Joe Palmada discusses some of the problems for socialists involved in the powerful struggles for increased wages being carried on in Australia at present.

Pat Vort-Ronald outlines the marxist theory of economic crisis, its application to current problems of capitalist economic management, inflation and stagflation, and the implications for working class struggle.

Mavis Robertson reviews some of the economic issues involved in the liberation of women and advances some proposals about priorities.

Michael Gurdon looks at the background of the conflict in the Middle East, advancing views on the main problems involved and possible solutions.

The publication for the first time in English of Marx's "Grundrisse" is recognised as an important event. Eric Aarons looks at the analysis of the contradictions of capitalism in this work and discusses its possible relations to contemporary problems.

The "Grundrisse" is also the subject of a book review by Kelvin Rowley.

There are three contributions dealing with different aspects of socialist development.

The first is a review of Yugoslav experiences of self-management in various areas of society, which discusses a number of the theoretical as well as the practical problems involved.

The second provides information on the socialist opposition in Czechoslovakia -- the only country so far where a more or less organised and politically experienced such opposition exists. There will be differing opinions on the suitability of the tactics being followed -- as indeed there are among those involved both inside and outside Czechoslovakia -- but the importance and difficulty of their struggle will be widely recognised.

Thirdly, Wal Suchting writes criticising the Editorial Comment in the last issue of ALR, dealing with our attitude to the expression of dissenting views under socialism, which has been sharply posed once again by the forcible expulsion of Solzhenitsyn from the Soviet Union. The editors' reply elaborates on the previous statement and contests the views raised in Comrade Suchting's letter.

TODAY'S WAGES STRUGGLE
Joe Palmada

MARXIST THEORY OF ECONOMIC CRISIS
Pat Vort-Ronald

TOWARDS LIBERATION:
WHERE TO FROM HERE?
Mavis Robertson

WHERE TO FROM HERE?
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DISCUSSION
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Poor Whites in the Marxist Woodpile

BOOK REVIEWS

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The workers' struggle to defend living standards is an important aspect of the class struggle. An examination of how this struggle is developing - its strategy and tactics (if there is a strategy), together with the nature of the workers' demands - is an important analysis necessary for developing a deeper understanding of the movement and a deepening revolutionary consciousness.

It has already been said that the present workers' struggle around economic demands is the biggest in the post-war period. It embraces the widest and most diverse sections of the workforce, ranging from heavy industry and services to bank clerks and other sections of 'white collar' workers. Yet the movement itself has little 'class' cohesion, with workers seeking to resolve their problems more or less piecemeal, as sheer necessity forces them to struggle to maintain their living standards.

One aspect of the spontaneous character of the economic struggle is this fragmentation of the movement. Workers have tended to seek satisfaction of their economic problems by making demands against individual employers, or groups of employers, all of which tends to obscure the broad class character of the struggle.

Some of the factors affecting this process are:

† the historical development of the Australian trade union movement which has meant the 'mushrooming' of literally hundreds of trade unions which cover occupations and not industries. Even with a number of amalgamations, there is still something in excess of 300 unions. Between them, they embrace just over half the total number of wage and salary earners in Australia.

† the multiplicity of industrial awards and agreements which came out of the arbitration system and the proliferation of the workers' organisations. This reinforces the tendency to see the economic struggle in terms of the arbitration system to the exclusion of the boss for which this system acts. Workers tended to identify only with those covered by their particular award or agreement as this became the focal point of their particular struggle.

† this tendency was further reinforced with the unleashing of the over-award campaigns in the second half of the 1960s and which has continued ever since.
The loss of expectation, even disillusionment, with what could be obtained from arbitration saw the workers embark on an important and large-scale offensive to obtain satisfaction of their economic demands against individual bosses. The advantages quickly became clear to the workers. With a relative shortage of labor, stoppages, guerrilla tactics, or even short strikes were sufficient to wring substantial over-award payments from an individual employer. The benefits of this to the organised and militant section of the workforce can be seen by the fact that the average over-award payment in the metal industry in NSW is about $22.

While this secured relief and some satisfaction for the better organised and more militant workers, it has not helped those in the less organised shops and industries who have still had to rely, in the main, on arbitrated awards, flow-ons, and the national wage case hearings, for their wage increases.

These combined factors influencing the apparently unconnected nature of the economic struggle have contributed much to the spontaneity of the movement. While it is true that the metal unions consciously advanced the campaign for over-award payments, it required little urging by workers once it started.

However, there are a number of questions involved in how the economic struggle has developed, and its effect on class consciousness.

The national wage case at present proceeding, and which affects the whole of the workforce, arouses very little interest among workers. This arises because of the usually complex formulation of the claim which defies comprehension by even the most advanced worker, the nature of the arbitration proceedings which are remote from any direct worker participation and involvement, and the prevalent view among workers that the result is peripheral to what they can get directly from the boss by collective militant struggle.

Yet a claim for a minimum living wage, properly presented and campaigned for among workers could have the effect of mobilising the whole of the workforce around a demand which affects all.

The trend towards collective bargaining and away from arbitration has enhanced the potential for widening the class involvement around particular claims. In the present Metal Industry Award proceedings, the federal organisations of both employers and unions are negotiating a log of claims involving half a million metal workers. Thousands more workers are involved indirectly by a ‘flow-on’ of the results and are moving for direct participation in the struggle. At the time of writing, negotiations have broken down with an offer by the employers of a $12 weekly increase and improvements in annual leave entitlements. The struggle involves, also, opposition to a ‘closed’ agreement, with the employers determined that acceptance is contingent on a package deal including agreement that the campaign for over-award payments will cease. It is almost certain that the employers, following the breakdown in negotiations, will refer the claims to the Industrial Commission.

The offered terms of settlement by the employers include the following proposal:

"It is accepted by the parties to the agreement that the changes in wages and conditions are in settlement of the Unions' log of claims and that no further claims will be made by the Unions either (1) to the terms of the award (other than by national test cases) during the twelve months' period; or (2) for increased over-award payments or improved conditions of employment against individual employers. (My emphasis - J.P.)."

This latter point is part of the strategy of the employers which, together with the 'closed' agreement concept seeks to spell an end to the 'over-award' movement and contain the metal workers in a package deal agreement.

It is conceivable that the metal workers, precisely because of the largely spontaneous character of the wages struggle and the lack of any overall strategy by the unions, will not take much persuading to accept something in the vicinity of the $12 offered.

Given the overall pattern of the wages struggle, the metal workers could be excused for thinking along the following lines...

"With a couple of 24-hour stoppages we have succeeded in bumping up the offer of the employers from $8 to $12 a week. If we can squeeze a little extra, so much the better. We should be able to get something out of the national wage case, at least $4 or $5, and then we can settle down to punching a bit more out of the boss at work within the next few months."

If this occurs, there will be some immediate but temporary benefit to a limited number of metal workers. But it will continue the disconnected character of the present econ-
omic struggle with the better organised and most militant workers satisfying their interests at the expense of other sections of the workforce.

The national income is divided roughly between what is paid in wages and what is appropriated by the capitalist class by way of surplus value or profit.

There are no really accurate figures to reveal exactly what the real position is. The Commonwealth Statistician, for instance, includes salaries of directors and top managers with workers' wages in determining what is paid out in wages and salaries.

On the other side, incomes from property are also not specified.

One way of getting a rough comparison is by taking the added value of all manufactured goods after production costs (materials, power, maintenance, etc.) and excluding wages, salaries and depreciation.

In 1967-68 wages (and salaries) amounted to $3,666 million or 49 per cent. The portion that went in surplus value, or profit, to the employers amounted to $3,765 million, or 51 per cent. In 1957, the ratio was 58 per cent to the workers, and 42 per cent to the capitalists.

Even these figures present the situation in its best light, for the workforce has expanded much faster than bosses and top management staff. In 1954 there were three million employees and in 1971, 4.5 million. In the same period, the number of employers had grown from 250,000 to 277,000.

Any overall economic strategy of the unions and workers must aim to increase absolutely the workers' share of the national income and correspondingly reduce the share going to profits and bosses' incomes.

There is a prevailing view among some workers that they can do better in more localised campaigns rather than join in a large mass action embracing whole industries. It is seen to be easier to win against a single employer rather than the combined strength of employers in a whole industry. There is a big element of truth in this, born of workers' experience. But such actions rarely make any real impact in altering the workers' share of the national income. Mostly, such increases are gained at the expense of other workers. In other words, the redistribution takes place only in that portion of the national income already going to the working class as a whole, with some gaining and some losing.

This partly explains the vast discrepancy in workers' incomes, with a minority of workers earning between $7,000 and $12,000 a year, and vast number earning between $4,000 and $5,000. (The average weekly wage, on seasonally adjusted figures, is now $111.80).

What the working class should be aiming at in the economic struggle is not merely to maintain their share of the national income, but for a radical redistribution of that national income, i.e. seeking all the time to lift the portion of the national income which goes to the working class as a whole, and to reduce the portion which is appropriated by way of profit.

This means, in addition to localised campaigns, the raising of demands and developing of campaigns which embrace the widest possible sections of the workforce.

The metal industry award, based on collective bargaining, provides one such step towards broadening the class involvement in the economic struggle.

The national wage case, when it begins to reflect the demand for a minimum living wage and grips the imagination of workers can provide the possibility of a large-scale national action which can make real inroads into the distribution of the national income, and expose the class nature of capitalist exploitation.

Taxation, used under capitalism to effect a redistribution of the national income in favour of monopoly, is another area providing the potential of large-scale class action. The nature of the taxation system, its class character, and the presentation of an alternative which relieves the working class of its present crushing burden is capable of mobilising the working class and deepening consciousness. Many demands, such as abolition of taxation on a certain minimum income, the introduction of a capital gains tax, etc., have been raised in the past and made part of trade union policy. But they have never become the medium for a sustained, widespread campaign involving workers' action.

Yet such issues as taxation, social services, shorter hours, etc. are an integral part of the workers' struggle for living standards which can only really be tackled by large-scale mass action.

There is an essential need for the left in the trade union movement to formulate and develop a counter-strategy around economic issues. The problem of the fragmentation of the wages struggle which obscures the identity of interests of the class as a whole can only be tackled when such a strategy is developed. Until it does, the working class will continue to seek solutions in isolated and sectional actions which, however widespread, will be easily contained by the capitalist class.
The object of this article is to present the main aspects of the marxist theory of crisis in capitalist economies, and to give an account of some of the various ways in which bourgeois economists have attempted to deal with capitalism's contradictions and crises. In particular, the failure of Keynesian policies will be examined, and the elements of the newest weapon of the capitalist state, capitalist economic planning, will be presented. The latter involves political and social policies, as well as economic ones; in particular, the attempt to dampen down the trade union movement through productivity deals, workers' participation and the like. It is therefore vital for revolutionaries to understand why these policies are being introduced, how they are intended to work, and how they can be resisted.

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THE LABOUR THEORY OF VALUE

In any society where goods are produced, not for direct use but to be exchanged, there must be a means by which commodities of different kinds can be compared and exchanged with each other. For Marx, this means of comparison was the labour-time taken to produce a given commodity. This constitutes the value of a given commodity in comparison with other commodities. This exchange value, however, may have no necessary relation to its usefulness or use value; a pot or tool may be far more useful than an intricate piece of jewellery, but the latter may have involved more labour-time in its production and so may have a far greater exchange value. Thus, Marx's economic analysis locates value in the actual process of production, not in the process of circulation or exchange, and his analysis of capitalism focuses on the dynamics of capitalist production.

CAPITALIST PRODUCTION: MARX'S THEORETICAL ASSUMPTIONS

In order to examine the dynamics of
capitalist production itself and to show how profit and exploitation arise in the production process itself, Marx assumed that commodities were exchanged (bought and sold) at their real value, discounting profit which might be made by selling above value. Marx also approached capitalist production in a particular country as a whole, rather than just examining individual capitalist enterprises. Hence, in his analysis, he uses concepts such as total social capital and total profit.

Similarly, the "structural tendencies" which Marx saw arising from capitalist production, for example, the tendency of the rate of profit to fall, or the counter-tendency for the rate of exploitation to rise, refer to a capitalist economy overall, and cannot be measured directly at any particular time. Often they show themselves indirectly, e.g. a falling rate of profit may be shown by a movement of capital from one country to another where the rate of profit is higher.

THE DYNAMICS OF CAPITALIST PRODUCTION

In the capitalist mode of production, the direct producers are workers who do not own the means of production. The latter are owned by the capitalist class. In order to live, workers must sell their labour-power to the capitalist. In return, they receive a wage which is sufficient for them to subsist and reproduce themselves at a minimum standard in a particular society. (1) However, their labour actually produces commodities of greater value for the capitalist than the wage they receive. The difference between the value of labour-power and the exchange-value it produces for the capitalist, which Marx calls surplus-value, is the source of capitalist profit, which allows them to add to and expand the means of production. The aim of capitalist production is the creation of more and more exchange values, so that profit may increase and capital be expanded.

The technological precondition of capitalist production was the development of means of production (steam-powered machinery etc.) which increased the productivity of labour, i.e. reduced the labour-time necessary for the production of a given commodity. Because the overall purpose of capitalist production is profit, or more surplus-value, there is always an impetus to increase the productivity of labour, and hence the rate of exploitation, through the introduction of more and more sophisticated means of production. Hence, in industries in which commodities are produced, there is an overall tendency for the capital invested in the means of production, which Marx calls constant capital, to rise, in relation to the capital used to pay the wages of productive workers, which Marx calls variable capital. Variable capital alone produces new values since it is the labour power of productive workers which produces surplus-value. The relation of the mass of the means of production, and the mass of labour necessary for the means of production to function, Marx called the technical composition of capital.

When this relation is expressed in value terms, Marx calls it the organic composition of capital. A rising organic composition of capital means that constant capital is rising in relation to variable capital, i.e. that a smaller proportion of capital is producing surplus value in relation to total social capital. Thus, the tendency of the organic composition of capital to rise means that there is a tendency for the rate of profit to fall.

However, there are other structural or long-term tendencies which can offset the tendency for the rate of profit to fall. The development of more sophisticated means of production increases the productivity of labour, and so tends to push up the rate of profit. Other ways in which the tendency of the rate of profit to fall can be offset are through depressing wages below their value, or through foreign trade, which can involve both the export of capital to places of greater profitability, and the use of favourable terms of trade (for both exports and imports) which enable capitalists to sell goods above, or buy goods below, their real value.

However, most of the counter-tendencies have definite economic, not to say, political, limits, e.g. labour-power cannot be infinitely exploited by extending the working day, nor can wages be reduced substantially without strong workers' opposition.

The tendency for the organic composition to rise, however, does not have those kinds of limitations. In the long run, it tends to show itself over the counter-tendencies, unless ways are found of keeping the other tendencies in the ascendancy. A falling rate of profit need not show itself in the actual mass of profit, since the mass may increase even if the rate is decreasing. Thus it can show itself indirectly, through the flight of capital from places where the organic composition is high, to places where the rate of profit is greater.

The tendency for the rate of profit to fall gives added impetus to the expansion and accumulation of capital, since a falling rate of profit can be offset to some extent
by an absolute increase in the amount of profit. However, if the productivity of labour is not increasing enough to offset the rising organic composition of capital, further accumulation may reach a point at which there is simply insufficient surplus-value being produced in relation to total social capital. When this occurs, it means that, from the point of view of profitability, the existing capital is "simultaneously too small and too large: it is too large in relation to the existing surplus-value and it is not large enough to overcome the dearth of surplus-value." (2) It is the contradiction between the tendency of the rate of profit to fall and the impetus to accumulate which leads to the periodic cycles of booms and depressions or recessions in capitalist production.

THE ROLE OF CRISIS

When capital accumulation reaches the point where there is insufficient surplus-value being produced in relation to total social capital, production is accelerated in an effort to produce relatively more surplus-value, i.e. to compensate for the declining rate of profit by increasing the mass of profit. This results in the overproduction of commodities (particularly production goods or what Marx calls Department I commodities) which is the beginning of the depression or crisis period after the "boom" of accelerated production and accumulation. The crisis appears as an overproduction of commodities although, as we have seen, its cause is the overproduction of capital relative to surplus-value. Because accumulation, and therefore investment, is restricted, commodities produced can't be sold or realised, and so there appears to be an "overproduction" or "underconsumption" of commodities. However, these particular forms of crisis can only be explained in terms of capitalist production in general, and the falling rate of profit in particular. The more detailed manifestations of capitalist crisis (for example, the Great Depression of the 1930s) are a halt in capitalist accumulation and therefore investment, a loss of business 'confidence' shown through the collapse of the stock market, etc. and massive unemployment.

This overproduction has occurred because the relatively reduced labour-power (reduced because of the rising organic composition of capital) is no longer able to reproduce and enlarge the total mass of capital: it is an overproduction of capital with respect to a given degree of productivity of labour, or exploitation. If the rate of exploitation can be increased, relative to the value of total social capital, then accumulation can proceed one more. And this is precisely what capitalist crisis does, hence its 'regulating' role.

Stagnation, or a sudden halt in the accumulation process, means that the exchange value or price of capital is depreciated, although its actual use-value is the same. This means that the same quantity of use-value, of means of production, before the crisis, represents a smaller exchange-value of means of production after the crisis. However, neither the rate of surplus-value nor the mass of surplus-value are affected, as they relate to the unaltered use-value of capital and hence to its unaltered productive capacity.

Hence, the potential rate of profit has now increased because the same amount of surplus-value relates to a lower total capital. Yaffe explains how this increase in the rate of profit allows capital to be restructured, so that production and accumulation can be resumed:

"The increase in the rate of profit only holds true once the expansionary process has begun again and represents a redistribution of profits (or potential profits) in favour of those capitalists who have managed to buy up capital 'cheaply';

"Secondly, with the centralisation and restructuring of capital that takes place in the crisis through competition, only the more productive capitals survive and allow for a higher social productivity of labour with increased markets. It is this mechanism which decreases the rate of exploitation and mass of surplus-value. The larger markets allow for increasing 'economies of scale'.

"Thirdly, this restructuring usually includes the abandoning of part of the least profitable and obsolete constant capital and, as such, frees the surviving capital (in money, or in commodity form) for new, more productive investment.

"Fourthly, due to increased unemployment, wages, which had a tendency to go above their value in the period of prosperity previous to the crisis, are now temporarily pushed below their value. Simultaneously, the working day can also be lengthened and the intensification of labour can be increased, resulting in an addition of surplus-value. Further, through 'rationalisations' in the labour-force, new methods and techniques of work, new methods of production can be introduced without the 'frictions' that would have taken place before the 'disciplining' effects of the
crisis on the labour-force.

