

THE POLITICAL-PHILOSOPHIC LETTERS OF RAYA DUNAYEVSKAYA

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TODAY'S GLOBAL CRISES, MARX'S CAPITAL, AND THE MARXIST
EPICONES WHO TRY TO TRUNCATE IT AND THE UNDERSTANDING OF
TODAY'S CRISES*

Dear Friends,

The deep recession, in the U.S. and globally, is by no means over, though some who consider themselves Marxists think that it has come "to an end in 1975."⁽¹⁾ The false consciousness that has permeated even economists who are revolutionaries emanates from the fact that capitalism has, in the post-World War II period, come up with ways of keeping the economy going, stopping short of the type of Great Depression, 1929-32 (actually until 1939) that led to World War II. Since this time it would lead to World War III, it is "unthinkable," because it would, of necessity, be a nuclear war that would end civilization as we have known it.

Thus, capitalism's ways of containing its economic crises within recession level, rather than uncontrollable Depression, is judged to be a "stabilizer," even though it is precisely that type of concept that led to the collapse of the established Marxist (Second) International with the outbreak of the First World War. Where that shocking event had Lenin return to Marx's origins in Hegel, and the dialectic of transformation into opposite, today's Marxists plunge not only into the latest series of economic "facts" sans any dialectical rudder, but also to a violation of the dialectic structure of Marx's Capital itself. That, too, is not "just theory," but that

* Though the burden of this Letter is Ernest Mandel, both as author of the economic analysis of today's crises and the Introduction to the new English translation of Capital, I am using the plural--epicones--because in fact it is directed also at all who failed to face Stalin's 1943 revision of Marx's theory of value and surplus value, and, with it, the break of the dialectic structure of Capital.

which gives, or could give when not violated, action its direction.

It becomes necessary, therefore, not to limit oneself to the economic-political data of the year, but have that data be a new beginning for the battle of ideas which refuses to be shifted back and forth empirically between the theoretical and the practical and vice versa, both reduced to the immediate level. Bereft of Hegelian-Marxist dialectics,** one can hardly escape trying to hem in the analysis of today's crises within the bounds of bourgeois--private and state--ideology, and thus inflict structuralism and the latest twist in pragmatism on Marx's greatest original work, Capital.

In our day, we have the situation where a new French translation of Capital is introduced by that official Communist philosopher, Louis Althusser, who stooped to pseudo-psychoanalysis to express his venom against Marx's Critique of the Hegelian Dialectic as "the prodigious 'abreaction' indispensable to the liquidation of his (Marx's) 'disordered' consciousness."⁽²⁾ And, for the English world, the beautiful new translation of Capital⁽³⁾ is burdened with an introduction by the Trotskyist epigone, Ernest Mandel, who spreads himself over some 75 pages of "introduction."

In the very first section of that Introduction on the purpose of Capital, under the guise of expounding "the validity of parts of Marx's Capital not only into the past but into the future" (p.16), he has the audacity to peddle his perverted view of that monstrosity of state-capitalism, Russia, as if it were still the workers' state it was at birth in November, 1917. That "future," attributed to Marx, is expressed by Mandel as "not yet fully-fledged classless, that is, socialist societies: the USSR, the People's Republics of Eastern

** I hyphenate Hegelian-Marxian, not to state my own view and thus taunt the vulgar materialist-scientists like Althusser and Mandel, but because in the very section of Marx's own Postface to the second edition of Capital, to which Mandel refers to "prove" that Marx was a materialist, not "idealist," dialectician, Marx writes: "The mystification which the dialectic suffers in Hegel's hands by no means prevents him from being the first to present its general forms of motion in a comprehensive and conscious manner." (p.103) And within the text itself, as we know, Marx further stresses that Hegelian dialectics is the "source of all dialectics."

Europe, China, North Vietnam, North Korea and Cuba."

