

THE NATURE OF AN EPOCH OF DECLINING CAPITALISM

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INTRODUCTION

This article attempts to discuss some of the aspects of the concept of decline in the contemporary context. For this purpose it surveys possible definitions of decline and it proposes a particular definition of its own. It tries to deal with the apparent contradiction between decline and stability. The article starts from Marxist assumptions and assumes a knowledge of them.

Although sections of the left have always used the phrase *the decline of capitalism*, most intellectuals have dropped it. The reason for this phenomenon is interesting. It has had to do with two closely related events - the post-war boom and the dominant role of Stalinism. On the one hand, it appeared as if the boom would go on forever, while on the other it could be argued that the Stalinist countries were clearly inefficient and hence capitalism was economically superior and hence not declining. Spengler's *Decline of the West* appeared as some kind of interwar pessimism and Trotsky's insistence on the necessary absolute decline of capitalism seemed to be the unfortunate decline of a great thinker into mechanical formulae.

If one shows that the USSR was never socialist and that Stalinism played the crucial role in supporting capitalism, then the picture looks very different. Put differently, a non-Stalinist Marxism would not find it hard to argue that capitalism was in decline. Furthermore, the characteristics of this decline then incorporate Stalinism itself. While Stalinism did not necessarily have to be such a feature of declining capitalism, it has become an integral part of the decline of capitalism.

TERMINAL CRISIS AND DECLINE

What are the characteristics of the decline of a mode of production? The immediately observable feature is the consistent underperformance of the old mode of production in relation to its potentialities. The system functions less well as a system. It may produce more goods per capita but

Declining Capitalism

the systemic stimuli operate less well. As a result they have to be supplemented with new forms. To the extent to which these supplementary forms are successful it appears as if the old mode of production has overcome its old age and acquired a new lease of life. There is, therefore, a problem with the recognition of the real decline itself. In this respect it is worthwhile quoting Marx who said: "As soon as it begins to sense itself and become conscious of itself as a barrier to development, it seeks refuge in forms, which by restricting free competition, seem to make the rule of capital more perfect, but are at the same time the heralds of its dissolution and of the mode of production resting on it." In the rest of the article I will explicate these statements. Before I can do so, however, it is necessary to make a crucial distinction.

When a mode of production comes to a more or less abrupt end, it must undergo a terminal crisis. Earlier modes of production have had long drawn out crises lasting centuries whereas capitalism is undergoing a more abrupt process because any real change to socialism must be conscious. Hence the terminal crises of previous modes of production have merged with the process of transition to the new society. In the case of capitalism, the conscious nature of the terminal crisis implies that both bourgeoisie and proletariat take appropriate steps. The success of the proletariat lies in the overthrow of the system, whereas the success of the bourgeoisie lies in its preservation of the old system and the ending of the crisis. As a result the crisis may show itself many times before capitalism is overthrown. Furthermore, since capitalism must be overthrown as a system, but can only be overthrown in one country at a time, the defeat of the attempt to replace capitalism in any part of the world is a systemic victory for the bourgeoisie. At the same time, the very history of the more or less successful attempts to overthrow capitalism in one country becomes part of the epoch or civilisation. The history of the attempts to overthrow capitalism becomes part of the history of the decline of capitalism. These periods of acute crisis, however, take on a special form.

As an example we can take a case very distant from the present. When Gordon Childe examined ancient societies, he used increase or decrease in the size of population as an index of growth or decline of a civilisation. His point is not a simple demographic one. He is arguing that at a certain point a particular civilisation might become more or less conducive to the perpetuation of the species. One could, of course, argue that the species did not have to increase in order to have a better quality of life but at a

primitive level of subsistence, it may be regarded as a good indicator of the success of the social system. As the system declined it became less capable of sustaining society.

Another example can be taken from the USSR. There we see many of the indices which lie behind the use of such semi-demographic data. Life expectation declined, murder rates rose to levels above that of the United States and the standard of living was declining. Growth rates had become negative. In this case there clearly was a terminal crisis. These two examples show the difference between a terminal crisis and decline.

In a *terminal crisis*, the laws of the system function less and less well to the point where the social relations break down. In a short space of time the system is overthrown. Decline is a different concept, although the terminal crisis is its final outcome. As with many scholars, Childe has made no distinction between terminal crisis and decline. The Soviet Union was in a terminal crisis because it never was a mode of production and consequently could only have a limited life. In a certain sense it was in permanent crisis until it reached its inevitable terminus. This article argues that modern capitalism is in decline but it is not in a terminal crisis.

Yet, the *Manifesto of the Communist International*, which was written by Trotsky, argues that the controversy on whether capitalism leads to absolute immiseration had been settled in favour of those who saw capitalism leading to absolute immiseration. This was then the view of the thinkers of the Third International. It then appears as if the great Marxists of the twenties saw a terminal crisis of capitalism. Indeed, it is impossible to avoid the point that capitalism at that time was in a terminal crisis. It had been overthrown in a number of places. It was unstable in most countries of the world. It then recouped and restabilized. It would then appear that capitalism can go through a terminal crisis and become stable. What meaning can then be attributed to the term?

I would argue that capitalism may enter a number of periods of terminal crisis, before it is actually overthrown. As already argued, the reason is that capitalism can only be overthrown under conditions where most of the advanced countries go over to socialism. Hence a number of countries may change and return to capitalism, until the conditions for the overthrow of capitalism the world over are ready. Furthermore, it is entirely possible that

Declining Capitalism

the conditions for overthrow be present and that they give rise to unsuccessful attempts to replace capitalism.