"All these factors together play a role in the restoration of profitability of capital and this allows the accumulation process to continue on a new higher level. The crisis, therefore, removes a temporary barrier to further accumulation but only to set new limits on a higher level still." (3)

In this sense, crisis is the self-regulating mechanism of capitalist production when the tendency for the rate of profit to fall is not offset by other tendencies. The restructuring of capital and resumption of accumulation, however, only take place at considerable destruction of capital values (and therefore loss to sections of the capitalist class) and huge cost to the working class, through unemployment. The masses of unemployed present considerable social and political threat to the capitalist economic and social order (e.g. in the period from 1929-31, CPA membership increased by 500 per cent!). Hence it is in response to the political consequences of allowing capitalism to remain self-regulating that capitalist policies of state intervention into the economy, particularly those relying on the theories of Keynes, have developed. Since Keynesian economic theory focuses on the spheres of realisation and circulation, rather than production, as the crucial areas in the capitalist system, it seems appropriate to briefly discuss the marxist view of realisation (in terms of money) and circulation of commodities under capitalism.

MONEY AND THE CIRCULATION OF COMMODITIES

For Marx, the production process, not the circulation of commodities, nor their realisation in terms of money, was the key to the "inner workings" of the capitalist economy, for values must be produced before they can be realised. Of course, surplus-value, once produced, must be realised in the sphere of circulation if it is to be accumulated as profit and re-invested. This is, however, only a secondary problem compared to the problem of production. Although the production process is the original site of the contradictions which lead to capitalist crisis, these contradictions cannot be seen or measured directly, but rather manifest themselves through market and price relations which signify either an expanding (sufficient production of surplus-value in relation to total social capital) or contracting (insufficient surplus-value in relation to total social capital) economy.

According to Keynesian theory, market relations are governed by 'demand' and 'supply'. Marxist theory acknowledges that the demand for, and supply of, commodities can play a part in directly determining the price of particular commodities. Unlike Keynesian theory, however, marxism seeks to explain the levels of supply and demand, instead of just accepting them. For neither supply nor demand fall from the sky: their levels are determined by the rate of profit, which refers us back to significant movements in the production process. Marxism, then, treats supply and demand as the complex end-points of scientific analysis, rather than as simple 'givens'.

Another notion used misleadingly by Keynesian theory is that of the 'power' of money. Money is often seen as a kind of motor force in the economy, the manipulation of which can slow down or speed up investment and therefore production. It is true that the availability of money, particularly in the form of credit, does affect investment. However, money itself is a commodity, expressing given quantities of exchange-value. Historically, money, in the form of coins, then notes, was necessary as a 'universal equivalent' for which other commodities could be exchange. Originally, paper money was issued as an expression of actual values held by national governments, either in gold, or some other form. But no matter what form it takes, the amount of money in circulation in an economy is an expression of the total values of all commodities in circulation. If the face-value of money in circulation is increased faster than new values in the form of commodities are created, then no new value is produced; more money is merely equivalent to the same amount of values in circulation. Thus all that happens is that the unit of currency (the dollar, for instance) is devalued, for the ratio of the number of those units to a given commodity simply rises.

Of course, adding to the supply of money in circulation can have an immediately stimulating effect on investments (as the extension of credit in another form does). But this also mortgages surplus-value not yet in existence, and which, when produced, will not then be available for normal accumulation.

EFFECTS OF KEYNESIAN POLICY ON CAPITALIST CRISIS

As mentioned above, keynesian economic policy was a response to the increasingly destabilising political and social effects of the Great Depression, rather than to its effect on capitalist production. For, as we have seen, capitalist crisis, if left to itself, results in a
restructuring of capital and a resumption of capital accumulation.

Keynes explained crisis and depression in the following way:

As capitalist production expands, there tends to be an 'oversupply' of capital, and so the potential profit from investment tends to decrease, while there is insufficient 'effective demand' for goods already produced. ('Effective demand' refers to sufficient money for actual purposes, not to social need. Keynesian economists, by discussing 'effective demand', divert attention away from the constant gap between what capitalism produces and what society actually needs.)

Keynes' analysis of 'oversupply' of capital rests on the assumption that supply is a magical given, and that scarcity alone makes capital profitable. With the decline in expected profit from capital investment, or, as Keynes called it, a decline in the 'marginal utility' of capital, the capitalists' 'propensity to invest' declines, i.e. investments and capitalist accumulation halt, leading to stagnation and depression. This comes about (says Keynes) because capitalists prefer to hold their capital in the form of savings, rather than invest it in further capital production, which will not yield sufficient profit. The resulting stagnation, of course, leads to large-scale unemployment.

Keynes sought to remedy this crisis situation, and to control investment and employment in general, by manipulating the 'propensity to invest' of the capitalists. This could be done by the government's lowering of the interest rate on investment loans, part of Keynes' monetary policy, and an important technique in government management of the economy. At the same time, Keynes sought to raise employment, through government financed public works. This not only employed workers, but it gave them the money to spend on consumer goods, thus stimulating 'effective demand' and encouraging capitalists to invest in production to supply commodities for this demand. Government production of public works also meant the government hired private contractors, and so directly subsidised industry. Such expenditure could not be financed out of taxes and loans alone. Hence Keynes advocated 'deficit budgeting', i.e. governments should not be afraid to spend more than they actually received in revenue and loans.

Keynes' declining 'marginal propensity to invest' corresponds in some ways to Marx's falling rate of profit. However, Keynes attributed it merely to an 'oversupply' of capital, without explaining how or why such a situation should come about. Keynesian policy did 'work' in the short term in that lowering of the interest rate and government works did stimulate investment and offset unemployment to some extent. And World War II created precedents for qualitatively greater government intervention into the economy. However, the basic contradictions of capitalist production had not been changed, and their effects still emerged in terms of the boom-recession or 'business' cycle. Monetary manipulation and government intervention could only attempt to 'flatten' the business cycle through stimulating investment when the rate of accumulation slowed, and through slowing the rate of investment and therefore accumulation when it reached the dangerous peak before a crisis. Hence the 'stop-go' policies, in which credit squeezes (raising of the rate of interest) alternate with boom periods.

Thus, Keynesian policies treat the effects, not the causes, of capitalist crisis, the basic contradictions of which still remain. And in fact, Keynesian policies create further problems for the capitalist economy as a whole.

LONG-TERM EFFECTS OF KEYNESIAN POLICY ON THE CAPITALIST ECONOMY

Firstly, government spending is financed by (a) taxes; (b) loans; and (c) deficit financing. But no matter what the form of financing, it ultimately has to be paid for out of surplus-value, except to the extent that the national debt is reduced by the debasement of currency (inflation).

This means that government expenditure uses surplus-value which could otherwise be used by capitalists to accumulate more capital. Government expenditure does not produce any surplus-value, and for this reason schools, roads, etc. are 'unproductive' in terms of capitalist production.

Government expenditure may stimulate demand for capital or consumer goods, thus aiding certain sections of capitalists to accumulate. It may also provide a transport infrastructure and cheap raw materials for capitalists by enabling them access to raw materials and markets. However, from the point of view of total social capital, most government spending does not produce new values, and so does not add to total social capital. In fact, it prevents capitalist accumulation in that it uses surplus-value that would otherwise have been available to capitalists for further accumulation. As government spending increases, so does
the number of government workers. This means that there is an increasing expenditure on both goods and wages which does not produce any surplus-value. This is paid for out of the surplus-value produced by a relatively declining number of productive workers in capitalist production. Thus, overall, government expenditure prevents the growth of total social capital.

As Yaffe puts it:

"It is clear, therefore, that there are limitations to 'unproductive' expenditure and other government-induced demands in a capitalist economy. If production grows faster in a 'non-productive' sector, the production of profit, or surplus-value, relative to total production, declines more rapidly than before. More surplus-value must be produced from a smaller base of productive workers in order that the tendency for the rate of profit to fall is checked. As long as the productivity of labour can be sufficiently increased so as to maintain the rate of profit and finance the non-productive sector, government-induced expenditure will indeed be the 'cause' of high employment and social stability. But this process is self-defeating: to cope with the expense of the non-productive sector, the exploitability of labour must steadily be raised. This means a higher organic composition of capital and a decline in the exploitable labour force relative to growing capital. To maintain a high state of employment indefinitely the non-productive sector must increase faster than total production. But this implies a slow deterioration of private capital expansion which can only be halted by halting the expansion of the non-productive sector." (4)

In addition, insofar as government expenditure is financed by the issue of bonds and by budgetary deficits, it leads to an increase in the national debt. This means that future productivity and surplus-value is in fact mortgaged to pay for present unproductive expenditure. Thus not only existing surplus-value, but future surplus-value, is deployed into unproductive government expenditure.

Apart from government expenditure, the Keynesian approach of 'flattening' the business cycle in the long run inhibits capitalist accumulation, however much in the short run it may stimulate production in general, and prevent economic and social disruption. For, as we have seen, it is only accelerated capital accumulation which creates the conditions of capitalist prosperity or boom, and these conditions require, as a precondition, severe depression, bringing about the destruction of a part of capital, which is necessary for a resumption of production by the remaining capital at a higher rate of profit. If this cycle is continually prevented the destruction of capital, and the process of concentration and centralisation is inhibited. (In the United Kingdom the government has for some years encouraged and financed 'rationalisation' and 'reorganisation' of industry to offset its own inhibiting effect on the normal mechanisms of concentration through crisis.)

**INFLATION**

Another effect of government expenditure is the impetus it gives to inflation, or the devaluation of money. As we have seen, the total value of money represents the total value of commodities currently in circulation. But huge government expenditure means that money is being expended, particularly in wages, without a corresponding increase in real values. This requires constant increases in the supply of money (about 20 per cent per year in Australia) and results in "too much money chasing too few goods" which means price rises and inflation. In addition, capitalist enterprises often have large unproductive sectors, e.g. advertising, which contribute to an increase of the money in circulation without a corresponding increase in productivity. It should be noted in passing that inflation does not begin with money-wage rises. While rises in wages have been achieved by the working class in most advanced capitalist countries, inflation has increased much faster, hence workers' struggles for increased money wages are merely defensive attempts to keep up with inflation.

'Stagflation', which means simultaneous stagnation (lack of investment) and inflation, which has baffled many Keynesian economists, is merely a combination of inflation, caused by increasing government expenditure and government-induced production, and interference with the accumulation process, caused by government attempts to moderate the business cycle.

**BALANCE OF PAYMENTS CRISIS**

One of the ways in which stagnation, or lack of accumulation, manifests itself, is through an unfavourable balance of payments. This means that more capital, particularly in the form of money, is leaving a country than is coming in. This is partly because a low
rate of profit leads capitalists to invest overseas where profit rates may be higher. But another important aspect of this is a lack of exports compared with imports. Low productivity makes it difficult for commodities to be produced at competitive prices for overseas markets. Wages are an important aspect of production costs for exports, and if these are high (because of general inflation, and because full, or near-full employment gives trade unions a stronger bargaining position), then export goods cannot be produced at competitive prices.

The value of imports is then likely to exceed that of exports, and a nett obligation to overseas manufacturers thus arises.

Eventually, the total of domestic currency and obligations held overseas becomes of such a magnitude that foreign governments and capitalists lose confidence in the likelihood of their being adequately realised, and the currency must be devalued. This is what caused the famous American dollar and pound sterling devaluations.

Thus, Keynesian economic policies maintain old, and create new, contradictions for capitalist economies.

In addition, Keynesian remedies have had disturbing political implications for capitalism. For depressions can no longer be passed off as 'natural' disasters. Since workers know full well that the government can create conditions of full employment, they know that unemployment represents a deliberate attempt on the part of the government to weaken the bargaining position of the working class. Finally, state intervention in the economy raises the question among workers of nationalisation of the economy, and complete abolition of the private sector.

CAPITALIST PLANNING

It is in response to the economic problems of stagnation and inflation, which have been increased by Keynesian policies, that capitalist planning has been developed. This involves long and medium term government planning (as distinct from Keynesian 'stop-go' methods) at the social and political, as well as the economic, levels. This kind of planning is exemplified by the policies of the Organisation for Economic Co-operation and Development (OECD), an international capitalist think-tank, set up in 1961 to deal with problems which Keynesian policy had failed to solve. Australia joined OECD in 1971.

Whereas Keynesian policies focused on employment and demand management, OECD policies centre on a model designed to promote 'growth', which necessitates increased capital accumulation and therefore higher profit rates. This involves political, social and economic policies to this end, and includes as a central feature the undermining of working class militancy and organisation. Economic policy can be divided into two spheres: firstly, policy designed to aid capital formation and, secondly, that designed to streamline the realisation process.

Capital formation is aided by increasing profits and productivity through government-sponsored manpower policies and direct government control over wages. This means the government pays for workers' training and re-training schemes, child care centres (to allow more women to enter the work force), etc, while, at the same time, controlling wages by political means. This leads to a direct increase in profits and productivity and so aids capital accumulation. This is accompanied by rationalisation of capitalist enterprises: policies which eliminate small, inefficient enterprises, e.g. by removal of tariff protection. This aids the concentration and centralisation of capital, which in turn, assists accumulation. The control of wages, which directly increases profits, since lower wages make exports more competitive in overseas markets.

The realisation process is streamlined through general co-ordination of government and private investment, and through long-term planning to make demand and supply predictable for large capitalist enterprises.

The policy of direct wage control can, if wages are kept low enough, work to offset the tendency of the rate of profit to fall and so maintain a reasonable rate of capital accumulation without crises, which are replaced by planned 'rationalisations'. Wage control can only be achieved through complex social and political policy which ties the workers to capital at three points:

1. In government planning boards to which trade union leaders are appointed.

2. Tying unions to the state apparatus in the way the Arbitration Act already seeks to do (the British Industrial Relations Act is a more typical example).

3. Class collaborationist schemes at the point of production: (workers' participation, job enrichment, productivity deals).

By these means workers' class interests are liquidated into those of capital and the independence of their organisations is undermined.
Thus, OECD economic policy depends on the subjugation of working class political and economic institutions, particularly trade unions. Boiled down to its essentials, capitalist planning aims to keep capitalism going by sweating more surplus-value out of the working class, and by co-opting their institutions to prevent resistance. If co-option fails, as it has in Britain, sterner methods, such as Heath’s deliberate creation of unemployment, are used.

Many of the main aspects of capitalist planning have been introduced into Australia by the Federal Labor Government. These include government action for the rationalisation of industry (through tariff cuts), manpower policy and re-training schemes and worker participation schemes. It is essential for these schemes to be analysed, and strategies formed to oppose them. The whole thrust of capitalist planning is to make workers pay for regulating capitalism. Opposition to this is not merely narrow economism: it poses the whole question of workers’ control in a very concrete way: the control of the working class over the capitalist to the extent of preventing them from running the economy in the way they choose. It is a refusal on the part of the working class to take responsibility for capitalism’s problems. Existing workers’ control strategies and defensive struggles for wage rises could be combined with the following demands.

1. A rising scale of wages regulated by housewife and trade union committees. This demand says that the working class will decide, through its own representatives who experience the problem directly, what is the rise in the working class’ cost of living. It would acknowledge the work of housewives as the reproducers of labor-power, who must directly confront cost of living rises. It would expose the anarchy of capitalist production as the source of price rises, and it would point to the need to establish a society where workers are not faced with the continual struggle for existence that capitalism dictates.

2. The demand for work or full pay, which has already been expressed in Australia through the work-in, or refusal to take the sack. This cannot be fulfilled by individual employers, but must be raised as a demand upon the state, as the agency of the capitalist class. It can be argued that this is a minimum need which should be fulfilled by any society, but again, capitalism prevents satisfaction of minimum needs for the majority. It insists that, once again, whatever the problems of the ruling class, the solutions will not be at the expense of the working class.

3. In the context of the above, the demand for democracy in unions becomes increasingly important. Workers’ control means that workers’ organisations must be made responsive to the demands of the rank and file; this is all the more imperative in the face of a concerted attempt by capitalist government to integrate trade unions into capitalist planning and make them part of the state apparatus.

NOTES
1. The worker’s wage, according to Marx, is based upon the labor-time necessary for his/her subsistence and reproduction. Marx did not deal with the way in which labor-power is in fact reproduced, by the work of women in the family. Women who do this work, labor outside the capitalist mode of production, but their work is necessary to the latter, since they service workers and future workers (children) for capitalist production. Revolutionary struggles should take account of the particular work and specific oppression of women under capitalism.


5. Details of Labor’s adoption of OECD schemes can be found in: Catley R. and MacFarlane, B., “Labor’s Plan: Neo-capitalism Comes to Australia”, *Intervention* No. 3.


REFERENCES

Towards Liberation:

which step now?

Mavis Robertson

In the fourteen months since the formation of a Labor Government in December, 1972, many social policies, once only discussed in the left, have become subjects for wider consideration.

From the viewpoint that everyone should be entitled to a minimum living wage, it seems feasible, at first sight, for payments to be made to those who do housework in the family, or, more particularly, to those mothers who care for children at home.

It is well known that there is sympathy for a ‘mother’s allowance’ amongst ALP caucus and Cabinet members. The motives of the politicians have not been clearly revealed. Some may wish to give recognition and financial compensation to women who now perform necessary, but unpaid, work. A stronger pressure was, and is, for the government to tackle the serious lack of child care facilities. This pressure comes from various quarters, from women who want to work outside the home, from parents and others who value a social framework for the early training of children, and from employers who want women in the workforce.

It is known that some politicians, reflecting the ‘women’s place is in the home’ ethos do not favour extensive child care facilities catering for the age group 0-3. The ALP has placed its main emphasis on developing pre-school education for 4 and 5 year olds. A ‘mother’s allowance’ may have been seen as a means to take the heat out of the growing demand for an all-embracing child care scheme and in any case limited payments to individuals who stay at home precludes the necessity to provide expensive buildings and staff. In a society where, despite challenges, a prevailing view is that the child, when
young, needs mother, such a scheme would not tread on too many toes. The scheme was given serious examination at various levels of government but now appears to have been shelved because of the enormous cost involved.

This suggests that any redistribution of income within the framework of a system based on profit will be limited. There may be adjustments in present pension rates and some extensions but the idea of a minimum wage for everyone, and especially for women not now in receipt of any income, is just not on.

Although the introduction of a ‘mother’s allowance’ is not an immediate prospect, the principles advanced in the debate are important for socialists who do propagate the idea that everyone is entitled to a minimum wage.

In the women’s movement, the question has not been seen simply in terms of payments to mothers (or fathers), but for housework. At a women’s trade union conference in 1973, the need for an industrial award was canvassed. In other discussions a ‘mother’s allowance’ has found both support and opposition.

It is admitted that most women are housewives and that almost all women do housework. It is part of reality that society depends on a large amount of unpaid work, mainly performed by women in the family. Since it is important to disclose this reality to show how capitalism benefits from the exploitation of women there is justification for the demand that this work become paid work.