That the two--the new editions of Marx's Capital, and analyses of today's global crises--do not hang apart, but are integrally related, is clear enough. What is clearer still is that Mandel is presenting, not Marx's views, but his own. No wonder he also sees "stabilizers" in private capitalism's development, though, as revolutionary, he naturally wishes that overthrown. Vulgarization of Marxism has its own dialectic, and from that we must free ourselves. It becomes imperative, therefore, to disentangle Marx from Mandel, to remain rooted in Marx's philosophy of liberation as a totality, and to face with sober senses the alienated world reality that must be uprooted if we are to release the revolutions-to-be from the crisis-ridden state-capitalist age.

I.

It is not a question of needing "to know" Marx's Capital "in order correctly" to be able to analyze today's global crises. Rather, it is that today's economic crises compel one not to separate economics from politics, and not only as the capitalists naturally do from their class point of view, but objectively as the antagonistic relationships at the point of production are seen to produce market crises created in production.

Take Lawrence A. Viet, International Economist and Deputy Manager at Brown Brothers, Harriman & Co. (not to mention his previous position as economist at the State and Treasury Departments), who openly speaks of a "premature cyclical downturn" rather than what Ernest Mandel calls "the generalized economic recession coming to an end in 1975." Further, Viet points not only to the economic problems, but "the changing attitudes to work itself among the younger generation."⁽⁴⁾ Here it can already be seen that serious bourgeois analysts do see that the question of Alienated Labor is not "just theory." It is concrete. It is urgent. It affects the "cyclical downturn." Later we will develop this question to show that opposition to alienated labor has been a fact (and not only among the younger generation),

ever since Automation first came onto the historic scene in the U.S. in 1950.

What we are presently experiencing is the worst of the five post-War recessions, along with the slowest post-War recovery which is so globally pervasive that the top bourgeois economists and industrialists fear it is not "sustainable" even at that low level of "recovery." Thus, the Economic Outlook, issued in Paris, Dec. 23, by the Secretariat of the 24-nation body of the Organization for Economic Cooperation and Development, was gloomy even after they disregarded "the depressive influence of falling farm income,"⁽⁵⁾ (which they expected would not repeat itself in 1977), and even after, as spokesmen for top rulers of the world, they were a great deal more worried about higher inflation than high unemployment. Still, "to correct flagging growth rates" and inject sufficient stimulus, 6% economic growth would be needed, and that means \$20 billion! President-elect Carter, however, is projecting only 5% economic growth as his goal, and that would slide down to 4.5% by mid-year!

Now 5% (6%, for that matter) is a far cry from the 6% growth Carter used during the campaign, when the high rhetoric also deceptively spoke of "getting the country back to full employment." He is still saying that the present official 7% unemployment is "unacceptable," but "full employment" has completely dropped out of the rhetoric. The truth is that it is precisely Marx's discernment of capitalism's "law of motion," that ever greater expansion of constant capital as against living labor would bring it to its own collapse, that has been transformed from theory to grim reality. What has become grimmest, and most threatening to capitalism's dominance, is that the army of unemployed has risen to an unconscionable number as a permanent feature of the economy.

Under the circumstances, how can Ernest Mandel, as revolutionary who does wish for capitalism's overthrow, speak in a guarded but nevertheless more optimistic outlook of the "Hesitant, Uneven and Inflationary Upturn"? It surely is not because I have spoken of the latest, mid-December figures, whereas he wrote his article in November. For example, those economists who do not have to grind out daily apologia, and can take what Mandel calls

a "long term view," have pointed to the fact that the Manila meeting of the IMF World Bank Conference in October had been reading papers written in August, extolling the upturn, only to have to face "the stark reality of October," when the so-called upturn turned out to be that onset of "pre-mature" cyclical downturn, so that "unemployment could soar and production plummet."⁽⁶⁾

The "investment drought" is a great deal more than just "hesitant." What is interesting in the Foreign Affairs current issue's analysis of "The Troubled World Economy" is that it is warning "the West" not to be overly happy with their "petro-recyclers," that is to say, Big Capital's way of getting those oil billions, from the five-fold increase of prices, back from the Middle East potentates and into its own hands by selling machinery and military hardware, and at highly inflated prices at that.

