of production, using the means of production left over from capitalism. This brings us to the economic tasks of the dictatorship.

There are four broad economic arenas in which the proletarian dictatorship must demolish the destructive, oppressive legacy of capitalism.

First, there is the rapid and complete elimination of scarcity of means of consumption for the working class and broad masses. Although under capitalism this may seem like an unachievable target, in fact it is the easiest of the four tasks for the proletarian dictatorship. Contemporary capitalism has ample means of production to satisfy the immediate requirements of humanity as a whole. Scarcity is the product of the social relations that condemn the working class to wage slavery; it is the lever that the capitalists use to compel workers to produce profits. On coming to power the proletarian dictatorship controls both production and distribution and can rapidly eliminate scarcity.

Second, working conditions must be radically improved. The aim must be to adapt the means of production and the production process to the producers rather than the other way around, as it is under capitalism. This encompasses not only the length of the working day and the intensity of work, but also the transformation of the means of production to meet the producers' requirements, adapting the tools to the man not the man to the machine.

Thirdly, the division of labour must be steadily eliminated. Here the goal is to abolish the antithesis between mental and physical labour, the division of labour between those who only decide and those who only do. This is a very complicated task, but the proletariat has a decisive advantage. The workers actually have all the knowledge of the means of production needed to organize the production and distribution of means of consumption and production. The intelligentsia has the knowledge of the technical, engineering and scientific aspects of the production process needed to meet development and production targets. The task of the proletarian dictatorship is to transmit the knowledge of the workers to the intelligentsia so that the workers can, increasingly, using the intelligentsia's knowledge and talents, decide the organization of production for themselves.

Fourth, there is the struggle for maximum effectiveness of production. As a class, the workers abhor waste in every form; it is always their life's blood that is being pissed away. For any given properly proletarian production target the worker's only interest is achieving it with the least expenditure of labour. In the transition period this means harnessing the whole intelligentsia in the service of maximal production effectiveness. This struggle is however subordinate to the other three. The difficulty is always to

determine that a given production target is actually in the proletariat's interest.

That is why, taken together, these four struggles require the further development of working class political economy. None of these battles can be won without the abolition of commodity fetishism, which in turn means the elimination of private property in the means of production and the abolition of money as a circulating medium of exchange.

The proletarian dictatorship can convert the large scale means of production into state property at the stroke of a pen; it cannot abolish money in the same way! Bourgeois production relations did not replace the feudal ones all at once; nor can socialized production and distribution supplant commodity-money relations at a stroke. Large scale industrial capitalism, even in the most developed nations, exists in an ocean of small producers. To eliminate money from the internal operation of all state owned enterprises taken as a whole is much easier than to eliminate it in mediating relations with and among the small producers in the rest of the economy.

The proletariat can only eliminate commodity-money relations in a given sector of the economy where an alternative set of production relations has already been found, otherwise serious disruptions to production and distribution chains will result. For example, it would be perfectly possible for the ruling working class to ban the sale and purchase of privately produced operating system software without disrupting the circulation of the aggregate social product to any significant extent because the Open Source movement has already created an alternative approach outside commodity-money relations. All flavours of Windoze™ and MacSUX™ could be made illegal, thus reducing the need for money, and, after a minor bit of reorganization and quite a few re-boots, all other production and distribution could continue unimpeded. The same cannot presently be said of tomatoes.

One crucial economic task of the proletarian dictatorship is to find, develop and encourage such alternative production relations as will relentlessly reduce the need for money in the circulation of goods. The importance of further developing working class ideology in the fulfillment of this task is obvious. In moving beyond commodity fetishism the proletarian intelligentsia must develop the tools with which the working class can refine its judgements about the path forward. But these judgements must remain the exclusive prerogative of the working class; which brings us to...politics.

To the average global proletarian today the establishment of their class dictatorship may seem farther away than planet Pluto. That is an illusion. Given the necessary level of organization we could have a global proletarian dictatorship in a matter of weeks! The much harder problem is how to keep that dictatorship, finally burying capitalism and rapidly moving on to pure communism.