At first sight, it seems a simple and principled solution to demand a rate of pay which would be made if the houseworker were an employee, but the matter is not simple and the principles involved are by no means clear-cut because other questions intervene.

Should everyone who does housework be paid?

Does that mean that the woman who works in industry or office, and then comes home to do a ‘second shift’ in the home be paid twice? Should single men, as well as women, living outside their families, be paid for the housework they do? Should the payment be divided when a man helps with the housework, and who determines the percentage? Who supervises or determines efficiency ratings?

These questions, and others, pose issues which go far beyond the provision of a minimum wage for everyone by touching upon many aspects of wage fixation policy, on the ‘traditional’ expectations of women, and their role in the family.

If, for example, an industrial award took account of the many skills involved in housework and the hours worked, the wage would have to be fixed far above the present minimum unskilled wage paid for a 40-hour week, with annual holidays and sick leave.

More importantly, if a wage was paid, large or small, it would confirm most women into their traditional role of houseworker and child rearer, reinforcing the capitalist value that women’s place is in the home. Far from freeing women through the provision of this form of economic independence (an important factor) payment for work in the home would divert attention from the need to find social solutions for much of the work now normally done by women and increase the burdens upon them. Wages for housework would, for example, provide a much more telling argument than any now existing that it is proper for women to stay at home. Some men would surely cut down on their financial contribution to the upkeep of the home on the grounds that the woman already has been paid money for this purpose. Economic independence would be an illusion in such circumstances. And it would be understandable if men then refused to give any help in the home on the grounds that women have been paid to do that job(s).

One basic theory of wage fixation could be challenged, but not necessarily to the advantage of women.

In capitalist society, it is the clear aim of the owners of industry to return to workers, in the form of wages, as little of the value that the workers have produced as is possible. Although the wage rates are mediated by struggle, circumstances and prevailing social expectations, the general idea is to provide sufficient for the worker to be fed, clothed, housed, rested and healthy enough to come back to work the next day, and for the next generation of workers to be reared.

It is because provision must be made for the future that wages are deemed to provide sufficient for a worker to reproduce himself, that is, for the bearing and rearing of children. It is not a question of whether wage fixation tribunals speak in terms of an amount ‘sufficient to keep a man, his wife and children in frugal comfort’, as it was once so quaintly expressed, or whether wages are fixed by some other formula such as one rate for each job, but the assumption that wages will cover these costs.

In this context, the unpaid work of housewives and mothers is not a proper description
since women so employed are actually paid in kind with food, shelter, a degree of protection and status. The quality of the payment depends on the resources and the attitude of the husband. Direct exploitation is experienced by those who produce value but receive only a part of that value as wages. Their dependents, who perform an essential part of the worker process, share that exploitation and suffer specific oppression because they are dependents.

If a redistribution of income is seen from within the capitalist system, wages for housework could leave profits untouched. It is possible to conceive of a redistribution which in monetary terms would preserve the status quo, with those now in the work force receiving less and those at home receiving a direct payment but with the total no more than the amount now paid as wages. This form of economic independence for women would be 'won' at tremendous cost. It would make more permanent the division of labor based on sex, and further alienate men and women from each other.

But now let us assume that it is possible to force a redistribution of income which subtracts from capitalist profits. The demand for, and the achievement of, equal pay can achieve a certain redistribution. This demand has the added value of challenging the concept that all wages have a 'family' component and that the work of women is less than the work of men. In general, however, if redistribution is forced in terms of individual wages and not in terms of social responsibility for child care, some areas of housework, etc., there will be little or no recognition of the fact that the area of exploitation in capitalist society extends far beyond the factory or office, and for women is primarily centred in the home.

This suggests that when income can be genuinely redistributed in a society which has ended capitalist exploitation, payment for housework would not be a suitable option.

This becomes clear if we consider the cost of the modest scheme investigated by the present Labor Government, which was designed to provide a mother's allowance of $20 per week. Estimates show that if this payment were made to women who stayed at home to care for a child or children under 16 years of age, the annual cost would be at least $1.220 million. The cost could be reduced to $435 million per annum if the allowance was only paid to mothers with children under the age of three. Those making these estimates (John Mahoney and John Barnaby in Social Security, Winter 1973) note that their figures may be understated since some women, presently employed in low-wage industries, might cease working if such an allowance were introduced.

It is difficult to think about a sum of money of the magnitude of $1.220 million. It is approximately the amount allocated for 'defence' in the 1973-74 Budget, and on that fact alone, some might wish to argue that the country could afford that sum to pay mothers but the fact that large sums of money are now wasted, as much of the defence allocation is, should not be an excuse for substituting other forms of wasteful expenditure. If the payment was not an allowance but a wage fixed by an industrial award, and was paid to everyone engaged in housework -- not just mothers -- the cost would be close to half of all money now allocated through the national budget. As such, the demand is a fantasy. Its one value lies in pointing to the fact that so much socially necessary work for society is done without monetary reward.

In principle, to avoid the further legitimization of the role of houseworker for women, and in practice to avoid a very wasteful and costly method of ensuring that necessary work be done it would be more rational to invest money to provide facilities which would end large areas of private housekeeping.

It is thus more logical now, and in the future society, to demand, instead of wages for housewives, the extension of social responsibility to provide:

| 1. attractive, comfortable housing designed both for private and collective living |
| 2. multiple child care facilities to take account of a variety of needs for children and parents |
| 3. industrial cleaning services |
| 4. community laundries and laundry services |
| 5. meals for children at school, meals for adults at work, a major expansion of pre-prepared foods and neighbourhood dining rooms. |

All these facilities exist now, there is no technical problem, but they are available only to those who can afford them. The further development of such service industries, under capitalism, depend primarily on whether or not they are profitable. The problem is the prevailing values of capitalist society.
At the same time, it is relevant to raise the need, also technically feasible, to reduce working hours for all workers. A shorter working week and more flexible hours would make it possible for both men and women to share the burden of those areas of private housekeeping which cannot yet be solved socially.

If trade unions recognised that the payments returned to workers are for the purposes previously outlined, unions may cease to worry about the 'family component' in the (male) wage, with all that implies for both housewives and women in the work force, and begin to see why it would be valuable for both men and women if demands were made on employers for additional and different forms of payment.

Demands for child care facilities should be the demands of parents (not simply of women), while the cost should be a charge on all employers, and not only on employers of women. Demands for health insurance, for dining rooms, for industrial cleaning and bulk-buying food facilities are quite practical and, if introduced into negotiations when wage claims are being made, could begin to undermine the capitalist value that everything which takes place outside of the work situation is a private responsibility.

The position of women as mothers is a connected but different matter.

The health and welfare of women as mothers ought to be a growing social concern and one which is not confined to the period when a woman is pregnant or gives birth. All women who are potentially mothers experience biological functions which can disadvantage them. It would, in my view, be reasonable to insist that sick leave provisions for working women be of sufficient duration to enable women to take time off if they have problems associated with menstruation. Some women do not face menstruation problems, but many do. Until medical solutions are found, this condition ought to be recognised and compensated for.

Pregnancy may or may not be difficult but it is certainly not a condition which can be taken lightly. Medical practice and labor laws should reflect the need to make pregnancy less disruptive and difficult than it is now.

The question again arises: Who pays?

One could consider pregnancy in a similar category to an industrial accident where compensation is paid. The analogy isn't very good since it can be argued that pregnancy is a matter of choice (although that isn't always the case). I would argue that the months of pregnancy and the initial period of nursing represent the basic element in the production of the most valuable asset of society, the child.

Given the population explosion and a growing consciousness that the resources of our planet are finite, there is a tendency to suggest that this is not so, that women should not have children, and might be penalised if they do.

Certainly, the need to place different facts and possibilities before women is essential. This is a complex matter involving sex education, availability of contraceptives and contraception knowledge, access to safe, legal abortion, a real understanding of the problems of consumerism, population growth, and conservation of resources.

But punitive action is quite a different matter. This would be directed against already disadvantaged women. Socialists should be for choice, based on a growing consciousness of the issues involved, and the absolute right of women to control human reproduction.

Since most women will continue, in the foreseeable future, to want children and to have children, their position as mothers must be a primary concern and the view, alienating to most women, that it is rather unliberated to have children should be rejected just as the description of the objective position of women in the family should not appear to be a demand to end all personal relationships and views on the need for social responsibility for children should not assume that there is no need for individual love and care for children or that we can jump over stages in human development and demand that everyone love all children equally.

Instead of beginning a program for mothers at the point when they are caring for children, it would be more logical to insist that substantial maternity leave becomes a right. Maternity leave is, in one sense, a payment for the use of one's body, the physical effort involved in birth, and compensation for damage done to veins, womb, etc. It should not be a payment made only if a woman ceases employment, but one which is made whether she works outside the home or not. The cash equivalent of six months' pay does not seem unreasonable, in my view, since such an amount would allow considerable choice in respect to employment and adjustment. To prevent such a social service (or even a more limited maternity leave scheme) being used to deprive a woman of employment prospects on the grounds that she may become a burden on an individual employer, a system of payment involving all employers, similar to that which covers workers' compensation, could
be introduced so that there is no particular disadvantage.

A nursing mother should have the right to shorter hours of work without loss of pay, funded in a similar way. The right to light work at this time should not be sought to point up her weakness, but in recognition of the service she is providing to a child and to society. There would be many other reasonable demands which could be introduced for the benefit of women as mothers which need not reinforce the traditional female role, but would provide much needed support. This would require a turn from the capitalist notion of private responsibility to one where the birth of a child is seen as a value to society for which due compensation is necessary.

No set of demands can be taken in isolation. It could be argued that such provisions for child birth would encourage women to produce too many children, but this ignores the fact that the poor and disadvantaged, in general, have the largest families. Contrary to the facts, such notions suggest that women want to be pregnant most of their lives. When they are widely propagated, they divert the struggle for real aid to women and reinforce the reactionary view that at base women are just breeding machines.

But what then of the mother who wants to stay at home with her young child or children, for whatever reason.

First, it should be clear that many women have no other alternative, and paternity leave, while a useful addition to the early days of a child’s life, is no substitute for the multiple choice which should exist but does not.

Until there is a variety of child care in the community, and at workplaces, providing part-time and full-time care, specialised care for the sick or the disadvantaged, after school care and holiday care, and until there are flexible employment prospects for both parents, we will never know how many women will, from choice, remain at home with young children.

It will not be possible to prove that social care of children is more desirable (for the child and the parents) than individual care until social care is available to be experienced. Even then, there may be exceptions.

The question here is priorities. A massive allocation of funds (and not only funds) would be needed to provide adequate child care. Once that priority is achieved, but only then, I would not regard it as unreasonable to pay to any male or female who decided to stay at home to care for a child the equivalent of the cost of maintaining that child in a nursery school. (The amount would probably be $20). Here it would not be a question of forcing acceptance of one solution but of showing by example and convincing people that the social solution is preferable to the individual solution.

In Australia we are a long way from the point where this option is open. The need now is to channel campaigning energy into winning conviction that child care must be the priority, that the demand for a mother’s allowance is a diversion which, in any case, is less likely to be achieved, and if achieved would not solve, but rather enhance the problems most mothers face.

At the same time, I believe that child endowment should be maintained as a direct social service, representing some social responsibility for children. It is a scandal that child endowment payments have remained stationary for many years without much protest from anyone. If the payment were a fixed percentage of average wages, paid to the mother when the child is young, and paid to the child when she or he is older, this would represent some redistribution of income and could force the capitalist system to hand over a larger part of the social product for the reproduction and care of the new generation.

A total view is needed. While child care is crucial, policy on social services, hours of work, employment opportunities, holidays, etc. are all connected. No one may expect great changes immediately, even when social responsibility has been widely accepted for what is now ‘women’s work’. Thousands of years of tradition cannot be eroded quickly, but the point is to take those steps which begin to replace ‘women’s work’ and not to seek solutions which will maintain it, albeit in more comfortable surroundings.
To the casual observer, any attempt to understand the Middle East situation and its various manifestations must be akin to being suddenly confronted with a forest, and, overwhelmed by the oppressiveness of the whole, being unable to delineate any one particular object within the whole. The value of studying historical trends lies not in the research producing some magic solution, but rather in the provision of knowledge which, in unravelling the background to an issue and in demonstrating reasons for the actions of nations and men, thereby helps to defeat mindless emotion and acquired prejudice.

I hope in this article to place an emotionally-charged problem of our times, namely the Arab-Israeli conflict, into sharper focus and thus encourage rational debate over what should be our collective attitude to this problem.

History is a seamless web, the decision to choose a starting-point always being arbitrary. The Arab-Israeli conflict could feasibly be traced back to the first contact between Jews and Mohammed’s legions in the seventh century. However, the present, seemingly intractable problem that exists in the relationship between Israel and the Arabs originated in more recent times in the struggle for Palestine. While some friction manifested itself from the last years of the nineteenth century (1), the conflict, as it is recognisable now, can be said to have arisen out of a confusion of pledges made by Great Britain during the course of the 1914-18 war. Because of this very confusion both the Israelis and the Arabs can and do lay
claim to have right and justice on their own side. The Arabs quote the McMahon correspondence; the Jews, or more correctly the Israelis, point to the Balfour Declaration. A brief perusal, then, of the background to the conflict is called for before an examination of the significance of the present situation can be taken into account and before solutions to that conflict can be proposed.

The Arabs' claim to what is now the State of Israel dates from the promises contained in the correspondence of Sir Henry McMahon with the ruler of the western part of the Arabian peninsula, Sharif Husain, in the period July 1915 to March 1916. Britain thereby pledged the establishment of an independent Arab nation in return for Husain's promise to recruit soldiers to fight against the Turks and in his promise of economic preference for Great Britain. On the strength of this agreement the Arabs declared war on June 5, 1916 and in so doing played a significant part in the defeat of the Ottoman Empire. However, nations are often like individuals -- when they find themselves in a difficult situation as Britain did during the war, they sometimes make promises that they may be unable to effect or, indeed, have no intention of keeping. This was also the case with the British promise to the Zionists in the following year.

ZIONISM

The Zionist movement had developed in response to the deteriorating social conditions of Jewish people in Eastern Europe and Russia during the last years of the 19th century and was to be given added impetus in the search for a haven for Jews with the publication of Theodor Herzl's Der Judenstaat. In order to facilitate emigration to Palestine, the Jewish Colonisation Association was formed and it began to make large land purchases from the local Palestinian inhabitants. Internationally, however, the period up to the First World War was one of frustration for the Zionists. They appealed to virtually every government in Europe and offered Jewish loyalty and finance in return for aiding the Zionist colonisation of Palestine. All such requests failed, but the war altered the picture. The first announcement of an alliance between Great Britain and the Zionists came in the form of a letter sent by the Foreign Secretary, Lord Balfour, to Lord Rothschild on November 2, 1917. It was this that came to be known as the 'Balfour Declaration'.

These contradictory agreements -- the McMahon Letters and the Balfour Declaration -- were thus made through a desire at each stage to strengthen the security of the British Empire. In one case, the Arabs would aid Britain in the fight against the Turks; in the other, with France now so close to the Suez Canal, (3) the Zionist argument that a grateful Zionist government in Palestine would always remain an ally of the Empire acquired added force.

The Balfour Declaration and its ratification by the League of Nations (in the form of the Palestine mandate given to Britain) initiated a bitter contest between two nationalisms, both claiming the same territory. The Zionists demanded Palestine because it had been promised by their God, Yahweh, and confirmed more recently by Balfour and the League. It was a 'return' full of mystical significance. It was perhaps not unnatural that the Zionists -- notwithstanding the stipulations for securing the rights of the non-Jewish inhabitants of Palestine -- should have interpreted 'the establishment in Palestine of a national home for the Jewish people' as 'recognising Palestine as the National Home of the Jewish People', which was what they had asked for in 1917 but which had not, in fact, been granted. The Palestinian Arabs wanted Palestine simply because they lived there, and they pinned great hopes on the new principle of self-determination. The British mandate to Palestine was, indeed, of the 'A' class, applying to 'certain communities belonging to the Turkish Empire' which had 'reached a stage of development where their existence as independent nations' could 'be provisionally recognised'; and, considering that Palestinian Arabs constituted the overwhelming majority of the population of that country at the time, they not unnaturally regarded the mandate as a recognition of their right to become -- as other ex-Ottoman Arabs did eventually in Iraq, Syria, Lebanon and Jordan -- a fully self-governing Arab people, notwithstanding the provision, likewise contained in the mandate, for the establishment, in Palestine, of a national home for the Jews.

ARMED STRUGGLES

The following three decades set the scene for an accelerated immigration program which was reflected in heightened tensions with the local Arab community and punctuated by anti-Zionist uprisings in 1921
and 1936. Finally, while a special session of the UN General Assembly was considering a proposal that the United Nations should take over the Trusteeship of Palestine in view of the difficulties in implementing a suggested partition plan, Ben-Gurion and the members of the National Council of the Jewish State in Palestine proclaimed the creation of the State of Israel on May 14, 1948. This proclamation directly involved, for the first time, established Arab States in the Palestinian issue. Israel claims that the intention of the Arab League States was to destroy the very existence of the new Jewish state. Arab apologists claim that the Arab armies entered only the Arab State area in order to prevent the Zionist seizure of all Palestine. Israel, nevertheless, was to assert that this 'Arab aggression' rendered all previous UN resolutions concerning Palestine -- and their inherent obligations for Israel, particularly to the local Arab population -- null and void. It is interesting now to note that the King-Crane Commission of 1919 which was enquiring into the problems of the Palestine mandate should have declared that 'no British person consulted believed that the Zionist program could be carried out except by force of arms'. It was a shatteringly accurate prediction.

MIDDLE EAST AND WORLD POLITICS

In recent years the growing independence of the Arab States and the increased importance of the Middle East to the world's energy requirements, have made the Arab-Israeli conflict significant in terms of the global balance of power. One leftist viewpoint in this context has been that Israel has become a pawn of American foreign policy in the region. While this is a demonstrably oversimplified analysis, it is true that the US between 1956 and 1973 identified its interests with those of Israel and against those of the Arab States. Indeed, the introduction of Great Power politics into the Middle East equation has further complicated the issue and must always be taken into consideration in any assessment of the problem.