The point is that the recession is so deep, so internal, as well as so linked with the world market, that the highly industrialized countries are not programming great expenditures for new plants and equipment. This is at a time when profits are high, and so shaky are European economies and so great the fear of revolutions, (or at least "Communists in government"), that the U.S. has become a magnet for foreign capital investment even as Europe was that magnet for U.S. Big Capital's investment going abroad in the 1950s.

Finally, even bourgeois economists understand that the centerpiece, the nerve, the muscle as well as the soul of all of capitalist production is labor--the extraction from living labor of all the unpaid hours of labor that is the surplus value, the profits--and that, therefore, neither the market, nor political manipulation by the state, nor control of that crucial commodity at this moment--oil--can go on endlessly without its relationship to the life-and-death commodity: labor power. Foreign Affairs concludes: "cartels don't have infinite lives...(and thus) will one day narrow the conditions between prices of energy and cost of production."

Again, we must ask: how can the bourgeois economists, though they wish to preserve the system, come so much closer to reality as Marx analyzed it

than does the neo-Trotskyist Marxist Mandel? And, again, it isn't merely a question of later dates, or quarterly analysis rather than weekly. Indeed, Mandel's piece was, in large measure, based upon Business Week, not only the Summer, 1975, issues that spoke of upturn, but September, October and November issues which asked "Where is the Capital Spending Boom?"

Business Week's special double issue at year's end, on "Investment Outlook," tries its best to sound optimistic. It gloats over the 30% increase in net profits in 1976 and expects a further 10-15% increase for 1977. But it cannot skip over the following determinants: (1) the low rate of growth; (2) the hardly moveable high rate of unemployment of 7% officially, which does not change the truth that this is "average," but among Black youth it is at the fantastic rate of 34.1%; (3) the volatile undercurrent of dissatisfaction in the relationship between the underdeveloped countries and the industrialized lands to whom they are indebted at an impossible-to-meet \$60 billion; and (4) the unevenness of growth within the country, which shows that so basic an industry as steel has undergone a 17% drop in growth. At the same time, so bleak is the international outlook that Business Week, in summing up the outlook, cannot even exclude depression: "If Washington fails, fears of new world depression will intensify."⁽⁷⁾

Now Ernest Mandel can conclude otherwise, only because he stayed away from the point of production, remaining in the market altogether too long. Thus, even though he speaks of the upturn having been too limited to re-absorb unemployment--indeed, he shows that more than 80% of the unemployed army has not found re-employment--he argues with monetarists like Milton Friedman and the Swiss Professor Karl Brunner on the question of inflation vs. unemployment, and pays serious attention to the latest bourgeois gadgetry like "multiplier effect" which has not functioned well.

Thus, on the question of the slow growth of the economy, "stagnation," Mandel not only underestimates the relations of capital/labor at the point of production, and overestimates the effect of the market--"not selling"--but he also sees, instead of Marx's "law of motion" expressed in what now-

adays is called "business cycle," many "laws of motion" (my emphasis), as if the law of motion can be escaped through the "magic of nationalization" with the State Plan, statified property, as supposedly is done in "non-capitalist societies," "bureaucratized workers' states."⁽⁸⁾ So it isn't really the world economy he is analyzing, but only private capitalism.

In any case, without mentioning some East European analysts who do see an uncanny resemblance between their sick economies and that of Western capitalism, and without referring openly to the theoreticians of state-capitalism who have criticized his underconsumptionist view, Mandel hits out at unnamed Marxists who have criticized him for attaching too much importance to the market, lecturing them thusly: "...the capitalist mode is the production of commodities...this production in no way implies the automatic sale of the commodities produced...the sale of commodities at prices yielding the average rate of profit...in the final analysis."⁽⁹⁾

As if this vulgarization of Marx's analysis of the dialectical relationship between production and its reflection in the market crisis was not far enough a distance from Marxian "economics," Mandel reaches for Marx's most crucial analysis of the unemployed army as "the absolute general law" of capitalist production in order, of all things, to use it as an answer to the monetarist Prof. Brinner's bourgeois defense of the need to lower inflation, even though its "price is unemployment." Mandel continues: "There can be no better confirmation of the analysis of Karl Marx made in Capital, more than a century ago: in the long run capitalism cannot survive without an industrial reserve army..."

