

*The Politics of the Crisis Theory: Toward the Critique of Automatic Marxism II**

by Russell Jacoby

The critique of bourgeois society—Marxism—has also succumbed to it. The increasing specialization of labor, manual and intellectual, fractures Marxism. This phenomenon, if obvious, is largely ignored. It is a truism that today there are Marxist philosophers, sociologists, economists who are more committed to and learned in their separate fields than in Marxism as a whole. But this statement confesses more than it states. For it would seem that the Marxism of Karl Marx bound a politics and economics into a distinct unity, however unstable, a political economy. If this unity no longer exists what does this mean for Marxists and Marxism? More precisely, if the core of Marxism, its economics has evolved—decayed?—into a technical specialty incomprehensible to other Marxists and distant from any definite political project, is this a statement about Marxism, bourgeois society, or simply individual theorists? Or all three?

A preliminary response might suggest that Marxism as a 'political economy' was never a simple addition of politics and economics; and from the beginning both these moments tended to separate or collapse into one. To Marx himself the economic analysis could not be abstracted from a political dimension; if there was a unity of theory and praxis it occurred at the intersection of an economic and political plane. "The struggle of class against class is a political struggle."¹ 'Economism,' the reduction of an economic-political struggle to a simple economic one has surfaced throughout the history of socialism in various forms, syndicalism, anarchism, reformism. Most Marxists have resisted it. From this perspective the more recent separation of politics and economics could be interpreted as a new type of economism *or* as a further loosening of the original political-economic relation.

Yet this might be insufficient, obscuring both the complexity of the original relationship as well as the nature of the subsequent transformation. The following pages seek to shed some light on this elusive relationship by exploring the history and politics of the crisis theory. The crisis theory is especially interesting because it presents the problem of Marxist political economy in its most provocative form; the crisis theory is at once an economic theory and a political one. It draws together the objective and economic moment in Marxism with the subjective and political moment.

* The first part, "Towards a Critique of Automatic Marxism: The Politics of Philosophy from Lukács to the Frankfurt School," appeared in *Telos* 10 (Winter, 1971).

1. K. Marx, *The Poverty of Philosophy* (New York, 1963), p. 173.

But nothing seems to fit; a decisive political intervention seems dependent on the theory and fact of an (objective) collapse, if such intervention is not to be reduced to tinkering within the existing apparatus. Yet the objective theory of the collapse seems also to relegate the subject to a passive spectator.² Subject and object seem incomplete apart, and incomprehensible together. To place at the beginning a more specific case of the problem: historically the 'mechanistic' theory of the collapse has been associated with the politics of spontaneity, from Luxemburg to Mattick. Conversely, the rejection of the objective collapse in the name of consciousness and subjectivity has been associated with a passive and reform politics. This is a preliminary statement, and needs qualification.

It should be noted that this essay is not only about the ambiguity compressed into Marxist political economy, but is also an expression of it—and perhaps has fallen victim to it. That is: for those schooled in the politics and philosophy of Marxism the economic substance presented here may seem, if not obscure, irrelevant. Similarly, to those acquainted with Marxist economics, the economics presented here may seem, if not imperfect, encumbered with extraneous political and philosophical considerations. Such objections, even if accurate, may only testify to the importance of the problem and spur more adequate treatment.³

I

A confrontation with the crisis theory requires a textual and contextual glance at its first formulation in nineteenth century Russia. It is an irony frequently commented upon that Marx first received extensive and intensive attention from non-industrialized Russia; this, however, only begins the irony. The first Marxist theory of the crisis was worked out by Russian populists in the name of agrarian socialism. They embraced Marx's writings not simply as a critique of capitalism, but its industrial successor, socialism. They found in *Capital* not only a moral and ethical exposé of capitalism, but proof of capitalism's inability to persist and grow in Russia—or proof that capitalism would collapse. They found in Marx an implicit endorsement of the possibility of a non-capitalist route to a peasant oriented socialism—a socialism that bypassed urban industrialization. This first reading of Marxism, and the first response that it stimulated from the Russian legal Marxists, raised the issue of the crisis of capitalism and its political interpretation.

The many varieties of Russian populism are rooted in the complexities of the Slavophile-Western knot which has been tied in as many forms as

2. Colletti in "The Theory of the Crash," *Telos* 13 (Fall, 1972), expresses the problem quite precisely.

3. After this essay was completed G. Marramao's "Zum Verhältnis von politischer Ökonomie und kritischer Theorie" (*Asthetik und Kommunikation* 11 [April, 1973]) was brought to my attention. In many ways, both in its argument and the material it draws upon, it is close to this essay. A translation is planned for a future issue of *Telos*.

decades in the nineteenth century. In a sentence, the controversy turned on the interpretation of Russian development; to what degree it would (or should) recapitulate Western institutions or would (or should) nurture its own Slavic traditions.⁴ It might seem that the Slavophiles were simply reactionaries, celebrating native institutions, be it serfdom or the church. And so many were; but the Populists inherited one element of the Slavophile tradition which was transmitted by Alexander Herzen.⁵ Herzen, unsettled by the social costs of industrialization he witnessed in Western Europe, and disillusioned with the failures of the revolutions of 1848, hoped that Russia might bypass the Western stage on the way to socialism.⁶

The shortcut—or longcut—that Herzen discovered and rediscovered to avoid the damages of Western industrialization was the ancient peasant institution of the commune, the *mir*.⁷ This appeared to be the incarnation of the non-individualist anti-capitalist community. As such it was not only socialist in practice, but could serve as the nucleus for a Russian socialism that would avoid Western industrialization. “You can see what a blessing it is for Russia that the rural commune has never been broken up,” wrote Herzen in 1851, “that private ownership has never replaced the property of the commune; how fortunate it is for the Russian people that they have remained outside all political movements, and for that matter outside European civilization, which would undoubtedly have sapped the life of the commune.”⁸

The interest in the *mir* was passed on to later populists who ironically, but not without reason, turned to Marx as an ally in their argument that capitalism was not viable in Russia; they wanted to prove that capitalism was a damaging social system confined to the West, and that the *mir* would generate an alternative socialism side-stepping capitalism. Marx was received as a critic of capitalism, but not as an advocate of a proletarian movement. That the political project could be detached from the economic analysis was not only due to a misreading, as Marx and Engels themselves were at least half receptive to the idea. In any case it was these populists who developed the first crisis theory based on Marx’s works.⁹

4. Cf. N. Berdyaev, *The Russian Idea* (Boston, 1962), pp. 39f.

5. For the relation of populism to pan-Slavism see J.H. Billington, *The Icon and the Axe: An Interpretive History of Russian Culture* (New York, 1970), pp. 397f. Cf. E.H. Carr, *Studies in Revolution* (New York, 1964), pp. 94f.

6. A. Herzen, *My Past and Thoughts: The Memoirs of Alexander Herzen* (London, 1968), vol. II, p. 787.

7. Herzen sought to avert the danger of succumbing to a reactionary Slavism. Cf. M. Malia, *Alexander Herzen and the Birth of Russian Socialism* (New York, 1965), p. 402.

8. A. Herzen, “The Russian People and Socialism,” in *From the Other Shore* (Cleveland and New York, 1963), p. 189.

9. For a survey of populist economic theories, apart from subsequent citations, see T.H. von Laue, “The Fate of Capitalism in Russia: The Narodnik Version,” *The American Slavic and East European Review*, XIII, 1 (February, 1954), and S.M. Schwarz, “Populism and Early Russian Marxism on Ways of Economic Development of Russia,” in *Continuity and Change in Russian and Soviet Thought*, ed. E. Simmons (Cambridge, Mass., 1954).

By the late 1870s V. Vorontsov, a 'legal' populist, had worked out in rough fashion a crisis theory of capitalism, at least as it applied to Russia.¹⁰ If it could be shown, on the basis of Marx's *Capital*, that capitalism would destroy itself, this would confirm the populist search for a non-capitalist source of socialism. As Vorontsov wrote in the foreword to his book, *The Destiny of Capitalism in Russia* (1882), "The party of the people [the populists] would have gained a great deal in practical respects. . . if its faith in the viability of popular principles had been united with a conviction of the historical impossibility of the development of capitalist production in Russia."¹¹ Vorontsov pointed to two reasons for the impossibility of capitalist development: 1) the lack of foreign markets and 2) the lack of internal markets.

To Vorontsov and other legal populists (legal as opposed to a terrorist populist tradition), such as N.F. Danielson, the Russian translator of *Capital*, the absence of a market was grounded in two other facts or observations: the first was the inability of Russia to find a foreign market both because a) Russia was 'late' in arriving on the international scene and the market was already dominated by Western countries and b) Russia's more primitive industrial structure could not produce competitive goods; secondly the absence of an internal or domestic market was due to the very logic of capitalist development: to wit, capitalism necessarily destroyed its own home market by impoverishing workers and peasants as it industrialized. This second reason evidently feeds into the first; if the domestic markets are disappearing, the foreign markets are irreplaceable. One summary of the legal populist argument put it this way: "forced industrialization at the price of heavy burdens on the peasantry destroyed the domestic consumption market indispensable" for industrialization.¹²

This economic reasoning seconded the more general populist belief that capitalism was a uniquely Western phenomenon, and that native Russian institutions could serve as the nucleus for a Russian socialism. To be emphasized, is that this was a Marxist reading, that is, an interpretation of capitalism and Russia based on Marx. The populists considered themselves Marxists, though historically it was the opponents of the populists, the legal Marxists, who gained that title.¹³ Moreover, the Marxists with whom Marx and Engels were in closest contact, were in fact the populists. This Russian

10. For Vorontsov, see A. Walicki, *The Controversy over Capitalism* (London, 1969), pp. 113f.

11. Cited in T. Dan, *The Origins of Bolshevism* (New York, 1970), p. 142.

12. A.P. Mendel, *Dilemmas of Progress in Tsarist Russia: Legal Marxism and Legal Populism* (Cambridge, Mass., 1961), p. 47.

13. Pipes discusses that the term populist was a polemical one used by some Marxists; see R. Pipes, *Struve: Liberal on the Left* (Cambridge, Mass., 1970), p. 84. Tugan-Baranovsky seems to confirm this when he mentions that the opponents of the Marxists, "the populists," "were moreover also named Marxists," Tugan-Baranovsky, *Studien zur Theorie und Geschichte der Handelskrisen in England* (Jena, 1901), p. 199. Walicki takes issue with Pipes' formulations on this; see Walicki, *Controversy*, pp. 6f.

interest in Marx was an "irony of fate" that was noticed by Marx himself as well as by later observers. Marx himself, however, late in life, was increasingly fascinated by Russian developments, and undertook to master Russian.¹⁴ In 1881 Marx was drawn directly into the debate as Vera Zasulich on behalf of the Marxists wrote to Marx asking his opinion on the Russian controversy. "In recent times we hear it often said that the commune is an archaic form which...history has condemned to destruction. Those who so prophesize call themselves your students—'Marxists.'... You understand, citizen, how much your opinion on this question would interest us and what a great service you would perform if you set forth your view of the possible fate of our commune and of the historical necessity that all lands of the world pass through all phases of capitalist development."¹⁵

All of Marx's utterances to and on the Russian situation cannot be considered here.¹⁶ The following must suffice: Marx took very seriously Zasulich's inquiry, and no less than four drafts of a response exist, three of which are much longer and richer than the letter sent. (One draft included an aside indicating how distant Marx was from the 'Marxists' and how close to the populists: "The Russian 'Marxists' of whom you speak are completely unknown to me. The Russians with whom I am in personal contact, so far as I know, hold completely opposite opinions.")¹⁷ In his letter to Zasulich, in a letter on Mikhailovsky,¹⁸ and in the introduction to the second Russian edition of the *Communist Manifesto*, Marx gave some qualified support to the idea that the *mir* could serve as the kernel of a non-Western route to socialism—or at least he did not rule out that possibility.

To Zasulich, citing passages from *Capital*, he noted that his account of the rise of capitalism was "*expressly* limited to the *countries of western Europe*" and provided "no reasons for or against the vitality of the rural community;" yet his own researches convinced him that "this community is the mainspring of Russia's social regeneration" if "the deleterious influences which assail it from every quarter" could be eliminated.¹⁹ The Marx-Engels introduction put the problem this way: "Can the Russian *mir*—a strong if undermined archaic form of communal ownership of land—pass imme-

14. Marx, *Letters to Kugelmann* (New York, 1934), p. 77. Marx, Engels, *Selected Correspondence* (Moscow, 1965), p. 312.

15. Cited in Marx and Engels, *Werke* (Berlin, 1972), vol. 19, p. 572. I am translating her letter from the German which itself is a translation from the French. Zasulich herself, it could be noted, illustrates the intensity of the Russian revolutionary developments, as just three years prior to this letter she had been associated with terrorists and had shot the governor of St. Petersburg at "point blank range," F. Venturi, *Roots of Revolution* (New York, 1966), p. 596.

16. See the collection with Nachwort by M. Rubel, Marx and Engels, *Die russische Kommune* (München, 1972). Cf. H. Krause, *Marx und Engels und das zeitgenössische Russland* (Giessen, 1958).

17. Marx and Engels, *Werke*, 19, p. 397.

18. Marx and Engels, *Selected Correspondence*, pp. 311f. See Plekhanov's discussion of this letter, *The Monist View of History* (New York, 1972), pp. 236f.

19. Marx and Engels, *Selected Correspondence*, p. 340.

diately into a higher form of communist communal ownership? Or must it on the contrary first pass through the same process of dissolution which makes up the historical development of the west?" "The single answer which today is possible is this: if the Russian Revolution is the signal of proletarian revolution in the west, so that both complete each other [*so dass beide einander ergänzen*] then the present Russian communal ownership of the land can serve as the starting point for a communist development."²⁰

Such formulations were sufficiently sympathetic to be interpreted positively by the populists, but sufficiently qualified to be interpreted as critiques of the populists by the Marxists. Engels, after the death of Marx, frequently criticized the mode of the controversy which used Marx quotations as ammunition—a mode which would have a great future; passages would be taken out of the "writings and letters of Marx in a very contradictory manner, exactly as if they were texts from the classics or from the New Testament."²¹ Engels himself, impressed with the progress in Russian industrialization, moved decisively away from the populist position, considering the *mir* as doomed.²² He wrote to Danielson, that Marx's qualified prediction of a capitalist development for Russia seemed to be accurate. "I fear we will soon consider the *mir* as a dream of the past, and in the future reckon on a capitalist Russia. Undoubtedly a great dream will be lost with it, but one can do nothing against economic facts."²³

Plekhanov, the 'first' emphatically Russian Marxist, had in "Our Differences" (1885) written off the *mir*. According to Plekhanov the emancipation of the serfs had "dislodged the commune from the stable equilibrium of natural economy and delivered it over to the power of all the laws of commodity production and capitalist accumulation." Because "all the principles of contemporary economy" were in "irreconcilable hostility to the commune" "its further independent 'development'" was out of the question.²⁴ Plekhanov was actually more concerned with philosophical and political critiques of populism than the economic ones; the latter was the domain of the legal Marxists and Lenin.

Two 'readings' of Marx crystalized, each of which established a distinct relationship between economics and politics.²⁵ The economic argument that the populists advanced drew upon *Capital* to demonstrate that capitalism lays waste its own home market. For Russia this barred capitalist development; and politically it meant that the non-capitalist path to socialism was the only path. Yet, their economic analysis assumed another

20. Marx and Engels, *Werke*, 19, p. 296. Cf. the discussion in S. Avineri, *The Social and Political Thought of Karl Marx* (Cambridge, 1968), pp. 152-153, and G. Lichtheim, *Marxism* (New York, 1965), pp. 327-328.

21. Marx and Engels, *Die russische Kommune*, p. 265.

22. Cf. Pipes, *Struve*, pp. 95f. R. Rosdolsky, *Zur Entstehungsgeschichte des marxischen 'Kapital'* (Frankfurt, 1969), Band II, pp. 544f. Krause, *Marx und Engels*, pp. 113f.

23. Marx and Engels, *Werke*, 38, p. 469.

24. Cited in S.H. Baron, *Plekhanov* (Stanford, 1963), p. 100.

25. Cf. Mendel, *Dilemmas*, pp. 227f.

political meaning once it was removed from the immediate Russian context. The populists singled out and elaborated on the insurmountable obstacle of a limited home market; or in other words, the continuing contradiction of underconsumption (by the home market) and overproduction. Implicitly they were working out a crisis theory of capitalism.

The reverse is true for the Marxist counter-argument. Against the populists they responded, in part, that capitalism solves the market problem; the limited internal market is overcome by capital itself. Capitalism creates its own home markets. By this economic analysis the Marxists saw themselves as proving the inevitability of capitalism in Russia, even without foreign markets. Politically this economic logic justified a shift away from populist activity with the peasantry to the urban proletariat. Yet outside its Russian context, insofar as the Marxists were minimizing the market antagonism, they were simultaneously working out a theory of a crisis-free capitalism. This must be immediately qualified: the legal Marxists did work out a theory of the crisis—to be discussed below—though it remains in dispute whether it is more in name than in fact. In any case the thrust of their analysis was to rebut the populists who were emphatic on the crisis which was intrinsic to capitalism. Hence a configuration of politics and economics emerged in which the Marxists were arguing for the ability of capitalism to subsist and persist, while the populists argued the reverse.