The working class knows that it can seize political power; it has done that several times already! Burying capitalism once and for all is much tougher. History has shown repeatedly that, especially while scarcity and commodity-money relations persist, the striving for economic privilege will lead to the re-emergence of exploitative social relations. As soon as the proletariat weakens or delegates its class dictatorship, new layers of exploiters will arise and begin to carry out a counter-revolution. The Soviet experience illustrates this in two ways. In the immediate aftermath of the establishment of the world's first proletarian dictatorship, the adoption of the NEP and the difficulties that followed illustrate the problem in the presence of very significant survivals of commodity-money relations. Later, after the importance of money had been further reduced, a new exploiting class with pronounced feudal characteristics but a profoundly capitalist essence emerged from within the proletarian party-state-administration.

This second type of degeneration is an existential threat to any proletarian dictatorship. The working class needs leadership but must never accept command! The decisive question is always the maintenance of working class democratic control over all aspects of its dictatorship; it is the question of power.

For the working class to keep its dictatorship it needs an intelligentsia to inform and guide it, a party to organize and lead it, a state to enforce its will and an administration to manage its affairs; but it cannot allow any of these to usurp its position as the ruling class. The experience of the Soviet Union shows unequivocally that if the working class allows the formation of an integral party-state-administration it will escape the control of the working class and social layers within it will begin to decide questions not in the collective interests of the whole working class but instead in their own individual interests. On that foundation a new ruling class will emerge, and, however seductive the official story, however pretty the propaganda, the exploitation of the working class will begin all over again.

On seizing power, the central dilemma for the working class is this; on the one hand, it must continue to incentivize the intelligentsia, other sections of the petty-bourgeoisie and even, perhaps, some small remnants of the bourgeoisie, with material rewards and so, at least to some extent, continue to use money as a circulating medium of exchange; on the other hand, it must strive for the most rapid possible abolition of the division of labour and of commodity-money relations altogether. The tools available to the proletarian dictatorship thus reproduce the central contradiction of the transition period from capitalism to communism, the contradiction between the individual and the collective.

On the one hand, the state and administration are oriented to the individualist side of human consciousness, they direct individual activity through the use of individual rewards and penalties, on the other hand the party is oriented to the collectivist side, to voluntarism, enthusiasm and the embodiment of advanced ideas

and solutions to collective problems in the mass activity of the workers. The state cannot develop collectivist ideas and solutions by means of individual incentives or coercion; no more can the party implant new ideas and solutions by such means.

The task of the proletarian state is to temporarily exploit the hangovers of commodity-money relations in the service of proletarian goals. Progress toward communism lies in liquidating these hangovers. The state operates on the basis of already existing social and material conditions and so always lags behind the new, arising social and material conditions. The state itself unavoidably retains a reactionary, bourgeois character in, at the very least, its retention both of property in the form of state property and of the division of labour. As such, the state is intrinsically incapable of producing the new social and material relations demanded by the working class and broad masses in the satisfaction of their needs and desires; such changes must be imposed upon it. That task must fall to the working class. It will require the imposition of multiple revolutionary restructurings on the state by the mass activity of the working class to progressively eliminate the division of labour, private property, commodity fetishism and commodity-money relations generally. In this process the working class relies on the party to provide leadership, to concentrate and express the most advanced ideas of the class, as expressed both directly by the workers themselves and through the proletarian intelligentsia, guiding and organizing the working class to continually restructure the state through its mass activity.

Such control of the state and its restructuring as necessary must be done by the working class itself and not by the proletarian party. If the party rules the state then it will become progressively detached from the working class and degeneration will set in. Conversely, if the state rules the party its leadership will be replaced by command and degeneration will set in. The party must always remain an opposition party acting on the state only through proletarian mass action.

That is the lesson of history. In the Soviet Union the initial, direct rule of the soviets was, step by step, replaced with an integrated party-state-administration which commanded the working class and ultimately gave birth to a new, semi-feudal ruling class. Avoiding a repetition of this debacle is the existential question for proletarian dictatorship.