Though one acquainted with Mandel's economist specialization should be accustomed to the many ways he has of turning Marx upside down, this is enough to make one's hair stand on end. Far from saying that capitalism "cannot survive without an industrial reserve army," Marx says "the absolute general law of capitalist accumulation"--the unemployed army "and the dead weight of pauperism"--would bring capitalism down. The "antagonistic character of capitalist accumulation...sounds the knell of capitalist private property. The expropriators are expropriated."⁽¹⁰⁾

It is true that the very method of capitalist production--constantly using ever more machines, and ever less, relatively, living labor--(1) creates an army of unemployed; (2) has need to continue to do so in order to bring wages down and profits up; so that (3) by the time a general crisis is reached, the unemployed army is uncontrollable. Which is precisely why not only the class antagonism is irreconcilable, but capitalism itself experiences a decline in the rate of profit. Since surplus value--unpaid hours of labor--comes, and comes only, from living labor, and yet the constant technological revolutions make imperative the use of ever greater amounts of dead labor (machines), there is just no way out for the capitalist "irregiment." Capitalism itself produces its own "gravediggers"--the proletariat, employed, unemployed, and pauperized. (Naming it the "welfare state" is hardly the solution.)

Now it isn't that Mandel doesn't "know" such ABCs of Marxism. It is that a pragmatist's ideology is as blinding as the "science" of today's myriad market transactions, and one extra moment's look at the market, away from the irreconcilable class contradiction at the point of production, and the inescapable turns out to be the violation of the Marxism of Marx! It is high time to turn to Marx's methodology in his greatest theoretical work, Capital. It was no accident, whatever, why, precisely why, Marx refused to deal with the market until after--some 850 pages after--he dealt dialectically and from every possible angle with the process of production. It is high time we took a deeper look at Mandel, away from the market, as "pure" theoretician introducing Marx's Capital.

II.

From the very start of his Introduction to Capital, Mandel had at once, as I have already shown, spoken of the purpose of Capital, not as had Marx of "the law of motion," but the laws of motion. This led him to the first violation of Marxism by defining Marx's "prediction of the future" as if that meant the "not yet fully-fledged classless" societies of Russia, China, Eastern Europe, North Vietnam, North Korea and Cuba. All that now needs to

to be added is his oft-repeated eulogy of "scientific analysis," as if that signified Marx's concept of "a society of associated producers." (p.17)
The one word that is left out--freely--is the specific word, concept, living reality that was the determinate of Marx's "objective and strictly scientific way" not only of distinguishing his analyses from all others, but his whole life. Marx's own words read:

"Let us finally imagine, for a change, an association of free men, working with the means of production held in common...The veil is not removed from the countenance of the social life-process, i.e., the process of material production, until it becomes production by freely associated men, and stands under their conscious and planned control." (p.171, 173)

Marx's sentence is from that greatest and most concise of all sections in Capital, on the dialectical method, that is at the same time the dialectics of liberation and appears as the last section of Chapter 1 and was called "The Fetishism of Commodities." Elsewhere⁽¹¹⁾ I have gone into great detail on the relationship of the historic experience of the Paris Commune to Marx's dialectical concept of the "fetishism" of the commodity-form. Here it is sufficient to point to the fact that to this day, neither friend nor enemy, no matter how "new" and "independent" they thought their own philosophy to be, as, for instance, Sartre's Existentialism, has denied the pivotal role of that section to any comprehension of Marx's Capital.

First, because it contained Marx's very original dialectic, which, though rooted as is all dialectics in the Hegelian, has a live, concrete, revolutionary subject--the proletariat. This is not "a political conclusion" tacked onto economics. Rather, it is the "variable capital" in its live form of the wage worker who, at the point of production, is so infuriated at the attempt to transform him into "an appendage" to a machine, that he rises up--from strikes to outright revolutions--to uproot the old society and create totally new, truly human relations as freely associated men. Mandel, however, does not so much as mention the section on the Fetishism in the very part he devotes to "The Method of Capital." (pp.17-25)