There were both simpler and more technical versions of the legal populist argument. Vorontsov reiterated an idea that was known to Sismondi and other earlier theorists and critics of capitalism. Insofar as the workers were paid less than they produce, a surplus was created which had to be sold and consumed; since the workers could not buy it all back, nor could the capitalists themselves consume all, periodically a crisis of overproduction would occur. "Every worker produces more than he himself can consume, and all these surplus items accumulate in a few hands; their owners themselves consume them. . . . Yet eat, drink and dance as much as they like—they will not be able to squander the whole of the surplus value. . . . Since there is no one inside the country on whom the capitalist could foist this remnant, it must be exported abroad, and that is why foreign markets are indispensable to countries embarking on the capitalist venture."²⁶ This analysis, again, is coupled to the idea that exactly this foreign market is precluded to Russia.

Danielson followed similar lines; he quoted *Capital* to the effect that these same workers cannot form the entire market for the goods they produce. As he wrote to Engels, "A capitalist country resolves this contradiction. . . . through the extension of its foreign markets. But how can we escape this contradiction? Just as a factory cannot be envisioned whose products are exclusively intended for its own employed workers, so it is

26. Cited in R. Luxemburg, *The Accumulation of Capital* (New York, 1968), p. 278.

impossible for a capitalist country to exist without foreign markets."²⁷ Or, he wrote, "The capitalist could not exist for a day if his market was restricted to his own needs and his own workers."²⁸

The response of the Marxists to the legal populists followed a number of directions; one was the factual argument that capitalism was in fact developing in Russia, and the *mir* decaying regardless of what the populists hoped or theorized about the nature of capitalist development. Lenin's first book *The Development of Capitalism in Russia* (1899) presented statistical evidence to bolster the view that commodity and capitalist production was everywhere, in rural and urban Russia, on the rise. "The facts quite clearly show that the main trend of small commodity production is towards the development of capitalism, in particular, towards the rise of manufacture; and manufacture is growing with enormous rapidity before our very eyes into large-scale machine industry."²⁹ The other argument drew upon the factual evidence, but was more concerned with the theoretical questions on the relationships of production to internal and external markets, under-consumption, accumulation, etc.

The bulk of this argument was advanced by S. Bulgakov, M. Tugan-Baranowsky, Lenin, and P. Struve; in this there was both a 'united front'³⁰ among the Marxists against the legal populists, as well as internal differences, especially between Lenin and the others. (The others were known as the legal Marxists, though Lenin also in the period was operating and publishing within the confines of the legal order.)³¹ There was a general consensus that capitalism creates its own markets and own consumption. As Struve wrote, "If the example of the North American Union stands for anything, it is proof of the fact that under certain circumstances capitalist industry can attain a very high level of development almost entirely on the basis of the home market."³²

The arguments of Bulgakov, Tugan-Baranowsky, and Lenin were more sophisticated; they focus on the disproportionate, though not exactly antagonistic, relationship between production and consumption. They claimed that production, not consumption, was the goal of capitalism, and consumption was dependent on production, not the reverse. The Russian populist literature, Bulgakov wrote, "frequently points out that in view of diminishing consumption a considerable increase of capitalist production is impossible without external markets, but this is due to a wrong evaluation of the part played by consumption in a capitalist society, the failure to

27. Cited in Rosdolsky, *Zur Entstehungsgeschichte*, p. 543.

28. Nicolai-on (Danielson), *Die Volkswirtschaft in Russland nach der Bauern-Emancipation* (München, 1899), p. 259.

29. Lenin, "The Development of Capitalism in Russia," *Collected Works*, 3 (Moscow, 1964), pp. 541-542.

30. See Pipes, *Struve*, part II.

31. J.L.H. Keep, *The Rise of Social Democracy in Russia* (Oxford, 1963), p. 37.

32. Luxemburg, *Accumulation*, p. 293.

appreciate that consumption is not the ultimate end of capitalist production. Capitalist production does not exist by the grace of an increase in consumption but because of an extension of the outlying fields of production which in fact constitute the market for capitalist products.”³³

It was at this point that a discussion concerned at first with the viability of capitalism in Russia, and the importance of a proletariat versus the peasants of the *mir* was turning into one about the possibility of crisis and breakdown within capitalism per se. The argument that the legal Marxists defended, that capitalism produced its own markets and consumption, was indirectly, and later directly, confessing that capitalism was immune to crises emanating from underconsumption and dearth of markets. Note that this was not at first at issue, but this would be the logic of the economic analysis. What Luxemburg commented about these debates later was accurate: “There can be no doubt that the ‘legalist’ Russian Marxists achieved a victory over their opponents, the ‘populists;’ but this victory was rather too thorough. In the heat of battle, all three—Struve, Bulgakov, and Tugan-Baranowsky—overstated their case. The question was whether capitalism in general, and Russian capitalism in particular, is capable of development; these Marxists, however, proved this capacity to the extent of even offering theoretical proof that capitalism can go on forever.”³⁴

Some of Tugan-Baranowsky’s formulations became famous, since he carried the reasoning to its complete conclusion: capitalism produced its own market. This market was brought into being by the need for goods by expanded production itself, which was sufficient to absorb all surplus. Hence there could be no problem of a limited market, either external or internal. In this scheme the role of the consumption by the workers themselves, which to the populists had clear boundaries, became not only secondary but irrelevant. “Despite an absolute decrease in social consumption, capital finds no difficulty in realizing an ever expanding mass of products. The expansion of production—the productive consumption of the means of production—takes the place of human consumers. . .”³⁵ And the famous conclusion: “Even if all workers were replaced by machinery except for one worker, this single worker would be able to put into motion the vast mass of machinery, and with its help create new machines—and means of consumption. . . The working class could disappear; this would not disturb in the least the self-expansion of capital.”³⁶

Lenin’s writings of these years converged with that of the legal Marxists, but to a point was also a critique or a correction of some of their exaggerations. In this latter case, one finds, at least in outline, the development of an alternative notion of a crisis. One of Lenin’s very first writings, “On

33. *Ibid.*, p. 304.

34. *Ibid.*, p. 324.

35. M. Tugan-Baranowsky, *Theoretische Grundlagen des Marxismus* (Leipzig, 1905), p. 227.

36. *Ibid.*, p. 230.

the so-called Market Question" (1893) presented both the legal Marxist position, as well as a qualification of it. "The absence of a market is one of the principle arguments invoked against the possibility of applying the theory of Marx to Russia."³⁷ Lenin sought to refute that notion and the faulty response to it. His point, in less technical terms, is that capitalism creates the social division of labor which itself forms a sufficient market: ". . . The concept 'market' is quite inseparable from the concept of the social division of labour. . . The market arises. . . to the extent that social division of labour and commodity production appear. . . Thus, the limits of the development of the market in capitalist society are set by the limits of the specialization of social labour. But this specialization by its very nature is as infinite as technical developments."³⁸ At this point Luxemburg would seem to be correct; the market for capitalism was created by the social division of labor which itself was dependent on technical requirements. If this technical development was "infinite" then it would seem so was the market created by it. A crisis, at least one derived from the contradiction of production and consumption, seemed to be precluded.

The more technical responses of the legal Marxists and Lenin to the populists revolved around two components of Marx's theory, the reproduction schemes of volume II of *Capital* and the organic composition of capital. Marx's reproduction schemes aimed at elucidating a different structure of capitalist society than the focus of *Capital* volume I. In *Capital I* the type of commodity—aside from labor—is generally irrelevant; it could be corn or machines. What is important is its nature as a commodity. This is an approach which is adequate to illuminate the capitalist-worker relationship that is identical regardless of what sort of commodity is produced, sold, etc. But if one wants to shift levels and study the movements of the total social capital of which "individual capitals form only fractional parts" then another kind of abstraction is necessary.³⁹

At this level of analysis it is necessary to include the *concrete form* of the commodity; for the total social capital it is evidently not irrelevant if, say, only bread was produced or only clothes. Any of these could function as examples of commodity production if one was considering commodity production apart from the social and total capital; but to explore this total capital it is imperative to include the concrete form of the commodity, since for the reproduction of the total social capital not any commodity will do, but specific types and kinds are necessary. In other words what must be included in the analysis is not only the "exchange value" but also the "use value:" the specific kind of commodity. As Marx wrote, so long as the analysis stayed on the level of individual capital "the bodily form of the commodities produced was wholly immaterial for the analysis, whether it

37. Lenin, "On the So-Called Market Question," *Collected Works*, I, p. 79.

38. *Ibid.*, pp. 99-100.

39. Marx, *Capital*, II (Moscow, 1971), p. 392.

was machines, for instance, corn or looking glasses. . . . This merely formal manner of presentation is no longer adequate in the study of the total social capital " The movement of the total capital "is not only a replacement of value, but also a replacement in material and is therefore as much bound up with the relative proportions of the value components of the total social product as with their use value. . . ."40

The reproduction schemes, then, take up this project of the movement of the total social capital which includes its concrete form. In addition to the value analysis Marx divided the total production into two departments which broadly reflect two types of bodily forms of commodities: Department I, in which means of production are produced, that is, commodities whose concrete shape dictates that they can only pass into further production, e.g., factory machinery; Department II or commodities which can pass into individual consumption, by individual workers or capitalists. Marx then worked out the relationship between these two departments if production is to proceed, first without any accumulation (simple reproduction) and then with accumulation (extended accumulation). These reproduction schemes served as the perfect response of the legal Marxists to the legal populists; they seemed to establish that capitalism could reproduce itself without any external markets, solely by maintaining certain internal proportions between the two departments. Moreover in combination with the concept of the increasing organic composition of capital, the question of limited consumption seemed to be solved.

The organic composition of capital was developed in *Capital I*, though its connection to falling rate of profit was only worked out in *Capital III*. In brief the organic composition of capital expressed a dual relation of the total capital, a value and material relation. As a value relation, capital is divided into constant capital (c) or the money outlay for machinery and variable capital (v) or the money outlay for labor-power. The non-value or material analysis in which there is a "strict correlation" to the value division separated capital into the mass of the means of production and the mass of labor employed. In the progress of capital considered as a ratio there is an increase in constant capital as compared to the variable; exactly this is the definition of productivity: less labor sets more machinery in motion; or 'c' increases in relation to 'v'. This is the "law of the progressive increase in constant capital."41

The reproduction schemes do not take this 'law' into account. More exactly: they ignore it as a variable, and it is by no means clear that a changing composition of capital can be introduced into the schemes without undermining what limited validity they might possess.⁴² But if it is

40. *Ibid.*, p. 394.

41. Marx, *Capital*, I (Moscow, 1971), p. 612.

42. Rosdolsky, for one, holds that the organic composition cannot be introduced into the reproduction schemes, *Zur Entstehungsgeschichte*, pp. 560f.

introduced all the problems of underconsumption, lack of markets, etc., are resolved. The 'surplus' is simply plowed into Department I which presumably with a higher organic composition is increasing faster than Department II. Hence Lenin noted that the reproduction "scheme does not take technical progress into consideration. As Marx proved in volume I of *Capital* technical progress is expressed by the gradual decrease of the ration of variable capital to constant capital (v/c), whereas in the scheme it is taken as unchanged. It goes without saying that if this change is made in the scheme there will be a relatively more rapid increase in means of production than in articles of consumption."⁴³

Yet the crisis-free conclusion was not embraced by Lenin; rather he disassociated himself from the more extreme formulations of this position maintaining à la Tugan-Baranowsky that personal and individual consumption was never a problem, and that there was no contradiction between consumption and production. "Of course it is wrong to speak of accumulation being 'independent' of the production of articles of consumption..." The contradiction of consumption and production persists; the increased development of the means of production "merely sets the... contradiction aside, but does not abolish it."⁴⁴

In a series of articles and his book, *The Development of Capitalism in Russia*, Lenin expanded on points set forth in "On the So-called Market Question." For purposes here the following positions of Lenin are important:

1) Complete rejection of the theory that capitalism necessitates an external market or so-called 'third' person in order to develop. In this he differed not only from the populists, but from its qualified acceptance by Struve. Struve theorized that "surplus value cannot be realized from consumption either by the capitalist or by the workers, but presumes consumption by third persons."⁴⁵ This populist notion ignored the crucial category of the means of production. "Once... attention is paid to the circumstances that in capitalist society an enormous and ever-growing part is played by the means of production (the part of the social product that is used for productive and not personal consumption, not for consumption by people but by capital)," the theory of Struve collapses.⁴⁶

2) Rejection of obverse view that capitalism was totally independent of consumption, as most forcefully expressed by Tugan-Baranowsky. While Lenin along with the Legal Marxists advanced the view that capitalism created its own markets, and for that reason could not suffer from underconsumption, he did not share the view that personal consumption played no part in accumulation. "For capitalism, therefore, the growth of

43. Lenin, *Collected Works*, I, p. 85.

44. *Ibid.*, pp. 84, 106.

45. Lenin, "Economic Content of Narodism," *Collected Works*, I, p. 497.

46. *Ibid.*, p. 498.

the home market is to a certain extent 'independent' of the growth of personal consumption, and takes place mostly on account of productive consumption. But it would be a mistake to understand this 'independence' as meaning that productive consumption is entirely divorced from personal consumption: the former can and must increase faster than the latter (and there its 'independence' ends)...but it goes without saying that in the last analysis, productive consumption is always bound up with personal consumption."⁴⁷ And in direct refutation of Tugan-Baranowsky: though Department I must develop more rapidly than Department II "it does not follow from this that the production of the means of production can develop *in complete independence* of the production of articles of consumption and *outside of all connection with it*."⁴⁸

3) Crises founded on the anarchy of production. Lenin did not develop a full crisis theory these years—nor later—but he cannot be simply faulted with the failure of the legal Marxists that Luxemburg indicated: proving the permanent stability of capitalism. Rather Lenin sought to show that there remained a recurring antagonism between production and personal consumption which was more basically grounded in the anarchy of production. Lenin observed that there are two theories of crises, the first advanced by the populists. "The first theory explains crises by the contradiction between production and consumption by the working class; the second explains them by the contradiction between the social character of production and the private character of appropriation. Consequently, the former sees the root of the phenomenon *outside* of production...the latter sees it precisely in the conditions of production." "To put it more briefly, the former explains crises by underconsumption, the latter by the anarchy of production."⁴⁹ The latter does not deny the former, but traces it to a more profound level. Hence Lenin continued to write of the contradiction between production and consumption: "the contradiction between the tendency towards the *unlimited* expansion of production and the inevitability of limited consumption."⁵⁰ Somewhat later Lenin commented on Plekhanov's statement: "...the sale of commodities necessarily lags behind their production, and this periodically causes more or less severe industrial crises..." Lenin corrected: "The basic cause of crises: *Planslosigkeit* [planlessness], private appropriation under social production..."⁵¹

The notion of the crisis developed here would seem to stand in direct contradiction to the theory of the legal Marxists. Crises, wrote Lenin, are "inevitable."⁵² Yet there is more than a passing affinity. As mentioned

47. Lenin, "Development of Capitalism in Russia," *Collected Works*, III, p. 55.

48. Lenin, "A Note on the Question of the Market Theory," *Collected Works*, IV, p. 59.

49. Lenin, "A Characteristic of Economic Romanticism," *Collected Works*, II, p. 167.

50. Lenin, "A Note on the Question of the Market Theory," *Collected Works*, IV, p. 58.

51. Lenin, "Notes on Plekhanov's First Draft Programme," *Collected Works*, V, pp. 21-22.

52. Lenin, "The Lessons of the Crisis," *Collected Works*, V, p. 89.

previously, while rejecting the crisis theory of the populists, the legal Marxists presupposed and worked-out a qualified crisis theory. Against the populists they stressed the viability of capitalism; and the reproduction schemes seemed to confirm the ability of capitalism to expand without crises. If the proper relationships were maintained between departments, no crises would emerge. But exactly this was also the reason a crisis could emerge: if the proper relations were not maintained, a crisis would occur, a crisis of disproportions. Because of the complexity and interdependence of all sections of the capitalist market, and its essential anarchy, such disproportions would be a regular event. Tugan-Baranowsky wrote: "With a proportional division of social production, the demand will be produced through the production of commodities themselves. However, the achievement of a perfect proportionality includes insurmountable difficulties. Each division of the social capital outside a proportional one will lead to over-production of some wares; but since all sections of production stand in a close relationship, a partial over-production of some wares is transformed simply into a general over-production."⁵³ While rejecting the exaggerations of the legal Marxists, Lenin's position at this period was cut from the same cloth: the source of the crises is the anarchy of the market.⁵⁴

The politics of this crisis theory was generated by the economic logic—with Tugan-Baranowsky and later theorists, such as Hilferding. Insofar as planlessness seemed to be the root cause of the disproportions, the inference is that with planning the crises could be avoided; that is, without a fundamental change, but government direction. Combatting the notion that underconsumption causes crises, Tugan-Baranowsky stated "... Capitalist production creates for itself a market... If social production was planfully organized, if the leaders of production had a complete knowledge of demand and the market, and could shift workers and capital freely out of one sector of production to another, so, no matter how low social consumption might be, the supply of commodities would not overstep the demand. But the accumulation of capital that is dominated by a total planlessness of social production, by the anarchy of the world market, leads unavoidably to crises."⁵⁵ The apparently close link between the economic analysis—anarchy of the market—and the political conclusion—planning and statism—was the one reason why left communists would seek to ground

53. Tugan-Baranowsky, *Studien zur Theorie und Geschichte der Handelskrisen*, p. 31.

54. Rosdolsky considers that Lenin and the legal Marxists essentially shared the same position; see *Zur Entstehungsgeschichte*, p. 567. Rabehl argues that Lenin differed from the legal Marxists in all decisive points; see B. Rabehl, "Zur Methode der revolutionären Realpolitik des Leninismus," in *Lenin. Revolution und Politik* (Frankfurt, 1970), pp. 62f. Cf. Bukharin, *Imperialism and the Accumulation of Capital*, ed. K.J. Tarbuck (New York, 1972), p. 225.