Both the US and the Soviet Union have utilised Arab and Israeli rulers in order to safeguard their own national interests. However, Great Power alliances in the area have been a surprisingly unstable factor. The Soviet Union, for instance, originally strongly supported the establishment of Israel partly in the hope that British influence in the area would be reduced. Its present tacit support for a negotiated settlement is not entirely unrelated to its interest in getting the Suez Canal re-opened. To elaborate further on the point, the US supported Nasser's claims to the Negev in the period 1952-55 and requested withdrawal of Israeli troops from Sinai and Gaza at the end of 1956. The objective of the US was to prevent an alliance of the emerging Arab nations with the Soviet Union and to protect its position in the region. The current flurry of Kissinger diplomacy can also be seen in this light. Nor is it true to say that either the Soviet Union or the United States is in a position to 'deliver' their clients, in forcing on either Israel or the Arab States a settlement unfavourable to them. In our own times the Israeli Government has been unresponsive to American pressures for those territorial concessions that would serve to meet US needs (e.g. oil) in their relations with the rest of the Middle East. Moreover, the Arab States, notably Egypt, have successfully managed to turn on and off friendship with the Soviet Union whenever domestic or foreign policy requirements demanded it. In fact, while the Arab bloc as a whole has more and more asserted itself politically and economically, and is a force in encouraging national liberation movements elsewhere, particularly Africa, it is becoming increasingly difficult to place the various Arab countries into any easily identifiable ideological framework. There are still pan-Arab Nasserists and reactionary sheikdoms, but there is also a militant Libya which is fervently anti-communist and a formerly pro-Western Saudi Arabia which has imposed a political oil embargo (as opposed to the cutback in oil production, which is an economic issue) to satisfy the religious desires of King Faisal. It cannot be reiterated enough, therefore, that the solution to the Middle East crisis can only result from changes occurring within the Israeli and Arab nations, and will not be imposed from outside and against their perceived national interests.

THE PROBLEM TODAY

Since the Palestinian war twenty-six years have passed and three further armed conflicts have become history. This is because the basic problems created by the attitudes which led to the events of 1948 still exist, and the expenditure of time, passion, and the involvement of imperial-
ist and great power interests, have only served to aggravate them. Let us examine then these component problems of a seemingly insoluble conflict. Firstly, the question of the very existence of Israel and what this existence means to the opposing parties; secondly, the tragic situation of the Palestinian refugees. Only if these component parts are resolved satisfactorily can there be any real hope for a settlement of the Arab-Israeli conflict and for the defusing of its allied threat to world peace.

The British historian Lewis Namier, himself a Jew, profoundly believed that only the formation of a Jewish national state would solve the Jewish problem. It was at the opening of the 1940s that he wrote: "There are many millions of Jews who will never abandon the age-long goal of the Return, and the half-million in Palestine will never accept minority status in the National Home." (4). In other words, the Zionists were not prepared to accept a federated Palestine or, indeed, any solution based upon the principle of national self-determination. Their aim was nothing less than partition, with a state under Jewish control. Namier claimed, furthermore, that the mandate of the League had acknowledged the unbroken national and religious tradition of the Jewish people's special relationship with the land of Palestine. Yet was this claim to sovereignty through 'an ancient historical right' wishful thinking? H.V. Cooke in his book, *Israel - A Blessing and a Curse*, thinks that it was. It is pure nonsense, he says, to view 1948 as a restoration of the Jewish State that had been made ineffective in 70 A.D. for hardly a nation would be secure in its territorial sovereignty if this principle was universally valid. (5) However, Israel's rights of sovereignty are now complete and she is an accepted member of the Community of Nations - except nominally on the part of the Arab States which continue to espouse the attitude that the Jewish claim is invalid. This feeling of antagonism and of being unjustly treated goes back far beyond 1948, to the growing Zionist threat.

The Zionists saw anti-semitism as something that was inherent in all non-Jewish peoples and that the only solution to the Jews' problems would be an ingathering of all Jewish people to Israel. However, their concept of Israel as the 'home of the Jews' actually militated against the solution of Jewish problems in other countries and their striving for justice. All indications are that Israel's existence - in its present form - has exacerbated those problems. It may very well be that Zionism, in the longer perspective of history, will come to be evaluated as a transient political program which met certain needs and aspirations while they lasted. It should not be forgotten that prior to the Nazi persecution which rallied world Jewry behind the concept of a Jewish national home in Palestine, many leading Jews in Europe and the US had believed that Zionism was endangering their nationality status in the countries of their birth and also causing even more anti-semitism. A return to this attitude in the near future is more likely than not. From a tactical point of view, the separation of the 'Zionist manipulators' from the great mass of Jews has been a constant theme in the attitude of those who struggled against the Jewish colonies in Palestine and who are struggling against Israel, and this extract from a 1946 speech by Abd-al-Rahman Azzam, the then Secretary-General of the Arab League, places the Zionist threat into what he, for one, considered to be its proper perspective:

"The calamity of Zionism has overtaken them (the Jews), Zionism which the British at first supported with their money, so that Zionism may build a foreign, imperialistic state in an Arab land. The Zionists are a curse on the Jews themselves and, indeed, on us Arabs." (6)

A curse on the Palestinian Arabs certainly. But it is becoming apparent that unless the Zionist program is fundamentally modified, it could develop into just as much a curse for the Israeli masses. For while the initial effect of the October war has been to harden the Zionist stance and to reinforce the support for retaining some of the occupied territories as a buffer against further attacks, it is obvious that in the long term major concessions will need to be made. And when the mass of the Israeli people come to realise that their very survival is being threatened by the continued militarist policies of Zionism, a peaceful revolution in values may conceivably eventuate which will reject Zionism as having outlived any past usefulness. Nevertheless, this realisation will never have much chance of developing into a powerful political force until threats of 'driving Israel into the sea' are renounced by Arab governments. Whatever may be the rights and wrongs of the situation, the existence of Israel has returned a dignity and pride to the Jew. Any armed attempt to destroy that nation will continue to be met by a determination that has acquired a force of two thousand years of suffering and alienation behind it. We must not underestimate the significance attached by the Israelis to the fate of the Biafrans with whom they identified to the extent of be-
lieving that 'there, but for the grace of the Israeli defence forces, go we'.

ISRAEL'S RIGHT TO EXIST

So it must be stated forcibly here that Israel, whatever its eventual territorial size or its composition, must be guaranteed its right to exist in return for fundamental concessions, concessions that cannot be made by the present leadership. What is really ironic is that Israel in 1974 is in a more precarious position than it was in 1956, despite (or because of) the military successes of the Zionist leadership. If the Arab armies had not been defeated time and again on the field of battle, the much more effective weapon of oil -- whatever one thinks of the morality of wringing diplomatic changes from dependent nations in such a way -- would not have been utilised. As a result the initiative and balance of power has shifted perceptibly and inexorably to the Arab camp. Thus, the Zionist program, in being carried through to its logical conclusion, has brought a permanent military alert to Israel and the whole region, with a consequent neglect of pressing socio-economic needs on the domestic front.

THE PALESTINIAN REFUGEES

I shall turn now to the question of the conciliatory initiatives that need to be forthcoming from Israel, concessions that are realistic within the prevailing historical and political framework and which progressive forces around the world might feasibly rally behind. Essentially, the solution revolves around -- as it has always done -- the question of the Palestinian refugees. No final peace settlement can be brought about -- no Arab government could afford to recognise the existence of Israel given the power and influence of the Palestinian guerrillas -- until the settlement of the refugee problem. And this settlement, furthermore, is inextricably linked with a withdrawal from occupied territories and a re-appraisal of the kind of state Israel is to become.

When one referred to refugees prior to 1948 one meant, of course, the Jews and not the Arabs; those coming to form Israel, not those being excluded from it. The tragic story of the Arab refugee began with the announcement by the British of the termination of their mandate (in itself a victory for the terrorist policy of the Stern and Irgun organisations) and the subsequent civil war that raged through Palestine. The day following the proclamation of the State of Israel, the armies of six Arab countries launched their offensive. The Mufti of Jerusalem and other Arab leaders exhorted the Arab population of Israel to leave their homes and seek protection behind Arab lines. This most of them did do, but as Israel was not defeated, they were left stranded following the ceasefire. Some 750,000 were scattered in the Gaza Strip, Jordan, Lebanon and Syria. They were not allowed to return to their homes, and their places were taken by the many thousands of Jews who poured in from Europe and elsewhere -- 300,000 in the first eighteen months; 820,000 in the first five years. Given that the two sides are starting from conflicting first principles, there has never been much of a hope for the settlement of this problem. Before agreeing to a partial return of refugees or the consideration of some other plan of settlement Israel has always insisted on the signing of a peace treaty. The Arab governments, for their part, constrained by the attitudes of the Palestinians and by the unknown reaction of their own populations, have refused to consider a final peace settlement until the prior settlement of the Arab refugee problem. They have, in fact, resisted every attempt to resettle all of the refugees in their own countries, arguing that such resettlement would in effect concede Israel's right to the territory it occupies (now including the territory of Arab States themselves since 1967), and to the former property of the refugees. This is not to say that they have not accepted the resettlement of large numbers of Palestinian Arabs, but it does mean that they will not agree to any UN developmental program that denies to the refugees the right of repatriation. (7) And despite the re-entry into Israel by 1961 of 35,000 Arabs under the Family Reunion Plan, as long as the absence of those who wish to return is due only to a prohibition upon their return, their residential claims must still be adjudged valid.

The ostensible reason given by the Israelis for their turning-down of the almost annual UN requests for repatriation, and for their demand for a peace treaty before such a consideration, is that they consider these refugees as a potential internal threat to Israel's security and very existence. This is not the whole reason however. There is a distinct emotional disinclination to take back large numbers of refugees, thereby diluting the Jewish character of Israel's population. Apart from a not unexpected tendency towards aggressive nationalism after centuries of persecution and subjection, there is a strong feeling that there is something of a Messianic fulfilment...
A visit to Israel reveals to the traveller just how much it is a 'Jewish State', and its religious significance may be ascertained from this speech of Ben-Gurion's in 1957:

"If we had not inherited from the prophets the Messianic vision of redemption, the suffering of the Jewish people in the Diaspora would have led to their extinction. The ingathering of the exiles ..... is the beginning of the realisation of the Messianic vision." (8)

WHAT KIND OF STATE?

It is this view of the kind of state that Israel is, or should be, which has made the solution of the refugee problem more and more difficult, and which has increased the Palestinian leaders' distrust of the Israelis along with their conviction that a settlement can only be brought about by force and through the destruction of Israel. It is the reason why I am convinced that with a peaceful and total settlement of the refugee problem, a major tenet of Zionism (the Messianic vision of a strictly 'Jewish' state) will have been undermined.

In the final analysis, it will require great vision and selflessness on at least one of the sides to break out of the captivity of over fifty years of fixed national thinking. For while it may be true that the leaders of nations initially govern public opinion, it is equally true that public opinion eventually comes to govern those leaders. That is why a permanent peace settlement can never be applied by the Great Powers. This can only occur when there is a change in the nature of the conflicting national interests. This writer, moreover, is of the opinion that only one party can provide the key to that change of heart. The anti-Israel coalition is too disunited, too composed of varying aims to initiate such a change. A final peace agreement will require concessions in territory and a serious reappraisal of the kind of State that Israel intends to be -- in terms of it becoming a less overtly 'Jewish' State and in terms of its relationship with the West -- and these can and must come of their own free will from the Israelis. There are signs that such a change is beginning to develop: There has long been a group in Israel which believes that Arabs and Jews can live side by side in peace. Led by Mapam, Israel's Marxist Labour Party, this group is attracting attention with its idea that the conflict with the Arabs is being intensified by Israel's identification with the West, and that Israel should adopt a neutralist line, more in tune with the rest of the Middle East. It was also of some significance, moreover, that Ben-Gurion, in the period prior to his death, stated repeatedly that he was for giving back all of the captured territories for the sake of peace.

If the above attitudes were to gain ground and become the basis for future Israeli foreign policy, would this set into motion the beginning of the end of the Arab-Israeli conflict? Yes, I believe it would. There should then be enough areas of common agreement to make possible direct negotiations with the more responsible fedayeen groups which have been talking of the creation of a multi-racial, multi-religious state in which Jew and Arab will be equal. (9) The final solution could well be a more realistic compromise based on a partition settlement, perhaps producing a federated nation but certainly with the establishment of a Palestinian State comprised of the West Bank plus some other areas which are now a part of Israel. The resettlement of the Palestinians would have a corollary in further reducing tension by downgrading the Zionist requirement for more large-scale Jewish immigration (and by implication, Israel's ties with the West). Economic co-operation between the two peoples -- combining the technological expertise of the Israelis with the new-found nation-building dignity of the Palestinians -- would serve to raise the living standards of the whole region and begin the effective and necessary integration of Israel into the Middle East. Other by-products of the relaxation of tension in the region would be that (i) reactionary Arab leaders could no longer use their 'common enemy' as a convenient pretext for distractive their people's attention away from urgent domestic considerations; (ii) it would allow Jews living outside Israel to devote their full energies to vital socio-economic struggles within their own countries.

Our own role in this issue should be primarily one of providing active moral support for those Israeli forces which are currently striving to overcome the negative, restrictive and intransient elements inherent in Zionism. (10)

The socialist movement in Australia must express its opposition to Zionism as a political program and strengthen its ties with those groupings in Israel which are looking beyond the short-sightedness of the present Israeli power structure. Obviously, in this context, nothing should be done which would weaken the stance of such people in the minds of Israelis and world Jewish opin-
tion. Anti-Jewish activities in the Soviet Union and elsewhere, for instance, is counter-productive to the cause of justice and peace and does not strengthen the hand of progressive Israelis and Jews. Saner counsel must prevail, and wherever we can bring our collective influence to bear we must do so. Not only this, but our attitudes should be made known to progressive elements within the Palestine liberation movement and the Moslem world in general. There can be no doubt that Arab statements concerning the liquidation of Israel and the deportation of Jews has helped to maintain the support of Israelis for their politico-military leadership and its Zionist ideals.

Still, let there be no mistake. The road to a peaceful and ultimate settlement will be a thorny one, fraught with almost insurmountable difficulties. Nothing can be imposed from outside and be successful. What we can do in all goodwill is to take the initiative and make our viewpoint known to all parties in the conflict. But if a lasting settlement is arrived at, it will be comforting to know that it is within the realms of possibility for men, by applying their willpower, to solve the most serious of international conflicts, and the establishment of Israel may yet turn out to be a blessing, not a curse, for the whole of the Middle East.

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FOOTNOTES

1. With the change both in the nature and volume of Jewish immigration to Palestine in the 1880s and 1890s, anti-Zionist societies were formed in Jerusalem, Haifa and Jaffa.

2. Herzl was not immediately concerned with the locality of his Jewish State, only that it should exist. However, orthodox Jews held sway at the first Zionist Congress at Basle in 1897, the delegates finally deciding that Palestine had an emotional appeal to the devoutly religious Jew and Christian alike, which another locality would not have.

3. This resulted from the Sykes-Picot Agreement of 1916 which divided the crescent area into spheres of British and French influence. But within just a few months the British appear to have regretted entering into the Agreement, and sought for a way to overturn it.


6. Address on ‘The Arab League and World Unity’ 4.1.46, quoted in S. Haim (ed.) Arab Nationalism (U. of California Press, 1962) p. 165. Similar impressions developed elsewhere, too. Many British leftists, for instance, had supported the establishment of a Jewish homeland as a continuation of the pre-war and wartime anti-fascist struggle. So it came as a shock with the Anglo-French-Israeli attack on Egypt that Israel had seemed to live up to the Arab sneer of being a ‘beachhead of imperialism’.

7. It must be admitted that Palestinian leaders have well understood the political importance of their compatriots remaining in the refugee camps as their most effective symbol of the wrong done to Palestine and of their implacable hatred for Israel.


9. And actually in accord with the reports of the 1919 King-Crane Commission, the British Conferences of 1939 and the Anglo-American Commission of 1946.

10. For example, there is the current difficulty in post-election Israel in the formation of a government. This process is being threatened by the insistence of the National Religious Party that it will not become a coalition partner unless legislation is initiated which will allow only those converts to Judaism whose conversion is recognised by the Israeli Rabbinate to be recognised and registered as a Jew.
The appearance of the first English translation of Marx's 1857-8 notebooks on political economy is a notable event, especially for those Marxists who have been unable to read it in the original.

To attempt a normal book review of such a work is impossible, and the problem is what to select from the wealth of material available in it. The selection made depends in part on one's own interest, and partly on one's attitude to Marxism.

One set of attitudes is to regard Marxism as a finished system containing all that is necessary to know the truth about society; the views of Marx himself (supposing them to be known without question) as resolving present-day arguments and problems; and the method employed by Marx (supposing that also could be established beyond doubt) as a special method, beyond scientific procedures, for revealing the truth.

The other set of attitudes (held by this writer) is to take Marx's findings as the foundation for a still developing theory of Marxism; Marx himself as the initiator, wielding his theory, of the modern revolutionary movement; and the works themselves as virtually inexhaustible sources of fundamental material, stimulating thought about individual problems, the dynamics of capitalism as a particular social system, and about general questions of society, history and philosophy.
One other major difference in attitudes is about prediction of the future. I share the views of those who reject the idea that marxism is basically a prediction of what will, inevitably, happen (Marx does speak in these terms on occasion), and consider the contradictions of capitalism rather as the ground of tendencies and possibilities inherent in the system, on which the actual revolutionary struggle must operate to achieve a projected outcome.

In this first article I set out to look at what Marx says in the Grundrisse about the basic 'contradiction' (1) of capitalism, its relationship to the development of the productive forces, and its significance for revolutionary practice today.

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The main contradiction of capitalism may be briefly described as that between the social nature of production and the private nature of appropriation, this being the ground on which class struggle is generated. In the Grundrisse four main ways in which this contradiction expresses itself and their relation to the development of the productive forces are elaborated, and one cannot fail to be impressed again by the far-sightedness and subtlety of Marx's thought concerning them.

All these expressions of capitalist contradictions are of importance to revolutionaries today, including some which have been largely overlooked, perhaps because they do not figure prominently in more well-known works. In Capital, Marx concentrated on two aspects -- the periodical economic crises inherent in capitalism, and the falling tendency of the rate of profit.

1. Concerning economic crises, Marx assesses the respective merits and demerits of the understanding by economists of the processes of capitalism. One approach (exemplified by Ricardo) stressed the dynamic nature of capitalist development of production and productive forces, while regarding the barriers in consumption which disrupted it as accidental. The other approach (exemplified by Sismondi) stressed that capitalist social relations themselves caused barriers to this development because of the restricted income of the workers.

"Those economists who, like Ricardo, .... were heedless of the barriers to consumption ..... (and) having in view only the development of the forces of production and the growth of the industrial population -- supply without regard to demand -- have therefore grasped the positive essence of capital more correctly and deeply than those who, like Sismondi, emphasised the barriers of consumption .... although the latter has better grasped the limited nature of production based on capital, its negative one-sidedness. The former more its universal tendency, the latter its particular restrictedness. Ricardo .... regards the barriers which production thereby encounters (that is, in exchange, or realisation -- E.A.) as accidental, as barriers which are overcome. He therefore conceives the overcoming of such barriers as being in the essence of capital .... while Sismondi, by contrast, emphasises not only the encounter with the barriers, but their creation by capital itself, and has a vague intuition that they must lead to its breakdown .... Ricardo and his entire school never understood the really modern crises, in which this contradiction of capital discharges itself in great thunderstorms which increasingly threaten it as the foundation of a society and of production itself." (pp. 410-411).