Marx himself, however, in the face of a lifetime in analyzing the economic

laws of capitalist development and decline, did not, even when he finally completed and published Vol. I of Capital in 1867, feel satisfied with his concretization of "the fetishism" of the commodity-form. It was only after the Paris Commune, as he worked out the French edition of Capital, 1872-75, that he reworked the section yet once again, and called attention to it and other changes by asking all to read that edition as "it possesses a scientific value independent of the original and should be consulted even by readers familiar with the German."(p.105)

And for Lenin, it took nothing short of the outbreak of the First World War and the collapse of the Second International, and his own restudy of Hegel's Science of Logic in that cataclysmic period, to write: "It is impossible completely to understand Marx's Capital, and especially its first chapter, without having thoroughly studied and understood the whole of Hegel's Logic. Consequently, half a century later none of the Marxists understood Marx!"(12)

Evidently, Mandel thinks he has done Lenin one better when, in explaining dialectical method, he points to the fact that Marx's dialectical method helps "pierce through new layers of mystery" not alone by contrasting appearance to essence, but in showing "why a given 'essence' appears in given concrete forms, not in others." (p.20) Too bad it made Mandel think that he has pierced through that mystery, not by sticking with the specificity of the commodity-form, but by plunging into "sales," to which he adds "real history."

Mandel's "real history" turns out to be a complete jumble--"presuppositions," plus mixing up dead and living labor: "Commodity production as a basic and dominant feature of economic life presupposes capitalism, that is a society in which labor-power and instruments of labor have themselves become commodities." (p. 21, my emphasis) Turning Marx so far upside down that "instruments of labor" is on the same level as the differentia specifica of capitalism--labor-power as a commodity--cannot but lead to his climactic separation of logic and history: "In that sense it is true that the analysis of Vol. I of Capital is logical (based upon dialectical logic) and not historical." (p. 21)

Now Marx methodologically left the genuine historic origins of capitalism to the end of the volume, so that its tendency—law of motion—should not become a matter of diverting from what comes from strict, commodity-production capitalism, no matter how that "first dollar," so to speak, was obtained. Just as trying to take Chapter 1 out of its structural order (as Stalin felt compelled to do in 1943 as he prepared to make sure that the workers in post-World War II Russia would work hard and harder) was a total violation of the dialectical structure of Marx's Capital, so, too, is Mandel's mixing up the "real history" of the rise of capitalism instead of presenting it dialectically. Marx had left it for the end, not because there is a division between history and dialectics, but because dialectics contain both, and therefore the discernment of the law of motion of capitalist production, strictly commodity production, could be grasped best when one limited oneself to capitalist production and capitalist production alone.

Marx never tired of repeating that his original contribution was the split in the category of labor—abstract and concrete labor; labor as activity and labor-power as commodity; labor as not only the source of all value, but the subject who would uproot it. So "single purpose" a revolutionary theoretician was he in all his multitudinous and basic discoveries that, though he devoted some 850 pages in Vol. I to that question, he no sooner started Vol. II than he repeated: "The peculiar characteristic is not that the commodity labor-power is salable, but that labor-power appears in the shape of a commodity."⁽¹³⁾

Mandel, however, is convinced that—once he has "explained" what he calls "historic dimension" as being the opposite of the eternal; and contrasted appearance to essence where nevertheless appearance is significant; and then separated logical from historical where nevertheless "the logical analysis does reflect some basic trends of historical development after all" (p.22)—he has thereby been faithful to Marx, as against those "from Bernstein to Popper" who called for the "removal of the dialectical scaffolding" as "mystical." He thereby plunges into "The Plan of Capital," as if that were only a matter of dates and pages, instead of the actual restructuring of Capital on the basis of what did come not only historically, but from below.

What Marx did, in restructuring Capital, was based on his analysis of the workers' struggle for the eight-hour day and his following, like a hawk, the event of the Civil War in France where, he wrote, the Paris Communards had "stormed the heavens." The Commune's greatest achievement, he concluded, was "its own working existence." There was no State Plan, no State Property, no Party. When Mandel, however, finally gets around, in speaking of "The Theory of Money," to make the only reference to "Fetishism of Commodities," (p. 74) he precedes it by making a horrifying abstraction: "abstract socially necessary labor." No wonder he illustrates that with: "If a pound of opium, a box of dum-dum bullets or a portrait of Hitler find customers on the market, the labor which has been spent on their output is socially necessary labor," which couldn't possibly be a more total absolute opposite of what Marx analyzed in socially necessary labor time.