55. Tugan-Baranowsky, *Studien*, p. 33. "Tugan-Baranowsky ascribes the cyclical character of capitalist economy above all to its lack of planning. The replacement of an anarchist economy by a planned one would set aside its cyclical character:" N. Moszkowska, *Das marxische System* (Berlin, 1929), p. 154.

a crisis theory on another foundation.

II

That the legal Marxists evolved away from Marxism to liberalism (Struve), ethical socialism and idealism (Tugan-Baranowsky), and religion (Bulgakov) suggests the nature of the political dimension of their economic analysis.⁵⁶ The economic argument that capitalism would and could develop in Russia minimized the obstacles, crises, and contradictions that impeded its existence. The logic of economic inevitability generated a political logic: acceptance of the capitalist reality. That this was not at first their intention suggests the tension contained in a Marxist political economy. In the long run the economic logic asserted itself despite and against the initial political project.

The nexus of economics and politics as it was played out in Western Europe was more complex than in Russia, and more illuminating. Here, the German debate can be considered briefly as a prologue to Luxemburg, Grossmann and left communism. The main contours of the debate differed from the Russian, a difference due to the European socio-economic structure which presented different theoretical problems. Evidently in Europe there was no need to prove that capitalism could in the future develop. Hence the laws of accumulation and the reproduction schemes of *Capital II* were generally ignored. Tugan-Baranowsky observed in 1901 that in contrast to Russia in Germany there was "no attempt to evaluate the Marxist analysis of reproduction of social capital as an explanation of crises and, in general, of the laws of development of capitalism."⁵⁷

A consensus existed in Europe that crises were integral to capitalism though little energy was expended in proving this—a general consensus, that is, among the orthodox. The crisis theory in Western Europe cannot be abstracted from the orthodoxy-revisionism dispute. A simplified schema might correlate the orthodox defending the theory of the crisis and the revisionists denying it. But this only begins the story; inasmuch as neither exponents or opponents differed on decisive political questions it is a major problem then and now, to dig out the 'inner' relationship between orthodox and revisionists, façade notwithstanding.⁵⁸ On a specific issue, such as the mass strike, Luxemburg observed the almost "literal agreement" between

56. For some details, see B. Wielenga, *Lenins Weg zur Revolution. Eine Konfrontation mit Sergej Bulgakov und Petr Struve* (München, 1971), and Mendel, *Dilemmas*, pp. 165f.

57. Tugan-Baranowsky, *Studien*, p. 199.

58. Some of the works this analysis draws upon and follows are: V. Lidtke, *The Outlawed Party: Social Democracy in Germany* (Princeton, 1966); H.H. Steinberg, *Sozialismus und deutsche Sozialdemokratie* (Hanover, 1967); E. Rikli, *Der Revisionismus* (Zürich, 1936); S. Miller, *Das Problem der Freiheit im Sozialismus* (Frankfurt, 1964); A.J. Berlau, *German Social Democratic Party* (New York, 1959); G. Gneuss, "Um den Einklang von Theorie und Praxis," in *Marxismusstudien, Zweite Folge* (Tübingen, 1957); E. Matthias, "Kautsky und Kautskyanismus," *ibid.*; P. Gay, *Dilemma of Democratic Socialism* (New York, 1962); C. Schorske, *German Social Democracy* (New York, 1965).

orthodox and revisionist, that is, both Kautsky and Bernstein opposed it.⁵⁹ From this perspective the politics of the revisionists could be valued for at least expressing the truth about the reformist core of German Social Democracy, which was veiled by the orthodox with revolutionary slogans. For exactly this reason Sorel praised Bernstein's revisionism; he at least wanted to make "the language of Socialism accord with the real facts" while Kautsky sought to "veil" the "real activity of the Socialist Party."⁶⁰ Lukács made the same point: Bernstein was "frank" while Kautsky's role was to "blur theoretically the decisive problems of revolution" on behalf of party unity.⁶¹

Most accounts of German Social Democracy have sought to explain the sham conflict and the real unity between the orthodox and the revisionists. The orthodoxy, according to several interpretations, was simply a series of theoretical propositions aimed at welding the party into a unified force; it functioned as an ideology of integration in which the content of specific propositions was more or less irrelevant.⁶² The Erfurt Program, the acceptance of Marxism by the German Social Democrats, sanctified the chasm between the orthodox theory and the practical-reformism. The first part of the program dealt with increasing contradictions—"the antagonism between exploiter and exploited grows ever more glaring"—while the second part with practical demands.⁶³ The resulting split is papered-over by an evolutionary schema that presents revolution as inevitable—and distant and gradual.⁶⁴ Kautsky, it should be recalled, except for a brief period, was always an eager proponent of the Darwin-Marx parallel.⁶⁵

The upshot of this is that on the issues that divided the populists and Marxists in Russia, the necessity of a crisis due to overproduction and limited markets was not a major concern; from a Russian perspective it appeared that the Germans were unified on the issue. Tugan-Baranowsky remarked that in Germany both the orthodox and revisionists agree on the "possibility of chronic over-production as a result of the limited possibilities for expansion by the capitalist market." " 'Revisionist' and 'Orthodox' are united on this point."⁶⁶ Tugan himself, of course, disputed this: the notion of "inevitable breakdown of capitalist economy as a result of decreasing markets" is "an article of belief not only of the 'orthodox' Marxists but . . .

59. Luxemburg, "Ermattung oder Kampf?" in *Die Massenstreikdebatte*, ed. A. Grunenberg (Frankfurt, 1970), p. 137. See J.P. Nettl, *Rosa Luxemburg* (London, 1966), vol. 2, pp. 415f.

60. Sorel, *Reflections on Violence* (New York, 1961), p. 214.

61. Lukács, "Bernstein's Triumph," in his *Political Writings* (London, 1972), pp. 127-133.

62. W. Abendroth, "Das Problem der Beziehungen zwischen politischer Theorie und politischer Praxis," *Die neue Gesellschaft*, V, 6 (1958), pp. 466f and K. Brockschmidt, *Die deutsche Sozialdemokratie bis zum des Sozialistengesetzes* (Stuttgart, 1929), pp. 102f.

63. The text is in Miller, *Das Problem der Freiheit*, p. 310f.

64. See the analysis of *Die neue Zeit*, the theoretical organ of the Social Democrats, in Lidtke, *The Outlawed Party*, p. 280.

65. H.H. Steinberg, *Sozialismus und deutsche Sozialdemokratie*, p. 52. Steinberg's is one of the most provocative analyses; he corrects Matthias in some respects.

66. Tugan-Baranowsky, *Theoretische Grundlagen*, p. 216.

also many 'Revisionists' " and has been "proved. . . to be a fantasy."⁶⁷

Tugan-Baranowsky overstated the agreement, for neither the orthodox nor the revisionists in Germany were much concerned with developing a crisis/breakdown theory; and some revisionists, of course, sought to refute it. C. Schmidt's discussion of the crisis (1901), in a review of Tugan-Baranowsky, accepted in only an extremely qualified manner the notion of a crisis.⁶⁸ Against Tugan-Baranowsky he argued for the crisis potential of underconsumption; he noted that the whole subject is laden with political meaning. "Whoever writes on the crisis and considers it more than a collection of facts, must at the same time *vis-à-vis* capitalism lay his cards on the table."⁶⁹ Hence the dispute is "less academic than it seems." If Tugan-Baranowsky is correct, it is not clear why capitalism must bury itself. But Schmidt was very cautious, and refused to make any predictions which depended on unknowns; and moreover he suggested that optimism—a belief in no crises and increasingly better conditions for the proletariat—was more constructive than pessimism.⁷⁰

Other contributions to a crisis theory were even more indefinite. H. Cunow in "Zur Zusammenbruchstheorie" did, in taking up Bernstein, make a very qualified, and hardly developed, case for a breakdown. "Whether our economic development in its real tendencies is driving towards a general catastrophe is the essence of the whole question." Cunow considered crises as the result of diminished markets, and was not willing to rule them out because they might be undesirable.⁷¹ Kautsky in his 1899 critique of Bernstein was perhaps most accurate; he claimed that Bernstein raised a false issue with his attack on the breakdown theory, as in fact there was none. "A definite 'breakdown theory' was not created by Marx and Engels. The word stems from Bernstein. . ." And further: "In the official publications of the German Social Democracy Bernstein could search in vain for an assertion which runs in some way similar to the alleged 'breakdown' theory. In the passage in the Erfurt program which discusses crises, there is no word on breakdown."⁷²

Kautsky's crisis articles from 1901-02, a critique of Tugan-Baranowsky, is more emphatic than his Bernstein critique on the necessity for a crisis, is indefinite about its nature. Against the disproportion theory of Tugan-Baranowsky, Kautsky argued for a multi-causation—with a large place for underconsumption. The reason for the "constant press towards

67. *Ibid.*, p. 228.

68. See the discussion in P. Sweezy, *Theory of Capitalist Development* (New York, 1968), pp. 96-97.

69. C. Schmidt, "Zur Theorie der Handelskrisen und der Ueberproduktion," *Sozialistische Monatshefte*, V (1901), p. 670.

70. *Ibid.*, p. 676.

71. H. Cunow, "Zur Zusammenbruchstheorie," *Die neue Zeit*, XVII (1898-99), p. 430.

72. K. Kautsky, *Bernstein und das sozialdemokratische Programm. Eine Antikritik* (Stuttgart, 1899), pp. 42, 43.

overproduction" is that the exploiters themselves cannot consume enough of what remains after the underconsumption by the workers."⁷³ The long term prospects are "crises, wars, and catastrophes." Kautsky broaches the political dimension; what is the "practical value" of this dispute, he asks. The revisionists attack the crisis theory because it infers an intensification of class struggle. "It is no accident that revisionists have especially fought the Marxist crisis theory." The prospects, rather, are for "chronic depression" which precludes class collaboration. "Our theory of the crises is incompatible with the position of weakening of the class conflict."⁷⁴

If orthodox German Social Democracy was only lukewarm about breakdown theories, the revisionists were opposed.⁷⁵ Most notably, of course, is Bernstein in the later 1890s; but already at the time of the Erfurt program G. von Vollmar, an ardent reformist, had taken issue with the idea that history moves by leaps and jumps; rather it moves 'organically;' hence the party should concentrate on the immediate and most pressing goals.⁷⁶ But it is only with Bernstein that a full-scale critique of a breakdown theory is advanced, a critique which received widest circulation in his *Die Voraussetzung des Sozialismus und die Aufgaben der Sozialdemokratie*.⁷⁷ "I set myself against the notion that we have to expect shortly a collapse of the bourgeois economy..." "...The task of social democracy is, instead of speculating on a great economic crash...to fight for all reforms..."⁷⁸ Bernstein suggested that the extension of world trade, modern credit system, and industrial cartels have rendered crises impossible. "There is no urgent reason for concluding that such a crisis will come to pass for purely economic reasons."⁷⁹

Yet there was no real conflict of interpretations between revisionists and orthodox. Firstly, the revisionists, most studies suggest, formed the essential nucleus of not only the trade unions, but the Social Democracy itself. That this was not immediately evident may be partly explained by the distinction drawn between revisionism and reformism: revisionism can be considered the theoretical expression of practical reformism. The reformists themselves

73. K. Kautsky, "Krisentheorie," *Die neue Zeit*, XX (1901-02), p. 80.

74. *Ibid.*, pp. 141-143.

75. The following illustrates how unimportant the crisis theory was even to the orthodox: Bernstein's critique of the crisis was spurred by a resolution of the London Congress of the Second International that stated only: "The economic and industrial development is going on with such rapidity that a crisis may occur within a comparatively short time. The congress therefore impresses upon the proletariat of all countries the imperative necessity for learning... how to administer the business of their respective countries..." According to Bernstein what was envisioned here was not a "regular crisis" "but a real world historical crisis, a crash not of so-and-so many capitalist enterprises, but of the entire capitalist economy in general." E. Bernstein, "Zusammenbruchstheorie und Colonialpolitik" (1898), in Bernstein, *Zur Geschichte und Theorie des Sozialismus* (Berlin, 1901), pp. 221-222.

76. See Miller, *Das Problem der Freiheit*, p. 215.

77. See Gay, *Dilemma* and P. Angel, *Eduard Bernstein et l'évolution du socialisme allemand* (Paris, 1961), pp. 224f.

78. E. Bernstein, *Evolutionary Socialism* (New York, 1961), pp. xxiv, xxvii.

79. *Ibid.*, pp. 80, 93.

generally and successfully shunned revisionism because it jeopardized their activities by drawing attention to them. They preferred non-theoretical pragmatism. "Since Erfurt," wrote von Vollmar to Bernstein, "I speak less and act more. . . I can say that I am completely satisfied with the results."⁸⁰

Secondly, no fully developed crisis theory was worked out to refute and discuss. The most sophisticated economic work of the period, Hilferding's *Das Finanzkapital* (1909-10) was only partially concerned with a crisis theory; and what there was of a crisis theory in Hilferding drew upon Tugan-Baranowsky and disproportionality. ". . . These schemes show that in capitalist production reproduction on simple as well as extended levels can proceed undisturbed, if only these proportions are retained. Obversely, crises can enter, even in simple reproduction, with a disturbance in the proportions."⁸¹ Chiefly, his book analyzed the transformation from an economy competitive and anarchistic to one controlled and dominated by cartels, banks, and monopolies; these, Hilferding stated, do not set aside the anarchy of the market but raise it to a higher form; but insofar as cartels are defined as conscious regulation in an antagonistic form, Hilferding raised questions similar to Tugan-Baranowsky. "In itself it is imaginable that a general cartel controls the entire production and with that, sets aside crises," though for "social and political" reasons—not economic—this is not possible.⁸²

Again, one can note how the economic logic generated a political one; the crisis was a byproduct of the anarchy of the market which could be controlled by planning, either corporate or state. Later, Hilferding introduced the concept of "organized capitalism" which is contrasted to an earlier and more anarchistic capitalism.⁸³ Insofar as production is socialized, albeit in a capitalist form, it was that much closer to a socialist society. The conclusion that seemed to flow from this is the necessity to work for legal and state control of the economy through peaceful and parliamentary means. "I have always been one of those," Hilferding stated in a 1927 party conference, "who rejected the theory of the economic breakdown. . ." ⁸⁴ His position, rather, is that we find ourselves in an "era in which free competition—capitalism purely dominated by the power of the blind laws of the market—is surpassed; and we come to a capitalist organization of the economy." The upshot: "Organized capitalism means in reality the replacement of the capitalist principle of free competition by the socialist principle of planful production."⁸⁵ This, in turn, changes for the

80. Cited in and see the discussion in Steinberg, *Sozialismus*, p. 110.

81. R. Hilferding, *Das Finanzkapital* (Frankfurt, 1968), p. 347.

82. *Ibid.*, pp. 402-403.

83. See the discussion in W. Gottschalch, *Strukturveränderungen der Gesellschaft und politisches Handeln in der Lehre von Rudolf Hilferding* (Berlin, 1962), pp. 189f.

84. R. Hilferding, "Die Aufgabe der Sozialdemokratie in der Republik," *Protokoll Sozialdemokratie Parteitag Kiel 1927* (Berlin, 1927), Raubdruck, p. 165.