Since the overthrow of capitalism must be a conscious process in order to introduce the new consciously regulated and democratically controlled society the theory of the new society must be present before change takes place. Furthermore, the new institutions must be fully formed in order to have a truly popularly regulated and controlled economy and society. The probability of failure, diversion and direct defeat is high. It may well be that socialism will only be approached through many such tragic attempts to reach the new truly human society.

The point is that the terminal crisis might be approached many times before the final successful overthrow. What then are the conditions for a terminal crisis?

At the point of terminal crisis a series of phenomena become observable. Indeed, for instance, it may appear that some of them are present today. If one looks at the overall trends then the rise of plagues like aids, tuberculosis etc. together with the absolute decline in the standard of living over much of the world might appear to indicate that the system is in grave trouble. On the other hand, world population is increasing precisely because of improvements in health, education and production techniques. In a terminal crisis, the negative features begin to predominate more and more.

Indeed, this brings one to the methodological point that it is not a question of averages but of the movement of the underlying variables. In this respect, the empirical trend is now negative.

Population increase is confined to the poorest areas of the world, where people have no choice but to have many children for all the wrong reasons. In the developed world, there is a tendency towards a decline in the increase of the natural population. The reason for the decline in population in the developed world has more to do with absence of facilities for having children and a relatively declining standard of living than a conscious decision to have fewer children. Gordon Childe's indicator, however, is not crucial. Yet the nature of the growth in population is also a reflection of a break down in social relations. In other words, whatever the rights and

wrongs of population policy, the world appears to have become relatively less conducive to the increase of the species.

Worse still, the standard of living in the most advanced countries, United States and Sweden, has gone down for around twenty years for most of the population. Levels of unemployment are either similar to or not far from depression levels in many countries around the world. This is, of course, particularly true of the third world, where unemployment rates of over half the employable population seem to be common. Today, it is clear in the underdeveloped world that capitalism has failed.

Furthermore, there is a general atmosphere of decline in the United Kingdom and the United States in particular. The reason, however, has everything to do with the decline of the empires of those two countries and it might be argued that the decline is therefore specific to them. It is clear that the British empire is breathing its last gasp and the American empire is dying. In that sense, there is a terminal crisis of a kind. On the other hand, the apparent crisis is only of a part of the capitalist system. There is however a problem in arguing that the crisis is only partial. Britain and the United States were the major finance capitalist powers of the world. As such they dominated the global system. Their decline is more than a decline localised to particular countries. The decline of Britain was heralded by the First World War, which was fought in one way to maintain its dominance. It led to the Russian Revolution. The decline of the American Empire similarly presages major upheavals. An alternative form of world dominance has to be found, if capitalism is not to sink into localised rivalries, wars and, in the absence of socialism, the kind of barbarism already seen this century.

The reason is that modern capitalism is global and the bourgeoisie today requires global forms of control. For over a hundred years finance capital has performed that function. The crisis of the major finance capitalist power, the Imperial United States, is, therefore, a crisis of finance capital. Finance capital is abstract capital and as such is able to organise and defend capitalism. Neither Japan nor Germany has a finance capitalism which can replace that of the United States. The decline of the bourgeoisie before the working class can overthrow it, may be expected, under conditions where socialism has been prevented from coming into existence for 70 years or thereabouts.

Declining Capitalism

It then appears that a terminal crisis can be seen in terms of the inability of the system to prevent firstly, an increasing polarisation of the classes, and secondly, first the relative and then the absolute immiseration of the proletariat. In its essence it expresses the fact that the economic relationships stand in an "absolute contradiction" with one another. They are pulling apart instead of interpenetrating. Hence production stands opposed to consumption, agriculture to industry, labour power to the means of labour and sale to purchase. Put succinctly value has broken down. Disintegration sets in. It might then appear that the conditions for a terminal crisis are maturing in contemporary conditions.

Nonetheless, we are clearly not in a terminal crisis because certain conditions are absent. The shift to socialism is only possible if the majority of the society want it. At the same time, it is obvious that the vast majority of the population does not see socialism as a viable alternative. Although the subjective factor is patently absent, that is insufficient as a full explanation because it leaves open the reason for the conscious rejection of socialism. The objective and subjective conditions are closely interrelated. The often quoted distinction of a class in itself and for itself provides an apparently unbridgeable dichotomy which can only be solved by arguing that the objective provides the conditions for the subjective to express itself. In other words, as long as certain objective features prevented the acceptance of socialism, then it could not appear. Imperialism, wars, Stalinism, fascism and social democracy all provided an objective barrier to socialism.

In other words, we can have a general decline in the social system, with the ruling class in disarray and itself in decline, without the system being in terminal crisis. Crucial conditions required for that terminal crisis may gradually appear and assert themselves but the terminal crisis itself requires that capitalism can no longer function. The point must be reached where it is overthrown or the working class suffers such a catastrophic defeat that the defeat itself shapes the entire following epoch.

Production may indeed increase under circumstances of a decline of capitalism and even a maturing terminal crisis but not at the actual point of a terminal crisis. There has been a vast increase in productivity over the whole post-war period, while total world production has continued to rise. In the case of a number of countries like those of South East Asia and Great Britain the standard of living of those in employment has continued to rise.

Put differently, the period of decline is one in which a terminal crisis can express itself at crucial junctures. A terminal crisis can only occur during a period of decline but the decline is not the same as the terminal crisis. It is a common mistake to assume that because capitalism is not under threat of imminent replacement, it is therefore not in decline. Hence the importance of the distinction.