And while this shocker is followed with "Marx's key discovery: theory of surplus value," accumulation of capital, Mandel just cannot keep away from the market, sales, money--the whole distributive sphere which Marx felt would blind us not only to the primacy of relations of production, but make us, indeed, fall victim to the fetishism of commodities, which freely--and only freely--associated men can possibly strip off. So that once again, though we "know" all about exploitation of men by men "through the instrumentality of a machine"--capital/labor--we will nonetheless fail to sum up all the economic categories of capitalism as being the result of the fact that "the process of production has mastery of man, instead of the opposite" (p. 175).

III.

Today's global crises did elicit from Mandel what is not obvious in his Introduction to Marx's Capital, but in fact underlies his total misconception, and that is the concept of an existing equilibrium--and in our crisis-ridden age, at that. Thus, as he gets to the "Deeper Causes" in his analysis of "A Hesitant, Uneven, Inflationary Upturn," he cites what in fact characterizes all his books and articles, and that is Kondratiev's "long

wave theory."⁽¹⁴⁾

The fact that the editor-publisher--New Left Review--of this new edition of Marx's Capital can, in two succeeding issues of New Left Review, both praise Mandel's Late Capitalism and also catch the revisionism⁽¹⁵⁾ both of Marxism and Trotskyism inherent in Mandel's adherence to Kondratiev's "long wave" theory, shows the confusion prevalent in all modern-day Marxist theoreticians who try to keep away from the theory of state-capitalism, leaving all their "newness" contained in the time-abstraction of "Late Capitalism"--not to mention academicians a la Daniel Bell who call it "post-industrial." As if the transformation into opposite of Lenin's Russia into Stalin's was a mere passing "historical detour," from which "dark interlude" it "slowly began to emerge in the 1950s" (p.85), Mandel shows further how very "au courant" he really is by referring not only to James Burnham's Managerial Revolution of the early 1940s, but also Galbraith's "techno-structure" New Industrial Society of the 1960s (p.81).

It is neither of these, however, which tore Trotskyism apart before World War II, and wreaked havoc among Stalinism in the post-World War II period and is continuing to this day in Eastern Europe. What did, and what is at issue this very moment, whether we look at the global crisis of "the West" or the whole world, and its "restructuring," especially the North-South dialogue, is the question of state-capitalism. To treat that seriously, we must neither stop at journalistic phrases, nor at Mao's late discovery after he broke with "de-Stalinized" Russia and first then began to designate it as "state-capitalist." No, we must begin at the beginning, when Marx first projected, in the crucial, famous, irreversible French edition, 1872, the idea that the law of concentration and centralization of capital would reach its ultimate when "the entire social capital was united in the hands of either a single capitalist or a single capitalist company." (p.779)

Now, though Mandel does even less about this addition to Capital than he did with fetishism, which he at least mentioned, the fact is that this is not all Marx said of the ultimate development of concentration and centralization of capital. Nor is it only that his closest collaborator, Frederick Engels,

who edited Vols. II and III of Capital, added some statements about Marx's prediction of monopoly. The additions to the 1872-75 French publication were, in turn, followed by Anti-Duhring upon which Marx collaborated with Engels. It reads: "The more productive forces it (the state) takes over, the more it becomes the collective body of capitalists, the more citizens it exploits...State ownership of the productive forces is not the solution of the conflict..."

Far from "ownership" alone determining the class relationship, Marx, from his first break with bourgeois society in 1843, through his leadership in the Workingmen's (First) International Association in 1864, to his death in 1883, never varied from "dead labor dominating living labor" as the determinant of capitalism.