85. *Ibid.*, p. 168.

better the possibility of conscious control of the economy, and the relationship of Social Democracy to the state; now "Social Democracy is part of the state."⁸⁶

A quick glance backward: In Russia the disproportionality theory served, for a time, as an argument for a proletarian and Marxist politics—against a romantic focus on peasant socialism. But both in Russia and Western Europe the political logic of the economic analysis asserted itself. The emphasis on crises emanating from economic disproportions—not contradictions—carried with it an inverse political logic: the end of crises due to state planning. The economic theory of disproportions seemed to issue into political reformism. The only decisive crisis theory remained the monopoly of the legal populists; and it is not surprising that when Rosa Luxemburg worked out the first real crisis theory in the West she reached back to them.

III

With Luxemburg politics and economics, subjectivity and objectivity, receive a new and provocative form that continues to haunt Marxism. Luxemburg, of course, is associated with a distinct politics; sympathetic to spontaneous and democratic political action, critical of organizational fetishes—Kautsky's or the Bolshevik's—she championed a revolutionary perspective. At the same time she sought to ground her 'activist' politics in an objective and economic analysis. Both these moments, her objective economic analysis of accumulation and breakdown, and her politics, stood in uncertain relation to each other. Few followed her in defending the relationship she set between both of them.

Beginning with her critique of Bernstein, Luxemburg advanced the notion that revolutionary politics was inseparable from a breakdown of capital. "...If one admits with Bernstein that capitalist development does not move in the direction of its own ruin, then socialism ceases to be objectively necessary." "He does not merely reject a certain form of the collapse. He rejects the very possibility of a collapse."⁸⁷ "Bernstein began his revision of the Social Democracy by abandoning the theory of capitalist collapse. The latter, however, is the corner-stone of scientific socialism."⁸⁸

With Luxemburg's *Accumulation of Capital* (1913) and her *Anti-Critique* (written 1915, published 1921) the full complexities of the politics of the crisis theory are expressed. According to Luxemburg herself she was taken by surprise at the direct link her critics made between her abstract economic writings—the 'pure' science of the *Accumulation of Capital* and political praxis; she noted in the *Anti-Critique* that the storm of criticism her book stimulated was "all the more astonishing since the criticized book is purely

86. *Ibid.*, p. 181. Cf. R. Schimkowsky, "Exkurs über Hilferding," in *Monopol und Staat*, ed. R. Ebbinghausen (Frankfurt, 1974).

87. R. Luxemburg, *Reform or Revolution?* (Ceylon, 1966), p. 11.

88. *Ibid.*, p. 56.

theoretical and strictly objective, and directed against no living Marxist. . . A quite unique and somehow funny event—a purely theoretical study on an abstract scientific problem was censured by the entire staff of a political daily paper. . .” “All these events clearly indicate that there have been other passions touched upon, one way or another, than ‘pure’ science. . .”⁸⁹

Before exploring these political passions what, in very abridged formulation, were the ‘pure’ economic contributions of Luxemburg? First, crudely, Luxemburg returned to the economics of the legal populists; she denied the ability of capitalism to accumulate without an outside market; or she affirmed that capitalism is plagued by underconsumption, that is, by a lack of markets; for that reason it must find an outside market. As with the Russian debates, the reproduction schemes are the focus. Luxemburg does not skirt the issue: because the reproduction schemes seem to support the legal Marxists, and the theory of disproportionality, she attacks them directly, and finds them wanting. According to Luxemburg, these schemes suffer from a lethal defect of abstraction. The diagrams create a closed and unreal system. From the schemes, Department I increases production so as to provide more good to Department II so then Department II can increase its consumer goods. “Well, then, who requires these additional consumer goods? Department I, of course—replies the diagram—because it now employs a greater number of workers. We are plainly running in circles. From the capitalist point of view it is absurd to produce more consumer goods merely in order to maintain more workers, and to turn out more means of production merely to keep his surplus of workers occupied.”⁹⁰ The real reason is that there must be someone outside the capitalist-worker relationship—and outside the diagram—who buys the increased goods, a ‘third’ person, or outside market.

Not only do the diagrams exclude the outside consumer, but in excluding this they preclude the crisis due to the antagonism of production and consumption. “. . . Marx’s diagram of accumulation does not solve the question of who is to benefit in the end by enlarged reproduction. If we take the diagram literally. . . it appears that capitalist production would itself realize its entire surplus value. . .” The scheme sets up an *ad infinitum* process. “We are running in circles, quite in accordance with the theory of Tugan-Baranowsky.” “The diagram does indeed permit of crises, but only because of a lack of proportions within production. . . It precludes, however, the deep and fundamental antagonism between the capacity to consume and the capacity to produce in a capitalist society. . .” What is omitted from the abstract schemes is irreplaceable in the real world: the

89. R. Luxemburg, *Accumulation of Capital—An Anti-Critique*, and N. Bukharin, *Imperialism and the Accumulation of Capital* (New York, 1972), pp. 47, 48. To distinguish this work of Luxemburg from the ‘original,’ *The Accumulation of Capital*, the former is usually designated simply as *Anti-Critique*.

90. R. Luxemburg, *The Accumulation of Capital*, p. 132.

outside market, the outlet for the surplus. "The workers and capitalist themselves cannot possibly realize that part of the surplus value which is to be capitalized. Therefore, the realization of the surplus value for the purposes of accumulation is an impossible task for a society which consists solely of workers and capitalists. . . . It requires as its prime condition—that there should be strata of buyers outside capitalist society."⁹¹

Cast slightly differently this was the argument of the legal populists. Luxemburg was well aware of the prehistory of her analysis, labeling it various 'rounds' of an on-going controversy. Her own discussion of the legal populists was brief, conceding that the legal Marxists were superior in argument and reasoning. But, as cited earlier, the failure of the legal Marxists was that their victory was "too thorough;" they proved that accumulation and capitalism could proceed "forever." At this point the political content of her argument erupts. "If the capitalist mode of production can ensure boundless expansion of the productive forces of economic progress, it is invincible indeed. The most important objective argument in support of a social theory breaks down! Socialist political action and the ideological import of the proletarian class struggle cease to reflect economic events, and socialism no longer appears an historical necessity."⁹²

Luxemburg takes the reverse tack: to show the historical necessity of socialism by proving the historical necessity of crisis and imperialism. Both of these—crises and imperialism—were inextricably bound together; both derived from the same economic fact about capitalism, the inability to accumulate in a 'pure' situation of capitalist and worker. Imperialism breaks out of the limited market, but permits accumulation only at the increasing risk of crises. As the non-capitalist milieu—the market—shrinks, capitalism approaches the state of crisis. If the non-capitalist market is absolutely irreplaceable for accumulation, the threat and fact of it dwindling drives capitalism to its downfall. "The more capitalist countries participate in this hunting for accumulation areas, the rarer the non-capitalist places still open to the expansion of capital becomes and the tougher the competition; its raids turn into a chain of economic and political catastrophes: world crises, wars, revolution."⁹³

The abstract discussion on accumulation is loaded with political content; in Luxemburg's interpretation, the economic logic of capitalism demonstrates the necessity for imperialism and crises; and for this reason it argued for a definite political praxis—or did it? Luxemburg herself hedged: "Tactics and strategy in the practical struggle are not directly dependent on whether. . . one believes in the possibility of accumulation in an 'isolated' capitalist society or not, whether one interprets Marx's models of reproduction one way or the other." And then the big "but." "But there is the

91. *Ibid.*, pp. 330, 346-347, 450-451.

92. *Ibid.*, p. 325.

93. Luxemburg, *Anti-Critique*, p. 60.

closest connection between the understanding and treatment of theoretical problems and the practice of political parties over long periods."⁹⁴

The official Social Democratic position that accumulation is possible without an outside market denies the necessity of imperialism and crises; to Luxemburg this position "is the theoretical formula of a quite distinct tactical tendency." It considered imperialism "not as a historical necessity, as the decisive conflict for socialism, but as the wicked invention of a small group of people." From this it concluded that it is possible to compromise, teaching the bourgeoisie to moderate the imperialist contradictions. This in fact was the logic of Tugan-Baranowsky; first, he proved that capitalism could accumulate without an outside market, and then without crises. "What my 'expert' critics are holding against me now was said by Tugan-Baranowsky word for word. . . ." Such economic logic transforms the proletarian party into a party of social reform.⁹⁵

Two points to be reiterated: to Luxemburg herself the argument that capitalism was objectively destined to end in crises was an argument for an active and whole-scale political intervention. Secondly, if in the main her economic reasoning was that of the legal populists the political context differed; both theorized that a pure capitalism could not subsist or persist. Insofar as the required external markets were already divided up, the populists concluded that capitalism was blocked for Russia. Luxemburg's political thinking differed in kind. The markets for Western Europe already existed; even aside from the crucial question *when* these markets would dwindle, effectively choking capitalism, the thrust of *Accumulation of Capital* was a critique of imperialism and colonialism. From the same economic argument two different political conclusions were drawn.

If Luxemburg was accurate, the "political tendency" associated with each economic position would be relatively clear. The denial of market crises would be confined to the center and right Social Democrats, advocates of social reform, and its affirmation by the left. In fact the story is a bit more complicated; those who took exception to Luxemburg's economic analysis were not simply or solely the 'official' Social Democracy represented by Otto Bauer's response to her book. It included those from the left such as A. Pannekoek and Lenin. Pannekoek defended the validity of the reproduction schemes; correctly understood they presented no problem of markets. Yet Pannekoek did not endorse Tugan-Baranowsky's interpretation which eliminated any role for an external market. Rather the non-capitalist milieu plays a part, but not as Luxemburg claims, so as to "resolve the inner contradictions of expanded reproduction."⁹⁶

94. *Ibid.*, p. 144.

95. *Ibid.*, pp. 78, 80-81.

96. A. Pannekoek, "Theoretisches zur Ursache der Krisen," *Die neue Zeit*, XXXI (1913), p. 786. Pannekoek's contemporary review of Luxemburg appeared in the *Bremer Bürger Zeitung*, which I have not been able to obtain.

Not surprisingly, Lenin considered Luxemburg's theory a rerun of the old legal populist one. While the full-scale critique of her work which he intended to write did not materialize, he indicated in several passing comments his position. He wrote in a letter to the *Bremer Bürger-Zeitung* which published Pannekoek's review of Luxemburg: "It pleases me very much that you in the main point came to the same result that I 14 years ago defended against Tugan-Baranowsky and the 'populists,' namely that the realization of surplus value even in a 'pure' capitalist society is possible. I have not yet seen the book of Rosa L., but *theoretically* you are undoubtedly in this point correct."⁹⁷ In another letter: "I have read Rosa's new book. . . Horribly false interpretation! She has distorted Marx. I am very happy that Pannekoek, as well as Eckstein and O. Bauer have unanimously condemned it, and have brought up what I in 1899 had said against the Populists."⁹⁸ And finally in a bibliography appended to his essay "Karl Marx" he noted "On the question of the Marxist theory of the accumulation of capital there is a new work by Rosa Luxemburg, *Die Akkumulation des Kapitals* (Berlin, 1913) and an analysis of her incorrect interpretation by Otto Bauer. . . See also Eckstein and. . . Pannekoek."⁹⁹

Lenin in these passing comments did not indicate any *political* failing due to Luxemburg's defective economic analysis, though later critics would link the two. Bukharin in 1924 published a critique of Luxemburg that can be considered the orthodox communist reply. His critique partly repeats what others have said, and can be summarized here: she 1) misunderstood the reproduction schemes and accumulation, 2) transformed overproduction and underconsumption into the only contradiction of capital, 3) shifted the contradiction from production itself to problems of realization—markets, consumption, etc., 4) misunderstood imperialism, which Bukharin, like Lenin, derived from the search for larger profits, finance capital, monopolies, etc.

The political dimension is disclosed in the discussion of the chronology of the collapse. According to Luxemburg, as capitalism "approaches the point where humanity only consists of capitalist and proletarians, further accumulation will become impossible"—the crisis will set in.¹⁰⁰ But, as Bukharin noted, capitalism per se only dominates a small portion of the globe. ". . . It is also a fact that *the overwhelming majority of the world's population belongs to the 'third persons'*."¹⁰¹ "Given the existence of such a huge

97. Lenin, *Briefe II* (Berlin, 1967), pp. 152-153. German editions of Lenin are used in this and the following reference because I was unable to find the letters in question in corresponding English editions.

98. Lenin, "An die Redaktion des 'Sozial-Demokrat'," *Werke*, 35 (Berlin, 1963), p. 70.

99. Lenin, "Karl Marx," *Collected Works*, 21, p. 90. For an interesting discussion and comparison of Lenin's and Luxemburg's theory of imperialism see C. Pailloix, "Die Imperialismusfrage bei Lenin und Luxemburg," in S. Amin, C. Pailloix, *Neuere Beiträge zur Imperialismustheorie* (München, 1971).

100. Luxemburg, *Anti-Critique*, p. 60.

101. Luxemburg conceded this expressly elsewhere. "The capitalist mode of production has

reservoir of 'third persons' which exists in reality, there can be practically no talk of a collapse. Then we could say . . . capitalist expansion still has such a colossal field of activity at its disposal in the form of the 'third persons' that only utopians can talk seriously about some kind of proletarian revolution." Such a conclusion "flows unavoidably from Rosa Luxemburg's theory. The fact that she draws completely opposite conclusions from all this merely proves her logical inconsistency."¹⁰² The objective theory of the collapse seemed to demonstrate the objective viability of capitalism.

This "logical inconsistency" was not the only "connection between Rosa Luxemburg's *theoretical* work and a number of her *practical-political* ones,"¹⁰³ that Bukharin drew, but it was for the problem of crisis and subjectivity the most important. Yet it could be noted that Bukharin's own formulations did not fare much better. Bukharin's general framework of mechanistic and evolutionary materialism has often been criticized;¹⁰⁴ even in his Luxemburg critique Bukharin defined the limits of capitalism by a "certain degree of the tension of capitalist contradictions."¹⁰⁵ Elsewhere, such as in *Imperialism and World Economy*, he set up a causal relationship; the emphasis is on the growth of state-capitalist trusts which lead to more and more ferocious wars, and these wars "sever the last chain that binds the workers to the masters. . ."¹⁰⁶ He explicitly repudiated a fatalist interpretation: "Fatalist 'Marxism' has always been a bourgeois-made caricature of Marxist doctrine. . ." Yet, he lapsed continually into it. "For a consistent Marxist, the entire development of capitalism is nothing but a process of continual reproduction of the contradictions of capitalism on an ever wider scale."¹⁰⁷

Bukharin was not the first to accuse Luxemburg of setting forth an evolutionary and mechanical image of capitalist collapse. To Luxemburg herself, however, there was no contradiction between her theory of accumulation, which might seem to defer the collapse, and an active revolutionary subject which was to hasten it. In her *Anti-Critique* she addressed herself to

still a great distance to travel since only the smallest fraction of the entire world production is produced by it," R. Luxemburg, *Einführung in die Nationalökonomie* (Rowohlt, 1972), pp. 134-135.

102. Bukharin, *Imperialism and Accumulation of Capital*, pp. 260-261.

103. *Ibid.*, p. 269.

104. See for example Lukács' review of Bukharin in *Political Writings*, pp. 134f.

105. Bukharin, *Imperialism and Accumulation of Capital*, p. 265.

106. Bukharin, *Imperialism and World Economy* (London, 1972), p. 167.

107. *Ibid.*, pp. 131, 143. A recent study of Bukharin's economic writings explores this ambiguity. The brunt of Bukharin's writings suggest a breakdown of capitalism caused by world wide economic anarchy, state capitalist trusts, and imperialist wars. But to this causal schema Bukharin adds an activist moment: intervention by the proletariat. Knirsch comments: though this addition does not "fit in with the rest of his thought," it was required for tactical reasons. "Bukharin as a 'left Marxist' or as a 'revolutionary theoretician' could not see the end of capitalism as an evolutionary process of the system that occurs inevitably; rather he must root this in the action of the proletariat." Hence, "in relation to the breakdown of capitalism, Bukharin felt compelled out of political-tactical responsibilities to present a 'revolutionary' theory. . ." *Die ökonomischen Anschauungen Nikolai Bucharins* (Berlin, 1959), pp. 134-135.

this, as Bauer in a criticism of Luxemburg had stated, "Capitalism will not collapse from the mechanical impossibility of realizing surplus value." In response, she wrote that "the objective impossibility of capitalism at a certain economic stage" "does not mean (it still seems necessary to point out these basics of Marxism to the 'experts') that the historical process has to be, or even could be exhausted to the very limit of this economic impossibility." In the final pages, she would state more emphatically: "*Here* as elsewhere in history, theory is performing its duty if it shows us the *tendency* of development, the logical conclusion to which it is objectively heading. There is as little chance of this conclusion being reached as there was for any other previous period of social development to unfold itself completely. The *need* for it to be reached becomes less as social consciousness, embodied this time in the socialist proletariat, becomes more involved as an active factor in the blind game of forces."¹⁰⁸

A look back and forward is necessary: The critics of Luxemburg's economic theories spanned the Marxist political spectrum from left communists such as Pannekoek to Bolsheviks (Lenin, Bukharin) to social democrats (Bauer). Till the present her combination of an objective theory of the collapse with a subjective and 'active' politics has caused puzzlement. A recent study states, that Luxemburg's economic theory "had the danger of advancing a mechanical or fatalist conception of revolution. This is exactly the reason why Luxemburg in her political activity implicitly deviated from her 'economic' thesis; this also explains why other revolutionary Marxists did not follow her."¹⁰⁹ But one tradition of left communism did follow the general contours of her theory, though grounded the objective collapse on other foundations.