WHAT IS DECLINE?

The contemporary forms of decline have become more and more dramatic. The economic forms have been touched on but the socio-political forms have been sensational: two world wars, fascism, a national-colonial revolution leading to the decline of empire, and a series of revolutions which have overthrown capitalism. The forcible expansion of Europe and the United States beyond their boundaries followed by catastrophic wars is itself an indication of social failure. The metropolitan society could not sustain itself and hence it turned to political forms of internal control, such as fascism and militarism, and the forcible extraction of economic surplus from other countries. Ideologically this has led to the rise of irrationalism and the decline of education and research. Furthermore, the drive towards social labour is replaced by the pleasure principle. The goal of life becomes maximum leisure time. More and more people are driven to take drugs and lose their identity in meaningless pursuits. Business itself or the capitalist class at work becomes criminalised through the prevalence of corruption and the merger with genuine criminals like the Mafia.

Formal democracy with one person one vote was introduced during the twentieth century. In fact it remains unfulfilled even in its own terms but if we compare the demands of the chartists and the *Communist Manifesto* with reality we can see that capitalism has gone some way to giving the working class a measure of power.

One person one vote is still not fully implemented in countries like the United States where many people find problems in registering to vote. In many countries a large percentage of residents are refused the vote because they are declared non-citizens, even though they pay local taxes. Furthermore, the regime sees to it that elections are held at intervals suitable to itself, as opposed to the demands of the chartists for annual parliaments. The introduction of annual parliaments with the right of everyone to vote would make any capitalism unviable. It would become

Declining Capitalism

impossible to pass unpopular measures. The other measures whereby capital ensures its political dominance, involve control over the media and education as well as the use of the state apparatus. Even in these areas capitalism has had to concede limited areas of control.

One person one vote must necessarily lead to some form of welfare state. It may be elementary as in the United States or more advanced as in Germany or Scandinavia. Economic concessions are inevitable under conditions of political democracy. The welfare state has meant a commitment to growth and full employment above all.

The empirical features of capitalist decline are then a series of modern social phenomena owing their origin to the decline of capital. Capitalism has had to concede a series of aims which stand opposed to its nature. It has had to accept consumption as the goal of production and full employment as the goal of society.

THE SPECIAL NATURE OF THE WAR AND COLD WAR PERIOD

Everything then depends on how we view the boom years of capitalism - particularly those from 1940-1973 which can either appear as exceptional or a new platform from which capitalism will take off after a brief pause. Why was there a boom after the war? Was it exceptional in the history of capitalism?

In one sense, I would like to argue that case. Briefly, I would maintain that capitalism was already in decline and consequently sought to find a means of stability in the boom itself. The problem was that capitalism was not just in decline, it was also in a transitional period towards a new mode of production and the boom years stabilised capitalism only to propel it forward in that transition. It, therefore, could not last. The very stability of the boom, however, depended heavily on the Cold War and hence on Stalinism. It was precisely the USSR and the Communist parties which controlled the working class and so ensured a sufficient rate of profit to fuel the post-war boom. The hegemony of the United States and its finance capital was heavily dependent on the Cold War. Today we are witnessing the confluence of a decline in United States power and the end of the Cold War which buttressed it. Hence, the decline is precipitate.

Put differently, the decline of capitalism manifests itself in a series of empirical phenomena such as wars, depressions, famine and a decline in general support for the system. But the point of terminal crisis is only reached when special conditions are present. They are as follows:

Firstly, a situation where the old ruling class no longer has a strategy for containing the working class and maintaining the rate of profit. As a result it sees no point in accumulating. It abdicates its function in the society. Capital stands divorced from Labour.

Secondly, the society polarises to an ever greater degree both socially and politically.

Thirdly, the working class throws up a party or parties which puts up an alternative programme, which draws wide support.

The depression in which the world now finds itself is unprecedented in the post-war period. It has consequently altered everyone's empirical perspective. Whereas when I first wrote in terms of the decline of capitalism, I received a sharp rebuff, today I find that I am being attacked for not arguing the case in a stronger form. In Western Europe, decline is less evident than in the United States, which is an obviously declining imperial power.

THE NATURE OF ABSOLUTE AND RELATIVE DECLINE

If we turn to the inherent nature of the category decline, then it becomes essential to look at the social relations involved. If there is a decline it must be one in the fundamental social relations in the society. As laws express social relations, I would argue that the decline of a mode of production must show itself in terms of the decline of its basic law, which, in the case of capitalism, is the law of value. This statement is making two claims. The first is that such a decline must show itself in terms of a malfunctioning economic system. If we start from the classic statements of Marx then we are talking of a divergence between the capacities of the forces of production and their actual utilisation. The second statement is that capitalism becomes increasingly contradictory in its operation. It can no longer function in the old way and must find new mediations in order to exist. This point is discussed in the section below and completed in the section entitled *A Further Definition of Decline*.

Declining Capitalism

In other words, there must be a growing gap between the potential production of the society and the real production of that society. In this respect Baran and Sweezy have drawn the attention of most intellectuals to that gap by using the concept of the actual and potential surplus in their works. The concept of a surplus without an additional word like product or value is fuzzy and the analysis of capitalism is clearly Keynesian but none of that detracts from the fact that the authors drew attention to the inefficiency of capitalism.

