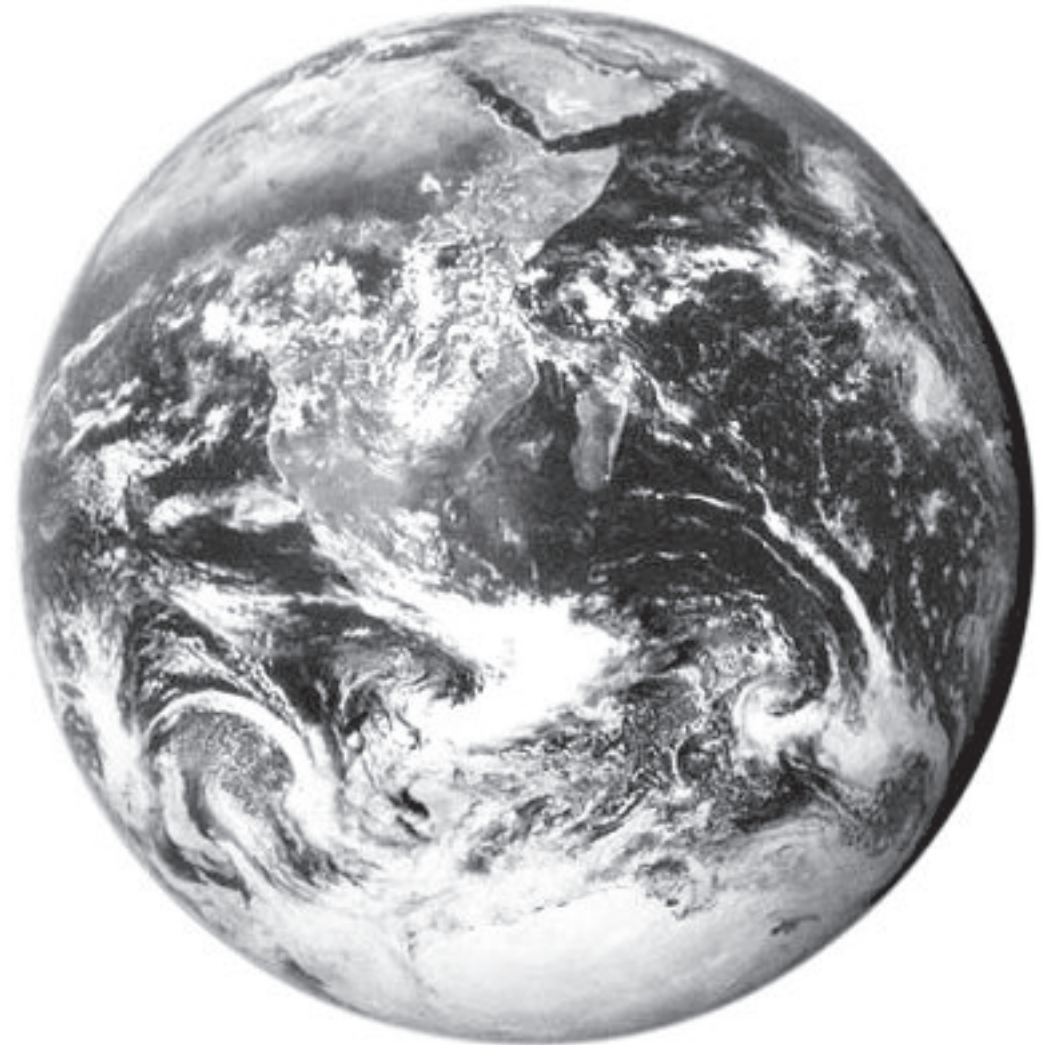


# WHITHER THE WORLD

Gilles Dauve & Karl Nestic



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resistance to absolute surplus-value, and the 8-hour-day claim) for Fordism to come about. At the beginning of the XXIst century, labour is not yet insisting on demands of its own, and is still reacting to the encroachments of capital. Capitalism (ie. the coexistence and conflict of its two basic classes) has not yet created the categories of proletarians that would be the bearers of such demands. These categories may exist sociologically, but not as agents of social change. The unskilled “mass workers” were not born in 1960, but it took decades for them to appear as a force that challenged the bourgeoisie. New service sector groups supposed to be central to capital’s new cycle stand in fact at the centre of something that has so far proved unable to reset the economy on a profit-making course. Computerization and information technologies have not reorganized value production as Taylor, Ford and Keynes did. Call centre workers, for example, are in no position to take on their bosses as car workers did forty years ago.<sup>4</sup>

### **The Mistake was in the Question**

We’re well aware that our standpoint runs counter to the usual revolutionary hope of a proletarian response brought about by the attack of capital, and of a response that would be as severe and far reaching as the attack. In plain words, the proles would finally rise because (1) they’d be in dire straits, and (2) they’d have nothing to expect from the wage labour system any more (whereas before, they could always go for some reformism or other).

We don’t believe in this misery-induced revolution.

Communist revolution is surely not a matter of free will. But it will only come about as the action of social forces more and more conscious of what they’re doing and heading into. It couldn’t result from people being forced to fight with their backs to the wall.

The idea that “One day there’ll be no other alternative” does not apply to history, let alone to revolution. There always is more than one possible option.

Therefore it’s pointless to interpret the US war against Iraq, the assault on pensions, or any other event, as additional steps towards an ever more capitalist capitalism, which would eliminate its minor contradictions and lay the stage bare for the major one: proletariat versus capital.

Capitalism will never solve anything in the place of the proletarians. Our emancipation ultimately depends on us. The *negative* conditions of revolution aren’t enough and never will be.

As is clear from this essay (and a couple of others we’ve written before), we believe in a certain analysis of the current period. The future might refute it. One of our disagreements with some comrades, is that they never take the risk of being proved wrong. Any theory, particularly one that claims to be revolutionary, is only relevant if it accepts being confronted with (and perhaps contradicted by) facts.

### **Notes**

1. This is an abridged version of Karl Nestic’s *L’Appel du vide*, to be published in France by Sulliver, Autumn 2003. K. Nestic is also the author of *Un autre regard sur le communisme* and *Crise sociale. Mythes et réalités*, both by L’Harmattan publishers, Paris, 1996, and a co-author of “Alice in Monsterland” <http://troploin0.free.fr/biblio/alice/> and of the three *Troploin* Newsletters.
2. (*Against Sleep And Nightmare*, no.7, 2003) One of the most stimulating analyses of the current situation, as it tries to envision the present crisis as a whole: [www.webcom.com/maxang](http://www.webcom.com/maxang) [www.webcom.com/maxang/ASAN/ASAN7/ASAN7.html](http://www.webcom.com/maxang/ASAN/ASAN7/ASAN7.html) “We are not prophets of an eventual but unpredictable crisis, but theorists of today’s apparently inexplicable crisis.”
3. We refer the reader to our “Grey September”, <http://troploin0.free.fr/biblio/grey/>. As for revenge, at the time of writing, neither Bin Laden, Mullah Omar nor Saddam have been caught or found dead.
4. This conclusion can be drawn from the well-documented study by Kolinko, *Hotlines, Call Centre Inquiry*, 2002 [http://www.nadir.org/nadir/initiativ/kolinko/lebuk/e\\_lebuk.htm](http://www.nadir.org/nadir/initiativ/kolinko/lebuk/e_lebuk.htm)

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to do with that vast time span liberated by technical advances. This was also the time when the academic-industrial complex ranted about the end of the assembly line, the autonomy of the work team and workers' empowerment.

Such themes are still making the news, albeit with a big difference. No-one seriously believes that these schemes could bring about more than marginal changes. Nobody taking part in community work hopes that it could one day tip the scales in favour of a non-market economy. The dream is over. Current radical reformism does not ask for the promotion of a third sector, just for the restoration of the public one. It longs for a return to Keynes, while the bourgeoisie forgets one of the key lessons of Keynesianism : neither a firm nor society can be run *against* labour.

We're witnessing a (provisional, perhaps) loss of historical mission on the part of the bourgeoisie. The ruling classes act as if they were abandoning the majority of the population to its fate. Though their domination is not questioned, they are only left with a *de facto* legitimacy. They're there, they occupy the social terrain, but reproducing the labour force is no longer one of their prime objectives. Capitalism, however, is viable only if it carries along (at least in its heartland) a large part of the proletarians, if it maintains them in order to be valorized by them. In every past transitional period, the bourgeois proved able to put forward a universal perspective, and to pass itself off as the defender of general interest. Today's common wisdom renounces collective visions, and asks each worker individually to care for himself, to save for his pension and the old age of his partner. Society breaks down into families.

## Defeat and...?

It's in Italy (2001-2002) and France (2003) that the struggles against pension cuts have been most militant, and yet they resulted in failures, ie. ended in compromises grossly unfavourable to labour.

No need to be workerist or factory-ist to realize that millions of demonstrators could not offset the massive defeats that have been taking place on shopfloors and in offices for about twenty years. Not everything depends on what happens in the workplace. But when nearly everything that happens in the workplace turns out to be against the workers (as is still the case), this is bound to affect what goes on in the street.

We are faced with a paradox. Seattle, Genoa, demos, riots, meetings, debates, networks, social forums and centres, etc.: there's something clearly positive in the new militancy that has sprung up in the last ten years, however uncritical its critique of capitalism usually is. Our purpose here is not to argue against its obvious massively reformist perspectives. What we'd like to stress is the coexistence of such a wide movement, with the continuing series of worker defeats, which this movement is utterly unable to prevent. In fact, it's like both were running on separate lines, even to the point of often ignoring each other.

Class difference (or indifference) is far from explaining it all. True, the anti-globalizers are mainly middle class, but so were most leftists in the 60s-70s, which did not prevent interplay between blue collar workers and middle class students. Actually, the anti-globalization movement is equally unable (or unwilling) to have an influence in the workplace, *and* to affect real politics, to influence parties or governments. Its manifold activity takes place in a vacuum with hardly any social impact. Reform remains on the level of words and intentions. As for revolutionary critique, well...

We're not pretending nothing is (nor will be) going on. Nor that the proletarians *have to* experience serious setbacks before rising again. Defeat has been the *reality* of proletarian life for twenty years anyway, and still is. We don't know (and nobody knows) how a new social cycle could reach full maturity and breaking-up point. This maturing won't just emerge out of a succession of workers' defeats, like a baby is born after nine months. This is history we're talking about, not biology. Unlike birth or death of living beings, a social reorganization does not come about just when it's "necessary", but also when human groups find the impetus to achieve it. We're not there yet.

It took harsh protracted struggles, and the demand for something different (in particular, the

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# INTRODUCTION

This pamphlet contains the articles “Whither the World” which was written by two communists from France Karl Nestic and Gilles Dauve in early 2002 and its sequel from September 2003, “The Call of the Void” by Nestic alone. The argument that runs throughout these articles is first, the idea that a new recomposition of capital is necessary for the birth of new revolutionary possibilities. The argument seems to be that until capital develops into a new period of sustained accumulation, there will be no ground for the formation of a coherent proletarian subject. Dauve and Nestic argue that, “It’s only when a social movement can question the wealth proposed or promised by capital, and not just the poverty imposed by capital, that this movement is able to manifest communist potentials”.

Connected to this is the idea that while the crisis is not over, the crisis we are in now is not the crisis of the 70s and 80s, which was a crisis of the old order. They seem to be arguing that capital defeated the revolts of the 60s and 70s but this has not yet led to the formation of a new regime of accumulation. The current crisis will still have to go through a period of actually instituting a new social order, a class recomposition, but that the groundwork for that is all here.

They offer as evidence for their hypothesis the weakness of current working class struggles. Referring to the 2001-2 revolts in Argentina, which were arguably the most important of recent struggles, they write, “in spite of their vitality they were making relatively modest demands. The movement was strong and yet limited in its objectives. This contradiction ultimately destroyed its autonomy...Inventiveness and autonomous activity finally produced barter, workers’ management and local self-help. The proletarians realized what they were rejecting, not what they could have done.”

The counter-position to Dauve and Nestic would seem to be held by, among others, John Holloway (see his book *Change the World Without Taking Power*, available as a pamphlet from Treason Press) who contends that we are still in the crisis of the old order. This argument seems less dependent on the idea that a new composition by capital provides the preconditions for new forms of struggle. While we’d all like to see Dauve and Nestic’s pessimism proved wrong by worldwide revolution in the next few years they make a good case for why the current soul-destroying malaise is unlikely to end in the near future.

“Whither the World” was first published in early 2002. Other texts by Gilles Dauve (previously known by the nom-de-plume Jean Barrot) and his collaborators can be found at <http://troploin0.free.fr/> and <http://www.geocities.com/~johngray/indx1.htm#barrot>

promotes little fluidization. Ethnic consolidation is rarely favourable to capital circulation.

In 1914-18 and 1939-45, America took advantage of wars in Europe and Asia to extend their domination, and at the same time the most advanced form of capitalist social relationship. Now it invents a world war instead of mastering its own contradictions.

The European (and Japanese) ruling classes are as reluctant as the US bourgeoisie to address such problems. We’d like to end this essay on the subject of pensions.

## End of the “End of Work”

The new pension schemes that are being implemented in all industrial countries show once and for all the persisting centrality of work. Far from being an outmoded remnant of the past, devoid of economic meaning and only maintained as a means of social control, work remains the heart of this world. It is conceivable to allocate resources for a youngster to study until he’s 20 or 25, providing these formative years make him employable on the labour market. It is unthinkable to pay for a wage earner to do nothing productive during the last third of his life. “Senior citizens” are most welcome to enjoy the fruits of consumer society if they can afford it, i.e. if they’ve earned and saved before retirement. Work remains a social norm in reality as in ideology. It is still the great socializer. Other powerful socializers, first of all the family, have to join the world of work some way or other. Without a breadwinner able to support it, the family falls to pieces.

“Old age pensions” as well as “holidays” remind us that we live in a society based on the accumulation of value through productive work. Defining “productive” by what increases money inevitably downgrades housework, and turns old age into inactivity. Leisure is outside work, and the essence of work is its separation from the rest of our life.

Until recently, however, technical progress was regarded as liberation, and an increased life expectancy as proof of the superiority of industrial and market society. (The decrease in life expectancy in the ex-USSR is interpreted as a sign of the failure of “socialism”). In the ‘rich’ countries, it was assumed, first implicitly, later in a more and more institutionalized way, that labour would submit to capital in exchange for more non-work time devoted to more and more consumption. The Victorian industrialist, the Fordist boss, the Stalinist bureaucrat and the virtual manager all promised (distant or close) days of freedom and abundance.

Alas, productivity growth and medical wonders are turning back against the wage earner. He is once more called upon to sacrifice himself, this time not to reap the fruits of progress in the future, but merely to compensate right now for a major inconvenience: modern man lives too long. What machines (old-fashioned lathes or computers) and labour-saving and time-saving miracles were supposed to provide, is now forbidden by demography. “Generous” pensions were only possible when a majority of pensioners died early enough to enable the minority to get their money.