This left theory of the crisis may seem confused. But one element of socialist history must be emphasized that tends to be lost in the cogent critiques of vulgar Marxism. Simply, the emphasis on a subjective and philosophical dimension of Marxism was hardly unique to left, critical or Western Marxism. If anything, in the period of Luxemburg, this dimension was associated with social-democratic reformism. The stress here was on an

108. Luxemburg, *Anti-Critique*, pp. 149, 147.

109. F. Kool, "Einleitung," *Die Partei gegen die Parteiherrschaft* (Freiburg im Breisgau, 1970), p. 68. For a completely opposite opinion see I. Fetscher, "Postscript" to P. Fröhlich, *Rosa Luxemburg* (London, 1972). "Only the low level of the scientific research into her work is to blame for the fact that even today the mistaken idea is being peddled around that there is an antithesis between the 'necessity of socio-economic development' exhibited in her main work and her tendency to favour revolutionary activism" (p. 308). Cf. R. Schlesinger, *Marx: His Time and Ours* (London, 1950), p. 188, and N. Geras, "Luxemburg's Concept of Collapse," *New Left Review*, 81 (November-December, 1973), and Andrew Arato, "Reexamining the Second International," *Telos*, 18 (Winter, 1973-74), especially pp. 15f. The last two essays appeared during the late stages of this one. I essentially agree with the direction of Geras' piece. I think that Arato, in his discussion of Luxemburg, tends towards an ahistorical critique; that is, to accuse Luxemburg of not resolving "the rigid antinomy of political activism and economic determinism" (pp. 26-27) is insufficient without exploring the real historical situation that might have blocked a more adequate—or ideal—dialectical formulation.

ethical and conscious choice of socialism coupled with a denial of an economic and objective crisis. From Luxemburg to Mattick the theory of the objective crisis cannot be abstracted from this reformist context; that is, it sought to demarcate the left from the social democrats. But, of course, it was more than strategic in the immediate sense; the theory of the objective collapse opened the way for a decisive subjective intervention.

The link between a revisionist theory that rejected a breakdown and a policy of practical piecemeal reforms is not far afield. If there were no objective collapse, the necessity for socialism shifted solely to a subjective and idealist dimension which could only move within the status quo. Hence, Tugan-Baranowsky, who foresaw no collapse in the economy, found the imperative for socialism in ethics, in the "contradiction" between the capitalist system and ethical norms. He closed his book, "Humanity will not receive socialism as the gift of blind, elementary economic powers, but must consciously work and fight for the new social order."¹¹⁰ Similarly, with Bernstein and a whole host of revisionists and 'left' Kantians, the ethical and idealist note would predominate. Some years later Hilferding stated at a party conference "We have been of the opinion that the overthrow of the capitalist system is not to be expected in some fatalist manner, nor will it enter by the inner laws of the system; but that the overthrow of the capitalist system must be the conscious deed of the working class."¹¹¹

IV

The contradiction or the tension contained in political economy reaches its most extreme point, and most extreme clarity in the work of Henryk Grossmann, and in the discussions, essentially by the left communists, which it inspired. A full account of Grossmann's own politics will not be made here — in part, because the material is not available. In any case, Grossmann was fundamentally an economist and the political content of his economics is most revealing as interpreted by the left communists, most importantly by Paul Mattick. As Mattick himself wrote, defending the adoption of Grossmann's economic analysis by Mattick's political group—a section of the IWW—they did so "without, in general, sufficiently knowing or even wanting to take into account Grossmann's political interpretation" of his own economics.¹¹²

Yet, it is important to note that Grossmann's own politics cannot simply be classified as those of an orthodox Marxist, and that his pre-Frankfurt School relation with Carl Grünberg's more traditional Marxism and his post-World War II settling in East Germany marks him as one close to the official Communist Party, Russia, and distant from the critical theory of the

110. M. Tugan-Baranowsky, *Theoretische Grundlagen des Marxismus*, p. 239.

111. R. Hilferding, "Die Aufgabe der Sozialdemokratie in der Republik," p. 165.

112. P. Mattick, "Zur marxischen Akkumulations- und Zusammenbruchstheorie" (1934), in Korsch, Mattick, et al, *Zusammenbruchstheorie des Kapitalismus oder revolutionäres Subjekt* (West Berlin, 1973), p. 47.

Frankfurt School.¹¹³ It seems certain that at least between the rise of Hitler and the German invasion of Russia, Grossmann was sympathetic to left anti-Communist Party groups.¹¹⁴ He wrote to Mattick in 1933 that he was convinced that the Communist Party did not fail in Germany because of an isolated error. "The Nazis made many many mistakes and they, however, were victorious. But the basic mistake of the German Communist Party was that at its head stood figures without responsibility, who were not capable of making autonomous decisions at decisive moments. All independent people, who were capable of autonomous thinking, were pushed out of the Party. What was left behind was a bureaucracy that was slavishly subject to Moscow. On the command of Moscow, however, a revolution is not made."¹¹⁵

The bulk of Grossmann's economic writings dealt with the laws and dynamics of accumulation or the causes and nature of capitalist crises and collapse. In this he considered his own contribution as absolutely novel for post-Marx writings as 1) production was the center of attention and not problems of realization—markets, consumption, etc., and 2) within production, it was not mere disproportions, but the falling rate of profit that was crucial. In this he differed from the two main previous types of crisis theories; these either located the fundamental contradiction between production and consumption, or production and markets, as with Luxemburg; or located it as disproportions—not contradictions—within production. The accent and emphasis in Grossmann was placed on the objective and lawful unfolding of contradictions that inexorably rendered capitalist economy impossible.

Grossmann's first Marxist writings (1924) offered a sympathetic reading of Sismondi, a reading which sought to correct the notion that Sismondi was simply an under-consumptionist; rather, Grossmann made a case that Sismondi, like Marx, anchored the crises in a more fundamental contradiction. "If the classical school considered the crises as accidental phenomena provoked by an erroneous commercial policy...for Sismondi the crises are the *necessary* consequences of a defectively constructed economic mechanism which is based on exchange value."¹¹⁶ As with Marx, underconsumption is not so much the cause as the effect of crises.

In 1928-29 Grossmann published several essays on Marxism and his main work, *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems* (The Law of Accumulation and Breakdown of the Capitalist System). The first of these essays appraised Fritz Sternberg's *Der*

113. See M. Jay, *The Dialectical Imagination: A History of the Frankfurt School* (Boston, 1973), p. 151.

114. Interview with Paul Mattick.

115. "Briefe an Paul Mattick," in Grossmann, *Marx, die klassische Nationalökonomie und das Problem der Dynamik* (Frankfurt, 1969), p. 98.

116. H. Grossmann, *Sismonde de Sismondi et ses théories économiques* (Varsaviae, 1924), p. 42.

Imperialismus (1926). Sternberg was a disciple, though not an uncritical one, of Luxemburg, and his book is loyal to the major principles of her analysis of accumulation. "We hold that her [Luxemburg's] critique of Marx's [reproduction] schemes are in all decisive points correct and proved. We share with her the opinion that imperialism, that is, the penetration of capitalism into non-capitalist territories, is an immanent necessity. . . . In the links of her proof, however—between the critique of the Marxist scheme of expanded reproduction and the conclusion of the economic and immanent necessity of imperialism—Luxemburg made some decisive errors."¹¹⁷

Grossmann had very few kind words to say about Sternberg, nor, it might be added, about any previous Marxist economist. He ridiculed the notion of Sternberg, who was here following Luxemburg, that the non-capitalist territories serve as outlets and markets for a *surplus* of profits produced in the capitalist countries. To Grossmann this misread the ill of capitalism which cannot suffer from too much profits. "Capitalism, whose very goal is the hunt after surplus value, suffers then from 'too much' surplus value!" "In reality—and this is the decisive thought of Marx's breakdown theory—the surplus value does not suffice to expand capital at a certain level of capital accumulation. There is absolute over-accumulation, and the inevitable end of capitalist production, the collapse; capital cannot practice its particular function, the expansion of capital."¹¹⁸ This notion of "over-accumulation" would be greatly unfolded in Grossmann's major work.

Grossmann's comments on the political meaning of Sternberg's contribution are clues to his own political position. Sternberg treated imperialism and imperialist wars as possibly negatively effecting revolutionary change, decreasing the chances for socialism; a static condition he called "Geschichtslosigkeit" could be the result of imperialist wars, a state lacking change and history.¹¹⁹ To Grossmann this smacked of revisionism, though to be sure Sternberg, like Luxemburg, expressly rejected revisionism. According to Grossmann, insofar as Sternberg denied the necessity of socialism, he opted for an ethical imperative; and though he repudiated revisionist practices, his thought contained an "inner relationship to revisionism."¹²⁰ With Sternberg "independent of the effective forces in capitalism, moreover in contradiction to them, socialism is made dependent on subjective-voluntarist moments. . . ." Citing Lenin to the effect that revolutions are not "made," but grow out of objective crises, Grossmann called Sternberg's doctrine a "mixture of an old Blanquist tradition and anarcho-communism."¹²¹

117. F. Sternberg, *Der Imperialismus* (Berlin, 1926), p. 88. For a defense of Luxemburg against Sternberg, see L. Laurat, *L'Accumulation du capital* (Paris, 1930).

118. H. Grossmann, "Ein neue Theorie über Imperialismus und soziale Revolution," in Grossmann, *Aufsätze zur Krisentheorie* (Frankfurt, 1971), p. 157.

119. F. Sternberg, *Der Imperialismus*, p. 332.

120. H. Grossmann, "Ein neue Theorie über Imperialismus. . ." p. 114.

121. *Ibid.*, pp. 132, 134.

An essay from the following year sought to correlate the various pronouncements of Marx on his plans for the volumes of *Capital* with the actual manuscripts that he left behind. Grossmann was less interested in mere chronology than in the logical relationship between Marx's plans and manuscripts. A word must be said about this, for in some ways, what moves to the fore here, an examination of Marx's method, could be considered Grossmann's most important contribution.¹²² Grossmann's attention was drawn to the "inner connection" which existed on a logical and theoretical level between Marx's texts and his concepts.¹²³ More precisely, in question, was the kind or nature of abstraction that Marx carried out.

This problem moved from the edges to the center of attention with Luxemburg's critique of Marx's reproduction schemes; she argued these schemes were insufficient. As to why Marx would use a defective model, Luxemburg answered in two ways. Volume II of *Capital* was itself unfinished; "... He broke off his analysis almost as soon as he had begun it."¹²⁴ And the diagrams assumed a 'pure' capitalist society composed solely of workers and capitalists which does not exist. Such an assumption is "quite legitimate" in an "analysis of the accumulation of individual capitals, such as is given in *Capital*, volume I." But it is another matter in approaching "the actual conditions" for the accumulation of the total capital. That is: the reproduction schemes posit "the universal and exclusive domination of the capitalist mode of production," but the historical reality is richer, containing non-capitalist sectors—sectors which render the diagram of limited value. The diagram is a "theoretical contrivance—real life has never known a self-sufficient capitalist society under the exclusive domination of the capitalist mode of production."¹²⁵

Discussions on the nature of the reproduction tables as problems of abstraction and methodology predate Luxemburg. Tugan-Baranowsky and Bulgakov had exchanged words on precisely this point.¹²⁶ For Grossmann, however, the problem of kind, quality, and level of abstraction that Marx used was not a secondary, but pivotal question. An approach which took up Marx's method promised not only an adequate reply to Luxemburg's critique, but a resolution of many of the contradictions that seemed to exist within the three volumes of *Capital*, e.g., the value-price contradiction.¹²⁷

122. See his letter to Mattick: "The most important result of my previous research is the reconstruction of the Annäherungsverfahren," "Briefe an Paul Mattick," in Grossmann, *Marx*, p. 101.

123. H. Grossmann, "Die Aenderung des ursprünglichen Aufbauplans des marxischen 'Kapital' und ihre Ursachen," in *Aufsätze zur Krisentheorie*, p. 17. Grossmann's analysis of Marx's plans and manuscripts was factually defective insofar as the *Grundrisse* was then unknown.

124. R. Luxemburg, *The Accumulation of Capital*, p. 351.

125. *Ibid.*, pp. 348-350.

126. Lenin commented on this exchange and problem: "Schemes alone cannot prove anything; they can only illustrate a process if *its separate elements have been theoretically explained.*" "Notes on the Question of the Market Theory," *Collected Works*, IV, p. 62.

127. Several recent works have pursued this project, examining the logic and method of *Capital*; see H. Reichelt, *Zur logischen Struktur des Kapitalbegriffs bei Karl Marx* (Frankfurt,

Marx, according to Grossmann, utilized a methodology of approximating levels of abstraction; each stage of the analysis seeks to grasp another stage of concreteness. These levels of analysis do not contradict each other, as they might seem if simply compared; rather they exist on a continuum which is proceeding from the more abstract and general towards the more concrete and particular. This is what Grossmann called Marx's *Annäherungsverfahren*, a methodology which itself is a process of approaching the concrete, or "successive approximations." "Every preliminary simplification corresponds to a later concretization."¹²⁸ Hence, to Grossmann, Marx excluded external markets and 'third persons' from the reproduction schemes not because he was oblivious to them, but because they do not belong to the absolutely necessary conditions of accumulation. Marx introduced such factors elsewhere because he was operating on different levels of abstraction and concreteness. The *Annäherungsverfahren* moved from the abstract to the concrete.¹²⁹

This method itself was used in Grossmann's main work, and if forgotten caused and causes some confusion. This is because a significant section of his book is a refutation of Bauer which proceeded strictly mathematically; this is to be discussed below, but here it can be viewed as an example of his methodology. Considered alone, it would appear that Grossmann was attempting to prove the collapse of capitalism, and the refutation of Bauer, simply by some mathematical and abstract tables; the truth, however, is that this was one step of Grossmann's method of moving toward the concrete.

Let us look first at the economic and then at the political content of Grossmann's theory of the collapse. Grossmann, in a short essay, categorized previous crises theories as follows: (This essay was an unsigned entry to a 'people's encyclopedia; hence he discusses his own theory in the third person). Theories such as Bukharin's that were imprecise, structured around increasing tensions and contradictions; these were neither definite nor concrete. Such "breakdown theories are as scientific tools superfluous."¹³⁰ The other variety (Luxemburg, the earlier Kautsky) derived crises not from production but lack of markets or events in circulation. "In contradiction to all previous theoreticians of the breakdown Grossmann in his main work . . . and in numerous other treatments . . . opened a new way in that he explained the decisive cause of the unavoidable fall of the capitalist system by the *overaccumulation of capital in the highly developed lands*, and in the

¹²⁸ 1970); O. Morf, *Geschichte und Dialektik in der politischen Oekonomie* (Frankfurt, 1970, first edition, 1951); J. Zeleny, *Die Wissenschaftlogik bei Marx und 'Das Kapital'* (Frankfurt, 1972).

¹²⁸ H. Grossmann, "Die Aenderung des ursprünglichen Aufbauplans . . ." p. 84.

¹²⁹ Sweezy who otherwise is quite hard on Grossmann begins his *Theory of Capitalist Development* with a brief sympathetic discussion of Grossmann's interpretation of Marx's method.

¹³⁰ H. Grossmann, "Sozialismus und Kommunismus," in Grossmann, Grünberg, *Anarchismus, Bolschewismus, Sozialismus: Aufsätze aus dem 'Wörterbuch der Volkswirtschaft'*, ed. C. Pozzoli (Frankfurt, 1971), p. 329.

resulting *insufficient self-expansion* of capital—by, that is, occurrences in production itself.”¹³¹

What does this mean? Marx divided the value of a product into constant (c), variable (v), and surplus (s). The variable and surplus divide between themselves the value of labor. The variable is paid out in wages to the worker, while the surplus—the origin but not identical to profit—goes to the capitalist. The rate of surplus value (s) defines a ratio; it expresses the relationship between the surplus labor and the necessary or variable, or $S' = s/v$. Note that here the constant value (c) which is sunk into machinery plays no role in this ratio. But the organic composition of capital, mentioned previously, should be recalled. This refers to a dual analysis of capital, from both the value and material side, and again is a ratio; from the value side, it is the ratio of constant to variable or c/v . The general trend of accumulation is towards the increase in the organic composition of capital. This means, considered as a ratio, there is an increase in the mass of means of production in comparison to the mass of living labor. More simply, this refers to mechanization or automatization in which there is an increase in the amount of machinery in relation to the amount of living labor. There is a “progressive increase in constant capital, in proportion to the variable. . .”¹³²

These two ratios—the rate of surplus value and the organic composition—become crucial in illuminating the movement of capital. The rate of surplus value (s') reflects the division of the working day between the surplus that accrues to the capitalist and the necessary which is paid to the worker. The capitalist, of course, seeks to increase the rate of surplus value, in the earlier stages of capitalism by extending the working day, and in the later by increasing productivity; both expand the surplus in relation to the variable; or s/v increases—also called the rate of exploitation. However, the capitalist is not simply interested in what he pays out to the workers themselves; he is as interested in what he sinks into machinery; and this assumes a larger and larger share in relation to variable labor. The rate of profit (p') expresses the surplus value in relation to *both* the variable and constant, and this is what is critical to the capitalist: $p' = s/v+c$. If c increases in significant amounts, regardless of increases in s—within limits—the rate of profit will fall; exactly this is the tendency of the falling rate of profit.¹³³

Grossmann was not the first to discuss the falling rate of profit; in most previous presentations of the crisis and breakdown it is mentioned, but only

131. *Ibid.*, p. 330.