As always, however, it is only when a concrete objective crisis makes philosophy a matter of concrete urgency, that theory becomes "practical." It was not only when the Second International collapsed along with private, competitive capitalism, that Lenin saw the dialectical transformation into opposite, the counter-revolution within revolution. He saw it in the workers' state itself. He worried about its revolutionary leadership—its "main theoretician," Bukharin, and his mechanical materialism. Lenin suddenly feared that his co-leader was not "fully a Marxist" since he "did not fully understand the dialectic."

It wasn't a question of the word, state-capitalism. Bukharin had used the expression "state-capitalism." So did Leon Trotsky who, in 1919, in the First Manifesto of the Third International, wrote: "The state control of social life for which capitalism so strived, is become reality. There is no turning back either to free competition or to the domination of trusts...The question consists solely in this: who shall control state production in the future—the imperialist state, or the state of the victorious proletariat?"

Now it is true that Trotsky recognized this only theoretically and, in fact, never thought Stalinism was state-capitalism. It is not true that

Lenin didn't see both state-capitalism and its absolute opposite--the revolutionary, self-determining subject, the proletariat that was the whole, without which there was no new society. Which is why his Will was almost as adamant against the "administrative mentality" (Trotsky and Bukharin) as against the one whose removal he demanded--Stalin.

In any case, once World War II ended, and capitalism had also learned "to plan" and "to nationalize," Varga saw no signs of a general economic crisis coming any earlier than a decade hence, whereupon Stalin had the whole Institute of World Economics turn against him. Varga was made to repudiate his written view of the post-war economy as any new stage of world economy. Maria Natavno-Smit was left standing alone, defending the position that the stage of world economy was "state capitalism" and quoting Lenin, who had seen its element in World War I: "During the war, world capitalism took a step forward not only toward concentration in general, but also toward state-capitalism in even a greater degree than formerly."⁽¹⁶⁾

Just as Stalin buried Lenin's first grappling with elements of state-capitalism, so the Trotskyist epigones evaded the whole theoretical question of state-capitalism in Russia, which had led to such deep splits in the Fourth International, that Mandel now (and not only in his journalistic writings but in his new book, Late Capitalism) has "rehabilitated" Kondratiev and his long-term equilibrium analysis!

In Stalinist Russia, with its Draconian laws against labor and inhuman forced-labor camps, the 1943 revision in the law of value was followed by Zhdanov's 1947 revision in philosophy, which invented nothing short of "a new dialectical law"--"Criticism and Self-Criticism"--in place of the objectivity of the contradiction of class struggle and "negation of negation," that is to say, proletarian revolution. De-Stalinized Russia did nothing to change this wholesale revision of Marx's Historical-Dialectical Materialism.

"History" has been brought in by Mandel not only to claim that the commodity-form and law of value have existed before capitalism and after,

and are not specifically capitalistic, but to show that they can exist in "socialist" countries like Russia and East Europe and North Korea, so long as property is nationalized. It is sad, indeed, to have to record also that Trotskyism, which had always fought Stalinism, thus not boomeranging the banner of socialism, keeps its political battles so far afield from its economics and philosophy that its major leader, Mandel, can actually hail Russian post-war revisions as a "true rebirth" of Marxism.⁽¹⁷⁾

The result is a violation of both Marxian theory and practice, not only in general, but especially as it affects the view of the present global crises. They go far beyond any "re-jiggering of the world's economic balance sheet" by playing around with the latest bag of tricks on bourgeois and developing countries, such as "indexing" the prices of raw materials, i.e., pegging them to world inflation rates, with rhetoric about "Commodity Power."⁽¹⁸⁾ The joker in that is that even concerning raw materials, the one country that would gain greatly is the U.S., as a leading producer of copper—not to mention that its agriculture could hold the world in bondage!