This challenge is today not so stiff as it may seem. The global proletariat is incomparably stronger and better developed than their class great-great-great-grandparents were in Russia in 1917! And, though the global bourgeoisie struggle mightily to conceal it, the ruling class is much weaker than it was a century ago. This is shown most clearly in their complete ideological bankruptcy. The rulers have literally nothing to offer the workers or the broad masses but less – though it is usually dressed up as more. Over the same period, our material culture has produced a number of powerful tools that greatly assist the self-organization of the working class. The elimination of scarcity for the working class

is a much easier task now than it was then; the soviets in Russia were confronted with the immense challenge of developing the means of production sufficiently to eliminate scarcity for the workers and peasants, while the global working class in 2021 can produce ample means of consumption to eliminate it globally, almost at a stroke. All these factors and more contribute to the simplification of the task of building a proletarian dictatorship that can move swiftly to pure communism, to the reintegration of the human race.

So, concretely, what is to be done? No recipe can be given!

Determining all the details of the implementation of the key tasks, the seizure of power; the smashing of the bourgeois state machine and its replacement with a proletarian one; the building of a proletarian party as a party of permanent opposition; the relentless restructuring of the state to fulfill proletarian aims together with the mechanisms for the rapid abolition of the division of labour and commodity-money relations; all of these tasks are the sovereign right and responsibility of the working class itself.

However, certain things are very clear.

The importance of the self-activity and self-organization of the working class cannot be overstated. The higher the level of working class self-organization, the more effective its direct rule, the more all-sided its dictatorship, the more perfect proletarian democracy, the less important the state, the administration and even the party will be in the movement to communism and the faster the transition will be completed.

The importance of internationalism is also paramount. The international bourgeoisie, itself thoroughly globalized, preserves the nation states mostly for the purpose of dividing the working class and controlling it. The sovereignty of the nations is now little more than an appearance, a simulation, which gives the global ruling class one more basis on which to split the workers; like identity politics based on sex, gender, orientation, religion and race, the artificial ‘identity’ of nationality can only atomize the class struggle of the global working class and so weaken it. In one vital respect, nationalism is worse than all the others because it is the main basis for the largest single waste of the labour of the working class, the production of weapons and militarism more generally. From the standpoint of the international proletariat the nation state is an obsolete social construct that must be abolished as soon as possible.

The potential for the international self-organization of the working class has never been higher! Just as the workers’ capability for self-organization in their workplaces flows from the social character of the production process, so too their capacity for global self-organization flows from the global character of production. The direct contact in ‘meat-space’ between workers of different nationalities has never been higher.

But that is just one side. These days there is also cyber-space, the virtual world. There, information travels around the globe at near light-speed. Feeble as it is, machine translation helps break down the barrier of language. Information technology enables forms of class organization not based on physical proximity. Today, three tool and die makers, one in China, one in Russia and one in the US, can explore their common interests while separated by thousands of kilometers and without a common language. Such a thing was unthinkable thirty years ago, let alone when the First International was founded.

The prototype for proletarian self-organization is the soviet, the workers council. And this must remain the fundamental unit of the dictatorship of the proletariat today. The factory occupation, the picket line and the strike must still take place in ‘meat-space.’ But virtual space offers such soviets extraordinary potential for the development of ideology, organization and propaganda and could be instrumental in their founding in the first place.

What the working class needs is the ‘Soviet App,’ a bit of software for smart phones that enables the founding, development, organization and management of soviets, local and non-local. Naturally, such an App would have to be secure against bourgeois penetration; is it too much to hope that the Open Source intelligentsia could produce the needed code?

Finally, there is capitalist globalization. On the one hand this is enormously harmful to the global working class and weakens its political position in some individual nations, on the other it renders capitalist production much more vulnerable to the workers’ global class action. If there were an international auto-workers soviet it could coordinate mass action against individual auto capitalists. Each multi-national capitalist automaker would suddenly be confronted with coordinated resistance in every country in which they operated. Instead of the divided struggles of isolated auto-worker unions in each country, they would be fighting the globally united workers that they employ. When it was tactically appropriate the workers of Detroit could offshore their industrial action to their class brothers in Togliatti. Such an organization could rapidly force pattern agreements for entire production sectors and win back some of the ground lost to the Purgatory Circuit. This, in turn, would provide proof of the superiority of socialism and communism and a demonstration project for the establishment of the global dictatorship of the proletariat.



*Poster by Atelier Populier, Paris, May 68', Popular Power*