This question then leads to the problems as to whether the decline of the fundamental law governing the society will lead to an absolute decline in the standard of living or in the forces of production themselves. There is no obvious answer because it does not necessarily follow. If the forces of production are retarded by the relations of production, it is not clear how far the social relations can prevent progress or wreak havoc on existing society. If the ruling group or class destroys books as in Classical China, Nazi Germany and the Soviet Union it is possible to imagine that the forces of production could be prevented from developing for a very long period and that might lead to an absolute decline. So, at the present time, it is possible to imagine that the ruling class will decide that the only way to prevent a proletarian seizure of power is to de-industrialise the world on the models of Chile, Britain and the United States. It is unlikely but possible. The question revolves around the investment decisions of the capitalist class. As the capitalists can become a collectivity and so a class, so they can decide collectively to cease productive investment. If the conditions for accumulation appear negative, clearly they may cease accumulation. Of course, it is an historically suicidal course but it is a rational decision. They have already moved some way in this direction.

The main way that a decline in productive investment can take place and has taken place is for the capitalist class to shift towards finance capital. The historic shift towards finance capital in the 19th century took the particular form of imperialism. Lenin and Hobson characterised finance capital as parasitic and imperialism as decadent. In a certain sense, capitalism was expanding and developing. It destroyed the pre-capitalist industry of the colonial countries and killed millions of people but capitalism itself expanded and later developed a more modern industry in the underdeveloped world. Was there an absolute decline? In one sense, from the point of view of the indigenous inhabitants there was an absolute decline. After all if they were killed and their old economy destroyed, there

could be no question. On the other hand, over time world production did increase. Furthermore, the local elites did increase their incomes. Yet, industry did decline in the metropolitan country, in so far as investment was siphoned off. The removal of capital from productive industry must lead to an absolute decline in production.

The concept of absolute decline might not seem very clear. The question might have been wrongly specified. The question might be class specific and hence we might have to ask what the effect was on the working class, or peasantry of particular countries, and then on the ruling group. Clearly the standard of living of the ruling group could go up while that of the majority declined. Yet there is no assumption that in capitalism the position of the workers or peasants should get better at any time. Capitalism is about accumulation not about the raising of the standard of living of the majority.

Indeed, capitalism is not a mode of production which can be judged in terms of the standard of living of the majority. Its only index of success is the accumulation of productive capital. It was only because the system was becoming unstable that the capitalist class accepted the need to go for economic growth and hence a rise in the standard of living of the majority of the population. The standard of living of the working class until 1940 had risen only slowly if at all by comparison with the post 1940 period. To judge capitalism by a rise in standard of living is to condemn it right from the beginning. It cannot, therefore, be used as an overall index of success or failure. It is, nonetheless, true that 'democracies' are compelled to maintain a certain standard of living and a rise in that standard of living, if they wish to maintain stability. It is, therefore, the progress of accumulation that is critical. In other words, the whole question revolves around the question of the growth of surplus value. A vibrant capitalism is able to raise productivity to the limits and use the surplus value generated to further raise production and then productivity. To the extent that an increasing gap opens up between the potential for productive investment and the reality, capitalism is mal-functioning.

When Marx speaks of the relations of production becoming fetters on the forces of production he can therefore mean two things. He can be implying that there is an absolute decline or that there is a relative retardation of the forces of production. In turn, either the absolute decline or the relative retardation might lead to an absolute decline in the standard of living. Even the absolute decline of the forces of production might be accompanied by

Declining Capitalism

a redistribution in favour of the working class, so that one cannot *a priori* argue that the standard of living must decline if the forces of production are absolutely or relatively fettered.

It can also be argued that Marx says that no social order vanishes until the forces of production "for which it is sufficient have been developed." This implies that we are very far from any such situation under capitalism, as the forces of production are being very rapidly developed at the present time. Yet that is to miss the point of Marx's statement. It seems to me that the forces of production sufficient for capitalism were developed many years ago, today it is the developing forces of production which require socialism for their full utilisation. Capitalist society is not able to use energy sources in a rational way and hence creates periodic problems of supply. Transport systems threaten the life of cities and of production itself. Capitalism prefers to relocate production rather than automate.

DECLINE AND TRANSITION

It would appear that capitalism is not wedded to regular rises in the standard of living of the majority. Nevertheless, in the modern period, rises in the standard of living, whether through increasing levels of employment or through higher incomes, have led to greater support for the system itself. For that reason, it is now regarded as an index of success or failure of the system itself. In large measure this is an achievement of the labour movement against the system. By counterposing to capitalism an alternative system whose aim lies in the direct satisfaction of human needs, the socialist movement has forced capitalism to compete with its successor. The very fact that today levels of growth, employment and the standard of living are regarded as criteria by which to judge a system whose only criterion is the expansion of surplus value or the formation of capital indicates a sharp decline in the self-confidence of the system and its adaptation to demands alien to its nature.

In other words, the capitalist class has accepted changes in the nature of capital accumulation in order to survive. Government intervention to ensure growth through public investment in the infrastructure and nationalised industries as well as through direct and indirect subsidies to private firms transfers a considerable measure of responsibility for capital accumulation away from the capitalist himself.

In fact, in modern capitalist economies capital accumulation proceeds in tandem with state intervention. The meaning of that state intervention is the source of the controversy. Those who have seen the USSR as state capitalist have tended to see all state intervention as secondary to the process of capital accumulation. From this point of view, state intervention is either there to support capital or driven by the logic of capital itself.