All responsible parties (i.e. parties with some prospect of being in government one day) agree on this: so-called free (post-work) time won’t be free anymore, because it costs too much. In a not too remote past, the left would have called for more taxes on capital gains in order to solve the problem. No socialist party is now able or willing to come forward with a platform supporting (even verbally) wages against profits.

## Farewell to Reformers

Whereas another labour-capital relation is needed, the bourgeoisie opts for a frontal assault: “You will work more, and you will be paid less”. Labour is bluntly treated as a mere cost to be reduced at all costs.

Ten years ago, it was fashionable to debate about work sharing, the development of a third sector (neither public nor private), a mutual aid economy, community projects on a large scale, partly voluntary and unpaid, which would be made both necessary and possible by the parallel growth of computerization and unemployment. Thinkers as different as J.Rifkin in America and A.Gorz in France wondered what

frontiers. Capitalism surely dreams of reducing everything to time, but it only acts in space. The utopia of capital differs from its reality. Globalization does not mean less but more States. A born-again Iraq will only make sense if it re-arranges some coexistence between Kurds, Shiites and Sunni Arabs within recognized borders, however limited the economic and political autonomy of such a “nation” might be.

\* No-one wages war without soldiers (200 000-plus on the field to defeat a much weakened regional power). Actually, the US Army is short of men.

\* In spite of the privatization of parts of the US army, it's not mercenaries on the payroll of big business that did the fighting, but State troops.

\* The economy rules the world, but there's more to the world than the economy. Politics still exists, and it isn't a smokescreen behind which big business is pulling the strings. Our planet remains organized in a system of States. Revolutionaries would be unwise to believe that from now on wars will be just large police force operations. This would be mistaking the present situation for a definitive one, and current US hegemony for an everlasting one. The Pentagon may be planning an “anti-chaos” army of bomber drones and Special Forces, but it's also preparing for conflicts against mighty rivals. Washington handles Moscow carefully, because Russia is still the second world nuclear power. For soldiers to act merely as international supercops, it would take one single State permanently dominating the Earth, with socio-political contradictions only *at the periphery* of the richest countries. In other words, this would mean that neither the European Union, Russia, China, nor any new comer would embark on an armed rivalry against its contestants. It would mean the end of competition, which pushes companies forward, and the end of the State as a projection of military might. Such a world does *not* exist. Of course, it is impossible today to forecast what future “camps” could be opposed in conflicts that will be as different from 1939-45 as WW II differed from 1914-18 or 1870. Who would have imagined in 1900 that Japan was about to defeat Russia and would one day vie for the Pacific with both Britain and the US? We're not saying that in 2030 China will follow in the footsteps of Japan in 1940. Yet we know that major wars will oppose major capitalist countries.

\* Far from re-integrating oil rent in the circulation of profit, the US occupation of Iraq replaces the Baathist State rentiers by monopolies which also hinder optimal profit flow. Globalization is not synonymous with fluidization. The last fifteen or twenty years have seen a resurgence of monopoly rent through giant mergers that often fail to increase value but create windfall profits. Thanks to the (in)famous shareholders' governance, finance has been taking advantage of its intermediary role to live off productive capital, and it has been setting the whole valorization cycle off balance. Let's also bear in mind the huge sums levied by the various powers that be (central, local, mafialike) in the ex-State capitalist countries. Capital certainly moves faster than in 1970, but its ultimate profitability is doubtful.

\* We also doubt the ability of such wars to further economic growth. The fall of the Saddam regime reveals how superficial and vulnerable the roots of capitalism are in a country like Iraq, where the penetration of wage labour depends so much on a strong State. If State guidance and coercion crumble, the hold of industrial capital and wage labour loses ground (we're not talking about merchant capital). From Cromwell to Bismarck, the advent of the Western bourgeoisie relied on central political power to force society into a new mould. Capital does not thrive just on the dynamism of its entrepreneurs. Without the social re-arrangements engineered by one of the last Stalinist regimes, without for instance the creation of special economic zones, the Chinese diaspora would never have promoted the present growth on the mainland.

In other words, either the US imposes an old-style protectorate over Iraq, like France exploiting the riches of Vietnam in colonial times. Or it supports a strong central Iraqi power, with the risk of furthering nationalism, or of setting the country on fire. Between these two options, the US is unable to decide. Bosnia, Kosovo and Afghanistan point to a sort of internationalized neo-colonialism, which

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### What? Why? How?<sup>1</sup>

September 11, 2001 has brought about a new consensus: the anti-US attacks are described, as the price capitalism has to pay for its over-triumph. “Globalization” is said to have overcome the crisis of the 60's and 70's, established the domination of what is supposed to be the heart of capital, i.e. finance, launched a computer revolution and an unprecedented consumer age, tamed labour, neutralized the old workers' movement, swept aside its “State capitalist” rival. But this “globalized” capital is also said to suffer from an expansion that knows no bounds. According to common wisdom, the victor has gone over the top, recreating inequality and poverty that cause anti-capitalist movements in the rich countries, and revolts in the poorer parts of the globe. Marcos and bin Laden are regarded as absolutely opposite twins, but the palatable democrat and the reactionary fanatic are supposed to come out of the same destabilizing unheard-of neo-growth. In other words, September 11 would reveal the inner contradictions of a new historical phase.

This essay will try to show that, if a different era undoubtedly started in the early 1980's, it is not approaching maturity.

This point is far from being academic.

Capital can be questioned when a production cycle reaches its peak and starts getting into a critical situation. There's no dynamic proletariat without a dynamic capital. The progression of the First International in the 1860's, the wave of strikes after 1915, both occurred in a capitalism that integrated into modern labour a new workforce, young workers and women particularly: in May 1917, 3 French strikers out of 4 were women. Likewise, in the 1960's, the worker could revolt against work because he knew he could change jobs. Capital then solved part of the worker's problem (getting hired): so why lose one's life earning a living? It's only when a social movement can question the wealth proposed or promised by capital, and not just the poverty imposed by capital, that this movement is able to manifest communist potentials.

On the contrary, economic breakdown is never the best time for a critique of the economy. The workers' main concern is finding a job. 1929 came after revolutionary defeats that mass unemployment exacerbated but finally made worse.

We can't expect capitalism to become as capitalist as possible, treating the proles in the toughest possible way, and thus forcing them to react. (How could a movement that means both collective and individual self-awareness and autonomy, be based on a determinism that would **push** us into action almost unconsciously?)

What matters is not how and when restructuring will impoverish labour, but whether or not restructuring is maturing, i.e. entering its first large structural contradictions, and meeting a resistance aimed at its core, not just at its effects.

The bulk of this essay was written between 1999 and summer 2001. So it was started at the time when the US boom and new technologies made the news every day, and finished before what's presented (until the next one turns up) as a major historical landmark: September 11, 2001. We haven't altered the general line of the text. Our analysis does not depend on whatever positive or negative fluctuations capital goes through. We'd like to emphasize a “long term trend”, and the impossibility for capital to solve basic issues without a social crisis, from which it could emerge victorious.

In 1999, the Kosovo war already highlighted a situation which becomes even clearer in the September 11 context.<sup>2</sup> In any case, focusing on the Hindu Kush won't help much.

The essential never can be measured. Averages truly are outrages upon real individuals, Marx wrote in 1844. Statistics set reality in the form that's most convenient to management. “GNP” combines pollution, depollution, PR firms working for the polluters and the Greens. Every road casualty means a cost and a profit. We don't measure the world by economic values. What contradicts figures is what

we're after.

Data are valid as far as they lead us towards the **social profitability** of a system at a given time, that is, its capacity to produce its own general stability, and to reproduce its ruling class in the best possible conditions.

The extent of the restructuring can only be understood if we start from the contradiction that the restructuring is trying to solve.

“What’s the technical system that will enable capital to rebound? Where are the new energy supplies, the new materials, the new tools? Above all, where’s the new organization of labour that will make up for the defects of Taylorism, and raise to hitherto unknown heights the domination of capital?”<sup>3</sup>

So the GLAT asked in 1977. According to this group, the introduction of new technologies could only increase production costs that it was vital for capital to cut down. In any case, the GLAT was convinced that such a reorganization (like the coming of Scientific Management) implied a class confrontation that would go much deeper than what had been happening since the mid-60’s.

Twenty-five years later, we know that confrontation took place, but was different from expected. Although the bourgeois counter-offensive took a heavy toll in Latin America and Asia (as far as China, Sri-Lanka, etc.), it was less harsh in Europe, in the US and Japan than in 1917-37. Still, it was similarly resolved to the advantage of the capitalists. So it might seem obvious that history has clearly answered the question asked in 1977.

We doubt it’s as obvious as it seems. What we need to assess is not the consequences of the restructuring, but its nature.

### What The Crisis was (Still is?) About

Let’s not wonder if it’s the class struggle that forces capital to modernize itself, or capitalist pressure that causes wage-labour’s reaction. In the middle of the XIXth century, workers’ resistance to over-exploitation (12 or 15 hour days, woman and child labour, etc.) in the manufacture, combined with inter-capitalist competition, led to a new system of production: large-scale industry.<sup>4</sup> The history of capitalism can’t be explained by the action of a single class, only by a permanent contradiction, where class struggle and confrontational partnership are two sides of the same coin.

Capitalism has gone through different historical production systems: each of them is a whole structure that organizes society in a specific period, in order to reproduce wage-labour relations, value creation and its realization on the market to produce additional value. As its basic function is to maintain the continuity of capitalist society, this implies acceptance of capitalism as the only conceivable reality. So a system of production is social as well as economic, and it’s based not on technology but on the social structuration of techniques.

The tendency to organize capitalism goes back a long way. Bismarckian “socialism” was one of its early crude forms. Fordism and Taylorism did it thoroughly, under strong pressure from the revolutionary crisis after 1917 and from the 1929 crash, but they only triumphed after 1945. Until then, and from the beginning of the XXth century, capital had been busy altering the work process, but not yet the forms of existence of wage-labour. It’s only after 1939-45 that it was also able, in the US, in Western Europe and in Japan, to transform the (re)production of labour power:

- \* Integration of the proletarians in the economic, political and social sphere of capital: they’re no longer perceived as enemies, as outsiders, but as rival partners in the valorization process.
- \* On the other hand, what defined the XIXth century worker (his skill, his craftsmanship) is decomposed and rejected.
- \* Wages are not merely a cost, but an investment which feeds consumption: there’s a reasonable increase in direct wages, and a large increase in indirect wages.
- \* Mass consumption (with planned obsolescence) fuels growth, and commodification pervades the whole social fabric.

the shortage of medical supplies for the local people. They brought along with them historical prospects that later helped restore and improve public services. The Germans took up the American way of life (and ideology), because that way of life was coherent with what they were experiencing, because Fordism and democracy meant something in Frankfurt and Hamburg after the fall of Nazism. This is clearly not happening in Basra today. So *what* is it that the US is doing in Iraq in 2003? From the point of view of US corporate interests, there’s no point in being in Iraq unless it helps in having a say in the oil flow. Then how can the US army contribute to that if it fails to restore order, or if the order it maintains eventually proves no more favourable than former Baathist rule?

Acting *as if* one was trying today to extend to the whole world a Western way of life that could be extended to Japan and Europe in 1950, is tantamount to shattering the socio-political stability of whole areas.

The question is why the political and military establishment sometimes resorts to brinkmanship. When McArthur wanted to attack China in 1951, the army firmly rejected his plan as “the wrong war, at the wrong place, at the wrong time and with the wrong enemy”. Present US gung-ho gestures derive from a blocked class situation, which results in a superpower achieving world hegemony without playing an effective leadership role.

Fifty years ago, in spite of Russian rule over half of Europe and the “loss” of China, the US was the leader of the world: it did come with historical perspectives. In 2003, the USSR is dead, and no one is able to dispute the hegemony of a country that does *not* give the world a lead.

### Vertigo

September 11, as it is usually called, was the chicken coming home to roost. The “money + technology” attempt to re-make the world was bouncing back on the sorcerer’s apprentice. It wasn’t just two large skyscrapers that collapsed but a number of fallacies: the alleged superiority of the immateriality (computer-induced knowledge-created wealth) over down-to-earth industrial manufacturing; the superseding of nature through biogenetic fantasy; the reshaping of the human condition through maximum artificiality; last but not least, the vain quest to do away with the cumbersome proletarians through the “value without labour” dream.

The destruction of the Twin Towers was less an act of war than a prophet’s doomsday call. But America’s rulers wouldn’t listen. They’ve ignored the warning and treated the event as another Pearl Harbor. Since 2001, capitalism has not reacted by trying to correct its path, but by wanting more of the same. Either it’s stalling, or it’s rushing on headlong. Military venture, however, will never make up for social incompleteness. No Iraqi crisis will solve the American crisis.

New York City is now planning to replace its ruined monoliths by the tallest buildings in the world (over 500 meters). Such delusions of grandeur signify a society that refuses to take up the profound challenge met in September 2001. Countering a highly symbolic act of violence by an overpowering show of military strength won’t do it either.<sup>3</sup>

America is still capitalism’s frontline and leading edge. Through those men and women that sit in the Oval Office, it’s the world’s ruling classes as a whole that are chasing surrogate enemies.

### What’s New and What Isn’t

So the sledgehammer crushed the (near dead) Baathist fly. This war is frequently interpreted as another proof of a definitively modern capitalist system that is going beyond archaisms: borders, war as distinct from peace, large armies, nation States, rent as opposed to profit, etc. To us, on the contrary, the US-British invasion confirms the existence and resilience of such structures, and the inability of present capitalism to reform them. In a nutshell:

- \* Capital does not float above ground. Landscape is not cyberspace. In Iraq as elsewhere, value production, inasmuch as it happens, takes place within a geographical framework demarcated by

Oil is less what caused the war than one of its pretexts and results. There were other (and ultimately safer) ways of securing natural resources than invading Iraq. We would argue rather that the oil lobby destabilizes American decision-taking. Those backward bourgeois factions that lead the Bush administration conceive of foreign policy as a mere power struggle, and have a neo-colonial view of world domination: to further their interests, they can think of nothing better than to take over the oil fields, like Nazi Germany laying hands on Russian corn fields and coal mines.

The sociology of the elite does not explain everything. The question is why some bourgeois (the oilmen, in this case) get the upper hand over the general interests of their class. Just like the imbalance between productive and finance capital, the autonomization of the political and military spheres reveals instability. A dynamic capitalism does not let a particular structure or institution (big business, State bureaucracy, the banks, the army...) prevail at the expense of the others. No imperialism rules peacefully, but excessive reliance on the big guns is a symptom of weakness. In the forty-odd years that followed WW II, the US often intervened successfully (Guatemala: 1954; Chile: 1973), sometimes not (Bay of Pigs: 1961; Indochina: 1975), but usually to further its deepest interests. Playing supercop now aggravates the ills it is supposed to cure. Sending troops to Bosnia, Kosovo and Afghanistan has not promoted any development that would benefit American (or European, or Japanese) capitalism. GIs manage disorder in Kabul as much as businessmen in Cleveland make do with declining assets.

The growing autonomy of the military shows a loss of totality, and the inability of the ruling class to discipline itself and set objectives serving its general interests.