132. Marx, *Capital I*, pp. 612-622.

133. In this context two neglected American works that discuss debates in Marxist economics, including the falling rate of profit, and which are well worth consulting, should be mentioned: L. Boudin, *The Theoretical System of Karl Marx* (Chicago, 1907 and New York, 1967), and William Blake (a pseudonym), *Elements of Marxian Economic Theory* (New York, 1939), also published as *An American Looks at Karl Marx*.

mentioned—or it is rejected.¹³⁴ Prior to Grossmann it received very little attention. Moreover Grossmann stressed a neglected relationship: that between the falling *rate* of profit and the *mass* of profits. The falling rate of profit was itself an abstraction, a mere ratio. “The collapse cannot follow from the cause of the falling rate of profit.”¹³⁵ What is important is the actual quantities involved. “Why does the capitalist class need worry about the falling rate of profit if the mass of profit grows?” It becomes of concern only when the falling rate is translated into an absolute decrease; prior to that, the rate can fall, but the slack, so to speak, is taken up by expanding mass. “The falling rate of profit is only an index signifying the relative fall of the mass of profits.” “Only in this sense can it also be said that with the fall of the rate of profit the system collapses, since the profit rate falls because the mass of profits relatively decreases.”¹³⁶

Much misunderstanding of Grossmann was due to his refutation of Bauer. Bauer was one of the more substantial critics of Luxemburg, and sought to show through his own figures, based on the reproduction diagrams, that in fact accumulation was possible in a ‘pure’ capitalist society. Bauer’s figures seemed to demonstrate that there was no surplus that required an external market. To Grossmann this proof was unacceptable because it denied the historical imperative of socialism. “By keeping to the named proportions, there is no objective limit, no economic end point to capitalism in which the breakdown of the capitalist means of production is unavoidable.” Grossmann takes Bauer’s own figures, which Bauer had only carried out for four years, and shows that if carried out for 36 years, they prove the reverse of what Bauer had sought. “Had Bauer followed the development of the reproduction process for sufficient time, he would have recognized the inevitable collapse of his system.” Grossmann showed that the constant capital grew from 50% to 82.9% in the 34th year, and that by the 36th year, the “over-accumulated” capital can no longer provide enough mass of profits for further expansion, nor even for the capitalist’s own consumption. According to these figures, the system would collapse in the 36th year.¹³⁷

Such a refutation of Bauer led to the misunderstanding by many who read Grossmann that he was arguing for a strictly automatic and mathematical breakdown of capital; rather he took up the Bauer figures as the most “favorable case” of the accumulation of capital. He proceeded to follow Bauer’s own assumptions “since a fruitful immanent critique is only possible when one refutes the opponent from the latter’s own position.”¹³⁸ In fact, Grossmann was well aware of the counter-tendencies to the

134. A notable exception is Erich Preiser’s essay from 1924, “Das Wesen der marxischen Krisentheorie,” in *Wirtschaft und Gesellschaft. Festschrift für Franz Oppenheimer* (Frankfurt, 1924), and reprinted in Preiser, *Politische Oekonomie im 20. Jahrhundert* (München, 1970).

135. H. Grossmann, *Das Akkumulations- und Zusammenbruchsgesetz* . . . p. 196.

136. *Ibid.*, pp. 197, 198.

137. *Ibid.*, pp. 108f.

138. *Ibid.*, pp. 104-105.

breakdown; and about half the book explores these. Exactly these counter-tendencies defined the "crises" which Grossmann carefully delineated from the breakdown or collapse. "The crisis is an interrupted and not fully developed tendency towards a collapse." For this reason Grossmann's book is subtitled "Zugleich eine Kreistheorie" (at the same time, a crisis theory). Both a methodological and political consideration dictated an examination of the counter-tendencies; a methodological one, because after setting forth the laws of accumulation in their 'pure form,' it is necessary to "investigate the hitherto ignored concrete circumstances under which capitalist accumulation actually proceeds and to search out how far they modify the development of the tendencies of the pure laws." And the political question is not why capitalism collapses, but "why it has not already collapsed."¹³⁹

The question of the political content of Grossmann's breakdown theory permits no single neat response. First, and foremost, to Grossmann it was absolutely crucial to prove the economic inevitability of the breakdown of capitalism; to do other would be to desert the materialist foundations of Marxism. But does this inevitability mean an automatic breakdown? Grossmann praised Luxemburg for affirming the inevitability of a collapse, though rejected totally her analysis of it. Moreover, he declared that insofar as her account depends on and waits till the entire world turns capitalist it "assumes a mechanical end of the capitalist system." "Theoretically, a situation is anticipated such as many revolutionaries want to see; they hope that every crisis will be the 'automatic destruction of capitalism.' Lenin had here a more profound insight into things when he said: 'Many times revolutionaries attempt to prove that the crisis is absolutely without escape. *There are no positions which are absolutely without escape*.'" Hence Grossmann accused Luxemburg of a "quietist fatalism which leaves no room for the class struggle."¹⁴⁰

Grossmann explicitly repudiated an automatic breakdown which excluded a human role. Towards the end of his book he noted that many have rejected the breakdown theory because it seemed incompatible with the class struggle; their reasoning is that it would be pointless to improve the situation of the working class if a catastrophe was in the offing. "In contradiction to this interpretation is our position: ...the breakdown of capitalism, although under given assumptions objectively necessary and chronologically exactly calculable, nevertheless need not 'by itself' automatically occur at the expected period; for that reason it is not to be waited for passively. Rather its occurrence can be influenced within certain limits by both of the classes." Grossmann concluded "that the notion of the necessity of the collapse from objective causes is no where in contradiction to the class struggle; rather the collapse, despite its objectively given necessity,

139. *Ibid.*, pp. 290, 288-289.

140. *Ibid.*, p. 22.

is in a large measure under the influence of the living forces of the struggling classes and permits a certain room for the active intervention of the classes."¹⁴¹

Grossmann's encyclopedia piece would restate this: "For Grossmann it is from the beginning self-understood that for the proletariat it cannot be a question of a fatalist waiting for the 'automatic' collapse, without an active intervention. The old regime, if it is not overthrown (Lenin), never tumbles by itself, even in times of crisis. The meaning of the Marxist theory of the collapse consists, according to Grossmann, only in the demarcation of voluntarism and putschism; these hold that the revolution is possible any time, dependent solely on the subjective will of the revolutionaries, without consideration of the *objective revolutionary situation*."¹⁴² In a letter to Mattick from 1931 he attempted to remove the impression that he believed in an automatic downfall. "It should be evident that the notion that capitalism must 'by itself' or 'automatically' collapse is alien to me. . . . But I did wish to show that the class struggle alone is *not* sufficient. . . . As a *dialectical* Marxist, I know that both sides of the process, objective and subjective elements, mutually influence each other. In the class struggle both these factors blend. One cannot 'wait' until *first* the 'objective' conditions are met, and only *then* let the 'subjective' elements go to work. That would be an insufficient and mechanical interpretation which is alien to me. But for the purposes of the analysis I had to employ an abstract isolating procedure. . . . My breakdown theory does not intend to exclude the active intervention, but rather hopes to show, when and under which conditions such an objective revolutionary situation can and will arise."¹⁴³

A word on Grossmann's later economic writings; several of these works were historical studies of pre-Marxist economists who, like Marx, had studied objective trends in the economy. The point in these studies was to highlight what Marx actually did contribute, and not dismiss Marx simply as the discoverer of objective laws. ". . . The true originator of the doctrine of the objective developmental trends of capitalism was William Playfair. . . ." ¹⁴⁴ Or elsewhere: "By attributing to Marx the first application of evolutionary thinking to economics, critics have obliterated the original contribution that Marx really did make. . . ." ¹⁴⁵ The theoretical framework remained the same; Marx taught "that no economic system, no matter how weakened, collapses by itself in automatic fashion. It must be 'overthrown.' The theoretical analysis of the objective trends leading to a paralysis of the system serves to discover the 'weak links.' Change will come about only

141. *Ibid.*, p. 602.

142. H. Grossmann, "Sozialismus und Kommunismus," pp. 335-336.

143. H. Grossmann, "Briefe an Paul Mattick," p. 88.

144. H. Grossmann, "William Playfair, The Earliest Theorist of Capitalist Development," *Economic History Review*, XVIII, 1-2 (1948), p. 67.

145. H. Grossmann, "The Evolutionist Revolt against Classical Economics," *Journal of Political Economy*, LI, 5-6 (1943), p. 518.

through the active operation of the subjective factors."¹⁴⁶

V

Grossmann's work, essentially his accumulation book, was discussed in various quarters; yet a serious treatment of it was confined to the left communists, and finally it was only a left communist, Paul Mattick, who over the years remained loyal to the outlines of Grossmann's theory. What must be studied is the possibility of an internal link between the economic analysis of Grossmann and the politics of left communism.¹⁴⁷ It should be noted that others discussed the politics and economics of Grossmann's work; two of these can be mentioned insofar as they address themselves to the political dimension of his theory. A. Braunthal, writing in a social democratic organ, *Die Gesellschaft*, first rejected the bulk of Grossmann's economic analysis, and then pondered the reason for its appeal. "If the theoreticians of the breakdown are not communists in the party sense, the psychological roots of their theory are the same as the communist movement. They combine the belief in the necessity of a socialist transformation of society with a *lack* of confidence in the power of the working class."¹⁴⁸ E. Varga, in an organ of the Communist Party, *Unter dem Banner des Marxismus* would find just the opposite: Grossmann "completely

146. *Ibid.*, p. 520. A note on the other contributions of Grossmann that do directly take up the crisis theory: these other essays, and his book on Marx, were grounded in his methodology of "successive approximations." They attempted to salvage Marxist categories which existed on different levels of concreteness and which had been ignored in previous discussions. He continually criticized the analyses of Bauer and Luxemburg, though not for the same reasons as in his accumulation book; here it was because they remained fixated on the abstract value schemes of volume two of *Capital* and failed to consider the equally important role played by concrete prices, essentially developed in volume three. These more concrete prices had to be considered regardless if one were proving or disproving a crisis theory. It is immaterial "if one is opting for the necessity and inevitability of crises in capitalism . . . or maintaining the possibility of development without crises;" in either case "it is clear that conclusions drawn from the value schemes are premature and lack proof." To demonstrate, however, that capitalism is susceptible to crises it is not possible to "confine the analysis to the first step of the Annäherungsverfahren—the value schema—but it must be followed and proved for all the steps, including the prices of production schema." ("Der Wert-Preis Transformation bei Marx und das Krisenproblem," in *Aufsätze zur Krisentheorie*.)

Grossmann's essay on gold production pursued a similar theme. More fundamental than Luxemburg's error of attempting to correct Marx's two departments by the addition of a third, was her error of ascribing to the value schemes absolute reality, though she was aware of this failing in others. ("Die Goldproduktion im Reproduktionschema von Marx und Rosa Luxemburg," *ibid.*) In his book on Marx, Grossmann reiterated the inadequacy of the pure value approach to capitalism. The analysis that sticks only to exchange value loses the dialectic of exchange and use value; the common notion that in Marx the use value is excluded "rests on a misunderstanding" (*Marx*, p. 72). Similarly, the Marxist analysis unfolds work in its dual activity, producing use and exchange value, while the classical theories were unable to go beyond exchange value.

147. For a discussion of the politics of left communism in Germany, see the excellent work of Hans M. Bock, *Syndikalismus und Linkskommunismus von 1918-1923* (Meisenheim am Glan, 1969).

148. A. Braunthal, "Der Zusammenbruch der Zusammenbruchstheorie," *Die Gesellschaft*, VI (1929), p. 304.

hides his political perspective! He declares himself no where in the book for the dictatorship of the proletariat, no where for the necessity of the armed struggle against the bourgeoisie, no where does he place himself on the side of the Soviet Union. . . . Grossmann is silent. But for a Marxist it is not permitted to be quiet; it is not permitted to hide one's political face! He must speak, even with the danger of forfeiting becoming professor at the University of Frankfurt!"¹⁴⁹

The left communists, if sympathetic, differed internally on the validity of both sides of Grossmann's theory, the economic and political. Pannekoek's essay from 1934, "Die Zusammenbruchstheorie des Kapitalismus," rejected both the economic and political meaning of Grossmann's book. Pannekoek reiterated his differences with both Luxemburg and Bauer. The substance of his economic critique of Grossmann centered on the fact that Grossmann in his Bauer response kept the constant capital increasing at a steady rate of 10% till overaccumulation and the collapse is reached. In reality, claimed Pannekoek, a capitalist would expand production only so far as he has sufficient capital, that is, he would slow expansion prior to the point of overaccumulation.¹⁵⁰

But more to the point for Pannekoek was the mechanistic and fatalist interpretation of the capitalist economy that Grossmann offered. For Marx the economic development proceeds like a natural law. "But at the same time it is the work of men who play a role in it." The bourgeois and static approach deals in dualisms: occurrences follow either human will or iron laws. "For Marx all social necessity is mediated through men. . ." Grossmann does not understand this. "The Marxist interpretation. . . that the collapse of capitalism is the deed of the working class—a political act—he can only understand as 'voluntaristic' . . ." The will of the working class is itself conditioned by economic developments; but socialism will not arrive because capitalism collapses and "forces men—workers and others—through necessity to create a new organization." Rather, socialism will be attained when capitalism becomes "unendurable" and drives the working class to overthrow the economic system. "Not because this unendurability will be demonstrated from without, rather because it will be felt spontaneously, drives them to action." Though Grossmann has the same opponents as us, social democracy and the communists of the third international—"two branches of the same tree"—his conclusions are completely different. "The self-liberation of the proletariat is the collapse of capitalism."¹⁵¹

Korsch, in another left communist periodical, observed that the shifting positions by social democrats and communists on the nature of the crisis had

149. E. Varga, "Akkumulation und Zusammenbruch des Kapitalismus," *Unter dem Banner des Marxismus*, IV (1930), p. 66.

150. A. Pannekoek, "Die Zusammenbruchstheorie des Kapitalismus," in Korsch, Mattick, et al, *Zusammenbruchstheorie des Kapitalismus*, p. 122.

151. *Ibid.*, pp. 128-133.

brought revisionists and revolutionaries down on both sides of the dispute. He explained this by the fact that various crisis theories are reflections of the crisis condition of the objective reality. "One could under this perspective present the entire historical development of socialist crisis theories from Fourier and Sismondi to the various chronological phases of Marx and Engels and later Marxists and epigones of Marx through Sternberg and Grossmann... as mere passive reflections of the preceding objective economic development."¹⁵² The subjective crisis theory is no more appropriate than the objective. Rather there is only one "materialistic attitude" to take towards the crisis. "This attitude declares the whole question of the objective necessity or unavailability of the capitalist crisis—on this general level—a meaningless question in regards to practical proletarian revolutionary theory." In a restricted sense Korsch agreed with Sorel that the meaning of a crisis is that of a myth which has practical import on the action of the working class. What is necessary is "ever more exact and fundamental empirical research" on the capitalist production within an "activist-materialistic standpoint."¹⁵³

The most sympathetic of the left communists to Grossmann's analysis was Paul Mattick who, moreover, continued to expound a variation of it till the present. Mattick, a friend of Korsch, and for a while of Grossmann, came to the U.S. in 1926; here he worked with a section of the IWW, later edited a magazine *Living Marxism: New Essays*, and contributed some reviews to the Frankfurt School journal. His small book on unemployment, *Arbeitslosigkeit und Arbeitslosenbewegung in den USA 1929-1935*, was commissioned but was not published by the Frankfurt School, as apparently its Marxism was too explicit for that period of Frankfurt School caution.¹⁵⁴

To Mattick, Grossmann's analysis was correct in its economic theory and non-mechanistic in its political content. "Die Todeskrise des Kapitalismus" (1933), a program of a section of the IWW which Mattick authored, directly endorsed Grossmann's theory, and made clear its distance from passivity and fatalism. "We repudiate any mechanistic interpretation of the breakdown of capital." And as "adherents of the materialist dialectic," "we know that completely definite conditions are necessary to make possible the overthrow of capital. The will of the proletariat does not suffice; without these definite conditions such a will cannot at all develop."¹⁵⁵

An essay from the following year, "Zur marxischen Akkumulations- und Zusammenbruchstheorie," is more substantial and detailed in its uses of Grossmann, following his economic analysis of the absolute primacy of the laws of accumulation. Pannekoek's objections that men make history misses

152. K. Korsch, "Ueber einige grundsätzliche Voraussetzungen für eine materialistische Diskussion der Krisentheorie," *ibid.*, p. 93.