The view that government intervention and hence *planning* is simply a natural evolution of capitalism, making capital still more perfect was expounded among the Italian labour process theorists in particular. For them planning was the epitome of capitalism itself. This, it seems to me, is to turn the theory of capitalism on its head. Without capitalists and private capital there is no capitalist class. The use of the word capital, itself, is only possible as a metaphor for the resultant action of more or less numerous capitalists. Without the capitalist, there must be some human intervention to control the surplus product. If it is the government, it is subject to election or else it has some wider form of responsibility. As a result, profit may cease to be the aim of production. Wider employment, the protection and subsidisation of local industries, and the development of a local elite are not forms of accumulation. Without the capital/labour relationship there can be no surplus value and hence no capital accumulation. The fetishisation of the category of capital turns capital from a dynamic material form to an idea in motion. It is the Hegelianization of Marxism.

This question returns to the more general question of whether the forces of production could not go on being developed for centuries before one could actually say that they were ready for a socialist society. When does the old society cease to be able to develop the forces of production? Fernando Claudin and David Rousset both take the increasingly popular view that the October revolution was premature because the forces of production were not yet sufficiently developed for a transition to socialism. It is obvious that capitalism is producing innovations at a rapid rate at the present time. Two replies are possible. One already made is in terms of the growing gap between what could be produced, invented and developed for mankind and what is actually done. The second is to argue that capitalism is only developing the forces of production under pressure from its socialist alternative, lying in wait as it were.

THE NATURE OF DECLINE AND THE METHODOLOGY OF POLITICAL ECONOMY

Hitherto, I have looked at the category of decline as expressing itself in phenomenal terms. The more fundamental way of proceeding is to look at the form of decline itself. How does value decline? If we start from the dialectical method then all societies must come into being, mature and decline. Capitalism must, therefore, either be in decline or on its way to declining. I have argued this point elsewhere and will briefly summarise the salient points.

Marx talked of the laws of motion of modern capitalism but everything depends on the meaning of motion. Motion can be movement in a linear or circular form or it can be organic and hence involve the life cycle of capitalism. In fact it is clear that Marx is discussing the way in which capitalism will cease to exist owing to its own inner contradictions. That necessarily involves a discussion of the laws of a mature capitalism as well as the specific laws of a declining capitalism. In his own time, Marx did not discuss the nature of a declining capitalism, although he did point to particular features such as the inability of the bourgeoisie to nationalise the land, the growth of the joint stock company making the role of the capitalist purely parasitic etc. It was later Marxists like Lenin, Trotsky and others, who did discuss the decline of capitalism. With the benefit of some 100 years of decline it is possible to make the distinction between laws of decline and laws of the mature system itself.

What are laws of decline? If a law describes the process of movement of the poles of a contradiction, then the question resolves itself into the form of movement of the specific contradictions of a declining capitalism. Furthermore, a period of decline must necessarily be accompanied by a process of transition away from capitalism. It then becomes further necessary to discover what are the laws of transition operating within a declining capitalism. The definition of law which I have provided above is totally different from that employed by orthodox economics or sociology and indeed most Marxists, who blithely assume a law to be a regularity.

In the present period, the above discussion may sound either like mumbo jumbo or archaic theorising, to many on the left, as well as on the right. The only proof of the argument can lie in its utility for analysing the contemporary situation. If the concepts of decline and transition are not

used, then a very different analysis is presented. From my perspective it is not possible to subsume the different forms of capitalism into one simple unity. Hence it is not possible to produce meaningful statistics running across the different forms, without making the necessary adjustments. Arguments which rely on particular negations or positive features in one form cannot be projected onto all of the forms of capitalism without the necessary emendations.

SIX ASPECTS OF DECLINE

I would like to argue that there are six aspects to decline. In the *first* place, underlying the whole process is the progressive replacement of the fundamental law of the economy, the law of value by its opposite, the socialisation of production. The law of value is progressively hindered and replaced by the socialisation of production. Monopoly and state intervention become everyday aspects of a declining capitalism. Organisation and so-called planning or programming plays an ever more important role in the economy and in production. *Secondly*, the decline of the dominance of the commodity necessarily involves a decline in the role of money. Money can no longer act as a measure of value, if value is not what it was. If the commodity is no longer playing the same role then there can no longer be a universal equivalent. In effect money has been nationalised. In the *third* place, the decline of the law of value and hence money necessarily involves the progressive removal of commodity fetishism both in its ideological and material aspects. As a result the capitalist class is forced to turn to various alternatives such as racism. *Fourthly*, if value is dying then it must also mean that abstract labour is less dominant than it was, as abstract labour is the basis of value. The consequences are profound as it implies the break-up of the production unity of the workers and increasing difficulty in calculating value and hence in predicting profits. *Fifthly*, the decline of value necessarily involves a decline in the productive sector. Nationalisation and the formation of sectors which are based on need such as health and education are not the same as the growth of monopoly, which can be productive. Both come into existence, however, in different ways at different times. Furthermore, finance capital is unproductive capital which is a parasitic form of capital because it withdraws capital from productive labour and so leads directly to a decline in the productive forces. Of course, this may only be a relative decline. The *sixth* aspect of decline is shown in the sale of labour power. The reserve army of labour is either severely curtailed in extent or greatly limited in its

Declining Capitalism

operation. As a result it becomes progressively more difficult to control the working class.