Of course, the US army won't be bogged down in the Iraqi sands as it was in the Vietnamese jungles and highlands. America let itself get involved in Indochina when a triumphant system of production was gaining momentum. But this out of time, out of place conflict (rightly described by the Situationists in 1967 as a local war) did not weigh heavily on what was then a positive capitalist phase. Afterwards, imperialism managed to withdraw from the Indochina quagmire. Nowadays, the Bush government does its best to get involved in clashes devoid of any real geopolitical stake, the sole objective of which is to affirm US hegemony. Might no longer has any other purpose than itself.

### **Technological Phantasm**

Just as robots and computers were supposed to relieve capital of the burden of labour, smart bombs and unmanned planes are supposed to win the battles of tomorrow. Few experts realize that the so-called "Revolution in Military Affairs" is only invincible as long as the armed forces that use it are stronger from the start than their opponent. In other words, robocop GIs would always win because they'd always be fighting "underdeveloped" enemies...

This fallacy also relies on the illusion of total command. Modern technology is said to be able to control labour unrest by re-arranging the work process, to control living beings through genetic manipulation, to control geopolitical threats by intelligent munitions, and above all to know everything that's going on everywhere thanks to a complete mastery of telecommunication and satellite information.

While they picture themselves as pixel dancers, the managers of capital forget that the props behind the stage weigh millions of tons, and are as vulnerable as any machinery. No doubt secret service agents could read this text before it reached its readers (assuming that they so wished), but not without brick and mortar buildings, personnel, hardware and lots of money. Like the industrial machine, State and war machinery is based on huge investments that cost so much that they often fail to bring in rich political dividends. Technological escapism is not the solution, only part of the problem.

### **Hegemony Without Leadership**

The real US predicament is not imperial overstretch, but the gap between military power and unstable social relations. Of course North America is not about to collapse, but its inner social compromise is not yet consolidated, and therefore can't be exported even to the rich regions of the world.

In 1945, US occupying forces in Germany were not concerned with water or power cuts, nor with

\* National development gives a new role to the State, which no longer deals only with war and law & order, but also initiates social justice and social peace. It helps or forbids mergers, supports growth through fiscal policies, public works and a permanent arms economy.

Keynes and his successors did not hope to get rid of serious periodic crises altogether. They were aware of the inevitability of crises that clean up the system, but threaten the continuation of the ruling classes: these are less attached to capital than to themselves, and remember how a rough time bureaucratic capitalism and even fascism gave them. The aim was to preserve the best possible equilibrium, regulating the market to minimize social upheavals.

Today it's hard to realize how painful the birth of this social compromise was. Bosses were as reluctant to accept any discipline for themselves as they were determined to impose it in their factories. In the 1920's and 30's, the French and English bourgeoisies went on denying any role for labour except a submissive one, and sabotaged Socialist participation in government, even when the Labour Party or the French SFIO were implementing modest reforms. The French Popular Front ended in a political and social failure. It took time for Roosevelt to be accepted as a decent reformer. The bourgeois treated the State as if it belonged to them, and refused to finance it when the Left was in office.

In fact, the advances of the compromise finally depended on the need to find a solution to wage-labour reaction and unrest. Ford's \$5 Day (for 8 hours work: an old workers' demand) was a response to many factory hands simply leaving the plant because they hated the assembly line. The initial purpose was not to pay the workers more so they could afford the cars they made. Actually, Henry Ford had not understood that popular consumption implied the extension of his system to other sectors, a contractualization of labour-capital relations, and therefore a recognition of the union. Even open-minded industrialists insisted on a man-to-man relationship between boss and worker. It took decades of struggles to force capital to admit collective bargaining. The New Deal wouldn't have come to much without the sit-downs of 1937-38. Similarly, at Toyota, in 1950, a mass strike imposed the system of guaranteed work, in exchange for a pledge to reduce costs.

A production system combines a technical process, the organization of labour which makes it run, and the whole society that goes with it. So it has no date of birth and death. Taylorism goes back to the beginning of the XXth century, and large-scale industry did not become extinct in 1929 or 1950. In 1914, a year after Ford introduced the assembly line, half of US industry was still using steam power. The 1937-38 strikes and the new model unionism of the CIO reinforced the New Deal compromise, but also laid the foundations of what would weaken it later (more workers' struggles, and more wildcat than before). The first big collective contract was signed at GM in 1945, but in the 50's, US car makers were already into automation, in response to new strikes. In Europe, what came to be called deindustrialization in the 1980's had started thirty years before in the US. Renault used to be a symbol of the contradictory integration of the unions but, at the same time, Citroën was supporting its company union and sacking CGT shop-stewards.

We can only bring out the overall tendencies that dominate a historical period.

The huge social upheaval, of which "68" is a symbol, and which spread over several continents for about 15 years and perhaps reached its climax in Italy around 1977, did not arise out of an "economic crisis", but coincided with the wearing out of the positive effects of Fordism-Taylorism, both for capital and labour:

\* A decline of productivity gains, partly due to the cost of larger and larger investments (the "diminishing returns" inherent to any technological cycle), partly to a worker resistance that resulted in more mechanization and therefore more costs.

\* Consumer saturation, not in terms of the number of objects bought (a household can always find use for another car or stereo), but of the satisfaction derived from new objects. A Ford Anglia was very enjoyable when it took the family to the seaside, less when it became necessary for supermarket

shopping.

\* A growing refusal (related to this dissatisfaction) among a determined minority of the wage-earners, the young particularly, of the bargain hitherto accepted: guaranteed job and consumption, in exchange for a deep dispossession of the content of work. No militant worker of the First International, and few of the Second, could have imagined the extent of this deprivation. Until then, deskilling was massive, but limited to women, recent immigrants, or to children. Now, the majority experienced the loss of meaning of life of which the unskilled factory worker became the symbol. In France, in 1962, there were more unskilled than skilled. Every manual wage earner could picture the fate of the Fiat or the Renault worker as his own future.

\* The development of unproductive labour, private as well as public, reduced valorization (the growth of the public sector is related to class struggle, as the all-encompassing State machinery helps maintain social stability).

In short, while more and more capital was required to valorize capital, more and more consumption was needed to get the same quality of satisfaction out of it. The measurable decline in profits (acknowledged even before the first oil shock of 1974) took on its full meaning when combined with the falling profitability of a whole social relation: the relation between labour and capital as it was experienced in daily life. In 1971, the Lordstown GM workers weren't the first to refuse what a "well" paid job made of them. "The crisis of the economic civilization gradually proved to be an economic crisis."<sup>5</sup>

The system could not prevail when Ford was the only Fordist boss. However its generalization deprived it of its advantages in competition as well as those with regards to the proletarians.

Overcoming the crisis meant creating a global framework, that is, it meant more than restoring order in the factory and then changing manufacturing techniques. Since capitalism is first and foremost a social relationship, it could only find its way out of the crisis through a general reorganization of society.

### Partial Capitalist Victory

The changes of capitalism since the 1980's are usually explained by a twofold revolution, in computers and in finance. These undeniable aspects are dimensions of a deeper movement: a bourgeois counter-offensive. The advent of the computer was no accident. In the workplace, in the street, at home, data processing speeds up, decentralizes, separates and individualizes. We'll deal with more of its implications later. Let's just say that in the workplace, computerization helped dismantle what huge factories had facilitated: labour self-organization. The management of densified time and segmented work made it possible to split the office or the shopfloor into different production units, to put the wage-earner under the direct pressure of the customer, and thereby to intensify work.

On the whole, capitalists won, and put the labour force back to work on their terms:

\* They broke up "workers' fortresses" (and protected status), usually through a war of attrition against proles who were very militant but had no positive alternative. Then came the deathblow through sub-contracting, temp work, blackmail (less lay-offs in return for productivity deals), planned competition between units within the same firm, incentive pay, loss of overtime pay, etc.

\* Computerized labour: know-how is transferred from the worker into a machine (numerical control appeared in the early 70's), and management is accelerated in the services. However, computerization saves time **and** wastes it, because of breakdowns, training, fast hardware obsolescence and other incidental expenses.<sup>6</sup> The real success of the "computer revolution" comes from its ability to control the work process and to make it even more obscure for the wage earner. At least, at the end of the assembly line, the worker can see a car or a tin of sardines. Screens, digits and icons now blur each person's contribution to the collective effort. Computerization is a script for lack of comprehension.

As in the 1920s and 30s, the impotence of reform results in social deadlock.

Although capitalism never operates in harmony, it requires some confrontational balance between labour and capital, workers and the organization of work, competition and monopoly, State and private sector, industry and finance, "invisible hand" regulation and State regulation, offshore and onshore, long and short terms, etc. These equilibriums are now tending to break up. Over-financialization weighs down on productive investment, and politics too often pursues its own interest at the expense of the whole system. Capital does not get the enlarged accumulation basis it needs. Labour neither gets the recognition nor the space it needs to breathe and do more than just forcefully submit to capital. The world is beginning to look like a less and less manageable combination of voids.

This worldwide class struggle that's both agitated and at a standstill is the "global" background (and real cause) of the failure of the capitalist phase set in motion about twenty years ago, of which the "New Economy" was the most hyped novelty.

### A Negative Success

Although a lot has obviously changed since 1980, the new technological and social cycle is far from fulfilling the great expectations that it was born with. Its ambitions were to get rid of whatever stood in the way of the free flow of capital (union power, workers' restrictive practices, excessive State control, national borders, etc.), to help the economy regulate itself, and to do away with utopias, particularly socialism and communism.

Two decades later, by and large, the negative side of this programme has been completed, but what was heralded as an era of long prosperity (for a sizeable minority at least) lasted no more than ten years. A handful of very rich are still getting richer, but the Western middle classes are finding it harder to reproduce their social privileges. Ultra-liberalism seems as outdated as textbook Marxism. Real policy mixes de-regulation and intervention. In the US, a determined rightwing government goes into "military Keynesianism", and pours billions into aerospace, steel, agriculture, transport, etc. Britain brings the railway lines back under government supervision (and funding). Berlusconi contemplated having a 20% State shareholding of FIAT. These practices, however, are essentially piecemeal makeshift measures. Instead of fitting into a global plan, they compensate for the deficiencies of liberalism.

Capitalism has been highly successful in spreading a consumer model: in Tunis as in Manila, people drink Coke, watch videos and dream of driving a car, but that essential aspect is not the whole picture.

The obsession with short term profit is a sign of a lack of profits. Excess financialization, mega-mergers, mass redundancies and the increasing burden of debt, derive from an essential cause: labour is probably more productive than it was in the 1970s, but the productivity of capital *as a whole* remains insufficient. The bourgeois may have deluded themselves by waging a systematic and usually successful offensive against the workers by killing costs at all costs, but cost/benefit ratios are still too low. Despite the high profitability of some companies, the majority of firms aren't profitable. This is why so many top managers prey on their own companies. Enron is a sign of crisis, not of buoyant entrepreneurship.

### The Manhattan-Baghdad Runaway

We won't deny the validity of quite a few radical interpretations of the US-British war against Iraq and of today's imperialism in general. Their only flaw is to fail to situate the relevant points they make within the overall framework of present world class conflict, however difficult the task may be. Only a general context explains the (apparent) triumph of the US army and the (real) incoherencies of US ventures. Why is Uncle Sam doing too much (targeting a minor enemy as if it were a major one) and too little (really occupying Iraq would require more soldiers than the 130 000 now posted in that country)?

"...why do the rulers seem to need extreme measures to solve ordinary problems?"<sup>7</sup>

period, when capital was flying high *and* at the same time encountering trouble caused by the first disappointments in the class compromise, only then could the communist question be asked (albeit, by a minority) in the 60s-70s: critique of work, of the commodity, of the State.

Needless to say, we have no strategy whatsoever. Simply, instead of looking for the weak point, we suggest considering communist revolution possible at the strongest or highest point of a development cycle. A social system of production starts becoming fragile when it reaches full maturity. It's then that the equilibrium between the conditions of social productivity is the best, but also the most delicate to maintain, because both confronting classes expect the most from it. The social compromise is strained, like a spring that works at its best when it's overtight, but then risks breaking up. The system has never been so stable, but its weaknesses are coming out, as those of Taylorism and Fordism did in the mid-60s.

Such a maturation implied a proletariat and a bourgeoisie that were both active.

Are they *now*?

### Locked into Restlessness

We're not dismissing the extent of recent and present class struggles. Lack of space prevents us from going into details here about such examples as the implosion of Argentina (2001-2002), the Brazilian landless peasants, the lorry drivers' strike in France (2002), the Palestinian dead-end, the anti-war actions against the US and British invasion of Iraq, which the French version of this text tries to explore. Argentinian road blocks (also present in other South American countries), for instance, are a new form of struggle, as important in their own way as political mass strikes in Europe a century ago, organizing on a territorial level, fusing meeting and acting in the same social space. Quite a few *piqueteros* refused to be defined as "workers", "unemployed", "housewives" or any fixed category. Yet in spite of their vitality they were making relatively modest demands. The movement was strong and yet limited in its objectives. This contradiction ultimately destroyed its autonomy. A social wave that first included middle class people smashing bank windows, ebbed when the proles rallied to middle class politics. Inventiveness and autonomous activity finally produced barter, workers' management and local self-help. The proletarians realized what they were rejecting, not what they could have done.

It seems that nearly all conflicts (another example would be the uprisings in Kabylia, Algeria) are now more extensive than deep. Confrontation does not push any class to seriously alter its mode of existence. The bourgeoisie hardly try to modify the conditions of value creation: they mainly try to exploit labour more without remodeling the whole social process as Fordism did. As for the workers, they do fight casualization and layoffs, but they can't prevent nor solve anything. Wage labour is capable of aggravating the crisis of capital, not of forcing it to reform itself, let alone of proposing anything else. Neither contender attempts to shift the conditions and terrain of the antagonism. Appearances notwithstanding, proletarians and bourgeois are now acting like conservative reformers, keen on preserving (or trying to preserve) what they've got. Both classes play a zero-sum game.

Such social behaviour is typical of a phase of uneasy maturation, and reflected in the current stalemate of radical reformism. Numerous demos, millions of supporters and a myriad of counter-information networks have so far proved unable to give themselves any political clout and parliamentary existence, as if people did not believe it possible to think and act on a total scale. "Think global, act local" actually reduces globality to a sum of localities. In the 60s, demonstrators rejected party politics in the name of an altogether different perspective. Now they hope to reach totality by piling up thousands of local actions. There lies indeed the strength and their shortcoming. This addition of partialities is able to mobilize huge crowds against social evils because it does not target them in the middle, only on the sides. It does not ask for the suppression of speculation, only for adequate taxation of speculators; nor for an entirely new agriculture, only for non-GM products; nor for an end to nuclear power stations, only for more wind farms; etc. This accounts for its wide popular appeal, but hardly builds up a programme for government.

\* Use of unemployment and factory closures as social weapons (in spite of an often extreme resistance that was doomed to fail since its only objective was to save jobs: capital does not hire labour that's unprofitable). It's interesting that the unemployment rate (whatever official figures reflect) only started to decline in 1992 in the US (1997 in France).