The barriers to consumption created by capitalism referred to here are most clearly formulated by Marx in Capital where he says:

"The last cause of all real crises always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way, that only the absolute power of consumption of the entire society would be their limit." (Capital, Vol. 3, p. 560, Kerr edition).

In the same passage Marx also points out that the consuming power of the workers is restricted both by limits on wages and unemployment, which means that even this restricted consuming power "can be exerted only so long as the labourers can be employed at a profit for the capitalist class."

Marx is of course well aware that a large part of realisation occurs between capitalists producing means of production; that disproportions between different sectors of industry due to lack of social planning under private ownership also occurs (p.414); and that bogus transactions and speculation favoured by the credit system also may precipitate, deepen, or even on occasions cause, particular crises. But these features, important though they are in themselves and in the discussion of general crises of overproduction, are not their deepest source -- that is identified in the quotation above.

The limits on wages referred to are several. 'Absolute impoverishment' (a lower and lower standard of living) and 'relative impoverishment' (a possibly higher standard of living, but a falling 'share' of total production wealth and therefore a still richer capitalist class and a growing gap between the classes) have been much discussed by marxists.

Absolute impoverishment is a strand of thought in Marx's earlier writings. Martin Nicolaus refers in his foreword to an 1847 manuscript 'On Wages':

"The manuscript admits wage fluctuations over the short term, both up and down, due to 'changing fashions, seasons and states
of commerce', but argues that a downward ratchet effect was operative, preventing wages, once they had fallen, from ever rising again to their full previous level; so that, over the longer term, ‘the minimum .... sinks ever closer to the absolutely lowest level' and ‘.... the quantity of commodities the workers obtain in exchange becomes ever smaller”. (pp. 47-8).

Later, especially after the development of the theory of surplus value, Marx acknowledged the possibility that there may be periods in which standards of wages and living will rise (e.g. p. 287), although the extent to which this has occurred for large numbers of workers in Australia and other industrially developed countries was not anticipated by Marx or the overwhelming majority of later Marxists. Discussion of the reasons for this, its extent and limits, and its contradictory features are outside the scope of this article, as is a discussion of the generally greatly decreased levels of unemployment compared with pre-war.

This is not to say, of course, that an absolute decrease from the present level may not take place following inflation, the energy crisis, the increasing competition between capitalist states, and the expected recession following the strong world boom. On the contrary, it appears that economic class struggles will intensify, presenting possibilities as well as problems for revolutionaries.

The fallacy of ‘absolute impoverishment’ as a theory rather lies in viewing the revolution as being essentially the result of the workers being driven to it by absolute material deprivation caused by the inexorable workings of an economic law of the system. It is neither established theoretically in marxism that this will happen, nor that material deprivation will result in revolutionary consciousness, nor that struggle over the material living standards at any particular level is always the main expression of the contradictions of the capitalist mode of production on which revolutionaries should base their confidence in the victory of socialism.

Even ‘relative impoverishment’ (I don’t know whether Marx actually used the term) can be restrictive of outlook if seen in the narrow sense of taking struggles around material living standards as always the main concern of revolutionaries.

Marx rather paid particular attention to the fact that wage labour, while of course enriching the capitalist, reproduced the relations with which it started -- reproduced the worker as a worker and the capitalist as a still stronger capitalist, thus maintaining and strengthening the domination of that class over the working class, while worsening the all-round position of the worker even if wages went up:

“.... all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse.” (Capital, Vol 1, pp.708-9).

Although the language may seem exaggerated, all the things raised have at various times been the cause of bitter struggles. More notable than the language is the multiplicity of the expressions of ‘relative impoverishment’, if that term is to be retained. This is given still more point in the further analysis below.

One other aspect of the ‘limit’ on wages referred to above should be mentioned. This does not mean a limit which is always the same set sum, but the fact that capital controls the starting and stopping of the production process just as it controls the details of its operation once in progress.

This means that wages cannot rise to the extent that they obliterate profit:

“But as soon as this diminution (of profit as a result of rises in wages) touches the point at which the surplus-labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalised, accumulation lags, and the movement of rise in wages receives a check. The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on a progressive scale.” (Capital, Vol. 1, p. 680).

This does not mean that the economic struggle is hopeless or wasted, or that there is any inherent limit to the size of demands, but that the economic struggle cannot of itself be the agency of the overthrow of capitalism. It follows that the content of the economic struggle and its effects on the consciousness of the participants must be a main consideration of revolutionaries.

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2. The “surplus-labour in normal quantity” in the quotation above, refers to the average rate of profit. The tendency of this rate to fall Marx regarded as one of the main, if not the main, expression of the limitations of
the capitalist mode of production. But it is not entirely clear in just what way Marx thought the operation of this tendency would bring about the downfall of the system, though it was intimately related to crises of overproduction, and their progressive intensification.

Profit is the motive force, the aim of capitalist production. As class struggles improve the wages, hours of work and conditions of the workers, and as increasing profit comes to depend more and more on reducing costs of production through new machinery etc., the rate of profit tends to fall.

This is because the outlay on new machinery increases the total capital employed, and the rate of profit is the percentage of profit calculated on this total capital (as distinct from the rate of exploitation, which is the percentage of surplus value calculated on only the variable capital employed, i.e. the outlay on wages).

This fall in the rate of profit may happen at different times in different branches of industry, or in all together. In the latter case it is usually associated, though not identical with, the crises of overproduction already referred to which also reduces profits. Thus there is a check to the process of production and the expansion of production through accumulation -- a crisis which is sorted out by various means including depreciation of the value of much existing capital, until profitability picks up again through various means, including installation of more labour-saving machinery, which renews the cycle on a more advanced basis.

In Marx's view this has deep implications for the future of capitalism:

"The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given to be gone and to give room to a higher state of social production ....... Since this decline of profit signifies the same as a decrease of immediate labour relative to the size of the objectified labour which it reproduces and newly posits, capital will attempt every means of checking the smallness of the relation of living labour to size of the capital generally, hence also of the surplus value ...... by reducing the allotment made to necessary labour and by still more expanding the quantity of surplus labour with regard to the whole labour employed. Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the labourer, and a most straitened exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentaneous suspension of labour and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on ..... Yet, these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow." (pp. 749-50)

"The rate of profit is the compelling power of capitalist production, and only such things are produced as yield a profit. Hence the fright of the English economists over the decline of the rate of profit. That the bare possibility of such a thing should worry Ricardo, shows his profound understanding of the conditions of capitalist production. The reproach moved against him, that he has an eye only to the development of the productive forces regardless of 'human beings', regardless of the sacrifices in human beings and capital values incurred, strikes precisely his strong point. The development of the productive forces of social labour is the historical task and privilege of capital. It is precisely in this way that it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And the quantitative proportion means everything here." (Capital, Vol. 3, p. 304).

A number of problems arise however.

Firstly, is there any particular rate of profit which would extinguish the vital fire of production? It is hard to see this, since the attitude to the rate of profit seems to depend more on what others are getting. If most get 20%, capitalists are unlikely to invest happily at 5. But if the general rate is 5, the position will be different, especially when the total return is increasing because of the expansion of the total capital.

(It is true, of course, that unevenness in the fall of profitability in different parts of industry within a country, and between countries, is a cause of much conflict, but it is long-term changes which are the focus of discussion here.)

Secondly, there are such a variety of countering factors, the influence of some of which can be decisive for quite long periods, that prediction must be very circumspect. (This was, of course, why Marx called it a 'tendency').

In fact, crises of overproduction, which are intimately linked with the falling rate of profit, have not been "repeated on a higher scale" for the last forty years -- there are all sorts of countering factors to the occurrence and depth of crises of overproduction also. It is not possible here to examine these, but three seem of particular note among those referred to by Marx.

If radical change in the method of production of new machinery occurs, it is possible that the rate of profit will not fall at all, or may even rise despite the decline in the living labour power involved in operating these new means. and Marx refers to this
possibility. However the ‘scientific and technological revolution’ has been of such a radical nature that many economists feel that in the accompanying change from ‘extensive’ to ‘intensive’ development, capital may have even been ‘released’, so that the rate of profit may tend to rise.

This could be reinforced by the changed circumstances under which the conditions of production are prepared, including the taking over of many more responsibilities by the state.

Then there is the rise of the multinational corporation, which has found new means of maintaining or increasing profitability.

The other factor concerns the price of raw materials, and here the cost of energy, especially oil, stands out. Raw materials are an important part of constant capital, and if they are cheapened whether by economic, political or military means, the rate of profit may rise as the productive forces develop.

Perhaps here some attempt at prediction is justified. The energy crisis is a form in which the ecological issue has burst forth with unexpected suddenness and force, even though of course it is not purely ecological. In the present relation of world forces there is little chance that the Arab and other producers of the ‘third world’ can be prevented from halting the previous super-exploitation by imperialism, and greatly raising the price of oil as well as substantially controlling its distribution in pursuit of their own purposes. This will result in a substantial rise in costs directly and indirectly, and an intensified struggle to prevent a decline in the rate of profit by placing the burden on the working population in various ways.

While oil is a special case, it is likely that other raw materials produced by underdeveloped countries will rise substantially in price, as those countries learn from the Arab example.

Thirdly, the tendency, even if inexorable in the long run — despite the many countering tendencies — might not be of great practical concern to revolutionaries today. Marx was writing over 100 years ago, yet the falling rate of profit, if empirically a fact, has not crippled capitalism’s motive force. Even were we to assume that given another 100 years it would, this is of a quite different order from the time scale available to us to make urgent fundamental changes. In the short period between now and the end of the century, vital choices of direction must be made which will alter all present pre-occupations.

3. The third aspect of the contradictions of capitalism dealt with by Marx in the Grundrisse is the very value-form itself — direct labour time at the point of production as a measure of value. This arises where Marx has his remarkably prophetic discussion on the development of automation. (pp. 670-711).

4. In contrast to previous forms of society, Marx continually refers to what he calls the universalising tendencies of capitalism, where...

"But to the degree that large industry develops, the creation of real wealth comes to depend less on labour time and on the amount of labour employed than on the power of the agencies set in motion during labour time, whose 'powerful effectiveness' is itself out of all proportion to the direct labour time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production .... As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure ...." (pp. 704-5)

As capitalism develops the productive forces on the basis of exchange value and surplus value as the economic forms, "... to that degree does direct labour and its quantity disappear as the determinant principle of production .... and is reduced both quantitatively, to a smaller proportion, and qualitatively, as an, of course, indispensable but subordinate moment, compared to general scientific labour, technological application of natural sciences, on one side, and to the general productive force arising from social combination in total production on the other side .... Capital thus works towards its own dissolution as the form dominating production." (p. 700)

"... real wealth is the developed productive power of all individuals. The measure of wealth is then (when capitalism has sufficiently developed the productive forces -- E.A.) not any longer, in any way, labour time, but rather disposable time. Labour time as the measure of value posits wealth itself as founded in poverty ...." (p. 708)

It is not immediately apparent how this aspect of the contradictions of capitalism is expressed in life itself and in the class struggle, but probably it is to be found mainly in the further analysis presented below. However there is one, perhaps unexpected, way in which this contradiction is increasingly making itself felt today. That is also in the ecological field -- resources in this case -- and their pricing, with oil again the prime example. Where value is measured by expenditure of labour time (or in its modified form as price of production), there is no way in which the limitedness of the resource (or the effects of its exploitation on the environment) can be taken into account by economic and accounting criteria. Direct social intervention is necessary, with quite other than capitalist and profit considerations coming to the fore. The contradiction can be resolved only in a new social system motivated by human and social considerations.

"Wealth does not appear as the aim of
production . . . Thus the old view, in which the human being appears as the aim of production, regardless of his limited national, religious, political character, seems to be very lofty when contrasted to the modern world, where production appears as the aim of mankind and wealth as the aim of production. In fact, however, when the limited bourgeois form is stripped away, what is wealth other than the universality of individual needs, capacities, pleasures, productive forces, etc. created through universal exchange? The full development of human mastery over the forces of nature, those of so-called nature as well as of humanity's own nature? The absolute working out of his creative potentialities, with no presupposition other than the previous historic development, which makes this totality of development, i.e. the development of all human powers as the end in itself, not as measured on a predetermined yardstick? Where he does not reproduce himself in one specificity, but produces his totality? Strives not to remain something he has become, but is in the absolute movement of becoming? In bourgeois economics -- and in the epoch of production to which it corresponds -- this complete working-out of the human content appears as a complete emptying-out, this universal objectification (of human powers in the product - E.A.) as total alienation, and the tearing-down of all limited, one-sided aims as sacrifice of the human end-in-itself to an entirely external end.” (pp. 487-8).

“(capital) has the tendency to heighten the productive forces boundlessly, (but) it also and equally makes one-sided, limits etc. the main force of production, the human being himself, (5) and has the tendency in general to restrict the forces of production”. (p. 422).

In speaking of the general development of humanity, Marx identifies three main types of human relations in society: “Relations of personal dependence (entirely spontaneous at the outset) are the first social forms, in which human productive capacity develops only to a slight extent and at isolated points. Personal independence founded on objective dependence is the second great form (i.e. capitalism - E.A.) in which a system of general social metabolism, of universal relations, of all-round needs and universal capacities is formed for the first time. Free individuality, based on the universal development of individuals and on their subordination of their communal, social productivity as their social wealth, is the third stage.”

How does the above contradiction of capitalism express itself, to those it limits and oppresses? There is a virtually unlimited variety of ways in which this may happen, a number having been mentioned above. Low wages, unemployment, being an appendage of a machine, being estranged from the intellectual potentialities of the labour process, being subjected to despotism within the labour process, enriching and strengthening the power of capital through surplus value, exploitation of resources, pollution of the environment, the gap between observed possibility from existing productive power and the reality, relations of domination (sexist, racist, national), wars to enforce domination, etc. all derive from and/or serve capital in various ways.

Which are the most important among these? I see no basis for holding that any one is necessarily the fundamental one. It will differ at various times and among different sections of workers, as well as other classes or groups. That party and that class which are striving to establish themselves as leaders of the struggle for the new society must be involved in struggles around them all, and see their relation to each other in the given circumstances. Without this, without establishing a general critique both in theory and practice of the existing society, and a general outline of how the contradictions of that society are to be resolved in principle in the new one, it is idle to talk of a counter-hegemony, and therefore idle to think of being able to challenge the power of the capitalist state.

All struggles must serve to develop the awareness (class consciousness) of oppressed classes and groups as a pre-requisite to undertaking the struggle against capitalism and its state, and initiating construction of the new society.

“The recognition of the products as its own and the judgment that its separatism from the conditions of its realisation is im-
proper -- forcibly imposed -- is an enormous advance in awareness ..., and as much the knell of its doom as, with the slave's awareness that he cannot be the property of another, with the consciousness of himself as a person, the existence of slavery ..... ceases to be able to prevail as the basis of production.” (p. 463).

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Thus, in the Grundrisse, we find an extremely many-sided treatment of the contradictions of capitalism, and of the meaning of the restriction of the development of the productive forces by that social formation. A restricted understanding of this central feature has restricted the thinking of many marxists, especially the traditional communist parties.

The Grundrisse reveals many important aspects of Marx’s thought which were buried before, and also shows the all-sidedness of his thought, which should be emulated by his followers in today’s very different conditions.

NOTES.

1. I hope in a later article to discuss the general question of contradictions.

2. Joan Robinson in ‘An Essay on Marxian Economics’ and ‘Economic Philosophy’ has challenged the proposition of the falling rate of profit on theoretical and factual grounds. Joseph Gillman indicates that there was a decline till 1920, but in general not since then.

3. It is also true that the oil companies could possibly increase their profits despite paying a higher price to the producing countries, but the capitalists as a whole cannot but have stresses put on their profitability.

4. Martin Nicolaus, incidentally, correctly points out that this does not mean that Marx considered that the industrial worker would disappear under capitalism, to be replaced by engineers and technicians, now to be considered “the vanguard”. There are counter-tendencies, and the process is not quick or smooth. But increasing mechanisation and automation is a tendency, and its implications deserve as much attention as, say, the tendency of the rate of profit to fall.

5. In “Philosophy for an Exploding World” I said that, in Marx’s works, to my knowledge, there was little evidence that he included the producers in the concept ‘productive forces’. The Grundrisse provides ample evidence that he did. I hope to discuss this point further in a later article.
Though all the problems involved have by no means been solved, much practical experience of self-management has been gained in Yugoslavia, especially in industrial enterprises, but also in other fields.

Of particular interest is the fact that these experiences have been subjected to marxist theoretical analysis.

The following is an abridged version of an article on these questions by Vojislav Stanovcic, which appeared in the Yugoslav journal “Socialist Thought and Practice”, No. 58, November 1973.

There were great differences between political practice and constitutional provisions. One of the major discrepancies was, for instance, that the executive bodies of government at every level, though subordinate to the representative bodies under the constitution and law, were in fact the principal vehicles of legislative initiative. The representative bodies adopted the policy, laws and measures that were moved by the Government in a more or less formal way, without going into detail, without a real debate and critical analysis. The freedoms and the rights of citizens were guaranteed by the Constitution and far greater in comparison with the classical bourgeois constitutions (greater in terms of a series of economic and social rights); but, whereas some rights (to social insurance, health protection, education) were broadly utilised, the material foundations and the general social climate and prerequisites for a number of others were lacking.

Under the Nationalisation Act of 6 December 1946, privately owned enterprises were nationalised in forty-two branches of industry and transport. Under an amendment to this act (what is known as the Second Nationalisation) of 29 April 1948, all enterprises which were of significance for the federal or republican economies, as well as particular public services (health institutions, public baths, hospitals, cinemas, printing shops, etc.), and later (by Act of 31
December 1948) tenement buildings and lots, were also nationalised.

Upon the foregoing constitutional grounds and in keeping with the concepts of revolutionary transformation towards socialism, not only were the means of production nationalised, but also management over them too, was centralised.

An extremely important characteristic of the system was the centralisation and concentration of power (in the federal organs) and of resources (for production, reserves, financial funds, taxes, and other resources), and the fairly rigid hierarchical subordination of the lower bodies of government to the higher ones. Another important characteristic of the social political relationships consisted in that the Communist Party performed its function of guiding and leading the community, for the most part, through the medium of the organs of state government, through the administrative decisions and by measures passed by these organs. This stage, later known as the administrative period or "period of administrative socialism" was inevitable because of the severe class-ridden and political conflicts, because of the conditions which had to be created in order to lay the foundations for the further development of socialism, to abolish private ownership over the basic means of production and to consolidate the power of the working class and working peasants.