The effect is to remove the mode of control over the working class at the same time as the old form of production unity of the class becomes more problematic. The form of capital changes and the form of labour changes in parallel. The direction of movement of a declining capitalism is necessarily towards a greater importance of the subjective, for both capitalist and worker. For the capitalist, so-called planning and direct control over the worker becomes increasingly important. As a result, bureaucracy and managerial forms of control become all pervasive. It is not necessary to agree with Burnham, in either bureaucratic collectivism or his move to the right, to recognise his empirical discovery of the universal nature of bureaucracy in a declining capitalism. The question is not whether it exists but what role it plays. For the worker an understanding of the epoch becomes crucial. He comes to have increasing control over production and hence must find ways of political opposition to the state.

The result outlined is curious in that it appears to argue that the socialisation of production is not leading to ever greater agglomerations of workers opposing the ever smaller number of magnates of capital but to a parallel process. Capital appears to become ever more powerful in that it has increasingly centralised control over production, distribution and exchange but in fact it cannot exercise this control except through a process which destroys its existence as capital. It is, of course, completely logical that this point would be reached in a period of decline and supersession of capitalism, provided the capitalist class was not overthrown.

Capital has to *organise* its own existence both in order to contain the working class and to ensure the efficient working of the economy. This can only be done through a process of subjective interaction within the capitalist class and with its subordinates. The preferred solution adopted by modern governments is the use of the market in a subordinate way. When the government uses interest and exchange rates to control the economy it is not controlling the economy any less, though it is avoiding certain bureaucratic forms. Where the British state capitalist variant goes wrong in its understanding of the modern economy is that it lays stress on the war economy rather than to the decline of the law of value itself.

Many Marxists have remarked on this process from Hilferding through Bukharin to Burnham and beyond. The meaning of this process is the essential question. As already indicated there are those who regard it as a natural form of the evolution of capital towards an ever higher and more perfect form of capital. Others appear to be arguing that a new non-Socialist mode of production is developing. I am arguing that this process is making it more and more difficult for capital to operate efficiently.

THE CHANGING NATURE OF CATEGORIES

It will be noted that I referred above to the decline of abstract labour. It appears to be an aspect of decline not taken on board by many if not most theorists. If value is declining then it follows as night follows day. Then it has to be said that the homogeneity of the class is no longer present. Furthermore, the decline of commodity fetishism permits the worker to attribute his exploitation directly to the capitalist, capitalist government or capitalist state. The consequence is that the class struggle is fought out in more directly political fashion. The usual social democratic conclusion is that the old working class no longer exists and hence Marxism must be discarded in favour of mild reforms. This is not the only conclusion possible, however, once it is realised that it is not a question of the decline of heavy industry or of manual labour but of abstract labour in general.

The extraction of surplus value continues in however mediated a form and hence all workers continue to sell their labour power, even if in a more limited way than in classical capitalism. As a result we are talking of a permanent struggle by the capitalist class to impose forms of value on production, although direct forms of production are constantly being demanded. As a result, ever more hybrid and monstrous forms are invented. Perhaps the most obvious today in Britain are in the health and education sectors. The area of the economy where it is easiest for capital to maintain abstract labour is in production itself. Even there the struggle of workers to establish their own control over the labour process and over the product has resulted in various compromises. In Japan, the apparent archetype of pressurisation, the effect of dividing the workforce into those with tenure and those subject to depredations of the market has broken abstract labour. In South Africa workers are divided by so-called race so rendering the whole capitalist system there far less efficient than it would otherwise be and fracturing abstract labour. In these last two examples we

Declining Capitalism

can see the contradiction of the apparent existence of abstract labour in particular sectors but not in the whole economy. In the former examples of the health and education sectors we are discussing bureaucratised abstract labour, which is also a contradictory phenomenon and concept.

It is inevitable, however, that in a declining capitalism all categories will begin to break up. Whereas in the movement from feudalism to capitalism the new class could come into being in the womb of the old, such a parallel possibility is excluded in the case of the movement from capitalism to socialism. Instead, the old categories must begin the process of supersession and hence the old classes must themselves change. No new class can come into being since it is in the nature of socialism that the working class in taking power abolishes itself. Hence the movement before assuming power has to be one in which the working class begins the process of abolishing itself as the working class.

The problem with such an argument is that it seems to leave the agency of change open to question. It need not, however, if the workers acquire increasing levels of control within the capitalist structure both negative and positive, as a result of which the strength of the working class rises rather than falls. Put differently, abstract labour remains as an essential category of declining capitalism but it stands opposed to its successor, freely associated social labour in an inchoate form. The system, therefore, becomes ever more complex as it approaches its end.

A FURTHER DEFINITION OF DECLINE

It is now possible to make a more precise definition of decline. The word decline may be said to refer to the worsening ability of the system to solve its own problems. The contradictions of the system find progressively fewer possible mediations, and what is worse the system finds mediations which are more and more in conflict with the nature of the system itself. This may indeed lead to the illusion that the system is flowering since these very solutions, so contradictory to the system ensure a more secure life for all. Such stability, however, is ensured at the cost of a more permanent damage to the system.

Thus, for example, there is little doubt that war and fascism have been successful modes of ensuring the continuity of capitalism, but their use required major concessions on the nature of capitalism both during the

existence of these forms and after their end. These concessions, which were made after the Second World War, such as full employment, a welfare state, so-called, more responsive political institutions and consequently a rising standard of living threatened capitalism both through the subsequent low level of efficiency in production and directly through the rising power of ordinary workers. The reaction in terms of rising unemployment has not worked, because the forms now existing within capitalism, nationalisation, large bureaucratised monopolies and powerful trade unions, do not permit a return to the unfettered capitalism of the past. Thus the contradictions become progressively more difficult to resolve as the system advances in its way of decline.