\* Shutting down factories is negative: offering a new style consumption is a positive social weapon. The radical critique of daily life has been recuperated: Internet and mobile phones correspond to the 60's demand for autonomy. Capital turned against the movement its characteristic and limitation: self-organization, the desire to be oneself. Such freedom is now possible, yet limited to the individual. Diversified consumption separates teenagers, women, gays, Blacks, sport addicts, senior citizens, etc., free to enjoy their own identity, or even to move from one to another, but always within divisive categories. Also, everyone's a rebel now. Those who refuse material possessions buy immaterial goods. The sixties wanted to put **being** before **having**. Having is now asked for in the name of being. We no longer accumulate objects, we **experience**. The passive televiewer is also an active Net surfer. Advertising mocks itself, or appeals to non-market values, ecology for example: "Drive a Datsun, Plant a Tree" (1972). Social critique has become another reason for buying what society sells. Capital is quite good at presenting itself as a liberator.

No one can deny the combination of all these factors has restored corporate profits.

But even if the cost efficiency of a large number of firms has been restored, capitalist society is not equal to the sum of its firms. Profit is only one indicator of general social evolution. The USSR certainly was based on the production of value, but with such a low productivity that it would have been wiped out if its system had only been an economic one.<sup>7</sup> From an accountant's point of view, that country was a monster, a historical impossibility. Internal and geopolitical – all ultimately **social** – causes kept the aberration going for 70 years. On the other hand, part of American power comes out of people's faith in capital. There's no crisis of capitalism, only a crisis of those taking part in it, those making it go on, classes that is. In the 20's too, profits were high. We'd be naive to replace "bourgeois" measurement of rates of growth by a "Marxist" criterion of rates of profit.

Besides, the development brought about by restructuring is all the more impressive as it follows large scale unemployment and huge changes in the European and American industrial landscapes. The rate of growth of world trade is inferior to that of 1950-70. What has gone up is direct foreign investment. Even so, apart from France, the proportion of foreign trade in the global production of the old capitalist countries is close to what it was before 1914.

Still, growth is back. But what is its content? "Lean" production (which is supposed to have succeeded "mass" production) has put up profits thanks to conditions that make those profits fragile. Capital stock grows little (in the US as in Europe), and there's less accumulation than after 1950. Profitability has been restored in a more "regressive" way (wage cuts, reduced accumulation and increased social differentiation) than a "progressive" one (social convergence). The American recovery of the 1990's mainly originated in a wage freeze, lowered social spending, longer working hours, and a consumption based on debt. In the US, productivity gains were higher in 1995-2000 than in 1980-95, but lower to those of some previous periods, 1960-73 in particular.

Although **labour** productivity has definitely gone up, that of capital **as a whole** is stagnating.<sup>8</sup> Large productive investments have resulted in decisively more productive labour, but this is not enough to launch a new technological cycle. So far, work has only been made profitable through enormous investments that raise capital costs. After the large-scale industry in Marx's time and Scientific Management in the first half of the XXth century, we are witnessing the dawning of a new system of production, but not quite its breakthrough, which will require a reorganization of labour that is lacking. About a dozen years ago, in the US, among firms that had greatly downsized manpower, half of them had failed to cut costs, and less than 1 out of 4 had durably enhanced productivity.

Unlike the automotive industry fifty years ago, the (now fading) success of the "New Economy"

(8% of the whole in the US) cannot pull in its wake the rest of the economy. The ability of information technologies to revive productivity (and society), as the steam engine and then electricity and the combustion engine did before, remains to be proven. To this day, they have not become the driving force of a new era. Speeding everything up does not always coincide with an increment in value. If we compare the car and computer industries, car manufacturers made the most of rather slow technical progress, and managed to slow it down even more when it suited them. The information industries, on the other hand, often give free rein to technical advances and waste value.

The limits of the New Economy are even plainer to see in Europe and Japan. In France, the share of the New Economy is half that of the US (4% of GNP), and this proportion did not change between 1991 and 2000. Germany and Japan have a much lower productive investment rate than the US, and a smaller fraction goes to new technologies.

Substituting capital for labour has not yet provided a corresponding increase in **global** cost efficiency. This would or will only occur if new capital accumulation was able to increase the efficiency of all (or most) productive processes, and give birth to a transformed consumption and way of life, in other words a modified wage labour-capital relation in a deeply modified society.

This diagnosis is illustrated by one of today's most striking features: the "Big is Beautiful" craze, in all sectors, including of course Stock Exchanges. Actually, mergers (often via exchanged shares) bring forth few **new** resources, and fail to create much more value. A lot of them are defensive, and aim at protecting a market or avoiding a take-over. Thanks to economies of scale, some are profitable. But half fail to produce more money, and a lot end up with losses, only adding the shortcomings of the two partners. Concentration transfers the difficulty onto a higher level.

Because modern man uses light objects such as mobiles or disks, he thinks he is beyond space and time, beyond matter. The setbacks caused by e-trade and the mobile phone 3G standards remind him the New Economy still belongs to the economy: gigantic inputs are necessary to bring about expected outputs that won't materialize in the short term. Just because cell phones are everywhere is not enough to make them profitable. The smartest innovation is irrelevant if it does not produce a return on investment. There is simply not enough surplus value to complete the valorization cycle. This is indeed an accumulation crisis.

We're not prophesizing economic crashes. Marxist weathermen have been wrong too often. The press is already debunking the e-miracle anyway. It took 40 years for the electric engine to become dominant: the dynamo goes back to 1881, and in 1920 was still only installed in half of industry. Maybe data processing heralds a new era. (In any case, from a human point of view, it's not the delays of modern technology that should bother us, rather its murderous advances.)

Nearly all carmakers that existed in 1900 were later driven out of business: this did not prevent the coming of the car world. But this is exactly the point we're making: in order for the "automobile revolution" and its way of life to assert themselves, it took more than inventors and car fans, more than assembly lines and 15 million model T Ford buyers. It took the crushing of a powerful revolutionary wave, several decades of democratic, fascist and Stalinist counter-revolutions, not forgetting a world war that was able to remake societies, markets and minds. History certainly never repeats itself, but the past helps measure the scope of the changes that are necessary for the consolidation of a new system of production.

Capital rules, but its hold over society is not yet deep enough, as can be seen in a decisive terrain: the integration of labour. This will be the theme of the next three sections: the new work process; computerization; and social cohesion.

### **The Proles' Strange Defeat**

Nobody denies the capitalists' victory over the radical minority of the 60's-70's, nor their ability to crush or absorb the demands of the reformist majority. But how far did this triumph go? It was not enough for capital to lower wages and close unprofitable factories: the problem was to open new

### **Breaking at the Tightest Link**

Our hypothesis could be summed up like this. Communist revolution can only succeed as a fight not just against the misery imposed by capitalism, but also against the riches it offers.

Communist revolution is the moment when the critiques of poverty *and* of riches are fused into one through the critique of the enriched deprivation offered to us. Only by getting rid of the riches that are now proposed or promised to a minority of human beings, shall we put an end to the all-too-real abject poverty that is the fate of the majority.

Therefore, revolution can only become a practical issue in a context of capital overflow, as opposed to a shortage of capital. Neither full economic boom nor slump and utter poverty are favourable to a radical critique, which is most likely to emerge when capitalist prosperity reaches its highest point and becomes fragile.

A permanent feature of revolutionary thinking is to look for the weakest link, and to hope for a decisive crisis caused by the inability of the bourgeois to keep their economic machine running. Revolutionaries often wait for (and try to contribute to) the breakdown moment when capital will prove unable to maintain its own system, and basically to provide wage labour with work.

Historical evidence points to the opposite. When unemployment and misery prevail, the Number One problem is how to avoid them. Intense and violent class struggle can erupt out of that situation, but hardly ever communist struggle.

The revolutionary wave that followed 1914-18 was countered all the more as it was above all a reaction to the war slaughter and the impoverishment that went with it. The return to peace and reforms (such as the 8 hour-day, in principle at least) brought a (provisional) end to the massacres, and improved living conditions. Then the classes kept on fighting without either of them imposing its solution. The protracted yet indecisive conflict that went on throughout the 20s and 30s is the main factor behind capital's incomplete reforms, and its inability and unwillingness to opt for such changes as those put forward by men like Taylor, Ford and Keynes.

The 1929 crash and its mismanagement were among the most visible signs of social deadlock. Profits may have been high in the US in the 1920s, but in a context that did not allow them to contribute to an enlarged accumulation. There was a discrepancy between an emerging system of production (with its growing emphasis on consumer goods) and a treatment of labour, which denied it both sufficient purchasing power (Ford's "good" pay remained the exception) and any say in the running of society (nearly all bosses, Ford included, were union bashers). Industrial profits were thus diverted to speculation. For a few years after 1929, the bourgeois stuck to this narrow class attitude, lowering wages, restricting credit, bringing down production and consumption.

Even pressed by competition, capitalists aren't dedicated modernizers. Modernizing entails sacrifices on the part of the bourgeois too. When the initiative and pressure stop coming from the proletarians, the owners of capital are prone to conservatism. Successful innovators usually have to rebel against the vested interest of their own class.

Keynesianism and Fordism hardly existed socially before the New Deal. The Roosevelt administration was resisted by the majority of businessmen, who believed that a long queue of unemployed at the factory gates was the best safeguard of their profits. Ford could impose the \$5 day in his own plants, but not extend it to other companies. Such schemes only became historical forces as an answer to the Depression, and with the help of 1939-45 and the reconstruction that followed.

It took the shock of a world war to implement the new class compromise, and in Europe to crush by force the *social blockage* that the local bourgeoisie had maintained since the 20s. In Germany, especially, Nazism had organized social conservation in the form of dictatorship, extreme racism and military expansionism: but modern capital can't be technically advanced *and* socially reactionary. These fetters had to be broken.

The post-war era owed its dynamics to the unfolding of class struggle: its impetus around 1917-21, its defeat and yet subsequent resilience, then its complete crushing in 1939-45. Only in a later

# THE CALL OF THE VOID

Is there anything common between the US-British invasion of Iraq, the American rule over Afghan disorder, the implosion of Argentina in 2001-2002, a mass resurging protest that claims to be anti-capitalist, and the downfall of what was yesterday heralded as the coming of a new technological era?<sup>1</sup>

This common factor is certainly not the growth of a hyperpower, nor the drive of a possible reformist alternative, even less a crisis that would bring down the whole system.

The present situation reminds us that capitalism is not a framework within which class struggle takes place, but *is* itself class struggle.

## Going Back to Basics, but not Quite the Expected Ones

The world is based on the exchange of labour for money, and a lot more so in 2003 than in 1848. This exchange is ruled by the bourgeoisie or capitalist class. It's normal the bourgeois should profit from it, but let's not turn causality upside down: it's his bourgeois function that makes him rich, and he only keeps this function as long as he accumulates capital and organizes its reproduction on an enlarged scale. The possibility of such an accumulation comes from exploiting labour power, the only commodity owned by the proletarians, whose function is to increase value, and to try and sell this commodity as best they can.

Neither function is fulfilled by an addition of rootless individuals. Family and community ties exist on both sides, and each of the two fundamental groups reproduces itself as a group from one generation to the next. Neither is closed or impermeable but each is fairly homogenous. In each group, members intermarry, socialize together, and develop some form of collective identity. The constituents and contours of classes vary, quite a few members are of course upwardly or downwardly mobile, but the invariant remains. Just because it can be difficult to decide who belongs or doesn't belong to a class, it does not mean that classes are abstractions. Even if all present bourgeois children became proles in twenty years, and all the bourgeois in twenty years were born working class, "class analysis" would still be valid. We're not talking about personnel, but about structure. The Victorian mill-owner differed as much from Henry Ford or Bill Gates, as the 1840 proletarianized craftsman differed from the 1930 metalworker or the 2003 computer assembler. Sociology is always better at emphasizing variants than identifying structures.

Stating that capital *is* class struggle does not imply that latent or open conflict happens all the time. It only means that capital and wage labour have to live as forced partners and opponents. Fighters rarely fight each other to death. Struggle usually means accepting the setting and scope of the struggle. Capital needs wage labour. As long as this system carries on, wage labour needs capital too. Class confrontation exists because there are classes with opposed interests. Class collaboration exists because they depend on each other.

Capital is a social relationship, and involves the *two* fundamental classes that compose it and keep it going on; so, its evolution can't have *one single* cause. Let's not wonder if it's a capitalist crisis that forces the proletarians to react; **or** if it's the resistance or revolt of the wage earners that causes such a crisis. Speaking of "class struggle" has no positive or normative sense in itself. It merely emphasizes how capital and labour are interrelated.

As a consequence, the best possible periodization of capitalism is not based on its forms (competition, monopoly, market or State capitalism), nor on the changes in the ruling class (private owners, managers, shareholders, etc.), nor on technological phases. These elements only become decisive through what structures them: the pattern of the wage labour relation, the organization of the work process, and all that it entails. When Marx stressed the move from manufacture to big industry, he was suggesting such a periodization (*Capital*, vol.I, chap. XIV and XV). Another system of production emerged later, "Fordism-Keynesianism", which has been in crisis for thirty years, and has not yet overcome its crisis.

profit-making ones. Giving millions the sack is pointless if it doesn't make labour more mobile and docile.

On that vital issue, an uninterrupted connection links the 60's to present times: industry still fails to "humanize" the assembly line, and only enriches de-skilled tasks through forced multitasking.

No experience has had lasting success. Volvo's "module" at Kalmar (1974), which was designed to recuperate the informal shop floor autonomy described by the Renault worker Daniel Mothé in *Socialisme ou Barbarie* in the 50's, did not bring back profitability. "Reflexive production" at Uddevalla (1985) replaced the line by fixed stations of 2 to 4 workers responsible for assembling the car, and called upon what is now known as cognitive abilities. According to two experts from the regulationist school, "Doing an intelligent and empowering job is not enough to push workers into contributing to continuous performance." Kalmar is closed. So was Uddevalla from 1992 to 1996, until it reopened on different principles. "...however commendable humanization of labour is, its relative economic inefficiency leads it to failure in the long run"; "the breakdown of tasks into isolated operations is the main precondition of efficiency". A few years later, to enhance productivity, Volvo chose the opposite way: it lowered social benefits and put pressure on the workforce through lay-offs, before having to sell itself to Ford.

While the West went into raptures over the "Toyota spirit", thousands of miles away, the firm of the same name was experiencing the shortcomings of this new wonder. **Kaizen** (participation of the team in productivity increases, which bypasses both Taylor and Mothé), and **kanban** (systematic reduction of stocks) only functioned at their optimum until 1990-92. Like their predecessors twenty years before, young workers started grumbling, or even walked out. Toyota was short of manpower in 1986-90, at a time of growing domestic demand, and reacted by having the team assemble a whole sub-section of the car. Toyota was reforming Toyotism.