BUREAUCRACY OR SELF-MANAGEMENT?

Towards the end of the nineteen forties bureaucracy began to be subjected to political analysis and criticism. The target of criticism was the method of work of the bureaucracy: bureaucracy. But it was soon realised that the essence of bureaucracy lay in the system of political and social-economic relationships in which the wielders of power rise over society and begin to rule society, in which the product of labour created by the working class is not controlled by the working class; that government "in the name of the working class" may be distorted into "government over the working class" if the working class fails to engage in the management of economic and social affairs, in general. Proceeding from the tenet that the working class must emancipate itself, from Marx and Lenin's idea of the withering away of the state, of "the incorporation of the masses into managements" by means of associations of producers, and of communes as territorial organisations of the community based on the preponderance of working class interests and on the direct participation of the producers, the Yugoslav communists sought an alternative to the administrative system, which was stifling the initiative of the masses and retaining control over the results of the labour of the working class, thus slowing down its emancipation from wage-labour relationships (in regard to the State).

Early in the nineteen fifties, theoretical studies of these subjects widely revived interest in Marx's, Engels' and Lenin's original works. An outlet had to be sought from certain obvious contradictions caused by the administrative system of management (poor initiative, low productivity, poor quality of production, irrational investments, swelling administrative machinery which secured numerous material and other privileges for itself, difficulties in adequate foodstuff supplies, adverse political and economic consequences of the system of compulsory deliveries of agricultural products, etc.).

Towards the end of 1949, the first attempts were made to mobilise the working class directly by forming workers' councils in the enterprises. As the new concept gradually matured, an act was passed in June 1950, regulating the management of state economic enterprises and broader economic associations by the workers. This initiated a new and in many ways original phase in the development, concepts and institutional forms of socialist Yugoslavia.

In order to define by means of a single word the social-economic and political system in Yugoslavia since 1950, we should use the term: self-management. The concept of self-management socialism, which gradually developed as self-management intensified and expanded in practice, determined in a radically new manner
the roads and forms by which to attain to the basic socialist objectives and brought about changes in the relationships among the basic political subjects.

Certain fundamental values and initial pre-requisites upon which the system has been built, which have been explicitly explained or implicitly given and self-understood, were, among other things: socialism, as a form of social organisation more highly-developed than either capitalism or any other historical form of society, must demonstrate its superiority in practice in a manner reflecting upon the life and social status of the working class and every working man; socialism is being built for man: hence the status of the working man in the community must be a measure of the development of socialism, whereas the many statistical indices as rates of economic growth, the degree of fulfilment of economic plans, the extent of organisation of the peasants in producer co-operatives, and the like, must be regarded in the context of the general social status and degree of enjoyment of personal and political, economic and social right and freedoms; the future socialist and communist society will be a society in which the State has withered away: even though the State is necessary in modern society and indispensable in performing certain functions on the road of the development of socialism primacy must be given to society and not to the State, which means that the State is merely one of the media and one of the forces by means of which the working class builds up the socialist community by availing itself of its power. The concept of the political system has been elaborated as a category which is broader than the State, one element of which, however, important it might be, is the State. The framework within which the socialist social relationships develop -- which is broader than the State and, in general, broader than the administrative-territorial units conceived along statist lines is the social-political community. The concept social-political community (the commune, district, province, republic, federation) is extremely important in order to understand that the relationships of authority and the bodies of authority are reduced to one element in these communities, an element which must be suppressed by gradually withering away if a genuine socialist community of the working people is to be built.

The social-political organisations, especially the League of Communists, do not operate exclusively through the State. The administrative method of governing society, although it is present and still indispensable, is neither the most suitable and most rational, nor can it by its nature produce socialist social relations. Because of this, the social-political forces, the subjective socialist forces, are an autonomous social factor. They may assume a critical attitude towards the decisions made by the state organs. They secure a given degree of autonomy to the State organs within the latter's established functions, but they also demand of them to be accountable to the community.

Finally, the rights and freedoms of the citizens, especially the right to self-management, the right to manage the fruits of one's labour, to the inalienability
of the income from those who create it, the right to distribution according to labour and according to the products of labour, in addition to other political and personal rights, have been conceived of as the essential component of the social relationships of socialist self-management whose scope and substance cannot be arbitrarily changed by the State. These rights are protected by the State, but the State cannot impair them without overstepping the functions allotted to it by society. These rights are a constituent part of the political system, and do not derive from state decisions, for they are a fact, they are something given for the promulgation of state acts. One of the institutional expressions of this concept is also judicial control over the work of the administration, the possibility of administrative litigation, according to which a citizen may move a suit in court against administrative acts, or, to put it in simple terms, a citizen may sue the State if his rights have been violated by state organs. This also finds expression in the institution of the liability of the State to pay damages if officials cause damage to citizens by their acts.

One of the concepts which was highly accentuated during the nineteen fifties is de-statisation. It was accompanied by the concept decentralisation of government which, to put it roughly, took two most important forms: decentralisation of state power by transferring a greater number of functions and prerogatives from the higher to the lower bodies of government, and decentralisation of decision-making in the economy by transferring competences to the bodies of self-management in the enterprises and to various economic and non-economic communities as forms of association at higher levels, that is in broader territorial and economic entities. Though these two processes have been regarded as a form of de-bureaucratisation, they were of an even wider scope and of deeper significance within the context of self-management.

SELF-MANAGEMENT AND THE STATE

From the outset, self-management has been conceived of far more broadly than merely as management of economic enterprises by the workers. Part of a broader social-political concept, it was of major political consequence. In the first place it meant the materialisation of Marx's idea on associations of producers, on the producers becoming masters of social production and reproduction, as well as the realisation of the idea on the political and economic power of the working class. The winning of political power during the revolution, and the alliance established between the working class and peasantry headed by the working class and its vanguard, were taken to be merely part of the tasks of establishing working class power -- the dictatorship of the proletariat -- whereas the other part of the task had still to be materialised: it was necessary to put the idea of economic power, economic sovereignty of the working class into practice.

Socialisation of the means of production, or to be more precise, their nationalisation and the establishing of state ownerships over them, was regarded merely as an inevitable pre-requisite and not as the final act in setting up the political and economic power of the working class. The danger threatening from bureaucracy to which Marx and Lenin called attention on many occasions, was clearly perceived. But, it was still necessary to dispossess bureaucracy of the results of labor gained by the working class, and to keep doing so in a protracted process.

The autonomy of the enterprises implied the exclusion of practical intervention on the part of state organs in the affairs of management and in the work of the enterprises (save inspection and other supervision to ensure legality) and confined state guidance to the enactment of legislation and other general acts. This went to pare down that part of the state administration in charge of economic matters. Most of the experts from a great number of directorates, general directorates and similar departments in the various ministries (a great number of economic ministries had been founded during that period) were transferred to the enterprises.

Considering nationalisation of the means of production to have been merely the first step, and state ownership the legal foundation for state management of the economy a concept of social, and not of state ownership was evolved in Yugoslavia as a type of ownership conducive to self-management. Social ownership implies that neither the State nor enterprises nor individuals can own these means. Social ownership in essence signifies that the means of production used by the different workers'
collectives have been given to them to manage but not to own. Society remains legal title holder to these means, the managers of them being under obligation to manage them with the care of good businessmen in their own interest and in the general social interest; not to impair them but, if possible, to add to them (the obligation of amortisation and the obligation of allocations for expanded reproduction), and to meet different social obligations out of the results obtained in working with them. Thus, actually the means of production which are results obtained in working with them. Thus, actually the means of production which are social property have been entrusted to the workers to manage and to use, but in accordance with certain social norms and under the obligation to reach agreements with other associations of producers and other social factors as to the conditions under which they should be used.

SELF-MANAGEMENT AND LOCAL AFFAIRS

The concept self-management, as the basic social relationship of society as a whole (and also the very logic of the development of ‘workers’ self-management’ not only as management over the process of production and social distribution, but also as management of social affairs determining the bounds within which self-management evolves in the enterprise), from the very beginning, raised the question on the influence of the organised producers upon political and economic decision-making in the broader communities -- from the communes up to the Federation. Because of this, as early as 1952, special bodies were set up in the representative organs of authority (the people’s committees) in the different more developed municipalities and districts. These bodies were elected exclusively by the producers, establishing a system of two chambers in the representative bodies of the lower communities. These were called the councils of the producers, and were given juridical sanction under the Constitutional Law of January 1953, becoming an obligatory component in the make-up of all the representative bodies, from the commune up to the Federation. The deputies to these bodies were elected by economic branches according to their share in the overall national income and not according to the number of workers they employed. This criterion assured the greater presence and dominance of the industrial workers and manufacturing industries, whereas the interests of those branches which did not offer prospects of speedy economic development, were less present and less able to find expression. The councils of the producers together with the general political councils (the municipal council, the republican council, the Federal Council) had a common jurisdiction and each of them also had their own particular jurisdiction.

‘GENERAL INTEREST’ AND PARTICULAR INTERESTS

Although we have stated that the deputies to the councils of producers were not representatives of particular industries and enterprises or of professional occupational interests, a certain change in assessing specific interests, by comparison with the previous phase of so-called administrative management, was of importance for the pattern and dynamism of the social-political system and political life. Namely, during the previous phase everything was done in the name of ‘the general interest’, which was interpreted by the political leadership, and any emphasis placed on the narrower interests either of enterprises, industries, regions, profession or any other category, was branded in the name of this general interest as particularism, egoism, localism. It was held that there were no contradictions between the general interest and the specific interests and that the community established after the revolution was conflict-free. This idea was strongly championed by the general theoretical concepts of socialism as a conflict-free society, a society which had resolved all the social conflicts by its very inception. Yet all the realistic analyses of relationships and behaviour, every least objective survey of reality, indicated that many vestiges of the old society were still present and that the conflicts which had accumulated in the past did not vanish automatically. Moreover, it was seen that even the new relationships produced new types of conflicts: that nothing could be invested or built in one place, unless resources were taken from another; that the requirements and expectations were enormous and the available material resources were limited; that there was a gap between
requirements and possibilities; that the amount of social wealth was limited, but that those who aspired to it were numerous, and that conflicts hence necessarily emerged over the distribution of this social wealth; that the contradictions and conflicts would not simply vanish or be suppressed, but that they had to be studied and steered into institutional channels along which to be resolved, lest they should accumulate elementally and result in eruptions, or should have to be settled by political arbitration, which is always the cause of smouldering dissatisfaction. On the basis of this knowledge it was soon found that what was called 'general interest' was very often subjectively and arbitrarily determined, that what should be accepted as the 'general interest' often depended upon the position of a single person; later experience also exposed the deep errors in the interpretation of the general interest, which could have been avoided had everyone concerned been able to state his objections, views, criticism.

Owing to this, the political attribute attached to the positions advanced in regard to the specific, particular views and interests, was changed. Special interests were accepted as legitimate and ways were sought to articulate them, to bring them to the attention of the competent quarters that were making decisions about them. There were even situations which left the impression that only special interests were considered and that little thought was given to the general and common interests.

The autonomy of enterprises, their operation on the basis of economic criteria, signified that those employed in them bore the consequences of both their good undertakings and acts, as well as of their faulty estimations, plans and their realisation. This had a direct bearing also upon the personal incomes. Therefore, it was rightly assumed that the workers' collectives would not regard the interests of the enterprises as of no consequence, nor would they agree to have these interests suppressed, curtailed, no matter the name in which this might be done or sought. The working people confirmed their preparedness to make major sacrifices for the general interest in accordance with the principle of solidarity and mutualism, but they were not willing to reconcile themselves with any relationship that meant the dispossession of some in order to favour others, nor were they ready to accept the 'general interest' that was neither evident enough, nor explained with sufficient forceful arguments. The confrontation between enterprises as economic entities on the market, and the many adverse manifestations with which the market is fraught, unless controlled and regulated, accentuated the differences between interests, approaches, and citizens. In the political field, this gave vigour to political life, spurred dynamism and debate in the representational bodies and moved the people at large to fight for a particular cause, to participate more actively in the life of their enterprises, their cities, their regions and republics.

The greater degree of individual freedom, the greater choice offered the citizens (the election of deputies, and the goods to purchase, the literature to read, and places to live in, the professions to devote themselves to -- which had in essence been administratively regularled and determined in the previous phase) give rise to clearer individual and personal interests in social life, but often also to the detriment of the general interest. Yet individual interests, as a rule, were never able to exercise broader social influence; rather than being of major social significance or influence, they merely added colour to the climate of everyday life.

All this goes to show that the institutional complexity of the system was but a pale picture of the actual complexity (in the national, religious, language, cultural, historical, economic sense) of the Yugoslav community. Indeed, the system strove to give expression to the entire complexity and to ensure, at the same time, the prevalence upon democratic foundations of that which led to progress, to socialism, to that which constituted the concrete historical interest of the working class.

SELF-MANAGEMENT AND SERVICES

During the nineteen-fifties, self-management extended to two more fields. From purely industrial organisations it spread to work organisations in the social services (education, health, scientific institutions, media of public communication, etc.). What was known as social self-management (the term later lost this distinctive, narrower connotation) developed in all these services. Because of their nature, of their being services of public interest, one section of their bodies of management was elected by the employees, the other representing the social community (delegated by the representative bodies and pertinent expert and social-political organisations). This was done so that the staff in these organisations (this is also the case with the communal waterworks, city refuse disposal, and with other utilities) would not be able to place their group interests, or the in-
terests of their organisations, above the interests deriving from the purpose for which they were founded.

The second field in which self-management developed in the nineteen-fifties was local self-government, or communal self-government. The concept commune, or opština, became one of the key concepts in the development of the self-managed community. Not only is the commune not regarded as an exclusively local organ of state government, but it is also not exclusively or primarily an organ of government at all. It is a social-political community in which the working people and the citizens generally satisfy most of their requirements and discharge most of the affairs of social significance. Marx’s concept of commune was an inspiration for the development of the Yugoslav commune. In order to answer to its tasks, the commune was conceived of as a territory large and economically strong enough to be able to discharge the functions given it. Because of this, the number of communes has steadily diminished, and today there are about five hundred. Being poor, many communes in Yugoslavia are still not strong enough economically or financially to pay for education, the health service, the social insurance service and various other services autonomously. Owing to this, they depend on subsidies which they receive from the broader social-political communities, which in many ways confines their constitutional rights and limits their self-management.

As the communes strengthened, many instrumentalities were introduced so as to engage the citizens in the functioning of direct democracy: these include referendum (fairly frequent in the communes), the meetings of the electorate, communal conventions, and the like. Since the resources by means of which the commune resolves certain problems are provided by the citizens (in the form of taxes, rates and voluntary contributions), the interest they display in the use that is made of these resources is an important element in their political activity.

The commune has been conceived of also as the basic social-political community. In other words, it discharges all those constitutional and legal functions of the social-political communities that are not explicitly within the competence of other social-political communities. The constituting of representative bodies in the broader social-political communities also starts from the communes as their base.

The following major changes have taken place in the basic political institutions. The role and significance of the representative bodies and their relation to the executive authorities has grown since 1953, in that the executive authorities have been in the position to carry out the policy formulated by the representative bodies. The executive is subordinate to the legislature. The governments have been replaced by executive councils as the executive organs of the assemblies. This has resulted in the frequent critical assessments of the measures of policy moved by the government, in frequent summons (based on deputies’ questions or on the motions of assembly committees or chambers) to government rapporteurs to render account or to explain certain occurrences or measures.

The executive bodies have lost the halo of sacrosanct dispenser of interpretations of what is and what is not the general interest. The practice of the assembly system of rule has been initiated.

The work of deputies in the representative bodies was unthinkable without changing the relationship between the electorate and the deputy. The deputy became dependent in the political sense to a much greater degree upon his constituency, while the choice among several candidates for a single seat rendered the election of a particular candidate uncertain and dependent for a good part on his capabilities, political reputation and upon his conduct in the assembly, and on whether he maintained close ties with his electorate or not.

Various other measures, such as the limiting of re-election, the practice of discouraging the holding of several offices simultaneously by a single person, and also legal provisions prohibiting it, rotation for the greatest number of offices, have helped to increase the influence of the electorate and the circulation and inclusion of young, capable people in political and social life.

This survey of the changes that have occurred for the most part during the nineteen-fifties and early ’sixties would be incomplete but for another thing. Namely, a great number of autonomous economic and political entities (in the first place enterprises, institutions of the public services, at the communes as the most numerous and basic social-political communities, etc.) regulate their fundamental relations and functions, rights and duties, individuals and as organisational units by means of their internal autonomous acts, the most important of which are the statutes of the work organisations, and the statutes of the communes and ordinances for various matters (distribution, investments, personal incomes, labor safety, labor relationships, admittance into employment, etc.). The statutes, ordinances and similar acts constitute the so-called ‘autonomous law’ which is a novelty in Yugoslav legislation; on the
one hand, theoretically, it is one of the ways by which to supersede classical law and to set social relationships upon other foundations. The State sanctions these acts only in the final event, if anyone should violate them; it does not interfere directly with their enactment and concrete tenor.

NATIONAL PROBLEM

During the implementation of the system in the course of the further development of society, Yugoslav theory, in the nineteen-sixties, also set out some critical observations. In the first place, the new distribution of competences and functions generally between the Federation and the republics soon rendered the constitutional decisions inadequate to the existing relationships. The right of federal authorities to redistribute the national income and to reallocate it from one republic or industry to another caused discontent. For the first time in some twenty years of development, the possibility of a majority vote being imposed, arose, especially since the Federal Chamber, which was the most important changer, was composed according to the principle of a given number of inhabitants electing one deputy. Accordingly, the republics with the largest populations had the greatest influence in the carrying of the most important political and other decisions. For certain other, primarily economic causes, this unleashed nationality problems and problems concerning inter-republic relationships. Certain rectifications were made in 1967 and 1968 by means of constitutional amendments which reinstated the Chamber of Nationalities as the most important general political chamber, in which all the republics enjoyed parity representation, while the two autonomous provinces also had a fixed number of deputies.

SELF-MANAGEMENT AND THE NATIONAL ECONOMY

Another critical observation which was emphasised in the theoretical and political discussions pertained to the development of relations among the subjects of self-management. It was argued that self-management as had been established was fairly atomised, that a satisfactory degree of autonomy and a sense of business had been accomplished by different enterprises, but that co-ordination among them was inferior, that adequate means of planned guidance along the lines of self-management had not been found. Consequently, the problem of horizontal and vertical integration of self-managed organisations was necessary, which was often emphasised as a demand for integral self-management.