What is happening is that the systemic law is failing to operate or govern the society and consequently alternatives have to be found all of them temporary and all of them more and more difficult to maintain over time.

WHY HAS THE CAPITALIST SYSTEM SURVIVED

If capitalism is not operating efficiently then there has to be a reason why it has survived so long, in spite of its apparent failure. The capitalist class now exists in a hostile environment and it has to find a way in which it can continue to accumulate. The immediate solutions are well known: finance capital and its offshoot imperialism, with its emphasis on short-termism, concessions through social democracy, wars, fascism and depression. All these solutions were either very short term or soon exhausted themselves. Nonetheless, they have been effective for a period of time and it is time which is of the essence.

It can be seen, therefore, that in the epoch of capitalist decline, there is only one broad strategy left to the bourgeoisie and that is delay. Under that heading can be placed all the various above forms by which socialism has been avoided in this epoch. There are also tactical manoeuvres which can delay socialism but these are very short term. The use of terror, atomisation and dictatorial forms are in current use in various countries but they retard the development of industry, antagonise the entire population and run the risk of uniting the whole population against the capitalist system. Such measures can only be successfully used in combination with more long term strategies.

DELAY IS THE ESSENCE OF SURVIVAL

The term *delay* is itself in need of definition. Clearly there could be a delay of 1 year or a century. At one point delay is a tactical manoeuvre, which lasts a short period of time, and at another it becomes the whole nature of the epoch. In other words, there are two possibilities. The delay can change unconsciously into a real though unexpected strategy and cease to be simple delay any more. Alternatively there is a real strategy of delay, in which the bourgeoisie employs deliberate measures to prevent the onset of socialism, even though they recognise its inevitability. Stalinism in this scenario is bound up with the first understanding of delay.

Thus the Nazi liquidation of the left successfully destroyed the strongest working class in the world. At the same time, it would not have been possible without the collaboration of the Stalinist parties and the very existence of Stalinist Russia. Furthermore, Hitler had a policy of full employment through his warlike policy, which itself was given an ideological basis in anti-Semitism and German nationalism. These aspects of his policy can only be understood as partial negations of capitalism. In this instance of Nazi Germany, however, we find an illustration of all aspects of the argument that follows in that the framework of Nazi Germany was impossible without Stalinism but then the Nazis used modern tactics of repression, working class division, nationalism as well as economic concessions. Nazi Germany did not succeed in maintaining itself. Nonetheless it succeeded beyond the capitalist class's wildest dreams in liquidating the strongest working class force in the world for almost two generations. Today the German workers are once again flexing their muscles even if under very different circumstances. But today the bourgeoisie no longer has the instruments of fascism and Stalinism.

EPOCHAL FORMS OF CAPITALIST CONTROL

It can be argued that socialism can only be introduced in a conscious manner and hence the defeat of the socialist forces can prevent the introduction of socialism. Furthermore, it is asserted, socialism is not inevitable. Hence socialism may be defeated, diverted and so distorted that capitalism continues indefinitely. Under those conditions capitalism may concede sufficiently to the workers to avoid any revolutionary or even evolutionary change.

The forms of delay are limited by the progressively more negative nature of these forms. Whether they involve mass destruction on an enormous scale, global depression or conceding control over accumulation, they are so far from being solutions to the problem of accumulation that they progressively face the capitalist class with the choice of euthanasia or a glorious death. We have obviously not reached this point in the decline but the point that is being made is that the delay is not forever even if it is for a long time. The methods of delay are confined to a few broad forms.

In the first instance, it can use economic measures of control. Historically the move to finance capital permitted the bourgeoisie to control the workers at one remove from direct production. Production itself could be closed down, moved to other countries or starved of necessary investments. This was the pre-war strategy which was revived after 1973. The destruction of the working class in particular countries which has accompanied this phase successfully prevented possibly dangerous social movements. On the other hand, the price to the bourgeoisie was enormous, in that capital itself was destroyed on an enormous scale. The necessary problem with this strategy is that it only provides a temporary breathing space before a new tactic has to be employed. The epoch of finance capital before the First World War was succeeded by wars and the growth of nationalist antagonisms.

A particular aspect of finance capital is that of imperialism. Imperialism was successful in physically destroying the initial colonial resistance movement and then in so shaping the post-colonial social structure that it retained a large measure of control over the former colony. It is true that the original colonising power was often replaced by the United States but in a global context capitalism remained unchallenged. In the metropolitan country the economic benefits obtained from the third world maintained the rate of profit, permitted a reduction in the reserve army of labour, the growth of the so-called middle class, and led to a division in the working class between the "aristocracy of labour" and the rest. The overall contradiction of finance capital is its parasitic nature. It destroys its host, industrial capital, whether in the metropolitan country or in the colony or neo-colony. It is, therefore, a solution which can only last an historically short period.

The bourgeoisie can obtain a unity between classes for a common purpose, under its aegis. In this process, it may secure a division within the workers

Declining Capitalism

such that one section supports the ruling class. The obvious example of such a division is racism. There is no general title for such a division and unity. It involves ethnic and sex divisions. It is worth noting here that division of the workers coincides with a unity with the ruling class. The division may be within one country or between workers of different countries. This aspect, therefore, involves nationalism, racism and sexism. Looked at from the top downwards as it were, there is a common front with the bourgeoisie. Observed from the side of the workers there is a division among the workers preventing them forming a class. In the end, it is precisely the division of the workers, which prevents them acting.