153. *Ibid.*, pp. 97, 98.

154. Mattick Interview.

155. P. Mattick, "Die Todeskrise des Kapitalismus," in *Zusammenbruchstheorie des Kapitalismus*, p. 102.

the point. "In capitalism the reified relations dominate men, not men things." For Grossmann there is no purely economic and automatic breakdown, though, to be sure, in order to "theoretically illustrate" the dialectic, one can distinguish between the objective and subjective moments and "confine oneself to a purely economic investigation." But the full dialectic "excludes pure economism." However, the economic situation is decisive; the "mass uprising cannot develop out of 'intellect-consciousness' . . .¹⁵⁶ Capital itself "hinders the full application of the moment of consciousness in the social life process. But consciousness finally carries through, and it can do so only under such conditions in which it can be concretized." "For Marxists and for Grossmann," Mattick closed, "the economic limits [of capital] and the proletarian revolution are identical."¹⁵⁷

Several essays from these years would continue to expound Grossmann's theory, either directly or indirectly. "The law of accumulation is the law of collapse," Mattick wrote in "The Permanent Crisis" (1934). "But capitalism does not collapse automatically; the factor of human action, though conditioned, is powerful. The death crisis of capitalism does not mean that the system commits suicide. . . . There is, as Lenin said, no absolutely hopeless situation for capitalism; it depends on the workers as to how long capitalism will be able to vegetate. . . ."¹⁵⁸ A pamphlet from the following year, "The Inevitability of Communism," a critique of Sidney Hook, accented both elements of Mattick's thought, the inevitability of the collapse — "the capitalist mode of production has an *absolute economic limit*"¹⁵⁹ — and the spontaneous non-mechanistic content on this collapse. "The theory of collapse does not rest upon an automatic process, nor does the concept of spontaneity assume on any mystical ground that the masses sometime or other will break out in revolt." ". . . The rejection of the concept that communism is inevitable involves also the rejection of the spontaneity theory."¹⁶⁰

A word should be said about Mattick's position in relation to Lenin and Luxemburg, which suggests if not the dialectic the complexities of the economics-politics nexus. Mattick, like the other left-communists, is on nearly every issue closer to Luxemburg than Lenin: questions of spontaneity, party, national question, peasantry. But on the narrow or not-so-narrow grounds of Luxemburg's economics, he switches his loyalties to Lenin, while repudiating Lenin's political conclusions. "In direct

156. P. Mattick, "Zur marxischen Akkumulations- und Zusammenbruchstheorie," *ibid.*, pp. 55, 49.

157. *Ibid.*, pp. 69, 70.

158. P. Mattick, "The Permanent Crisis: H. Grossmann's Interpretation of Marx's Theory of Capitalist Accumulation," *International Council Correspondence*, 2 (November, 1934), p. 20.

159. P. Mattick, *The Inevitability of Communism: A Critique of Sidney Hook's Interpretation of Marx* (New York, 1935), p. 25.

160. *Ibid.*, pp. 44-45.

contradiction to this theory of Luxemburg is Lenin's interpretation... In complete agreement with Marx he searches for the contradictions, which indicate the historical limits of capital, not, as with Luxemburg, in circulation, but in the sphere of production."¹⁶¹ Hence Lenin traces crises and imperialism not to underconsumption and market problems, but to production and profit. "Without doubt Lenin's interpretation stands closer to Marxism than Luxemburg's. She was completely correct in recognizing in the Marxist theory of accumulation the breakdown laws of capital: but she overlooked the Marxist proof of it and produced her own theory of realization, which Lenin rightly rejected as false and un-Marxist."¹⁶² Yet, the *political* conclusions that Lenin drew were false, and Luxemburg's correct; Luxemburg's defective economic analysis retained the notion of the collapse as an "economic necessity." Lenin, "who stood much closer to Social Democracy than did Luxemburg, saw the capitalist collapse more as a conscious political act..." Mattick's conclusions to this argument are worth citing: "...Luxemburg rightly emphasized that for Marx the laws of accumulation were also the laws of collapse. Her proof was false; nevertheless her conclusions correct. If she completely deviates from Marx in explaining the laws of collapse, she continues to recognize the existence of it. Lenin's arguments against Luxemburg were valid, and *so far as they went*, in agreement with Marx, yet he avoided the question whether an objective limit is given to capital. His theory, which is more correct, does not lead to real revolutionary conclusions. Exactly Luxemburg's false proof remains revolutionary."¹⁶³

All of Mattick's works cannot be discussed here, especially his most original contribution: the questions of state intervention, mixed economy, etc. One can note, however, an increasing caution and pessimism in his analysis, though with an unchanging commitment to the main contours of Grossmann's theory. Hence, his book on unemployment sticks to the centrality of the laws of accumulation in fathoming unemployment, while making some fleeting references to the importance of ideology and psychology in hindering revolutionary movements. The belief in American success and prosperity was strong. "If the ideology of prosperity was only a psychosis for the broad mass of workers, and a reality only for the worker's aristocracy, it stimulated hopes in all strata of the population and diminished at the same time possibilities of protest from sectors not included in the prosperity..."¹⁶⁴ Discussing the difficulties of socialist theory

161. Paul Mattick, "Die Gegensätze zwischen Luxemburg und Lenin" (1935), reprinted in *Gruppe Internationale Kommunisten Hollands*, ed. G. Mergner (Reinbek bei Hamburg, 1971), p. 181.

162. *Ibid.*, p. 183.

163. *Ibid.*, p. 186. See the comments of R. Dunayevskaya on Mattick's argument in her "Analysis of Rosa Luxemburg's *Accumulation of Capital*," which is included in her pamphlet titled *State-Capitalism and Marx's Humanism or Philosophy and Revolution* (Detroit, 1967), p. 41.

164. P. Mattick, *Arbeitslosigkeit und Arbeitslosenbewegung in den USA 1929-1935* (1936),

reaching the unemployed, Mattick even sympathetically cited an essay by Erich Fromm from the Frankfurt School journal, "The Method and Function of an Analytic Social Psychology." "...Biological and psychological moments are at play in the conscious and unconscious actions of men, but these moments are to the greatest extent influenced by definite social life processes," Mattick wrote, following Fromm.¹⁶⁵

A later essay, "Fascism Made in the USA," showed more caution in the formulation of the collapse of capital. "The question as to whether capital will be able once more to overcome its present stagnation and decline... is not an economic question. There does not exist a purely economic problem at all. However, by taking economic phenomena out of the social setting of which they are a part, it becomes possible to shed some light on the developmental tendencies of the latter... From a 'purely economic' point of view there is indeed no reason why capitalism should not be able to overcome its present difficulties."¹⁶⁶ "To prove scientifically the inevitability of capitalism's collapse will always remain a futile attempt... All that can be pointed out are the reasons why the growth of capital implies the growth of the contradiction inherent in its productive system..." "...That there is an objective end to capitalism, that its final collapse is assured, changes nothing of the fact that capitalism must be abolished through human actions in order to cease. The argument about the objective end, however correct, finally amounts to no more than the recognition of the obvious, that all things and all institutions come to an end in time."¹⁶⁷

Mattick's most recent essays have retained a commitment to the collapse of capitalism as worked out by Grossmann while accentuating the crucial political context. Defending Grossmann against the charge of an automatic breakdown, he asserted that the crisis only "offers the chance to transform the class struggle inside society into a struggle for another form of society."¹⁶⁸ Or he could write that "the crisis forms the necessary but not sufficient precondition for revolutionary action..."¹⁶⁹ Or: "There is no situation absolutely without escape for the capitalist economy. Even in Marx's theory of accumulation and crisis, capitalism does not break down by itself; but it finds its possible end in the political actions released by the crisis."¹⁷⁰

ed. F. Hermanin and C. Pozzoli (Frankfurt, 1969), pp. 95-96.

165. *Ibid.*, p. 111. Fromm's essay is translated and found in his collection *The Crisis of Psychoanalysis* (Fawcett, 1971). As far as I know this is the only place where Mattick shows any interest in psychoanalysis, which does not mean there is a necessary antithesis between left communism and psychoanalysis; see for example the essay by Serge Bricianer, who has edited a collection of Pannekoek's writings, "Psychoanalyse et mouvement social," *Mise au Point*, I (1972).

166. P. Mattick, "Fascism made in the USA," *Living Marxism*, V, 3 (1941), p. 15.

167. *Ibid.*, p. 15.

168. P. Mattick, "Nachwort" to Grossmann, *Marx*, p. 127.

169. P. Mattick, "Aktuelles Vorwort," to *Zusammenbruchstheorie des Kapitalismus*, p. 12.

170. *Ibid.*, p. 9. For two recent statements by Mattick see "Die gemischte Oekonomie und

VI

Some conclusions about political economy and the politics of the crisis theory:

Political economy is the theory as well as the product of bourgeois society. The first sentence of Engels' first economic writings stated simply that "political economy came into being as a natural result of the expansion of trade."¹⁷¹ Political economy emerges as a distinct entity exactly when the economy emerges as an entity freed from previous historical, ethical and religious trappings. Between Smith and Ricardo economics splits off a political and legislative universe and takes shape as a separate inquiry into the laws of the economy itself.¹⁷² From a Marxist point of view reification inheres in the very notion of political economy. Political economy presents "the economic life processes of humanity" as a "natural relation between things" because these relations themselves are reified.¹⁷³ Political economy is ideology, the theory of a society where things dominate people.

Yet the Marxist *critique* of political economy is also a political economy— or so it appears; and this is exactly the contradiction. The laws of political economy are abstractions that possess a certain validity. To the point these laws present social and historical relations as non-historical relations, they serve as alibis for the status quo; but to the point the laws accurately portray a society in which things do control people, they form part of the critique. In Marx both moments are captured in the notion of tendencies; the laws are never and solely laws, but tendencies. "Absolute laws presuppose an unconscious immediacy between subject and object."¹⁷⁴ They are never absolute because the subject, finally human labor, forms and informs the laws—and suffers them. The critique of political economy

ihrer Grenzen," in Mattick, *Kapitalistischer Reproduktionsprozess und Klassenbewusstsein* (Hamburg, 1973), p. 9, and "Marxismus und die Unzulänglichkeiten der Arbeiterbewegung," in *Ueber Karl Korsch*, ed. C. Pozzoli (Frankfurt, 1973), pp. 192-193. Recently there has been a growing number of works that have followed implicitly or explicitly Grossmann's and Mattick's general analysis; see D. Yaffe, "The Marxian Theory of Crisis, Capital, and the State," *Bulletin of the Conference of Socialist Economists*, Winter, 1972; D. Yaffe, "Class Struggle and Rate of Profit," *New Left Review*, 80 (July-August, 1973), pp. 45f; M. Cogoy, "The Fall of the Rate of Profit and the Theory of Accumulation," *Bulletin of the Conference of Socialist Economists*, Winter 1973. C. Deutschmann, *Der linke Keynesianismus* (Frankfurt, 1973). Deutschmann takes issue with Mattick on a number of points. For a critique of Mattick's analysis as excessively abstract, see F. Eberle, "Bermerkungen zur Erklärungsanspruch der marxischen Theorie," in *Aspekte der marxischen Theorie I*, ed. F. Eberle (Frankfurt, 1973). For a different treatment of the crisis theory see T. Schroyer, *The Critique of Domination* (New York, 1973), pp. 180f and *Telos* 14 (Winter, 1972).

171. F. Engels, "Outlines of a Critique of Political Economy," in Engels, *Selected Writings*, ed. W.O. Henderson (Pelican, 1967), p. 148.

172. See E. Halévy, *The Growth of Philosophic Radicalism* (Boston, 1955), pp. 247f; K. Polanyi, *The Great Transformation* (Boston, 1957), pp. 111f.

173. F. Petry, *Der soziale Gehalt der marxischen Werttheorie* (1916), Raubdruck, p. 5. Cf. I.I. Rubin, *Essays on Marx's Theory of Value* (Detroit, 1972), pp. 31f.

174. O. Morf, *Geschichte und Dialektik in der politischen Oekonomie* (Frankfurt, 1970), p. 121.

is as much a task and hope as a fact; it presents the dead laws of the economy so as to clear the way for their active subversion. The *telos* of the critique of political economy is the abolition of political economy; the misery of the critique of political economy is that it is also a political economy.

In a precise sense there is no such study called Marxist political economy; this at least would be the Western Marxist interpretation. If political economy was the science of society dominated by the (capitalist) economy, when this domination ceases, so would political economy as its expression. The younger Lukács defined liberation from capitalism as "liberation from the rule of the economy." And he added, "When the autonomy of the economy is ended, 'political economy' as an independent science also disappears."¹⁷⁵ Similarly Luxemburg stated, "The victory of the modern working class, and the realization of socialism will be the end of economics as a science."¹⁷⁶ Korsch drew a parallel with his analysis of the relationship of philosophy and revolution. Political economy, like philosophy, could not simply be decreed as transcended; it was historically wed to bourgeois society and would die with it—not before. It would be surpassed only once it had been 'realized' by theoretical and practical activity.¹⁷⁷

The hope of the critique of political economy is that it is more than political economy; the danger is that it is only political economy. It is the unfree science of an unfree society; its mechanical format is derived from a mechanical life. Or as Marx put it, rejecting humanist critiques of Ricardo: "The cynicism is in the facts, and not in the words which express the facts."¹⁷⁸ The unrelenting threat of economism is objectively contained in political economy—Marxist and otherwise—and is communicated to the individual theorists; this explains, perhaps, the just as continuous susceptibility of Marxists to vulgar Marxism. Conversely, it is at least suggestive as to why critical Marxism has in recent years been generally stimulated by Marxists who were not economists and by studies distant from political economy. Provocatively stated, the more one studies political economy the more one falls prey to it. What Adorno wrote of the dilemmas of the intellectual can perhaps be said of the Marxist. "Only someone who keeps himself in some measure pure has hatred, nerves, freedom and mobility enough to oppose the world, but just because of his illusion of purity . . . he allows the world to triumph not merely externally, but in his innermost

175. G. Lukács, "The Old Culture and the New Culture," in *Towards a New Marxism*, ed. B. Grahl and P. Piccone (St. Louis, 1973). Cf. Paul Breines, "Notes on 'The Old Culture and the New Culture,'" *ibid.*, esp. pp. 13f, and in *Telos* 5 (Spring, 1970).

176. R. Luxemburg, "What is Economics?" in *Rosa Luxemburg Speaks*, ed. M.A. Waters (New York, 1970), p. 245. "Marx considered that with the end of commodity production, the political economy born with it would also come to an end," L. Colletti, *From Rousseau to Lenin* (New York, 1972), p. 90. "In a socialist society, political economy will lose its *raison d'être*," N. Bukharin, *Economic Theory of the Leisure Class* (New York, 1972), p. 49.

177. Karl Korsch, *Karl Marx* (New York, 1963), p. 93.

178. K. Marx, *Poverty of Philosophy* (New York, 1963), p. 51.

thoughts. Anyone, however, who knows business too well forgets to know it for what it is; his capacity for differentiation deserts him, and as the others are threatened by a fetishism of culture, so is he by a lapse into barbarism."¹⁷⁹

If this is the general dilemma of the study and critique of political economy, these formulations leave out the more specific inquiry, questions about changes within and during the history of Marxist economics. To raise such questions is also to raise some difficult judgments. It calls for judgments about the quality, growth, decay of Marxist economics—judgments which seem very open to dispute. Luxemburg posed the question in one of her lesser known essays, "Stagnation and Progress in Marxism" (1903). She observed that "stagnation" in Marxist theory has been "noticeable for a good many years." "The actual fact is that—apart from one or two independent contributions which mark a certain theoretical advance—since the publication of the last volume of *Capital* and of the last of Engels' writings there have appeared nothing more than a few excellent popularizations and expositions of Marxist theory."