Furthermore, it was pointed out that, whereas the working class had relatively complete control over the part of income that remained to it upon meeting various obligations, it did not nearly have satisfactory control over the part that constituted various allocations to which it was bound. These were the funds which are allocated in accordance with the decisions made by the social-political communities (chiefly pursuant to laws which prescribe various taxes, rates, reserve funds, etc.) and resources which are given to various financial institutions (banks, insurance offices, commerce, etc.), to the autonomous centres of financial power, as they have been called in theoretical disquisitions.

The political and constitutional decisions now on public discussion are held to round off and complete the concept of the social-economic and political system propounded by the self-managed socialist community in Yugoslavia. The basic problems and the fundamental solutions are bound up with two groups of questions: first, the regulation of inter-nationality relationships, which have proved to require a continuous search for new institutional and political solutions as changes take place in society; secondly, the completion of the system of self-management so that the working class, the producers, self-managers will really master the overall conditions of socially-owned production and expanded reproduction, and so that the constitutional provision defining the concept of the political system as based upon the power and self-management exercised by the working class and by all the working people, may really be put into effect.
August 21, 1968 is etched in the minds of most socialists. The action of foreign troops from five Warsaw Pact powers that halted the development of a humane and democratic socialist order, dramatically challenged the views and assumptions of several generations of communists. The subsequent bitter debate compounded by the Husak policy of 'normalisation', and selective trials of the supporters of 'human socialism', led to further fragmentation of the international communist movement, and divisions within several western communist parties. Yet August 21, 1968 does not signify the end of Czechoslovak history.

While the occupying powers and the dependent Husak leadership have concentrated their efforts on negating the policies of the Prague Spring, they have been confronted by various forms of popular resistance. Economic progress has been retarded by a general lethargy and deadening of interest. Referring to the crisis of morale, the late Josef Smrkovsky, former President of the National Assembly and member of the Politburo of the Czechoslovak Communist Party commented that:

"You can hardly expect initiative and joyful labor from people who have been humiliated and deprived of their right to participate in decision-making."

'Stalinism with a human face' has brought about the resignation or expulsion of half a million party members, the deprivation of job opportunities and the loss of employment, bureaucratic curtailment of intellectual activity and the calcification of educational institutions. However, the old terror apparatus has not been resurrected. Precisely be-
cause the extent of the terror had been revealed, mostly in the 1968 period, no one can, even if they wish to, simply revert back to the past. Today, Czechoslovakia's leaders hope to secure a measure of compliance, if not support, for their policies by both impressing the impossibility of effective opposition and by providing a greater array of consumer goods and material satisfactions.

Alongside the attempt to encourage the privatisation of life, some leading supporters of the Dubcek leadership have been jailed for political activities since 1968. The most significant trials were those held in July and August 1972. In Prague and Brno, 32 people were sent to prison for terms varying from nine months to six and a half years, and 14 received suspended sentences. Although the charges were not identical, they were sufficiently similar for several defendants to assert that the 46 defendants had 'organised illegal subversive activity with the aim of subverting the socialist state system and creating the conditions for its overthrow'.

In contrast to the prefabricated 'confessions' of the 1950 trials, the accused defended themselves politically for actions that they acknowledged they had committed. Several indictments centred on preparation and distribution of pre-election leaflets that reminded the population that it had the right to abstain from voting. References during the proceedings suggested that the true grounds for conviction were association with either the Ten Point Manifesto sent to the party and government in August 1969, protesting against the betrayal of the post-January reforms, or the Little Action Program drafted by non-communist socialists in 1971 but based on the Action Program of the Dubcek period.

Among those convicted were Jiri Muller, a former student leader sentenced to five and a half years' jail, and Dr. Jan Tesar, a Marxist historian, sentenced to six years. Muller strongly affirmed his socialist convictions:

"Contrary to what has been said, my activities have been neither anti-socialist nor were they anti-social. They were based on socialism, but they were opposed to a regime created as a result of the invasion of Czechoslovakia by foreign armies. They were opposed to a regime with an internal policy which is not based on general consent, but rather on the coercion of the loyalties of those to whom it was applied. They were opposed to coercion effected primarily by making prospects of employment totally dependent on political attitudes. It is for these reasons that I utterly reject the charges made against me."

At this trial, Professor Jaroslav Sabata, a communist political scientist and psychologist, who had been elected to the Central Committee at the clandestine Fourteenth Congress, was later co-opted and was then expelled from both the Central Committee and the party in 1969, gave evidence. Speaking of the 1968 events and the rights of communists in opposition, he declared that "we are humanists, we are communists in opposition, you are not communists'.

Tesar warned that the final judgment on both the accused and accusers would be that of history. Turning to the judges, prosecutors, lawyers and others in court as individuals, he told them "your children, too, will judge you". Sabata himself received six and a half years' jail, and Dr. Milan Hübli who was Rector of the High Party College of the Central Committee from April 1968 to June 1969 and expelled from both the Central Committee and the party in September 1969, was given the same sentence.

Following the trials, an appeal circulating in the name of "The Socialist Movement of Czechoslovak Citizens" drew attention to the sharp criticisms from the Communist Parties of Italy, France, Great Britain, Sweden, Belgium, Australia, Switzerland and other countries. Affirming the resolve of the socialist opposition to continue the struggle for the rehabilitation of socialism with a human face, the statement referred to the common convictions of the victims of the trials.

"They saw before them a Czechoslovakia without national or state self-determination, the product mainly of the intervention by Soviet troops in August 1968 and maintained by their continuing presence. They saw a country whose political leadership had completely renounced its own internal and foreign policies and capitulated to Soviet pressure."

The document noted the obstacles created for the Soviet Union's endeavours in the European Security Conference. The requirements of European security and of socialism were incompatible with the military domination of Czechoslovakia by another power.

"European security can be founded only on mutual understanding, open discussion, the exchange of ideas, views and experiences, mutual trust and open international relations."

Listy, a bi-monthly journal published by the Czechoslovak Socialist Opposition in Rome contained an editorial on the trials and
the opposition inside Czechoslovakia written by the journal's editor, Jiri Pelikan, an ex-Director General of Czechoslovak Television and a former member of the Central Committee of the Communist Party.

He pointed out that the political trials and arrests had two main purposes - to secure an atmosphere of fear in the population at large, and more important, to destroy a cohesive political opposition inside Czechoslovakia. Pelikan concluded that Czechoslovakia was the first country in eastern Europe where there was an organised political and socialist opposition. He gave many reasons for this including memories of 1968, the politicisation of youth in 1968 and 1969, the existence of an alternative political program and a leadership, and the large-scale expulsions from the party and from public life.

Pelikan explained that the socialist nature of the opposition had forced the regime to try and denounce its members as reactionaries. The names of those arrested were not published for a long time and even after the trials there was as little publicity as possible. It was obvious to the general public that those involved were old communists, and to minimise the adverse impression that this created, all the trials were held in camera and the defendants' statements were not published.

The editorial concluded that the repression could well cause the opposition severe losses and could even temporarily bring about a suspension of its activities. However, Pelikan was confident that the socialist opposition could not be destroyed while the reasons that brought it to life persisted.

Prison conditions for political prisoners have been based on the authorities' hope of grinding down prisoners' resistance and spirit. Medical treatment is entirely inadequate. A journalist, Jiri Hochman, Rude Pravo's Washington correspondent from 1964-1967, was detained for pre-trial interrogation in 1972. He suffered a severe attack of asthma, the left side of his body was paralysed for a time, he lost the power of speech and his sight deteriorated (the cornea of his left eye was paralysed). He was left lying in his cell for more than a day before he was examined by the prison doctor.

It took the authorities nine days before they would allow a neurologist to visit him in his cell. His demands to see his lawyer in order to instruct him to ask for suspension of imprisonment so that he could receive proper medical treatment were ignored for some time. Eventually, permission to see his lawyer was granted and he was released to undergo treatment.

This solution indicates a marked difference in method than that practised in the 1950s. It suggests that the present Czechoslovak leadership is sensitive to international pressure since Hochman was well-known as a journalist at the United Nations and his treatment in prison had evoked considerable protest. But this does not mean that 'socialist legality' prevails.

Jiri Muller openly questioned First Party Secretary Husak's claim that the trials would be conducted in a 'spirit of the strictest legality'. Muller claimed that quite apart from the conduct of his trial and appeal, his treatment during custody and the conditions for prisoners on remand certainly did not accord with the provisions laid down by law.

During an unsuccessful appeal on September 13, 1972, against his five and a half year sentence, Muller spoke of the conditions facing the victims of political persecution.

"I would like to inform the Court of the methods used to make me talk, during my interrogation in Brno-Bohunice Prison. As an example, I shall describe my experiences during an interrogation that took place on the night of 27 to 28 November, 1971. The preliminary phase of the interrogation was apparently intended to generate a suitable atmosphere. Typical comments made by the interrogators were statements such as 'You're in our hands now'; 'Everybody is just out to save their skins in here'; and 'You wait till we put you into the same cell as a murderer, then you'll start talking!'."

"After this they began to test my reactions. Crumpled-up balls of paper were thrown at my face. As soon as I began to react to their satisfaction, they resumed their previous verbal psychology with further comments, such as 'Would you like to find out if what they say about us is true or not?'; 'You have just got enough time to smoke a cigarette, and then we're going to start on you'; and 'We'll put the radio full on and explain to you what it's all about in our own way'. There were shouts of 'you rogue' and 'swine' while these comments were being made. At the same time, shirt sleeves were being rolled up, as conspicuously as possible.

"When I stated that I would say nothing unless a lawyer were present, Lieutenant Kucera shouted, 'You've only got one
right, and that's to tell us what we want, as quickly as you can'. My interrogators then told me to stand in the corner of the room, where they screamed threats at me and menaced me with their fists. As I still refused to give them the information they wanted, they began to slap my face, tug my beard and bang my head against the wall. After this the interrogation ended.

"I also wish to make brief mention of the authoritarian system of remand. This encourages the use of psychological pressure against prisoners on remand and does not provide even the minimal requirements necessary for keeping them in good health. Perhaps it is designed to ruin one's health.

"Everything that I have described is of course trivial compared with what we know has happened in the past, but it does enable me to ask the following question: 'What value can be put on the recent assurances made by the General Secretary of the Czechoslovak Communist Party that "The law will be strictly observed"?'."

The punishment of the socialist opposition has not silenced critics of the Husak regime. While they share common opposition to the Soviet intervention and the present political situation, their situations and attitudes are by no means uniform and reflect various tactical positions. Most opponents of the present leadership are not in jail, the main punishment has been deprivation of work.

A recent development has been the emergence of a trend within the socialist opposition that has suggested proposals for dialogue between 'the left-oriented opposition' and the leadership of the Czechoslovak Communist Party. The moves have been spearheaded by Professore Jaroslav Sabata from within the prison corridor, detailed proposals for dialogue were set out in a letter addressed to Dr. Gustav Husak. Included as signatories to the letter were Sabata, and four other political prisoners at Bory Prison — Jan Tesar, Milhan Silhan, Jaroslav Meznik and Zdenek Vasicek, who were able to sign despite the strict isolation in which they were held.

The prisoners underline that their own release is not their prime concern. "It is subsidiary to the main question, that of civil rights. The prologue to our trials and convictions was the severe restriction of these rights which explains why we could be publicly labelled as enemies of socialism without any opportunity to defend ourselves in a dignified and effective manner". Release is viewed as a consequence of dialogue, not as a condition. Political and legal questions could not be put aside but dialogue was an immediate priority.

The letter emphasised that the disagreements and criticisms made by the prisoners were not directed towards the socialist system but at the bureaucratic methods of government. "In this we see the barrier to the full and free unfolding of the potentialities and advantages of socialism, here, too, we see the true inner cause of the crisis we experienced at the close of the 'sixties'. Discussion of such concrete questions as bureaucratic deformation was essential if changes were to be made. These changes 'would not be the beginning of the end but a new start'. They would be of a structural character based on the broad needs of the masses. The crucial question was to set in motion the process of change and although the proposals of the fourteenth congress (now repudiated) are mentioned, the signatories 'recognise that no developments should be jumped over'.

In urging dialogue the writers respond to the fear of autonomous tendencies 'beyond the party'. They ask:

"Is it out of the question for autonomous socialist trends, political trends going beyond the line of the ruling party, to exist and make themselves felt in our society? Is it something unnatural? Is it not, on the contrary, understandable that following the grave conflict in our party, there should be such trends?"

The signatories express their awareness that the ruling circles fear that normalisation is in doubt, and that a new crisis might erupt if opposition voices were allowed to be heard. Indeed, this concern is quite realistic because the original causes of the crisis have not been
overcome, but merely suppressed. However, the writers stress that fear would only be justified if the dialogue were ‘to be in the hands of indecisive and unstable liberal forces’. Liberals they are not.

If concessions are not made to the upholders of revolutionary democracy, then the present course could actually lead to the deeper crisis of liberal challenge. The socialist opposition accepts that the positive achievements in Czechoslovakia are more important than the negative and that Czechoslovakia ‘is a consolidated socialist society’. However, the real problem is the possibility of a new crisis, this time actually from anti-socialist forces but which in the opinion of the socialist opposition dialogue can overcome. The present leadership must accept that ‘socialist unity will for a long time be unity in diversity’. This being so, the problem is not resolved by calling socialists, anti-socialists. If dialogue is not linked to division, then it will not lead to disunity between the socialist forces.

In conclusion the writers say “we are radical, but we do not go to extremes. We welcome every step forward ..... we shall not be discourage if our offer is refused”. Acceptance of the offer would not be seen as a sign of weakness, but a sign of strength. ‘We have faith in the strength of socialism, and it would be strange were we to assume anything else in your (Husák’s) case. This is why we are writing this letter. Let us speak in a new way, let us awake new hopes, hopes which will not be illusory. Not only our people, but all friends of socialist Czechoslovakia would welcome that”.

The letter registered an apology that only five signatures were included because of the conditions of illegal isolation. The official who took it from Sabata, in the jail, said that it was ‘arrogant’.

A report published in the British Tribune, an independent Labor paper, indicated that Mme. Sabata subsequently sent a copy of this letter to the British Communist Party asking for aid in launching the dialogue.

The other significant initiative taken with similar intentions was a letter delivered personally by Josef Smrkovsky to the Soviet Embassy in Prague, addressed to Leonid Brezhnev. The letter associated with the fifth anniversary of the invasion was delivered on August 20. Three days later, the Czech authorities returned the letter.

This move was preceded by some unofficial contacts with Smrkovsky and Cerník made by some Soviet academics and which centred on the possible basis for a return to public life by some expelled party figures.

These contacts were discontinued after they were subject to protest from the Czechoslovak leader, Blik, when Brezhnev visited Prague. Indicating grave uncertainty in the present leadership, officials from the Ministry of the Interior also warned Brezhnev that “they could not take responsibility if the troops were withdrawn”, while a secret letter sent to him by 40 members of the Central Committee of the Czechoslovak Party said the same.

There are various possible explanations for the approach adopted by some of the socialist critics in Czechoslovakia. It could arise from the expectation of a changed response on the part of the Soviet leadership, which is forced to consider the combined effect of a changing international climate, and the continuing political and economic problems within Czechoslovakia.

Within Czechoslovakia there are between 200 and 2,000 political prisoners and some 90,000 people who, for political reasons, are without jobs in Prague alone. Many supporters of the Dubček period are not permitted to work in their professions, thus further disrupting the economy, nor are they allowed to work in factories because of the influence this could have on strategic sectors of the workforce.

The Soviet leadership is particularly sensitive to the real and potential embarrassment caused by the internal situation in the country when detente and European security focus on the relaxation of tensions and the necessity to resolve conflict peacefully.

A message was forwarded to the World Peace Congress held in Moscow in October 1973, from some representatives of the Czechoslovak Democratic Socialist Opposition imprisoned in Bory Prison. It spoke about their pleasure in hearing reports indicating a lessening of international tension. In pointed terms, the message noted that “lasting peace is incompatible with any form of oppression, restrictions upon the self-determination of nations, limitations of state sovereignty, and the suppression of human and civil rights”. It is difficult for the Soviet leadership to project such sentiments as anti-Soviet or anti-socialist.

Irrespective of an immediate response some socialists within Czechoslovakia clearly see the proposals as breaking the impasse by creating a more fluid situation designed to utilise and develop the divisions and pressures on the Czechoslovak and Soviet leaderships. Even if rebuffed, as some predict, the moves are seen to strengthen the position of the
socialist opposition forces.

A document from the Socialist Movement of Czechoslovak Citizens suggests that there will be no ideal solutions to the situation in Czechoslovakia but that actual options have to be faced realistically. The document surveys the situation five years after the foreign intervention, refers to the changing situation and sums up the perspective adopted by some leading critics in Czechoslovakia.

"We are aware that the problems that have accumulated over the years cannot be solved at a stroke. We repudiate those who want to solve nothing because, apart from persecuting others they are capable of nothing. But neither can we agree with those who set maximalistic demands, who want everything at once and who see useful compromises as the betrayal of ideals. We are convinced that any solution, or even a partial solution of our problems is better than none, insofar, of course, as it is not an end in itself but a means towards creating a better atmosphere of mutual understanding and appreciation of the problems of others. When changes are seen in this way, the solving of one problem must lead to solving others."

† * † * † * †

Material extracted from Smrkovsky interview and various documents published in ‘Pravda Vitezil’, bulletin of the Committee to Defend Czechoslovak Socialists.

For subscriptions to Pravda Vitezil --

Quintin Hoare,
32 Belitha Villas,
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(12 months -- One pound sterling, plus postage).
Dear Comrades,

In the "Editorial Comment" contained in the December 1973 issue of ALR (p.2) you report and protest recent repression in Hungary of a number of the colleagues and followers of the late Georg Lukacs.

I do not know the details of this, but am quite prepared to accept your account. My comment centres upon the grounds you give for your protest. You say: "ALR opposes the repression of people for their political and ideological beliefs ...... Wherever such violations of human rights occur, they should be the subject of protest".

What sort of mealy-mouthed liberalism is this? You presumably claim to be marxist-leninists. But a corner-stone of marxism-leninism is the idea of the dictatorship of the proletariat, which involves precisely "the repression of people for their political and ideological beliefs". Would you have called for a protest against "violations of human rights" had the Allende government repressed precisely the people who are now massacring the cream of the Chilean working class? Of course genuine marxists protest repression of socialist opponents of stalinist and stalinoid state-apparatuses. But they do so from a principled class standpoint, and not by appeal to allegedly universal "human rights".

-- W. SUCHTING.

We welcome the opportunity afforded by Comrade Suchting's letter to pursue further some of the points of our previous editorial comment, and the objections he has raised.