It is true that capital does have its successes. In California, NUMMI, a joint factory of Toyota and GM run in the Toyota way, was a productivity and profitability success. GM's Saturn project in Tennessee turned the "work unit" (10 to 15 people) into a profit centre, managed with equal representation of boss and union. From shop floor to boardroom, 70% of votes were necessary to take decisions which everyone had to comply with: the first factory run by democratic centralism! It worked, but the number of accidents increased, and the total involvement of the union caused a rift within the UAW, as well as between different GM plants. Therefore, although this method was profitable, it was never extended to the whole of GM. Similar endeavours at Volkswagen and Mercedes (job enrichment and team empowering) were also successful but again these weren't generalized. According to experts, the autonomous **Gruppenarbeit** is more popular among union officials and academics than among CEOs. No automaker has reshuffled manufacturing on the NUMMI or Saturn model.

Every ten years, sociologists tell us about a re-arrangement of production that might reconcile labour and capital. But, however carrot and stick combine their efforts, if there's little open rebellion as in 1970, firms have not gone back to an optimal reorganization of productive processes.

This analysis deals mainly with "old style" blue collars, who are less numerous than before, and more numerous than is usually said. In France they have been increasing in the past few years, from 5.8 to 6.3 millions, which is about the same proportion as in 1910. (Before 1914, factory workers in the US, Germany, Britain and France totalled about 30 million, and maybe 40 million worldwide: not all that much for the heyday of the Second International...). On a world scale, recent industrialization has hired (and fired) millions of new workers. It's not the workers who've disappeared, it's the **labour movement**.

Let's not argue about figures. The point is that the working life and the life in general of more and more wage-earners are now modelled on the principles that once only applied on the shop floor. Re-arranging office work is tantamount to speeding-up, more control and worse work conditions.

Call centre workers are typical new unskilled labour.<sup>9</sup> They are not very submissive in their tasks: so can they be profitable? Capital still does not know how to integrate its neo-proles into work that's

been intensified and, for those on the bottom of the ladder (by far the most numerous), less stable and less paid than before.

The proletarian critique of the 1960's-70's did not go deep enough to impose extreme answers, both in the short and long terms, as after 1917. Basically, capital has only addressed one aspect of its confrontation with the proletarians, without wishing or being able to push the matter to its ultimate conclusions. It has concentrated on a drastic reduction of the costs and conditions of labour power, and shifted the social norms of consumption without changing them. Among other things, Left and Right governments incite the bosses to hire and the unemployed to get a job, **while** promoting precarious casual labour. Although it helps to lower wages, casualization hinders consumption and social integration.

The wage-labour system can function, but it can't thrive **against** wage earners. In New Jersey, Linden workers are meant to report faulty cars, but they don't, because they're pressed into working too fast.<sup>10</sup> Oddly enough, we find the same behaviour among French workers in a furniture factory. As it happens, the former are submitted to post- or neo-Fordism, the latter to speeded-up Taylorism. Similar patterns in quite dissimilar plants suggest that the old productive process has not yet been fully superseded.

### Computerized Taylorism

Intensifying work is typical of capitalism. Taylor's novelty was a systematic drive to individualize work in order to grade and control it. He isolated every worker's body from his neighbour, split the body from the mind, then divided this brainless matter into programmed gestures. He proceeded as if the reduction of complex to simple labour was to be understood literally, as if every human move could be turned into measurable units. His fallacy was to take no notice of the contradiction between maximum measuring and optimum flow. Taylor acted as an expert in separate motion, and his prime concern was not to find the most productive technique, but the best adaptation of man to whatever he is ordered to perform. One of Taylor's early experiments in timing, in 1899, concerned a pig iron loading champion.<sup>11</sup>

Such rational madness<sup>12</sup> suited capitalism in its quest for value, which must be treated as a **divisible** and traceable substance taken from a homogeneous whole: time. But it was inadequate for capital which requires **cooperation**. Value is indeed time, but capital remains exterior to work (otherwise it wouldn't be capital), and no task, no productive act will ever be entirely reduced to a time unit. In the 1920's and 30's, it did not take long for workers and sociologists (the latter studying the former) to perceive this contradiction, which Scientific Management tried to solve by a supervising hierarchy whose job was to link up what it separated.

Taylorism is alive and well, renovated in some sectors (carmaking), and expanding in others (agribusiness, the building trade, the services). Many factories now being built in the third world operate on Taylorist principles. Station work hasn't disappeared. A century-old paradox still holds the line: the maximum gap between managers and rank-and-file is designed to increase productivity but finally brings it down.

Although the computer revolution is the apparent solution, it merely shifts the contradiction.

Scientific Management was born out of a mechanical age. As in Charlie Chaplin's *Modern Times*, the wage earner becomes part of a cogwheel and the machinery literally swallows him up. The problem arises when every tooth of the wheel has to work with another: somehow the system has to keep the continuity of successive work stations that have been disconnected only to be re-connected as planned by management.

Digitalization evades the issue. It sees machines as information tools, and work stations as a network. The production line becomes a flow: the link between workers mustn't depend on them, but solely on knowledge incorporated in the manufacturing process. Everything is reorganized to prevent the underling from jamming production, while at the same time asking him to be more alert, even

### Notes

1. This is a slightly modified version of G. Dauvé and K. Nestic's "Il va falloir attendre I Bref rapport sur l'état du monde", *Troploin*, 2002 (also available on our site, <http://troploin0.free.fr/>). We've left out nearly all notes that refer to French language books and magazines.
2. *Troploin Newsletter*, no.1, 2001: "Grey September" <http://troploin0.free.fr/biblio/grey/>
3. *Lutte de classe*, Groupe de Liaison pour l'Action des Travailleurs (GLAT), May 1977.
4. Marx, *Capital*, vol.1, chap. XIV and XV.
5. *Un monde sans argent*, vol.3, 1976
6. Statistics grossly overestimate man-hour productivity, since millions of hours of work are going unrecorded because they're performed... at home, mostly by computer using "knowledge workers". (*Processed World*, 2001)
7. *Aufheben*, no.9, 2000, [http://www.geocities.com/aufheben2/auf\\_9\\_ussr\\_4.html](http://www.geocities.com/aufheben2/auf_9_ussr_4.html)
8. J. Artus, *La Nouvelle Economie*, La Découverte, 2001.
9. According to some figures, in 1998, 3% of the US working population were employed in call centers (1% in Britain).
10. R. Milkman, *Farewell to the Factory*, University of California Press, 1997.
11. "Greatest Workers of All Time", *Financial Times*, May 12, 2001, by R. Donkin, author of *From Blood, Sweat & Tears*, Texere. Taylor and Stakhanov had a lot in common.
12. From the title of a book by B. Doray in 1981.
13. *Against Sleep & Nightmare*, no.6, 2001, <http://www.webcom.com/maxang/ASAN6/index.html>
14. International Labour Bureau report on the US, Germany, Britain, Poland and Finland, 2000.
15. As Bordiga pointed out, the State is outside production, so it can't define a mode of production. We're only using the phrase "State capitalism" for convenience's sake (as with "third world").
16. This was the question asked by Pierre Souyri in one of his articles in *Pouvoir Ouvrier* (July-August 1965), published by the group of the same name. P. Souyri's reply was negative, because of weak local bourgeoisies, limited domestic markets, and strong imperialist pressures (which he thought also made new State capitalist regimes unlikely).
17. We borrow K. Yoshihara's phrase (1988).
18. The Collatex strikers poured acid into a river. Heineken workers threatened to blow up gas tanks, and B. Faure workers to set fire to the plant. Laid-off Moulinex strikers did set a building on fire. Some of the Bata personnel went into Bata shops in Paris and distributed shoes in the street. These are a few instances among many.
19. On the rise of "anti-capitalism", see "'Anti-capitalism' as ideology...and as movement?" in *Aufheben*, no.10, 2001, [www.geocities.com/aufheben2/auf\\_10\\_anticapital.html](http://www.geocities.com/aufheben2/auf_10_anticapital.html) (also available as a pamphlet from Treason Press)

of France, Thatcher's victory over the coal miners, Reagan's over the air traffic controllers, these are but a few landmarks in a series of defeats, with millions of people made redundant. In fact there would have been no new struggles without the resumption of hiring after years of lay-offs.

These present movements are mainly reactions to attacks, most of the time to downsizing, to lower wages and fewer benefits. True, American and German air pilots got substantial pay rises (20% at Lufthansa). In France, before the December 1995 public sector wave of strikes, there were some tough conflicts, for example at Renault and Belin: the strikers asked for the same big wage increase for all, escaped union control, created their own strike committee and tried to extend the stoppage outside the firm. Younger workers played a decisive role in a radical minority that sprang up. But the bosses stood firm, the unions got back their control over the rank-and-file, and the action failed to expand.

Since then, the situation has turned to the advantage of capital, with more wage cuts and redundancies, not because of those rapacious shareholders depicted as the evil-doers of neo-capitalism, but because of the usual need to make large over-capacities productive again – or to dispose of them. (Once more, this shows a quite different context from the 1960's.) Wage-earners fight with their backs to the wall, and the workers' autonomy stagnates: the Italian COBAS aren't developing, the French "coordinations" vanish or mutate into parallel union structures, while a (small) renovated unionism is on the way up (SUD in France, the CWA in North America).

A movement is indeed shaping up among the wage-earners that are typical of the new system of production, but is far from gathering momentum. In the US, three victorious strikes hit at modern companies: UPS in 1997, with support from "public opinion", then at Boeing and Verizon. Boeing's white collars refused stock options and asked for (and got) a wage rise instead. (At UPS and Boeing, the workforce was also fighting a decline in social benefits.)

The exception does not make the rule. Struggles mainly remain counter-attacks, in spite of recurring violent and direct action (at Collatex, Heineken, B. Faure, Moulinex, Bata..., to quote only French examples<sup>18</sup>). But if the Collatex personnel ended up putting at risk the very existence of the factory (and of their means of existence) they'd gone on strike to protect, their militancy accepted the constraints of the factory and of the union.

In 1967, the strikers of Rhodiaceta (a chemical plant near Lyon), who became a symbol of pre-68 times, weren't responding to direct management aggression. They were out to get what the management had always stood against: **Time to live** ("Du temps pour vivre"). Collatex strikers resorted to radical methods against a factory closure, and this is where their radicality ends: it's capital that still has the initiative.

Finally, although we won't take up here a subject that deserves more than a passing comment, gatherings, demos, riots and informal networks like the ones that were active in Prague or Genoa, and are now against the "war on terrorism", etc, surely reveal the emergence of an "anti-capitalist" movement that's full of life and confusion.<sup>19</sup> In the words of a Genoa demonstrator: "authentic revolt, feeble demands". A communist perspective won't come without significant debates and splits within these milieus. And this won't happen away from or outside of radical actions in wage-labour. In 1967, although they'd certainly never met, an actual link united the situationists to the Rhodiaceta strikers who aspired to another kind of life.

more intelligent.

Taylor was trying to get rid of the workers' capacity for passive and active resistance that came from their knowledge and know-how. But Scientific Management never quite erased collective solidarity, because the workers have one basic weapon in their hands and minds: it's they that do the work.

Scientific Management broke up the skilled community by suppressing or reducing their professional competence. Computerization puts back knowledge into work, but not into the worker, only into a machine that he uses without mastering it. Unlike the former unskilled worker, the new style wage-earner does use knowledge, but (unlike the skilled) only knowledge that is independent of him, so he can't use it to get autonomy, resist or rebel.

The snag is, no work is individual. The 1920 skilled worker's knowledge and the 1960 unskilled worker's know-how weren't in their heads, but in a practical **collective** experience, due to which a certain degree of control over work used to exist and still does.

Taylorism's digitized persistence hardly signifies a fresh beginning. If the extension of Taylorism finally proved counter-productive in Turin in 1970, how could it succeed in Bangkok in five or ten years' time?

### What Role for Labour?

"Post-Fordism" eliminated some obstacles to the free hiring and firing of manpower, but it concentrated on what the firm controls best – the productive process – and destructured the social context that surrounds it.

Contrary to hasty forecasts, neither robotization nor mass unemployment eventually invaded the world. Capital's objective was not to enforce automation everywhere, but to suppress workers' resistance and to densify work.

Thanks to computerization, the wage-earner is now often asked to perform two jobs in one: the watchman does a bit of bookkeeping, the service-station man sells insurance policies, the factory hand takes care of maintenance, the mechanic deals with the customer. "Just In Time" means more participation of the wage-labourer in production, and his ability and his willingness to take initiatives.

At the same time, the work process has been transformed in order to monitor the personnel as much as possible. As often, a social reality is reflected and deflected in psychological terms: the fashionable "double bind" cliché expresses a situation daily experienced in the working world: "Be autonomous!"

Going beyond Taylorism would only make sense if capital was able to mobilize labour better, simplify command channels, thereby acknowledging the importance of work. On the contrary, computerization belittles whatever is manual or unskilled.

In the past, the worker made up for the (deep, yet never complete) loss of control over his work through higher pay and easier access to the consumer society. The unskilled would earn more at Vauxhall than in the small local factory. A few decades later, one of the principles of restructuring is the exact opposite: reducing labour cost to a minimum. Would the software programmer work as he does if he got the minimum legal wage?

Capitalist relationships are based on constraint, but they malfunction once they forget the "anthropological" dimension of work. The simplest task implies some on-the-job training, and can only be achieved by contact with others. The more it's confined to a means of earning a living, the less it socializes. Constraint won't recreate "meaning", and no new system of production is valid without some meaning shared by both capital and labour.

Since the break-up of gigantic factories, of workers' districts and of protective status, labour has not been given a place and recognition. There's a contradiction between having the worker use and valorize elaborate production procedures that require a lot more participation, and treating him as an expendable pawn.

Also, the debate about “the end of work” is socially counter-productive as it debases a bit more those whose work rules their lives (whether they’re currently employed or not), while providing them with less income and stability.

The working class was both reality and myth, but millions of people knew where they belonged. This belonging has been undone but not replaced by a new kind of adherence (to work and to society at large). Millions of youngsters from an ex-working class background are social orphans. Everything that’s labelled “worker” is devalued, and not much pride or dignity comes with recent forms of menial work. The decline of large scale struggles does not prevent class polarization: people talk of **us** and **them**, and keep repeating that the rich are getting richer while others are going down the opposite way, and that “our kids will have a tougher life than ours”.... This sounds like a negative class consciousness.

“The anguished class”, “mass cynicism”, “ergostress”: this is how experts translate the impossibility to praise autonomy and co-responsibility, and to champion at the same time mercenary attitudes (“Now everyone must learn to sell himself”). Wage-labour only durably valorizes capital if both share at least some social and cultural hopes and prospects. In the past, the engineer and the metalworker could find a common ground in a “technical culture” that also meant a historical vision. Cyberphilia doesn’t fill the vacuum.

It’s dangerous to treat workers as a necessary evil. According to French official figures, work accidents have gone up by 15% since 1996. Homicides are reported to be the third highest cause of death in the workplace in the US, where the number of bosses killed (often after they’d fired someone) tripled between 1984 and 1994.