The reason Luxemburg offered to explain this situation was paradoxical, at least for a Marxist; Marxist economic theory was neglected because it was impractical to the actual working class movement. She stated somewhat ironically that the third volume of *Capital* published in 1894 made "practically no impression" on the socialist movement, and had no affect on agitation; in fact, agitation had been successful on the basis of the "incomplete" first volume. The theory 'remains unused because... it greatly transcends the needs of the working class in the matter of weapons for the daily struggle.' In particular, the problems of *Capital III*, "however important from the outlook of pure theory, are comparatively unimportant from the practical outlook of the class war."¹⁸⁰

Luxemburg's analysis need not be rejected out of hand, though, if true, it formalizes and accepts the divorce between economics and politics without fully questioning their damaging meaning for Marxism. After Luxemburg, others have recorded a stagnation in Marxist economics, though not interpreting it as inherent to Marxism. Mandel has periodized the contributions to Marxist economics as the most fertile, between 1894 and 1914 (Lenin, Kautsky, Luxemburg, Hilferding) and less fertile, after World War I through the early 1930s (Bukharin, Varga, Grossmann).¹⁸¹ The

179. T.W. Adorno, *Minima Moralia* (London, 1974), p. 133.

180. R. Luxemburg, "Stagnation and Progress in Marxism," in *Rosa Luxemburg Speaks*, pp. 108-112.

181. E. Mandel, *Marxist Economic Theory*, vol. II (New York, 1970), pp. 722-723. "Since Hilferding there hardly have been any Marxist economists of comparable rank," J. Habermas, *Theory and Practice* (Boston, 1973), p. 202. Sweezy, moreover, believes that Hilferding made no real contribution to Marxist economics after 1910 and the writing of *Das Finanzkapital*; P. Sweezy, "Introduction" to E. von Böhm-Bawerk, *Karl Marx and the Close of His System* (New York, 1949), p. xvi.

reason there has been no third period is not hard to find; socialism in one country, and fascism in several, presented problems unforeseen by classical Marxist economics—and moreover led to the deaths of individual Marxist economists from Hilferding to Rubin. Other reasons for a decline of Marxist economics can be adduced; it has been observed that major contributions to Marxist economics have been made within the context of revolutionary surges; Lenin's *Development of Capitalism in Russia* (1899) prior to the Russian revolutions; Luxemburg's *Accumulation of Capital* (1913) on the eve of European revolution, Grossman's work prior to the socialist advances of the 1930s, etc. The recent renewal of interest in and contributions to Marxist economics can perhaps be seen as an element of renewed social antagonisms.

Korsch's observations on the decline of philosophy within Marxism are paralleled by Rosdolsky's; the weakness of Marxist economics within the Second International is inseparable from the ignorance of Hegel; the loss of dialectical thought took its toll on political economy which collapsed into mechanistic disciplines.¹⁸² Korsch, however, is even more suggestive; he analyzed developments within Marxist economics as responding to objective developments of society. According to Korsch, the increasing accentuation on objective economic laws in Marxist economics coincides with the failure of the revolutions of 1848; that is, the change in theory registered a condition in which the subject—the proletariat—was more distant from revolutionary activity, and more under the sway of capitalist relations. The 'subjective' formula of the *Communist Manifesto* becomes the objective one of the *Critique of Political Economy*. "The history of all hitherto existing society is a history of class struggles" is rendered "the history of society is the history of material production and the contradiction between the material forces of production and the productive relations."¹⁸³ The reformulation from the subjective to objective is a "theoretical recognition" of the new and less fluid historical conditions. "The new forms of the materialist theory express the new forms of the class struggle." The class struggle can no longer solely be placed in the context of an immediate social revolution.¹⁸⁴

Though Korsch has been accused of an overly schematic approach,¹⁸⁵ this analysis at least points to the historical substance for theoretical

182. R. Rosdolsky, "Einige Bemerkungen über die Methode des marxischen 'Kapital,'" in *Kritik der politische Oekonomie heute*, ed. W. Euchner and A. Schmidt (Frankfurt, 1968), p. 10. A kindred but more general observation has been made by B. Ollman; citing Joan Robinson to the effect that the Hegel in Marx has obscured the latter's economics, Ollman stated "no one is less qualified to understand the unique contribution of Marxian economics than the economists," *Alienation: Marx's Conception of Man in Capitalist Society* (Cambridge, 1971), p. 188.

183. K. Korsch, *Karl Marx*, p. 187.

184. K. Korsch, *Karl Marx*, ed. G. Langkau (Frankfurt, 1967), p. 183. (This edition contains variant texts and drafts, of which there were quite a number.) Cf. H. Marcuse, *Soviet Marxism* (New York, 1961), pp. 130f.

185. F. Cerutti, "Hegel, Lukács, Korsch," in *Aktualität und Folgen der Philosophie Hegels* (Frankfurt, 1970), ed. O. Negt, pp. 207f.

changes. The increasing fetishism in and of Marxist economics is a response to the increasing determination of bourgeois economy. As society coalesces and freezes, so does its critique. This line of thought, which is basic to the understanding and transcendence of a narrow Marxism, is too often ignored. Recent attempts to renew the importance of the political dimension in Marxist political economy, and transcend vulgar Marxism, often possess cogent critiques of a past determinist Marxism; but they remain insufficient till they examine the historical content of such flawed Marxism. Without this historical investigation, the correction is no better, and perhaps worse; it is simply a rerun of the relative independence of a political superstructure which Engels had already declared as essential to historical materialism.

What needs to be avoided is, as it were, the vulgar critique of vulgar Marxism. The mere addition of a political-superstructure component to a political economy which has lost its politics may only yield an old pluralist formula. Arguments that Marx ignored the decisive and increasing role of politics are not only ahistorical, but ignore the reverse proposition: politics and 'life'—from consumption to leisure to the state—bear more and more the imprint of the capitalist economy, not less.¹⁸⁶ In this sense the domain of the economy has been increasing; and the objection against vulgar Marxism is not that it overemphasized the role of the economy, but *conceived it too narrowly*. Recent developments suggest not simply the 'politicization' of the economy, but the reverse, what Krahl called the *Oekonomisierung der Politik*.¹⁸⁷ For this reason, theories about the encroachment of the language of the economy into noneconomic areas can also miss the point. Such encroachment is not to be undone by a more precise conceptualization separating the two domains, for it is due to objective developments, the factual domination by the economic relations.

The fetishism that adheres both to the economy and the science of the economy goes some way in countering objections that the crisis theory is mechanistic. As noted previously, the rejection of the crisis theory in the name of subjectivity, consciousness and choice characterized a social democratic tradition; to again quote Hilferding: we are against the theory of the economic breakdown; "The overthrow of capitalism is not to be waited for fatalistically; nor will it enter from the inner laws of the system; rather the overthrow must be the conscious act of the working class." This seems kindred to a critical theory critique of mechanistic Marxism. And so it is; but within the context of economics in general, and the crisis theory in particular, it misses the dialectic. Political economy, be it *Capital* or *The Accumulation of Capital*, possesses a fatalist quality. This does not mean fatalist *political* conclusions are drawn; rather, full recognition was granted to the economics as an objective determining structure.

186. Cf. G. Lukács, *History and Class Consciousness* (London, 1971), p. 193.

187. Hans-Jürgen Krahl, *Konstitution und Klassenkampf* (Frankfurt, 1971), p. 94.

A reform tradition escaped from the 'fatalism' of the economy by casting it in an evolutionary mold, as developing towards socialism. The reification of the economy appears to be undone when the economy is not tending towards collapse and catastrophe, but towards socialism. Within this development, however, the consciousness, will, choice—subjectivity in general—that is advanced by social democracy is also well circumscribed; it is restricted to the various possibilities of reform offered by the evolutionary process. The reform critique of economic fatalism and reification in the name of subjectivity turns into its opposite; it reduces consciousness and will to appendages of the evolutionary laws. Ruling out an objective transformation ruled out a decisive role for subjectivity.

Exactly because the stress on consciousness and subjectivity abstracted from an objective transformation, has characterized a reform tradition, it was suspect to Marxists such as Mattick. "The strong emphasis on the conscious elements in the revolutionary process contains... unmistakable idealistic signs... The reformist working class movement gave up the Marxist insight into the accumulation process as a process of collapse in order to direct their attention towards the growth of socialist consciousness and socialist institutions within capitalism."¹⁸⁸ To state it in different terms: the purely subjective analysis of subjectivity risks turning ideological. Neither the absence nor the presence of subjectivity and consciousness is solely due to subjective factors.¹⁸⁹ Marcuse has noted that the usual explanation for the lack of revolutionary working class consciousness in the West—the lag of subjectivity—is "un-Marxist." This lag itself must be explained by the "objective conditions of the working class today, and only in a secondary way in their consciousness."¹⁹⁰

To an important degree the affirmation of subjectivity, if it is not ideological, seems to depend on the assumption or theory of an objective collapse or transformation. Yet, the acceptance of an objective collapse can take many forms. A crisis theory can function little more than as an article of belief one acknowledges and ignores. Anchored in the present and antagonist reality, it informs the present politics. An East German and unsympathetic study of Luxemburg shed some light on the politics of the crisis theory; it noted that for Luxemburg "an automatic breakdown of capitalism was an objective necessity." This "objective necessity" was for Luxemburg the "basis for the resolution of the tactical and organizational problems... of the working class movement. Here lies the most fundamental reason for her incomprehension of the role of the party."¹⁹¹ From this

188. P. Mattick, "Vorwort," to Korsch, Mattick, et al, *Zusammenbruchstheorie*... pp. 12-13.

189. For one approach concerned with the psychological dimension see "Negative Psychoanalysis and Marxism," in my *Social Amnesia* (Boston, 1975).

190. H. Marcuse, "The Movement in a New Era of Repression: An Assessment," *Berkeley Journal of Sociology*, XVI (1971-72), p. 4.

191. F. Oelsner, *Rosa Luxemburg* (Berlin, 1951), p. 181.

Leninist perspective, the certitude of the collapse diminished the requirement to organize in the form of the party for it, or from this point of view, spontaneity and objective theory of the collapse co-exist.

This was, and is, essentially Mattick's position. The organization of the working class prior to the crisis and collapse necessarily reduplicates the forms of domination and reification the revolution is supposed to undo. It is worth emphasizing to what degree this position is committed both to an objective economic analysis and a new subjectivity constructed and reconstructed spontaneously during the revolutionary crisis; precisely because of its acknowledgement of the fundamental impact of the economic reality it forswears attempts to form revolutionary parties prior to the objective disintegration. That is, organizations in and under capitalism flourish only at the expense of turning capitalist, if not in trapping, in essence. Many of the left communists, it should be noted, accepted Michels' critique and theory of the bureaucratization of the party, and concluded that only in revolutionary conditions could this bureaucratization be averted.¹⁹² As Mattick put the dilemma: in the bourgeois era active participation in revolutionary mass organizations entails routinization and bureaucratization; but isolation from mass organizations leads to political impotence. "This dilemma can only be escaped by the spontaneous formation of revolutionary organizations, which within capitalism cannot exist. In other words, it is the spontaneous organization of the revolution itself which the dilemma of the revolution might resolve."¹⁹³

The theory of disproportionality, the anarchy of the market, it was noted previously, not only downplayed a decisive crisis theory, but seemed to issue into the solution of state planning, state capitalism. The anarchy of the market seemed partially abolished by increasing statism. For this reason cartelization was interpreted, most notably by Hilferding, as a step or half-step towards socialism.¹⁹⁴ To Mattick the theory of state capitalism was proof that social democracy did not seek a transformation of society by the working class, but simply wanted to take over the existing state apparatus. They demanded a "different state or a different government, not a different economic system." Exactly for this reason there was a "relative lack of interest in the laws of crisis of capitalism."¹⁹⁵

192. See Hans M. Bock, *Syndikalismus und Linkskommunismus von 1918-1923*, pp. 35f. Lukács' review of Michels (in *Archiv für Geschichte des Sozialismus*, XIII [1928], and *Organisation und Partei*, Raubdruck), presents the communist critique: Michels "wants to provide a general sociology of party life and gives at best a descriptive presentation of the development of opportunism in Social Democracy during the imperialist period—under the influence of the rise and growth of the working class aristocracy. . . . Michels does not suspect that he is really a historian of opportunism, not a sociologist of party life" (p. 309).

193. P. Mattick, "Der Leninismus und die Arbeiterbewegung des Westen," in *Lenin. Revolution und Politik* (Frankfurt, 1970), p. 11.

194. Cf. E. Mandel, *Marxist Economic Theory*, I, pp. 367-368. Engels, however, also denounced the illusion that statification was identical to socialism. Cf. M. Harrington, *Socialism* (New York, 1973), pp. 81-82.

195. P. Mattick, "Ueber den Begriff des Staatsmonopolistischen," *Ueber Karl Korsch*, p.

Some of Horkheimer's essays from around 1940, essentially "The Authoritarian State" and "The Jews and Europe," came closest to Mattick. "Whatever seeks to extend itself under domination runs the danger of reproducing it. Insofar as the proletarian opposition in the Weimar Republic did not meet its downfall as a sect, it fell victim to the spirit of domination." "Integration is the price which individuals and groups have to pay in order to flourish under capitalism.¹⁹⁶ Such observations are another face of the Frankfurt School critique of positivist laws and schemes of history. These are laws of unfreedom; but retain their domination till the dominated reality changes. In this sense, the 'law' of the bureaucratization of the party is accurate, but only for the bourgeois era; when it forgets its historical nature and seeks to prefigure the future it passes into ideology. When "theory portrays the phases of bourgeois economy, bloodshed, and collapse as an immanent law of development in the transition to freedom, the notion of the self-movement of this process breaks down. . ."¹⁹⁷

Horkheimer makes a distinction in one of his essays that is fundamental for the Frankfurt School interpretation of the collapse. "Deducible is the economic collapse, not the revolution."¹⁹⁸ This returns to the Lukács of *History and Class Consciousness*; the laws of capitalism are blind and lead to crises and collapse, but not beyond. "The blind forces" "automatically" "hurdle blindly towards the abyss and only the conscious will of the proletariat will be able to save mankind from the impending catastrophe."¹⁹⁹ In this reading the crisis and breakdown of capitalism is as inevitable as capitalism is blind; but between the 'automatic' collapse and the reconstruction of a new society there is only nonautomatic subjectivity, conscious will.

With these formulations the disjunction between economics and politics both decreases and increases. It decreases because the subjective and political intervention is internally linked to the objective development; it gains its emphatic meaning only within an objective context. But it increases insofar as it is uncertain what an economic collapse will bring in its wake. F. Neumann wrote, "Even if the theory of the immanent collapse were correct as an economic theory, no unambiguous political consequences would flow from it. If it were correct that the process of capitalist production must necessarily lead to the collapse of this production, this still would not mean that a political change would have to follow on the economic collapse."²⁰⁰

Horkheimer himself, and Marcuse afterwards, vacillated between two propositions which are as contradictory as reality: that the collapse was

345.

196. M. Horkheimer, "The Authoritarian State" (1940), *Telos*, 15 (Spring, 1973), p. 5.

197. *Ibid.*, p. 17.

198. M. Horkheimer, "Die Juden und Europa," in *Authoritärer Staat* (Amsterdam, 1968), p. 17. Cf. Horkheimer, *Dämmerung* (1934), Raubdruck, p. 66.

199. G. Lukács, *History and Class Consciousness*, p. 70.

200. F. Neumann, *The Democratic and Authoritarian State* (New York, 1964), p. 268.

inevitable and that collapse could be managed. "The law of its collapse is readily visible," Horkheimer wrote of state and fascist capital. "The fascist phase is . . . determined by the same economic tendencies which already have destroyed the market system . . . The eternal system of the authoritarian state, as terrible as the threat may seem, is no more real than the eternal harmony of the market system."²⁰¹ He also wrote as well, "There is no relying on the collapse of the totalitarian economy. Fascism controls the social results of the capitalist collapse." Totalitarian society is possibly "long-winded." "Collapses are not in sight."²⁰²

Marcuse retained these formulations; he stated in *One Dimensional Man* that the book alternated between "two contradictory hypotheses: 1) that advanced industrial society is capable of containing qualitative change for the foreseeable future, 2) that forces and tendencies exist which may break this containment and explode the society." There is no "clear answer" and further, unless there is a transformation and subversion of "consciousness and behavior of man, not even a catastrophe will bring about change."²⁰³

The accent is on the first hypothesis, the ability of capitalism to manage and control the contradictions. Exactly for this reason Mattick would take issue with Marcuse. Mattick is not arguing from the optimism of an inevitable proletarian revolution; more the reverse. If anything, he has approached Marcuse in his pessimism. But his formulations continue to point in another direction. "Everything is possible—even a proletarian revolution." And he continues to insist that in the long run the contradictions are not containable, that capitalist accumulation will internally break down. "The one dimensional society is such only ideologically; in every other respect it is still the capitalism of old."²⁰⁴

"There is only a chance." In this Mattick agrees with Marcuse.²⁰⁵ Inevitable is "only" the breakdown. More cannot be said; political economy is objectively ambiguous; it remains imprisoned in the political economy of capitalism.

201. M. Horkheimer, "The Authoritarian State," pp. 14, 15.

202. M. Horkheimer, "Die Juden und Europa," pp. 39, 18.

203. H. Marcuse, *One Dimensional Man* (Boston, 1966), p. xv.

204. P. Mattick, *Critique of Marcuse* (New York, 1972), pp. 94, 101.

205. *Ibid.*, p. 107.