1. Since our last issue, more information has come to hand about the issues involving a group of Hungarian sociologists (Agnes Heller, Ferenc Feher, Mihaly Vajda, and Gyorgy and Maria Markus, among others).

The "Cultural-political work group attached to the Central Committee of the Hungarian Socialist Workers' Party" has issued a statement which originally appeared in 'Magyar Filozofiai Szemle', 1973/1-2, and is republished in the 'Information Bulletin' No. 3, 1973, of the HSWP. Following are some extracts from this statement:

"(Concerning science policy) .... the Party ensures the freedom of creative research in the social sciences as well. There are no forbidden topics and foregone conclusions ...... At the same time, in accord with the earlier documents of the Party, the guidelines once more definitely rejected the plurality concept of Marxism-Leninism. 'The multitude of research trends and schools become politically and ideologically dangerous if they congeal into some ideologic and political system or trend which firstly calls the theory of marxism-leninism into question, then undermines or rejects it. The ideological concept of a plural Marxism may lead to political pluralism, which in turn may result in a denial of the leading role of the Communist Party and, in the final analysis, of the working class' ".

"In the final analysis (the sociologists involved) find themselves on a common platform with the enemies of socialism, in attaching their hopes to the same 'developmental' tendencies of socialism, viz. decrease in the mass influence of the Communist parties in the socialist countries; estrangement of the masses from the established programme of socialist construction in these countries; emergence and incrustation of conflicts within the socialist society; advance of bureaucracy on the road towards pluralism; and shift in the international power conditions, favouring the growth and the exploitation of internal conflicts. No doubt these hopes and political speculations have nothing to do either with socialism or with any of the social sciences.'
"(Mihaly Vajda) ... denied the basic condition for the existence of science—namely that there can be one truth only ......."

"These authors, once they broke loose from Marxism, have broken loose from Lukacs. To call attention to all this is highly necessary because Lukacs’ life-work, contestable and calling to be contested in many points as it may appear, should still be rated as an outstanding Marxist accomplishment on the whole with the conviction that only a serious study and critical analysis can lead to a clearer recognition of all its values, can prevent its illicit expropriation and distortion."

"(They) .... support every attempt aimed practically or potentially against our socialist society and against the unity of the socialist countries."

* * * * * * *

We have not read the works of these Hungarian sociologists, so we cannot give our views as to whether they are “anti-marxist, anti-Lukacs, anti-socialist” as claimed. But the arguments are familiar enough, as are the repressions they are used to justify.

We repeat that we are opposed to the repression and persecution of people just because of their political, theoretical, or ideological beliefs, and we do not believe any other standpoint is appropriate for socialists.

Solzhenitsyn, for example, is not a marxist or marxist-leninist, as he explicitly says, and we do not agree with all that he says. But we do support his right to say it, and not to be banned from publication in his own country.

We do not believe that it would be right, in a socialist Australia, for philosophers, sociologists and others who may be opposed to marxism, or had a different interpretation of marxism to the “official” one, to be denied by administrative means the right to publish, or to work in a university, merely because of their political, theoretical and ideological beliefs.

2. Comrade Suchting appeals to Marxism-Leninism to support his criticism. He puts it as though there were some uncontestable theoretical propositions and definition of class interests available whose truth and practical import must be immediately manifest to any socialist. But in Australia, for example, there are the Communist Party of Australia, the Communist Party of Australia (Marxist-Leninist), the Socialist Party of Australia, at least three groups comprising followers of Trotsky, and various other groupings, as well as many individuals in no organisation who claim to base themselves on marxism and the interests of the working class, yet who differ strongly on many fundamental questions.

Indeed, most of the above organisations claim to have the one true understanding and interpretation; and even when they advance identical theoretical propositions, the practical consequences they deduce from them are often diametrically opposed. And this is only a microcosm of the divisions which exist internationally.

Even were it to be accepted that there is only one true interpretation of marxism and class interests, the question arises of who is to decide what that correct interpretation is. In the absence of a manifest truth or a select group of theoreticians accepted as able, uniquely, to determine the truth, it can only be decided by struggle, and we believe that struggle should be in general restricted to ideological means.

In practice, however, what has more often happened is that those with the power for the time being have declared their interpretation to be the correct one and have used that power against opponents on the basis that they are using it ‘on behalf of the proletariat’, while in fact substituting themselves for the proletariat.

This is not to say that struggles over theory and policy are unimportant—on the contrary. But in order that they can be properly resolved there must be the right to hold and put forward differing views. This is necessary to prevent abuses of power and to advance theory itself. These were the reasons advanced for our protest, and we do not think it incorrect to group them under a heading ‘human rights’, or that to do so is in this context a violation of ‘class standpoint’.

3. The concept ‘dictatorship of the proletariat’ deals with far more than repression of the class enemy, and we assume Comrade Suchting is aware of this. But even the aspect he deals with in his letter we think he interprets in a narrow and incorrect way.

In a society where the power derived from ownership of capital and a monopoly of the mass media has been broken, and organisations of the people exercise the new social ownership and state power, opponents should not, in general, be subject to repression merely because they believe in the old system, in religion or some other
non-marxist system of beliefs, or in some particular theoretical orientation in the natural or social sciences.

Actions are a different matter. Every change in social system involves a fundamental change in the law, which is usually made in practice by the social forces making revolution (who, in general, must comprise the majority) before they are codified through new institutional procedures. Actions in violation of these laws of course carry various penalties, but merely holding or expressing beliefs should not.

There are, of course, emergency and civil war situations in which this dividing line may not readily be drawn. In Chile we support every action aimed at overthrowing the present dictatorship, and we certainly would have supported further action by the Allende government to suppress those who were organising the coup leading to it. Opinions differ about the measures taken, or not taken, in Chile, as do assessments of the possibilities to do so, and of the strategies involved, and we do not attempt to pronounce conclusively on them.

But it also seems clear that there would not have been an Allende government at all if its announced program had included action to suppress people, not for what they did, but just for holding unapproved beliefs. Nor do we think the working class in Australia, as in many other countries, will give its allegiance to 'marxists' who advocate such suppression in principle.

In general, we believe that socialism must expand rather than contract freedom; we are opposed to censorship and the suppression of people just because of the political, theoretical or ideological views they may hold, and will continue to protest against such suppression in whatever country it occurs.

We believe that it is in the interests of the class struggle that people should, from their own experience, come to see that marxists are upholders and defenders of existing human rights, and that socialism will mean a radical expansion of those rights by elimination of the power of capital over their lives, and the development of a society based on self-management and the widest democracy.

...... THE EDITORS.
these artificial divisions, then working class unity is assured. The role of historical conditions in determining the specific consciousness of the Ulster Protestant working class is denied. Mr. Bray concludes that revolutionary working class consciousness will only emerge when the bourgeoisie permits it.

ULSTER’S SEPARATE ECONOMIC DEVELOPMENT

Ulster developed “naturally” as a capitalist economy and at a much quicker rate than the remainder of Ireland. The basis of this natural historical growth was the “Ulster custom” of tenant right under which British settlers were offered security of tenure, a fixed rent and the tenants’ right to sell his interest in his holding. This system made possible capital accumulation and investment which in turn led to the development of handicraft industries. The combination of agriculture and handicraft industry provided the buoyancy on which Ulster’s developing industries survived. Moreover, linen production, the major developing Ulster industry, did not rival English production. In the rest of Ireland there was no security of tenure, which made capital accumulation almost impossible. Moreover, the poverty of the peasant population inhibited the development of a home market for manufactured goods. The limited production occurring rivalled English production and was ruthlessly restricted. By the end of the 18th century, Southern (Catholic) capitalism was, where it existed, in rapid decline.

The exclusively Protestant nature of Ulster capitalism may be explained by the fact that the Ulster custom was the sole right of the planter until at least the late 18th century. Until Catholic emancipation, capital accumulation by Catholics was effectively prevented by the penal laws which prohibited Catholics from ownership of real property, from inheriting land, etc.

A measure of political control over its native society, as well as economic control of its commercial markets, is an important factor for a native bourgeoisie. The Ulster bourgeoisie, being mainly Presbyterian, was hampered in civil matters by the Test Act of 1704 which effectively deprived it of political existence. In the United Irish Rebellion of 1798, the Ulster bourgeoisie sought increased political control of Ireland, free from England, free of the Test Act and free of English restrictions on trade. The Rebellion was unsuccessful in achieving independence but British reaction favoured many of the demands of Ulster. The Act of Union which followed in 1801 meant Ulster’s participation in the markets of England and the expanding Empire. Production for these markets aided and speeded the development of a strong industrial capitalism in Ulster. As a result, it is argued here, the Ulster bourgeoisie’s conflict with the bourgeoisie of the oppressing nation (England) ceased. It is in competition with the bourgeoisie of another nationality that the native bourgeoisie learns its nationalism. With the removal of that competition, I suggest, the Ulster bourgeoisie abandoned its Irish national aspiration.

As Ulster’s industry prospered, the various services involved in industrial production were built up. The nature of these services and facilities tended to rival southern Irish counterparts and Ulster reliance on her own developing services thereafter contributed to her separation from the Irish context. From 1801 Ulster rapidly became integrated into the British economy and specifically into the great Mersey-side-Clydeside-Lagan Valley industrial triangle.

These are briefly described components of the separate-from-Ireland economic growth of Ulster which I believe tend to cast some doubt on Bray’s remark that “Belfast is an Irish city in an area of Ireland artificially established as a separate statelet” (p.39) and further doubt on the continued assumption that the Ulster working class is only a Northern extension of the Irish working class.

HISTORICAL DIVISIONS IN THE ULSTER WORKING CLASS

The estimated population of Belfast shows the trend of Belfast’s urbanisation. In 1708 the town had a population of 2,007. By 1834 it had risen to 60,813. A very large proportion of the incoming population was Catholic. Of the 2,007 people in Belfast in 1708 only 0.3% were Catholic. Of the 60,813 in 1834, 32.4% were Catholic. By 1857 the industrial region of Belfast with its adjacent housing, between Falls Road and Sandy Row, had divided into two areas (along Albert Street), the Catholic ‘Pound’ and the Protestant Sandy Row. The Belfast working class was thus divided into two distinct, separate, segregated working class communities.

Marx quotes the concentration of proletarians in towns as being responsible for the growth of working class consciousness as a result of increased communication and
sense of community, but in "The Poverty of Philosophy" recognises that in the urban situation, in the first instance, the situation is of competition between the workers. That competition could feasibly help to reinforce dependence on traditional (in Ulster, religious) allegiances, thereby accentuating differences within the working class.

It is feasible that Protestant workers and Catholic workers, rather than combining against the bourgeoisie, combined to protect what they conceived of as their respective interests against each other. That is, the mass because of prevailing and inherited circumstances did not unite but combined in division.

This division was re-emphasised by --

(i) The inevitable deterioration of material conditions experienced by the old inhabitants (Protestant) of a town that had undergone rapid industrial expansion and an influx of peasantry (Catholic).

(ii) Increased job competition, with the influx of Catholics. Unskilled Catholic workers were prepared, as on the land, to accept jobs at lower wage rates and worse conditions, thus undercutting their Protestant competitors.

(iii) The tendency for individuals in periods of social change to align with groups with whom they have traditional allegiance -- in this case, common religious and cultural allegiances.

It is suggested that these consequences of the expansion of Belfast reinforced the separate outlook of the Protestant working class as a community of interest in antagonism to the Catholic community: that in the influx of Catholics the Protestant population of Belfast saw a threat to the security of their jobs and to their living conditions (the urban equivalent of the Catholic threat to the Protestant tenantry which gave rise to the Orange Societies). The first urban sectarian riot occurred in Belfast in 1835.

FROM HERE TO FRATERNITY?

I have briefly argued that social and economic conditions in Belfast created and/or reinforced conflicts between the Protestant and Catholic working classes of that city (and by extension, Ulster). I noted that the Protestant community in Ulster post-1801 had become integrated within the British cont-

This work consists of a series of notebooks written by Marx in the winter of 1857-58, devoted to the analysis of money and of capital, along with a draft of a general introduction. They constitute a first attempt to synthesise the fruits of Marx's study of political economy during the 1840s and 1850s, as well as the basis for his subsequent work, which culminated in Capital.

Marx wrote these notebooks for his own use, not for publication. Apparently even Engels was unaware of their existence. David Ryazanov, the Director of the Marx-Engels Institute in Moscow (who was later killed by Stalin) announced their discovery in 1923. It was not until 1939-41 that the Institute published them, in two volumes. However, only three or four copies of this edition reached the outside world and it was not until Dietz Verlag, the East German publishing house, issued a new edition in 1953 that the Grundrisse began to be widely known.

The entry of the Grundrisse into the English-speaking world has been a consequence of the renewed interest in marxism during the 1960s. In 1964, the forty-page section headed 'Forms which precede capitalist production (concerning the process which precedes the formation of the capital relation or of original accumulation)' was published as Pre-Capitalist Economic Formations by Lawrence and Wishart, with a long introductory essay by the British marxist historian Eric Hobsbawm. In 1971, David McLellan published a slim volume of selections from the Grundrisse, concentrating on the more philosophical sections. Now, Martin Nicolaus, a young Canadian-American marxist, has presented us with a complete translation as the first volume in the Pelican Marx Library. Lawrence and Wishart are also promising another translation as part of their forthcoming forty-volume edition of the collected works of Marx and Engels.

Marx did not even bother to give these notebooks a general title, simply numbering them (the title we have today originated with the editors of the 1939-41 edition); yet the most extravagant claims have since been made for them. McLellan states that the Grundrisse "is the most fundamental work that Marx ever wrote", and that any discussions of Marx which neglect it are "necessarily deficient", even "useless". Nicolaus asserts that "The Grundrisse challenges and puts to the test every serious interpretation of Marx yet conceived".

Both McLellan and Nicolaus believe that the Grundrisse demonstrates conclusively the Hegelian cast of Marx's thought. While McLellan simply asserts this, without offering a shred of supporting argument (or even evidence), Nicolaus presents a much more substantial case. With patience and care, he points out scores of formulations in the Grundrisse which parallel those of Hegel's Science of Logic. It is undoubtedly true that Marx leaned heavily on Hegel when he wrote the Grundrisse. But surely what is most significant here is that as Marx refined, revised, and developed his ideas, these formulations were abandoned.
As he subsequently developed his own concepts and terminology, Marx was able to abandon these “borrowings” from Hegel. They are thus not proof of the Hegelian character of the thought of the mature Marx, but rather of the theoretical immaturity of the Marx who wrote the Grundrisse.

McLellan also places much importance on the frequent recurrence of the word “alienation”. This word, he observes, “occurs much more in Capital than some writers would think, and is central to most of the important passages of the Grundrisse”. This alone is supposed to establish basic continuities between the Marx of the 1844 Manuscripts, the Marx of the 1857 Grundrisse, and the Marx of Capital. In this way McLellan attempts to dismiss without further discussion any writers who argue that there is a “break” between the writings of the young Marx and those of the mature Marx.

But what McLellan fails to see is that the meaning of the term “alienation” undergoes a profound metamorphosis between these texts. In Marx’s 1844 Manuscripts, the term is saturated with metaphysical significance: Man’s “essence” is alienated from his “existence”. In the Grundrisse it is used simply to denote the involuntary sale of property (this is the original legal meaning of the term). In the 1844 Manuscripts “alienated labour” thus means (in Marcuse’s words) “a catastrophe of the human essence”; in the Grundrisse it means simply that the laborers are wage-laborers, compelled to sell their labor-power to the capitalist class because they own no means of production of their own. There is a world of difference here, but to all this McLellan is oblivious.

Nicolaus also argues that the Grundrisse is of fundamental importance to the study of Capital because it gives profound insights into the methods of study Marx used. “The inner structure (of Capital) is identical in the main lines to the Grundrisse, except that in the Grundrisse the structure lies on the surface, like a scaffolding, while in Capital it is deliberately, consciously hidden, for the sake of more graphic, concrete, vivid, and therefore more materialist-dialectical presentation”. “The Grundrisse and Capital have opposite virtues of form. The latter is the model of the method of presentation, the former is the model of the method of working”. This is to some extent a quite sound argument, but it does over-rate the importance of the Grundrisse. The difference between these notebooks and Capital is much more than one of form; there was a real process of maturation, development, and enrichment of Marx’s thought in this period, as well. Many of the basic ideas of Capital appear first in the Grundrisse — but in half-developed, obscure, and intuitive form.

In general, the importance of the Grundrisse has been greatly over-stated by commentators such as McLellan and Nicolaus. It is important because it is the grandfather of Capital, not because it is in some way more profound than Capital. One should not mistake obscurity for profundity. The importance of the Grundrisse lies not in directly enriching Marxist theory itself, but in adding to our knowledge of the formation, history, and development of Marxist theory.

In my opinion, the central importance of the Grundrisse lies in the fact that it documents a nodal point in the development of Marx’s thought. In it we see, for the first time, Marx’s general theory of historical materialism really penetrating and transforming economic theory. It is in the Grundrisse that Marx establishes the determining role of the mode of production, contrasting it with the (subordinate) spheres of circulation, distribution, and consumption, thereby shifting his analysis of capitalism from the sphere of competition to that of production relations; he differentiated the capitalist mode of production from the other modes of production which preceded it in history, and defined the relation of exploitation specific to it; he discussed the problem of the origins of capitalism in the disintegration of the feudal mode of production; and its historical limits, represented in the fact that capitalist production is driven by capital’s thirst for surplus-value while the mechanisation of production it induces constantly displaces labor (the sole value-creating element in the system) from the process of production, leading to a falling rate of profit. Now he is in a position to criticise Ricardo and the other classical bourgeois political economists, who analysed capitalism on the basis of the assumption that it was a
permanent and unalterable system — and he does this to devastating effect.

Important as all this is, however, it represents only the initial breakthrough, not the completion of Marx’s analysis. He still has to carry out the detailed analysis of the capitalist mode of production, of the circulation of capital, of the relation between the sphere of production and the sphere of distribution in capitalism. These achievements are carried through only in Capital. Thus, as Keith Tribe has stressed, the Grundrisse is a “transitional work”.

The Grundrisse is generally a difficult text to read. In part, this is because Marx’s ideas are inchoate and half-formed, in part because he was writing for his own eyes alone. All too often he is content with a brief allusion to a writer or an idea, instead of giving a full explanation. The meaning of such passages was presumably clear in his own mind, but for us today they can only be ambiguous and uncertain in meaning. Yet there are also a number of passages of rough-hewn beauty, of great power and eloquence. Of these, I was particularly struck by a brief historical essay headed “competition” (pp. 649-52) and his justly famous notes on machines (pp. 690-711). The Introduction, devoted to discussion of general epistemological and methodological problems, is also of considerable importance for marxist philosophy.

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