The Fordist factory fulfilled an integrating function. At River Rouge, which was the pride of both Ford and the UAW forty years ago, 30% of the union members were Black. Linden did not only manufacture cars for GM, but a social “homogeneity”: less wage differentials, less disparity between Whites, Blacks and Hispanics. Since the devastating lay-offs of the 1980’s and 90’s, the gap has again widened between the Whites and the others.

Wage-labour is now separated into three categories: the **expendable**, whose work can easily be compared and replaced, treated as a flow and de-located; the **competent**, with a specific qualification, who are given a share in management and profits; and the **protected**, with strong job security, low wage individualization, few career prospects, often working in the public or social sector. Unlike Fordism, the present system organizes little circulation between the three groups. Growth no longer is a social unifier.

The assembly-line worker of 1960 knew he was assured of a job, and his children were often right to expect a better job than his. Every social stratum could hope to catch up with the one immediately above. In 2002, to become a primary school teacher, the daughter of the low paid must fight the competition of middle class kids. In France, the small but until recently slowly increasing fraction of workers children getting into the elite universities is now decreasing. Capitalism is turning into a network of exchanges that are unable to build up social linkage.

### The Financial Fallacy

What is usually interpreted as the triumph of capital (and often of its deepest nature) points to a weakness.

Solving the social crisis and the accumulation crisis (two different names for one reality) meant commodifying capital even more, partly, as we’ve seen, by forcing labour into mobility, but also by giving more autonomy to capital in its money form, and facilitating its moves within each country and across borders. This increased trans-nationality, however, is not the main cause but an effect of “globalization”. Value may flow **as if** it could escape the constraints of its origin (labour), but it won’t ever become its own cause: the circulation of financial items ultimately depends on the circulation of non-financial items.

union organizers repeatedly beaten up by his 8000 strong private army.

The full advent of the Fordist compromise was the result of converging contradictions: crushing defeats (Italy, 1922; Germany, 1933), apparent workers’ victories that later ended in disaster (France, Belgium and Spain, 1936), successful strikes (the US, 1937). Paradoxically, the coming of a new production system ensues from opposite movements, the conjunction of which (combined with the accelerating effect of war) ends up regenerating capitalism.

A historical crisis is when contradictions explode, but also when they can be solved. “68” was no revolutionary crisis for the two fundamental classes involved. In the most advanced countries, unlike what had happened after 1917, a sort of tacit consent united the workers and bourgeois in a reluctance to go too far. In Western Europe, in the US, in Japan, the fall of whole industrial sectors was dramatic for the proles, but capital managed a soft landing that postponed the day of reckoning.

It took fifty years between the 1917 and 1968 crises, between the rise of the skilled workers and that of the unskilled. The reorganization of dead and living labour accumulated through Fordism could not be completed in a few years.

The next compromise will only consolidate and bear fruit (**opening the way to the possibility of a critique**) after the defeat or restraint of revolutionary endeavours: only a social shock will force necessary reforms upon rulers and ruled. In other words, immediate and even short terms communist perspectives are rather dim.

### What’s at Stake

The writers and readers of these lines are less concerned with capital’s restructuring than with its possible de- structuring.

“...it’s always a fraction of the “new” proletariat that causes revolutionary crises (because) the evolution of capital...shifts the centre of capital and so the “centre” of the proletariat. This was what the craftsmen did in 1871, the skilled workers in 1917-23, and the unskilled from 1960 to 1973. Service sector categories will cause the next revolutionary crisis.” (**Bulletin Critique**, Rouen, n.5, 1980)

This statement is less a prediction than a way of posing the question. Unless the future entirely differs from the past, we can assume that the categories playing a key role in the economy and therefore, in a society led by the economy, in society as well, will have a particular role in the evolutions to come. We’re not replacing the machine-tool with the word-processor, nor the metalworker with the data keyboarder. We’re just trying to perceive the full dimension of computerization, one consequence of which is to bridge the gap between office and workshop. The service sector underling, in the XX1st century, is not just the traditional clerk or shop-assistant: he could be a supermarket cashier, a warehouse worker, a call centre or mail-order firm employee, a lorry driver, a computer assembler, etc.

Actually, the above haven’t yet coalesced in a critical mass. Their common point doesn’t yet exist in practice, through struggles that would create self-organization and self-awareness.

Although the unskilled had been a sizeable group in manufacturing since the early XXth century, they only broke through in the 1960’s as a category conscious of its lot as a social symbol and therefore a unifier of wage-labour. The huge sit-downs of 1937-38 in America were claiming the rights of labour in work that wasn’t itself questioned. Thirty years later, the critique of work became possible and meaningful in a world that was saturated with work. A historical cycle doesn’t go through a structural crisis unless it first expands and blossoms out. The new social category will only realize and gather its energies when the cycle reaches its peak – which also implies a rise in the quantity and quality of struggles.

This is not yet the case, as even violent workers ask for work, or for more redundancy money.

The current renewal in protests and strikes, in Europe as well as in America and Asia, is only strong compared to previous drastic failures. The recapture of Fiat by the management (1980), the stifling of the French automobile strikes (1982-83), the closing of the mines in the East and the North

territorial carve-up.

As a consequence, “European construction” poses a very different question from that of the Common Market in the 50’s: how can the EU integrate much less developed countries? At what cost?

### **An (as yet) Unmatured Cycle**

Whatever we analyze as signs of an incomplete restructuring: the reduction of labour to a cost; the tendency to make up for insufficient profitability by finance escapism and mega-mergers; the aggravation of class contrasts; the decline of the wage system in the ex-Eastern bloc; the rarity of autonomous growth; the explosion of uncontrolled conflicts on the periphery of prosperity... all these symptoms of capital’s inability to socialize what it rules could be interpreted as indicating a healthy aggressive condition, and as proving the implementation of a new system of production.

We’re not arguing over a half-empty or half-full glass. Our concern is the overall pattern and process of evolution. Even at its core, in the US, Fordo-Taylorism’s domination was never total, but it carried along the whole of capital-labour relations. In 1950, the world was far from pacified, but it was organized on both sides of the Iron (or Bamboo) Curtain around the expansion of exchanges and wage-labour, in Egypt as well as in Canada. This is no longer the case. The restructuring that started about twenty years ago is still going through the liquidation of obsolescent infrastructure and labour, and vast areas (including in Europe) lie fallow: capital penetrates them without being able to force wage- labour on them, or sometimes without being able to dominate them. This has nothing to do with decadence or historical decline: a new production system is already there, but not yet consolidated. A modified wage-labour relationship (that would imply an altered way of life) is breaking through but not asserting itself. Capitalism is still looking for the Roosevelt of the early XXIst century (certainly not for a Hitler).

Some bourgeois may figure that restructuring is achieved now since their companies manage to promote what’s profitable and neglect the rest, i.e. leave it to the bitter mercies of diminished Welfare and police repression. They’re not the most lucid members of their class. They forget that a social system only exists if it has social coherence. A development cycle can’t live as though its normal state was an in-built imbalance, an always potentially explosive contradiction, in other words a sort of permanent “final crisis”...

A new system of production will or would be based on the opposite of what is described as its triumph: a head on attack on wage-labour. The English ruling class did not overcome the troubled 1840’s by pushing more and more craftsmen and factory hands out of work and into starvation. Fordism was not built on pauperization. As proved by large-scale industry and later by Scientific Management, an emerging system of production must be able to increase labour productivity while also extending the wage earners’ share in consumption.

Most of the tendencies we’ve analyzed as signs of an unfinished restructuration are exacerbated in the US (where nearly a third of OECD production still came from in 1990). We can hardly talk of a new boom when the gap is widening between a mass of disparaged jobs and a privileged minority working in well paid hi-tech services. In 1960, in ex change for hard work (which few ex-unskilled feel nostalgic about), the Ford worker, although he was a statistical minority, stood at the centre of social gravitation, and his condition was accessible to nearly every black or white American. Today no category plays this (real and symbolic) part.

Present neo-Keynesianism (or what is called “liberal interventionism”) is lame: it walks on one foot (State investment) and neglects the other (the wage itself as an investment, and the whole social environment that goes with it). We’re not witnessing the climax of a different era, but rather its early days, as in 1940 in North America or 1950 in Western Europe and Japan, and so the ambiguities of its rise. Ford pioneered new technique and wage systems, but was backward on the commercial and social sides, and even tried to foster his anti-Semitic creed among his personnel. He was long opposed to the marketing that Sloane successfully promoted at the head of GM, and had militant workers and

The rise of the Stock Exchange and the relative decline of banks in the financing of firms does not mean that the economy would be preyed upon by a money capital even more dominating than when Lenin denounced “parasitic” capitalism in 1916. The accelerated circulation of value coincides with a more “liquid” society, where the distinction is blurred between previously separate forms (industry, banking, trade, insurance, etc.). The common statement “money rules the world” is not valid in the sense that financiers can manipulate everything: money rules the world as far as money is able to make labour produce more money.

Every crisis is a call to order. Whatever form it takes, money is crystallized (past or expected) productive labour. Credit of course is free to anticipate future wealth. But people can’t go on selling and buying shares unless something else apart from shares is made, bought and sold with a profit. That something does not have to be an object like a plane or a garment, it could be a haircut or consulting a lawyer, but in any case “value creation” does not happen by simply multiplying monetary signs. When investors fail to get adequate returns, either they speculate, look for exotic opportunities, withdraw from business, or go bankrupt.

Globalization is a reality, yet it corresponds more to an increase in direct foreign investment, than in world trade. Most of the trade done by multinationals takes place between their subsidiaries, and half of their sales are on their own domestic markets. The drive towards financialization would not have gone to such extremes without the limits or obstacles to profitability in industry and traditional services. Capital over-production (in relation to its possible valorization’ takes the form of over-capacities, over-investments, unsold goods, and floating capital in need of profit opportunities. Financialization contributed to restructuring, but it also derives from its limitations and amplifies them.

“Bad debts” exist because of fragile valorization conditions. 30% of the international capital invested in Asia came from Japan, which in the late 1990’s owned one third of all world savings, in other words of past labour substantiated in expectation of future (profitable) labour. What if this future should fail to materialize? A good debt becomes a bad one when the debtor lacks money to pay it back, because he hasn’t made enough profit compared to what he borrowed.

The spectre that haunts the capitalists is not communism, but the hypothesis of a financial tsunami.

In the 1920’s, US firms would turn their cash into shares because of the lack of new profitable opportunities in industry and commerce.

At the beginning of the XXIst century, the gap between credit, monetary creation and market capitalization on the one hand, and actual and likely value creation through production-circulation of commodities on the other, far exceeds the level of the late 1920’s.

Neither market self-regulation nor State supervision would be able to prevent a financial crash. Circulation is not set in motion by itself, but by **what** circulates. Consumer credit (3 out of 5 American households reportedly use an average of 9 credit cards) makes up for lowered incomes, and also creates a drugged economy that’s highly volatile. The mixture of a debt economy and an uncertain profitability is loaded with ominous potentials.

### **A State and a Democracy in Search of Their Roles**

There’s no capitalism without a central authority. City of London merchants needed the guns of the Royal Navy, as much as XIXth century manufacturers needed the repeal of the Corn Laws. Cars would be unthinkable without a public road network. Even when political power only contributes to the convergence of conditions necessary to the wellbeing of industry or trade, its role is essential.

Direct control or ownership of entire sectors is a different matter. Social circumstances turned the State into an entrepreneur in France and Italy after 1945. The (partial) ending of these functions does not mean that the State must have little to do with business. Privatizations imply the obligation to renovate (and not to eliminate) the social compromise supervised by the State.

Although the nation-State hampered economic fluidity, bending the stick too far the other way has

led to excessively liquid capital over-investing in the most profitable sectors, and being solidified in new monopolies. Concentration entails economies of scale, but also weighs on valorization. A century ago, the US federal State took action to dismantle trusts that had grown too big and become a threat to competition (Sherman Act, 1890). Capitalist dynamics relies on a constant interplay between monopoly and competition. Also, depriving the government of efficient monetary and fiscal policies prevents it from checking and balancing excess inequalities between rates of profit as between regions. The present Chinese boom is achieved at the expense of most of the country. Left to its own impetus, capital lets windfall profits prevail over long term prospects. The economy exists on territories: the nation-State is just one way of structuring space, but there has to be some structure, some political structure.

The Welfare State was born out of the class struggle, and lost part of its social profitability in the 1970's, when thrown off balance by class conflicts of a new kind. The contradiction began to grow between the need for the State to contribute to accumulation (the enlarged reproduction of capital), and its redistributive tasks (the reproduction of society).

In the rich countries, the State levies from 35 to 55% of all wealth (as created and measured according to economic standards). The share of public spending in total output has even gone up in Europe, where it remains higher than in the US. The differential between the EU and the US is even increasing: globalization is not equalization. But let's bear in mind the bailing out of Continental Illinois and then of the savings banks during the Reagan administration, the arms economy and its spin-offs (Internet included), State subsidies (as in the Boeing vs Airbus battle), etc. Reagan cut back on welfare, not on federal money going to Stars War projects.

Public spending is indeed expanding, as it should be in the interest of social stability. The trouble is, it remedies effects that often have their causes outside the territory controlled by the nation-State. And this is not a matter of size: a European federation would have to deal with capital-labour relationships that are now often determined outside Europe. The State suffers from its declining ability to master a space, which it still structures politically.

The Fordist compromise worked within a national framework where bosses and union leaders negotiated under the aegis of central power. Unless we imagine that capitalism could be prosperous merely by crushing the masses under its "iron heel", a new compromise supposes some framework that is yet to come. The liberal offensive of Thatcher and Reagan (and, in a different way, of leaders like H. Schiller and Mitterrand) did not deal with such matters, as it aimed at breaking resistance, not building up consensus. Twenty years later, however, neo-social-democracy has been following the same path and merely cushioning the shock.

What's at stake is not the alternative between State or market control over the economy, but the adaptation of political forms to an economy that is not non-national, but trans-national. In that respect, one sign of successful restructuring would be a unified economic, political and military Europe.

Is it a sheer coincidence that at the same time political representation is going through a crisis? The decadence of mainstream party and union life (more under the pressure of consumerism than through a radical critique, needless to say) has far-reaching consequences. We are living in an age when NGOs, grassroots lobbies and associations are playing a growing part in politics, and are commonly regarded as the foundations of a born-again democracy based on "civil society": "The working class is dead, long live new social movements". Each single-issue group fights for specific rights (womanhood, childhood, gender, handicap, ethnic equality, schooling, sustainable growth, peace, fair trade, fair work, etc.) that are supposed to unite into what is known in France as "social citizenship".

Is this going to work? In a class society, political power gives unity to division, and is "the concord of this discord" (Shakespeare). It can't be based (really and symbolically) on a pyramid of countervailing powers which in fact don't reinforce it. We have a paradox here. The NGO or ATTAC activist expects everything from a State he has little faith in: he does not think the State has real power over society and big business (in fact, **this** is what the activist reproaches the State with). No reform, indeed no reformism

conquistadors' behaviour in America.