A third form of preventing working class action is that of concessions and gradual change. Hence the welfare state and growth have been successful until now. The political form of these changes has been social democracy. Under social democracy there is class collaboration for a gradual but limited change. The problem with the welfare state, however, is that it provides a springboard for further demands. While the Cold War and Stalinist parties disciplined the working class, there was no problem. Once Stalinism began to lose its control over the workers, shown most graphically in 1968, the welfare state was doomed.

The fourth strategy has been highly complicated. In principle, it might be simply described as one in which the nascent socialist society is essentially destroyed but its outer form is carefully preserved in order to control and frighten the world proletariat. That has been the nature of Stalinism. The last three forms have followed one another sequentially. First the bourgeoisie used nationalism to unite the population behind it and when that was not enough it made concessions to slow the process of change. When, in turn, that failed they were able to use Stalinism to prevent change.

Clearly, there are various tactics employed by the bourgeoisie within these strategies but they remain tactics rather than overall strategies. The attempt to control workers on the shop floor using the labour process cannot be dignified with the term strategy. Rather it is a particular tactic adopted within the overall social democratic or Keynesian strategy.

In fact, all four strategies have been employed at the same time in the modern period. Stalinism was itself a species of nationalism which gave new life to nationalism.

STALINISM DEFINED

Stalinism has to be defined on several planes. In the first place it may be defined as the doctrine of socialism in one country, first put forward by Bukharin and adopted by Stalin. In the second place, as the doctrine representing the views of a new social group in formation, Stalinism can be defined as the system in which in a new unviable and unstable ruling group extracted the surplus product from the direct producers. This social group, or elite, could not move to capitalism without losing its ruling position to the old capitalist class, while a transition to socialism would have meant their own destruction. It was forced, therefore, towards a pragmatic policy of establishing its own rule in a wholly new social system, neither socialist nor capitalist. In the third place, Stalinism as a doctrine and as a system, therefore, arises out of the defeat of the October revolution. Objectively, Stalinism must arise either out of capitalism or socialism. From this point of view Stalinism arises out of the downfall of the socialist forces before the superior might of capitalism. While not capitalist itself, it owes its origin to capitalism.

In the fourth place, the objective reality of Stalinism, which was both the reason and the result of the doctrine, has been the formation of a Stalinist system. This system was not a mode of production but a highly contradictory social system which had a conflict of two laws at its heart, which made efficient production impossible and a viable social formation out of the question. A new and unstable social group came into existence in the USSR and other countries, which was unique in its nature. This group extracted a surplus product from the direct producers, through its partial control over the means of production. Its instability and limited control over the economy forced it to become uniquely oppressive.

The unviability of the Stalinist system meant that it had to rely on external allies of different kinds, whether parties or states. This made it expansive beyond its borders but in a unique way. The system was too weak to fight capitalism but needed allies against capitalism to maintain itself as well as to secure its borders. It needed the latter to prevent its own population losing its historically derived fear and then acquiring an alternative doctrine.

THE HISTORICAL NATURE OF STALINISM

Stalinism has to be placed within an historical context. In my view, it has to be understood as a particular dead end within an epoch of transition away from capitalism. Stalinism, therefore, represents a particular form within the process of transition of a declining capitalism. While Stalinism commenced in the USSR it established itself as the central feature of a whole new epoch.

Understood in historical terms, Stalinism arose out of the defeat of the October revolution in the twenties of this century. Capitalism at that time was considered to be moribund or at least in decline by many thinkers, whether Marxist or not. Trotsky argued that it was social democracy that had saved European capitalism from following the Russian road towards socialist transition. Be that as it may, Stalinism soon established an objective bulwark against socialism in the USSR and thereafter throughout the world. From this point of view, Stalinism both saved and maintained capitalism.

There remains the chicken and egg argument. Is social democracy logically prior to Stalinism or is it Stalinism, once born, which maintained social democracy. This is not an idle argument. For if social democracy is the prior entity then it is social democracy which maintained capitalism and Stalinism is a secondary outgrowth. Social democracy is still with us and hence the decline of Stalinism leaves the situation fundamentally unchanged. My argument is that the force of social democracy had already been spent by the time of the birth of Stalinism. The torch of betrayal, as it were, was handed on. Thereafter the social democracy that came to exist was very different.

Social democracy undoubtedly assisted the stabilisation of capitalism in Germany and elsewhere after the First World War but by 1939 it had ceased to play a major role in the important countries of Europe. In Germany, Spain and Italy it was suppressed and in Britain and France it had been heavily defeated. Its revival came with the Second World War and its aftermath. Indeed, the whole post-war settlement was social democratic in its stress on growth and full employment. Such a settlement would have been inconceivable after the First World War. The reason for the difference lay in the special role of Stalinism, which both assisted in the rise of the Cold

War and contradictorily and consistently came to definite terms with the capitalist powers.

CONCLUSION

The term *epoch*, within capitalism, I take to refer to a time period which has a specific form of class equilibrium permitting a particular form or forms of capital accumulation. The overall bourgeois strategy, unconscious as it undoubtedly was, at least initially, amounted to the acceptance and utilisation of Stalinism. All previous forms of control came to be dependent on Stalinism. This does not mean that they ceased to exist in the absence of Stalinism but that they could not operate successfully without it.

Declining capitalism needed a form which would delay socialism and it found an ideal form in Stalinism. Stalinism does not represent some particular deviation of socialism but rather a particular method by which the capitalist class has successfully delayed the approach of a socialist society. The very fact that it used Stalinism in that manner indicates both the complexity of the epoch and the weakness of capitalism.