In an issue where, even if only limited to "politics," Marxists should get along swimmingly, the academic economist Simon Kuznets expressed matters better than any analysis by Mandel, when he wrote: "Thus, emergence of the violent Nazi regime in one of the most economically developed countries of the world raises grave questions about the institutional basis of modern economic growth—if it is susceptible to such a barbaric deformation as a result of transient difficulties."⁽¹⁹⁾

The point is that, even if one didn't wish to accept our analysis of state-capitalism as the total contradiction, absolute antagonism in which is concentrated nothing short of revolution, and counter-revolution, one would have to admit that the totality of the contradictions compels a total philosophic outlook. Today's dialectics is not just philosophy, but dialectics of liberation, of self-emancipation by all forces of revolution—proletariat, Black, women, youth. The beginning and end of all

revolves around labor. Therein is the genius of Marx who, though he wrote during a "free enterprise, private property, competitive capitalist era," saw that, instead of plan vs. market chaos being the absolute opposites, the chaos in the market was, in fact, the expression of the hierarchic, despotic plan of capital at the point of production. "Materialism" without dialectics is "idealism," bourgeois idealism of the state-capitalist age.

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- (1) See Ernest Mandel's "A Hesitant, Uneven and Inflationary Upturn": "There can be no doubt the generalised recession of the international capitalist economy came to an end in 1975..." Intercontinental Press, Nov. 29, 1976.
 - (2) See Althusser's outpourings against Marx, which he had the audacity to entitle For Marx, p.35. Also see Philosophy and Revolution, especially pp.302-3, fn.109.
 - (3) The new translation of Capital, which is more faithful to the original German edition than the standard English translation by Untermann, is by Ben Fowkes. It also carries as Appendix the first published* translation of the famous "Chapter 6" which, in manuscript form, originally ended Vol. I; it is translated by Rodney Livingstone. The new Volume is published in London by Penguin Books "in association with New Left Review, 1976." (*The rough translation which I made way back in the early 1940s is on deposit with my Archives at Wayne State University Labor History Library, Detroit.)
 - (4) "The Troubled World Economy" by Lawrence A. Viet, Foreign Affairs, January, 1977.
 - (5) "World Economic Outlook is Gloomy" (Paris dateline), New York Times, Dec. 23, 1976.
 - (6) Foreign Affairs, Ibid.
 - (7) See "Year-end Double Issue: Investment Outlook 1977," Business Week, Dec. 27, 1976.
 - (8) See International Socialism, #93, Nov/Dec 1976, which lists the East European analysts on state-capitalism. It also quotes a much more telling statement of Mandel in 1956: "the Soviet Union maintains a more or less even rhythm of economic growth, plan after plan, decade after decade, without the progress of the past weighing on the possibilities of the future" (Quatrieme Internationale 1956, nos. 1-3.).

- (9) Intercontinental Press, Nov. 29, 1976, p.1708. Also see the brilliant economic analysis of state-capitalism by the Polish dissidents, J. Kuron and K. Modzelewski, "An Open Letter to the Party," published in New Politics, Vol. 5, Nos. 2 and 3, 1966. See also my review of Mandel's Marxist Economic Theory, News & Letters, May and June-July 1970.
- (10) Capital, p.798, 929. All pagination references in this Letter are to this new edition of Capital.
- (11) See Marxism and Freedom, Ch. 6, "The Paris Commune Illuminates and Deepens the Content of Capital," pp.92-102.
- (12) Lenin, Collected Works, Vol. 33, p.180. See also Philosophy and Revolution, Ch. 2, Section C, "The Adventure of the Commodity as Fetish," pp.76-94.
- (13) Marx, Capital, Vol. II, p.37.
- (14) Intercontinental Press, Nov. 29, 1976, p.1709.
- (15) New Left Review, #99, Sept-Oct 1976, "The Theory of Long Waves: Kondratiev, Trotsky, Mandel" by Richard B. Day: "No amount of subtlety can overcome the basic fact that, in Trotsky's view, long waves--or long cycles--were incompatible with a Marxist periodization of the history of capitalism."
- (16) Lenin, Collected Works, Vol. XXI, p.300 (Russian edition). The Stenographic Report in English was published by Public Affairs Press, Washington, D.C., 1948.
- (17) See "'True rebirth' or wholesale revision of Marxism?", my review of Mandel's Marxist Economic Theory, in News & Letters, May and June-July, 1970.
- (18) A fairly substantial piece on the North-South Dialogue, "Worth-South Talks: Pianissimo, But Still Going," appears in the New York Times, Nov. 28, 1976.
- (19) See Philosophy and Revolution, p.228.

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