\* Rival minority interest groups multiply, with divisive effects. Socialist bureaucrats and third worldist leaders alike managed to impose some "national" unity because they could rely on the relative centripetal motion of a unifying economy. Groups now split from the rest of the population and transfer their loyalty to an "ethnic" difference against a national entity that's incapable of integrating them (see Indonesia and the Philippines). Private militia often replaces army and police.

\* Borders are essential to a State because they delimit the extent of its authority. Quite a few frontiers are no longer controlled by central power, as proved by the increasing numbers of pirates, smugglers, and dealers in illegal arms, drugs, diamonds, etc.

### Looser Control Over the Globe

With the crisis of Fordism came the end of US economic supremacy and of a joint political US-USSR condominium. The US now dominates (sometimes even more than before) a world it does not master. This situation is a strategic reflection of unstable social realities.

The search for separate antagonistic identities and the persistence or extension of "under-development" are indeed common features of capitalism. Capital's logic was never to turn every village square into a glittering image of Amsterdam or Chicago. But the restructuring that capital has been undertaking for over twenty years will only succeed if it is able to re-unify its most modern areas, and reorganize the world around them. Capital today does not master its outskirts as it did during the Cold War, and it is questioned in reality as well as in people's minds. Of course, since the end of "socialist" countries and the demise of the old labour movement, no ideology has seriously put forward an alternative solution, and capitalism seems unchallenged. But its success is more negative than positive: it is so far unable to re-organize the world as it previously did.

After 1945, after 1960, the end of the colonial era went with millions of deaths and refugees (the partition of India, the endless wars in Indochina and Africa...). But out of that bloodbath came territorial units, which acted as the framework of some capitalist development. Nowadays, turmoils on the fringes of all empires or ex-empires, in the Balkans, in the Caucasus, in Tibet, in Sin-Kiang, reveal difficulty in controlling the old structures shattered by the advance of commodity and industry, and then by their crisis. The planet is no longer pushed on by a thriving capitalist penetration, but by its contradictions. This in turn provokes a backlash: crises within the dominated zones project their effects into the heart of the dominating zones.

Capital now has trouble building up the political and social structures that would befit its trans-nationalization.

The "industrialist" ideology that prevailed a few decades ago has lost its unifying impetus. We won't deal with "anti-globalization" movements here. Let's just remember that militant Islam, from North Africa to central Asia, claims to be anti-capitalist. In China, it's not just democratic reformers that stand up to the bureaucrats, but the Falun Gong, whose program opposes tradition to modernity. No leader like Lumumba or Nasser arises today.

What is now known as "September 11" probably did not change much on social and geopolitical levels. In the realm of images, it revealed how valorization has a hard time dragging along most of the globe. Symmetrically, the positive reaction of many "poor" the world over to the attack on New York and the Pentagon shows a refusal without perspectives: here again, the capacity for action is mainly disruptive.

Capital today is currently better at destruction than re-construction. Gated communities of relative prosperity are surrounded by wastelands that run wild because they're unfit for valorization. The big powers treat these wastelands according to their (competing) strategic interests: they capture mineral and energy resources, and send in troops and aid when disorder threatens the required minimal social balance. Their soldiers only mediate between factions which they do not really force back into national unity. In Bosnia, in Kosovo, in Macedonia (not to mention Africa), they oversee and manage a

ways, but both believed in it.

A twenty-year crisis has put that picture into jeopardy.

In the last 25 years of the XXth century, the share of raw materials (apart from oil and gas) in world trade has been divided by half. The “debt crisis” has reinforced the domination of a few countries over most of the planet, and “fair trade” is as valid as an ideology can be.

Assessing what used to be known as the third world requires more than statistics. Quite a few countries have seen an increase in production, in the foreign trade/ GNP ratio, in the proportion of wage-earners among the working population, and in the relative importance of industry and services compared to the primary sectors (agriculture, mining, etc. Countries like India (where large European companies contract out some of their bookkeeping) and Mexico (the north of which is an annex of the US economy) have reached Western efficiency and production standards. As a symbol of change, the tallest high-rise buildings are now to be found in Asia. Downtown Singapore or Sao Paolo strike us as more modern than the centres of Milan or Berlin. We’re not arguing nothing has happened since the 1975 recession. Here again, as in the “profit debate”, the point is about social balance and evolution.

Capital de-structures **and** structures, through what J.Schumpeter called “creative destruction”. In 1960, countries like Venezuela or Argentina had created an industrial basis, and often paid real wages similar to those of Belgium. Today, capital de-structures **more** than it structures.

A relevant indicator is the ability not just to attract investment, but to keep it. When it only takes a flight of capital to block the modern sectors of an economy, it’s a sure sign of an **ersatz capitalism**.<sup>17</sup> Mexico certainly has more factories and workers now than in 1970, but went close to defaulting three times in about twelve years.

If we look at Brazil, a full picture ought to take into account the success of Embraer (one of the world’s leading aircraft manufacturers, albeit in a special niche), and the fact that this giant had to cut down its electricity supply by 25% for several months, with obvious consequences on its economy.

However contrived and limited it was, former “national” growth worked as a social stabilizer and integrator. In that respect, the present situation is one of overall disruption. World standards block extensive accumulation, either in the form of light consumer industries or of heavy (Soviet style) industrialization. As for intensive accumulation, newcomers have a rough time beating the West at its own game.

The ex-third world got two poisoned gifts. Only industrialized countries (Britain, Norway...) are able to make the most of their oil resources. In Nigeria or Algeria, this heaven-sent wealth made social contradictions worse. And now countries, which benefited from de-location find it even harder to initiate an autonomous development.

In the 30’s and 40’s, through a compromise between State, national bourgeoisie and labour movement, Cardenas (Mexico, 1934-40) or (in a more authoritarian “populist” way) Vargas (Brazil, 1937-45) and Peron (Argentina, 1946-55) tried third world versions of regulated capitalism: State intervention, minimum wage, social benefits... In today’s Venezuela, Chavez only provides a caricature of such leaders. Where Cardenas mobilized the masses through the political prospects of a prosperity based on the nationalization of oil against US interests, the average prole is now offered local self-help business thanks to micro-credit and the assistance of NGOs. Where people had dreams about the autonomy of a whole country, they now have to make do with the autonomy of a district or village.

The weakest countries break up, especially in Africa, where the State is often out of joint: international aid feeds the poor and pays the civil servants and the army. Capitalist logic undergoes an involution:

\* Barter, once on the economic fringe, comes back on stage. Not only are goods exchanged without money, but wages are often paid in kind.

\* Some areas regress to early colonial times. There was some trade between the home country and its possessions: we now witness straightforward plunder as in the Congo region, which reminds us of

is valid without a political and governmental dimension. In the past, forces like the Labour party, the CIO, the CPs, etc. were present at the **bottom** and at the **top** of social change: they channelled it in the workplace, and engineered it behind the walls of boardrooms and ministries. And, however unpleasant it was for revolutionaries, the crowds that marched in the streets in 1936 or 1968 usually regarded socialist and Stalinist parties as “theirs”. In 2002, most demonstrators vote for the Left for the want of anything better.

Parliamentary democracy remains the political form of modern capitalism, however degenerated present electoral and party life might appear to the eyes of Eugene Debs or Keir Hardie. Therefore a new “social compromise” would have to produce its own political organs and relays. The embryos that exist aren’t a rising force. Unions and socialist and Stalinist parties derived their strength from their roots in the class struggle: they were born out of wage-labour’s confrontation with capital. Nothing similar is coming up these days.

### **Between Insurance and Assistance: Social Security and/or Dependence**

The Welfare State gave the protection of a **social security** system, where every employed person paid for others in need (the sick, the old, the jobless), and was almost certain to get back to work after a recession or an illness. That system has not vanished, it’s been degraded and combined with another based on its exact opposite: public **assistance** (plus private insurance for the middle classes who can afford it).

Aggressive Thatcherism and soft Mitterrandism had something in common. The Iron Lady divided human beings into the enterprising ones who were worthy of the modern Horn of Plenty, and the lazy lot who shop at discount stores. Mitterrand’s Minimum Integration Income (“R.M.I.” in French) has about one million recipients (plus their families), few of whom get integrated again into proper work. Such a scheme seems more generous but also institutionalizes a social ghetto.

Dole money and social benefits have not been just cut down, but multiplied and made so complex that the recipient becomes more and more dependent on guidance from a social worker. The same person who’s asked to be active again is kept even more passive.

Workfare, on the other hand, mixes reduced welfare with forced “community” work. Everyone knows how unproductive such labour is. If it were applied on a large scale, this solution (legalized in the US in 1996) would only swell the ranks of the underclass. This most advanced capitalism is a soft imitation of the workhouse method given up by the Victorians 150 years ago. Keeping the unemployed busy was tried in a compulsory way by Napoleon and later by the workhouse supporters, and on a “voluntary” basis by the French republicans in 1848: though such schemes aimed at moralizing and re-socializing the poor, they merely made the bourgeois feel safe.

This new regulation wavers between a Welfare that’s close to assistance financed by taxes (thereby through a stronger pressure on profits and even more on wages), and an impracticable liberalism (no-one seriously thinks of getting rid of the **social** democracy the West and Japan have known since 1945). Until now, hard and soft options all have proved short term. In the rich countries, “health” is becoming a major economic sector,<sup>13</sup> partly private, partly public, and a lot of it is funded by taxation, thereby persisting in a Keynesian logic, while at the same time the State favours pension funds.

Capital cannot promote a new system of production by adding heavy doses of liberalism to whatever Keynesianism is left, but by going beyond both.

### **De-Socialization**

Capitalism integrates to a certain extent, and you can tell a dynamic capitalism by its reducing the inequalities it creates. On the contrary, their aggravation signifies the failure of integration, especially when inequality is perpetuated in the same families and neighbourhoods. A caste-type division is incompatible with a system based on the principle that one person is worth another, and on the reality of “equal” exchange between labour power and a sum of money. Large-scale impoverishment before

1848 and between the two world wars is a sign of social failure.

One of the places of socialization is school, but this socializing happens through **learning** something. School no longer fulfils its function if it teaches hardly anything to a big portion of the young or stops giving them any useful (ie. employable) skill. In most Western countries, many schools now do little apart from keeping on their premises youngsters who have few employment prospects. As a side effect, this evolution makes life harder for those middle classes with only a “cultural” capital that they want proper schooling to valorize.

Complete restructuring would imply an education system that does not socialize just by cushioning violence, but by enabling a large minority of social ghetto offspring to get into relatively stable wage earning.

What is known as “quality of life” is part of the ability of labour power as a commodity to play its role in the whole socio-economic cycle. If there’s a permanent malfunctioning of public services, low social mobility, a dramatic increase in the number of have-nots, capital risks not only under-consumption, but what the GLAT called in 1974 “the destruction of labour power”. A society that breeds too much inequality mutilates itself, and makes its own reproduction more difficult.

“Wage-earners are depressed, over-worked, anguished and stressed. The employers face lower productivity and profits, and have to hire more often new personnel with increased recruitment and training costs. Governments have to pay for health and social benefits, which entails a drop in earnings for the nation.”<sup>14</sup>

No wonder work accidents, new occupational diseases and workplace-induced mental disorder have recently become a source of public debate and concern. They increase the incidental expenses of valorization, and eventually destructure society.

Thatcher’s frontal attack on the working class smashed rigid labour practices and rules that were detrimental to English capitalism, but it also locked part of the proles in a durable poverty and helplessness that backfired on the system. The creation of a permanent outcast stratum led to a double labour market. As the casualized for life gave up looking for good jobs, there was less competition for these jobs, which forced the bosses to increase wages. One of the purposes of Blairism was to restore mobility between the various categories of job-seekers.

A “dual” society doesn’t suit capitalism, which is based on a minimum of competition at all levels, including the circulation of ideas, of power, and of human beings. The problem is not that some are left out, nor that consumption is unequal (as indeed it must be), but rather that this circulation can get blocked. An efficient labour market is run in such a way that its periphery (the exchangeable and disposable workers) consolidates its centre (where skills are required and given training and promotion).

When Churchill lowered the workers’ standards of living in the 1920’s, when Laval forced down French public sector employees’ wages in the 30’s, they were clever but short-sighted politicians: they managed to quell worker unrest (such as the 1926 General Strike in Britain) and to put finance back on its feet again for a while, but never promoted the social regulation suggested by Keynes and implemented by Roosevelt – against a large fraction of the bourgeoisie, and under the pressure of sit-down strikes.

Nowadays, in the US, putting anti-social elements behind bars (400 000 inmates in 1975, 2 000 000 today) and waging a class war against the ghettos, while maintaining part of the Welfare system, do not contribute to the emergence of a new social balance. The “anti-drug” campaign (which includes tests in the workplace and military interventions abroad) is a reminder of the Prohibition that came with the Red Scare and union bashing after 1917. Eighty years later, the repressive and moralizing escalation reveals another social failure. The spate of executions (ie. legal killings) contradicts capitalism, where nearly everything (even crime) can be bought off or compensated for. The imposition (first in the US, then in Europe) of curfews for kids shows the system’s limits in integrating the young. The growth of an outlaw economy (drugs, particularly) as a social safety valve can hardly be interpreted as a healthy sign.

Capital is not peaceful, but wherever it rules, it tends to encompass everything. The crushing of

Korea excepted), where modern consumption moves on shaky ground.

Chinese capitalism has assets, which most “exportists” are lacking, notably a national entrepreneur class that had long only operated on the international level, not on Chinese soil. Now it’s begun to take control of Mainland China, in conjunction and in rivalry with the bureaucrats. But this drive is concentrated in the South and leaves the rest aside. No growth can just split a country into two and forget about most of its territory and population. The US, Germany and Japan were **new** industrial countries in their time: but only because they gradually managed to enlarge the circles of exchange and production to the vast majority of their people.

Moreover, excess foreign investment desperate for profit dopes up but exhausts the growth of weak countries. In 1997, half of ASEAN exports came from delocated Japanese companies, and so depended both on the situation of their buyers, and on the economic fluctuations in Japan.

Like their Nippon neighbours, South Korean banks tend to keep industry afloat to the very end, even beyond the point when it stops being profitable. True, Korea has started giving up the fusion between finance, trade and industry, letting Daewoo (the second biggest carmaker in the country) go into liquidation, followed by others. This is certainly related to the existence of a real domestic market, of an organized labour movement, of contractualized labour-capital relations, and of a (recent) democracy, with replacement of the ruling elite through an electoral process. Yet, such changes did not prevent Korea from staking its economic future on more exports, which went up from 30% of GNP in 1997 to 45% in 2000: 22% of exports went to the US, with half in the electronics sector. In other words, when the market shrinks, Korean production increases.

### Can They Industrialize the Third World?<sup>16</sup>

1939-45 shattered the colonial form of capitalist domination. The Fordist phase in the most advanced capitalism went along with economic growth in a large part of the world. From Malaya to Cuba and Algeria, colonies became new States, often built on borders carved out by their former rulers. Many new independent countries were born artificial and unstable, others were powerful, but in most cases, a typical feature of that period was an attempt to reverse the terms of unfair trade (eg. the creation of OPEC in 1960). In practice, however, they usually specialized in raw material exports used by the industry of the major powers. Traditional ways of life (self-sufficiency and food producing) were abandoned, and foodstuffs as well as capital goods began to be imported. Therefore, these countries entered the world valorization system in a twofold way, through exports and imports.

Let’s add the growth in the State capitalist zones.

Stalinist bureaucrats and national liberation front leaders shared the ideology of development, and tried to stimulate the productive forces. The general drift from the countryside was another word for proletarianization, whether the millions of people involved finally got a job or merely some roof in a shanty town. (Besides, international aid designed to defeat famine further destructured the local peasantry.) Everyone talked about socialism, and every government did its best to lay the foundations of capitalism: creation of a national currency, of a tax system, planning, a boost to trade and industrialization.

The 1980’s completed the picture by the addition of a series of countries that benefited from production de-located by modern capital, but were bound sooner or later to pay the price of this dependency.

The move from the colonial era to post-colonialism happened at the zenith of the Ford-Keynes system, and meant a deeper capitalist stranglehold on the world. Whatever face it was put ting on, it could pride itself on a “progressive” nature, and pretend to be the best way into ‘modernity’, i.e. feeding billions, saving babies, schooling the kids, nursing the sick, bettering everyone’s lot, increasing life expectancy, freeing women, etc. However false and murderous that program was, it could claim some factual legitimacy. Walt Rostow, adviser to Kennedy, who praised “the stages of growth”, and P. Jalée who denounced “the plunder of the third world”, interpreted “development” in utterly different

Even a mild version of a “Marshall Plan” is unthinkable in any foreseeable future. No rich country is rich enough to play the part of the US after 1945. What’s more, the vast majority of the ex-Eastern bloc would be incapable of making Western money yield a profit.

It’s not economic indicators we’re talking about, but social dynamics. In the USSR, cost-inefficient firms struggled along under State supervision, and maintained some minimum social cohesion. Forced centralization has come to an end: the Ukrainian or Moldavian factory has to look after itself. Very few will be lucky enough to comply with international norms and costs. Among the others, some will close, some will survive from hand to mouth. Exchanging bureaucratic for world domination means the break-up of a social balance for which the shadow or black economy does not compensate: the mafia redistributes wealth worse than the Kremlin, and maintains less law and order than the KGB.

### **New Industrial Countries: The Limits of Exportism**

As in the other sections, we won’t try here to draw upon circumstances to prove long trends. For some Asian countries, the worst of the 1997 crisis could well be over. What we’re interested in is not the depressive condition of these countries, rather the nature of their alleged good health.

Capitalism is and supposes a fairly homogeneous, quantitative and democratic space, where each supplier of a commodity is worth no more than the commodity he is offering: in other words, this is the opposite of qualitative differences, of caste or ethnic boundaries. A country can only develop these conditions from inside. North America created them because the then most dynamic part of Europe emigrated to a continent where the settlers cleared the path for their way of life as we know they did, ie. through genocide. Then these Europeans succeeded because there was room for their rising capitalism on the world market. On the contrary, what’s been labelled “exportism” stakes its future on a market it does not control, or even (in the case of de-location on capital it does not control either).

The 1950’s proved the fragility of a South America that had been able to promote import substitution industries when the international markets contracted after 1929, but was unable to resist the renewed pressure of exports from the major powers after 1945. In the last twenty years, sub-contracting and de-location have brought few long term benefits. There’s even some re-location in rich countries, as in the case of textile factories going back to the US, where automation makes them profitable again.

The “Dragons” (Hong Kong, Taiwan, Singapore, South Korea) and the “Tigers” (Thailand, Indonesia, Malaya, the Philippines) are deeply dependent upon exports, more so than a country like Argentina in 1950. (In comparison, Japan has export/import and export/GNP ratios close to those of Europe and the US.) The weakness (or absence) of autonomous growth is a decisive handicap: those countries were able to manufacture first ordinary consumer goods, then sophisticated items, then machines, finally some hi-tech. Unfortunately the world market turned out to be too small. Except for Hong Kong, their strength takes after bureaucratic capitalism: centralization of a State-led economy, dumping, Korean **chaebols** operating like Comecon industrial-financial complexes, etc.

The very nature of the “Asian recovery” after the slump is a sign of vulnerability. A lot of it comes from (mainly Korean and Taiwanese) information technology exports, many of them targeting the US. However young they are, those countries are latecomers in a capitalist world that rejuvenates itself more quickly than they can.

Nobody wins the world competition game without a proper domestic market. Starvation wages and technology transfers will never make it possible to manufacture in Jakarta or Manila a car that meets European standards and can be sold in Brussels 10% less than a Renault or a Fiat.

In 1950, France and Italy had growth potentials: there was solvent demand for a supply about to develop. Today’s world market does not provide enough room for countries living off foreign trade. From Holland in the XVIIth century to Japan in the XXth, no emerging country ever made it that way. Capital does not mean just manufacturing cars, but having them bought and driven in the country that produces them (as we said, this implies a road network, therefore a unified territory and an efficient central power). We can’t talk of homogeneous domestic markets in Eastern Europe or Asia (Japan and

the Paris Commune, the Nazi camps, signified a victory of the ruling class, not the vitality of a system. In the US, the development of poverty-stricken areas and the increasing militarization of the police show a persisting crisis. A State that has to send tanks into the streets every ten years to solve its minority (ie. proletarian) problems only proves its failure. A real success would have been to integrate the Blacks (as when millions of them went into industry after the 1930’s), and to appoint Colin Powell and Condoleeza Rice to top government posts, without having the ghettos explode.

At one extreme, consumer frenzy, socialized privatization, and the Internet: never before have people been so apparently autonomous while belonging to a whole that separates them, opening them up to a universality that isolates more and more. Sociality is reduced to an addition of individuals.

At the other extreme, the Los Angeles police taking on the dangerous classes with the same faith in all-mighty technique as the US Air Force bombing Serbia: car or helicopter patrols (instead of cops on the beat), marked-out territory (thousands of L.A. roofs have numbers painted on them), as Mike Davis’ *City of Quartz* explained in 1990. In order to be controllable, the megapolis was turned into a gigantic computerized and geographic checkerboard.

Two years later, however, the riot revealed the limits of social wargames. L.A. is not the “city of the future”, only one demented face of urban life. Capitalism is based on circulation, not social or ethnic apartheid. A State that counter-attacks by waging war on sections of the population proves its brutal might, not its social refoundation. In 1932, when thousands of peaceful unemployed veterans were camping in Washington, the rulers replied by having the army march on them. This was before the New Deal.

The strength and depth of the former system was reflected in the myth of the “Average American”, the common man, who appeared in the first half of the XXth century. He had no equivalent of course in Hitler’s Germany or Stalin’s Russia, nor did he before World War II in France or Britain, where rank and status differences were still upheld as principles. Such a unifying image could not exist without the equalizing effect of generalized wage-labour and mass consumption. The social rifts of the 1960’s and 70’s tore away a figure that has remained heirless to this day. Our world has given up reflecting its unity.

### **A New Way of Life?**

The market alone is not a unifier, because commodities bring together **and** divide. Objects are bearers of social relationships, but don’t create them. Mass consumption divides: it allows everyone to belong to a given “tribe” (or to several), but it neither reunites nor structures like the “labour world” used to.

No society ruled by wage earning could be a “leisure civilization”. Leisure comes afterwards, as an aftermath of work. As for gratuity, a world based on money will always disregard what is free. Stamp collectors, mobile phone users, TV viewers and internauts only form a possible community if and when they do more than put stamps in an album, use a phone, a TV set or a computer. Services imply objects and matter. Tourists may wish to plan their trip to Latin America from the comfort of their homes: few would be content with a Machu Pichu of pixels. Only mutants could live virtually.

The motor car and the TV embodied a way of life because they helped structure daily life. There was unity between producing and consuming the symbols of modernity. In 1960, Chrysler’s unskilled worker could drive a Chrysler. Although no-one believed he’d made it with his own fair hands like a watchmaker made clocks, everybody saw the connection between work and the satisfaction derived from the object. In 2002, where does your computer keyboard come from?

Likewise, a car is a moving private space that’s able to gather together the nuclear family. PCs, CDs, mobiles only unite while keeping each person at a distance from the other. They connect people through the expansion of a billion individual spheres that each stretches its wire to the other side of the globe, at the expense of a common public space. This creates a new mental and emotional poverty. What’s true of digitalized communication also applies to trivial objects: from the jogger’s baby bottle to frozen food, a lot of items are designed for individual use. Sociability is not suppressed, just ever

more subtly outdistanced, disincarnated. Everyone can contact (and maybe soon see, and then touch, thanks to the data glove) all his friends, at any time, but will be less and less **with** them. Can we be social without actually getting together in person? Tele-life and tele-society won't exist any more than tele-work has any chance of being generalized. The juxtaposition of privatized time-spaces, the culture of the ephemeral, the "aesthetics of disappearance" (Paul Virilio) – these are contradictions in terms. None of that will recompose the failing social link.

No form of consumption yet structures life as the motorcar (with the individual family house far from the urban centre) used to. The printing press brought a revolution in reading. Hardly anything that is possible through the Internet is new: it speeds up some acts, buying for instance. But the e-business comes up against the banality of matter, as shown by Amazon's setbacks. Ordering may take a few seconds, but the commodity has to be manufactured, stocked and delivered. It'll take some time before a book ceases to be a block of printed paper that the prospective buyer will wish to handle. The same applies to a shirt or a vase. Until the species mutates, only objects with a low affective value will be chosen on a screen. The daily life of the Londoner in 2002 is close to what he could have known in 1970, whereas a world separated 1939 from 1970.

### **Decline (and not yet Fall) of "Deutschland A.G."**

The "Rhine model" (co-management, social protection, strong domestic consumption, growth based on exports of quality industrial goods) is holding out. The "social market economy" was the German version of Fordism, and Volkswagen probably the only true Fordian Company. Germany had to stretch itself to absorb the ex-GDR: in the East, before the present recession, unemployment was already high and re-industrialization was lagging behind. The German nationally managed labour-capital compromise is now threatened, but not destroyed by "globalization". In some fields, it is even expanding: the unions recently received more co-management powers, the government set limits on casualization, saved a big firm from bankruptcy, and workers get higher wage increases than the bosses want.

European and world competition, however, prevents German capital from giving eternal preference to social cohesion over economic performance. **Deutschland A.G.** is showing signs of change.

The coupling between banking and industry (which was essential to the "Rhine model") is doomed. The merger of the Deutsche and Dresdener banks will create the largest banking company and lay-off 10% of the personnel. In spite of the birth of Verdi, a mammoth union in the service industries, the number of union members (which remains high) is going down, as is the proportion of wage earners having a works council. In this context, the recent progress of joint management seems to be adding a new floor to a building with shaky foundations.

Something is emerging, but not asserting itself.

### **Empire of the Setting Sun**

The drive behind Japan's success was unbeatable: it sold as much as possible outside the country in order to pump up trade surpluses. But this formidable logic contains an inescapable flaw: you can't get rich by pushing your partners into debt. It led Japan into enlarging the scope of its sales, developing over-capacity in order to fight competition, investing in risky business (therefore nurturing "bad debts"), until finally suffering from market saturation and insufficient surplus-value creation. Such escapism had to slow down as early as 1990, quite a while before people talked of an "Asian crisis".

It took less than ten years for the herald of the "Toyota spirit" to be a victim of the obsolescence he was so good at engineering for his car models. The cliché is now to depict Japan as a fragile giant. The adherence of the worker to his firm through a protected job and systematic mobilization, the interplay between exporters and the Ministry of Foreign Trade (the MITI), the near fusion of finance with industry (six **keiretsu**, each centered around its bank), all these characteristics formerly described as proofs of strength, are currently analyzed as sources of dangerous inflexibility.

It was no secret that jobs for life (the fruit of hard protracted struggles) only concerned big firms

and mostly male workers. Sub-contractors and smaller companies have always offered much lower wages and worse work conditions. Moreover, apart from its world-competitive sector, Japan shelters a protected domestic sector, and their co-existence entails an **average** productivity inferior to that of its competitors.

But the consequences of this duality have only recently come to light. Japan was a pioneer in robotics, but failed to reform the wage-labour relationship as a whole, particularly in the building and retail trades. It neither made labour mobile enough, nor encouraged an easy flow between stable and casual work. As in Germany, the priority given to social peace (and to privileged bourgeois groups that dominate the **keiretsu** and their connections with the State) acts as a brake upon a "market revolution" which Japan has resisted more than any other country.

It's striking that at the end of the 1980's, when deregulation was fashionable, Tokyo tried to patch up the situation by more Keynesian policies, launching a huge public works program, swelling a public deficit which in 1990-92 broke all advanced countries' records. (Such public works continued throughout the 90's.) One of the leading world creditors was led by one of the most indebted governments. In 1998, the 17 biggest Japanese banks were insolvent.

Since then, a large part of the banking sector has been taken over by foreign investors. In the past, big companies were protected from bankruptcy because of their close ties with finance. Now they **can** go bankrupt, as did the Sogo department stores in 2000.

Japan's "meso-corporatism" is tottering but still going. Economy and State have been separated but not divorced. Sectors like the building trade are still highly protected. There's a persistent effort to promote export surpluses. Political competition is still warped by the monopoly of one party over central power since 1945 (which forces inter-capitalist conflicts to be solved through clan feuds within that single party). Japan has not yet fully entered what it calls **resutora**: the 1997 crisis reveals the necessity and the difficulty of restructuring.

### **All Disquiet on the Eastern Front**

Stalinist counter-revolution would have been impossible if it had not given the wage earner a guaranteed job and income, albeit quite low, yet with a few social perks. Compared to the situation in the West and Japan, that compromise had the originality of being able to ask everything from the worker, apart from intensive work.

In spite of Lenin's fondness for Taylorism, Scientific Management hardly made its way into State capitalism, where the proportion of unskilled workers remained fairly low.

In "State" as in "market" capitalism,<sup>15</sup> social evolution depended in the last analysis on the need for capital to rule labour in order to make it as profitable as possible. In the West, technological (Taylorist) and social (Fordist) innovations deprived the skilled workers of their know-how and eventually depleted their autonomy and resistance. "Backward" Russia kept the former production system (large-scale industry, often very similar to Marx's description in **Capital**), but put the workers under a bureaucratic (and police) control that was only efficient to the detriment of productivity.

Let's leave aside the ex-GDR, which was already closer to Western standards.

In over ten years since the Wall fell, bureaucratic capitalism has gone into near stagnation. Just a few countries (the Czech Republic, Slovakia, Hungary, Poland) manage to reach 1989 production levels.

Foreign capital is attracted by low labour costs: it expects short term profitability and transfers little advanced technology. It only sees the Balkans as a producer of oil and gas, and in fact treats that area as a third world on the outskirts of Europe.

Obviously Moscow could not become a replica of Seattle in a short while. Perhaps there's a slight resumption of accumulation in Russia: barter and "fiefdom economy" may be on the decline, and investment on the increase. But the preconditions of capitalism (economic and political competition) are far from prevailing in Russia or neighbouring countries.