

COMMON SENSE

Journal Of Edinburgh Conference Of Socialist Economists



- **NOIZE MUSIC INSURGENCY**
- **THE POWER OF MONEY**
- **MAYDAY**
- **MYTHOLOGY OF NEW TIMES**
- **MARX ON MONEY AND CRISIS**

13

COMMON SENSE

13

COMMON SENSE • EDINBURGH

*Published in Scotland by Common Sense, PO Box 311,
Southern District Office, Edinburgh, EH9 1SF, Scotland.*

Printed by Clydeside Press, Glasgow.

Typeset in 9pt Times Roman on 16pt.

Produced and Designed on Apple MacIntosh computers.

1993 © Copyright January 1993, by Common Sense and the individual authors indicated. All rights reserved.

Editorial Committee for this issue:

*Werner Bonefeld, Bob Goupillot, Richard Gunn, Robert Mahoney, Brian McGrail,
Andrew Watson.*

Notes for Contributors: if at all possible send articles (of no greater than 6000 words) on 3.5 inch IBM or Apple MacIntosh computer disc, otherwise send articles in clean typescript, please note that it would help the editorial committee greatly if more than one copy can be sent.

Subscriptions: please see backpages.

World-wide Distribution: *AK Distribution, 3 Balmoral Place, Stirling,
Scotland, FK8 2RD.*

British Library Cataloguing in Publication Data

Edinburgh Conference of Socialist Economists,

Common Sense

1. Social Theory

2. Philosophy - Education - Scotland

I. Title

ISSN: 0957 - 240X

Contents

Page 5 . . .	BEYOND THE NEWS NOIZE MUSIC: THE HYPOSTATIC INSURGENCY <i>by Robert Ovetz</i>
Page 24 . . .	MAYDAY or THE ONE-LEGGED DANCE OF THE IDIOT HOUSE-PAINTER <i>by Ed Emery</i>
Page 29 . . .	MONEY AND CRISIS: MARX AS CORRESPONDENT OF THE NEW YORK DAILY TRIBUNE, 1856-57. <i>by Sergio Bologna</i>
Page 54 . . .	THE GLOBAL MONEY POWER OF CAPITAL AND THE CRISIS OF KEYNESIANISM <i>by Werner Bonefeld</i>
Page 63 . . .	THE DANGEROUS MYTHOLOGY OF NEW TIMES <i>by Colin Hay</i>
Page 68 . . .	SOME NOTES ON JACQUES BIDET'S STRUCTURALIST INTERPRETATION OF MARX'S CAPITAL <i>by Helmut Reichelt</i>
Page 76 . . .	OPEN MARXISM, HISTORY & CLASS STRUGGLE <i>by John Holloway</i>
Page 87 . . .	SUBSCRIPTION AND BACK-ISSUES



Cover from "Book Your Own Fucking Life"

Front cover: The Dead Kennedy's

Noize Music:

The Hypostatic Insurgency

Robert Ovetz

Nirvana is the new hype sensation on nearly every radio station, the cover of every commercial industry rag, and has its' song "Smells Like Teen Spirit" ranked number one and as the MTV theme song. No doubt, as they have exploded from "obscurity" into the realm of the everyday so has the question of state of the independent music scene from hence they came. Unfortunately, the discussion about the alternative/college/independent/underground scenes have been long restricted to two narrow shallow propositions: whether they are the minor leagues of the music industry or whether they should remain pure from the infections of money, hype, and all the other trappings of the industry. In many ways, both positions are accurate -- many times concurrently. Yet, these propositions completely fail to ask or answer the questions of how these scenes came about and whether they demonstrate one of many possible new ways of organizing life other than around work. Instead of bemoaning the "coopting" of the scenes, we need to look at the substance of its still vibrant autonomous form of organization.

Noize with a History

Instead of the array of labels used to categorize and define these scenes, let's just use a word that is indigenous to the music itself: noize. The noize scenes grew from and against the formula music of the industry in the late 1960s and early 1970s with the Sonics, the Stooges, New York Dolls, Ramones, 13th Floor Elevator, MC5, Black Sabbath, Quicksilver Messenger Service, Blue Cheer, and others. However, it was not until the late 1970s that its growth was consolidated and communalized with the punk movement that brought with it many innovative elements -- clubs, zines, do-it-yourself labels, touring, distribution, college radio and record stores -- that not only are still with us but are facing potential institutionalization.

Not only is punk *not dead*, as many would like to claim, but it lives on in a multitude of sounds and scenes. If punk can be understood as playing the music you

want to hear and establishing your own means to circulate and enjoy it, while disrupting the rules and institutions of rock, then it is actually the dominant form of music in the US today. With Nirvana's success, punk is beginning to overwhelm pop music on commercial radio. This overwhelming raises the need to understand the antagonism between the autonomy of the scenes, where the music originated, and capital's attempt to institutionalize it as a means of making money, thus finding a new means of control by making us work to buy it.

Punk means less drums and guitar led music than being characterized by its ability to make noise and demand autonomy. Rap, industrial, experimental, grunge, grind-core, speed metal, anti-folk, et al each define and redefine their own scene and are beginning to overlap, share and communicate with each other. Rappers like Paris, Public Enemy, Ice T share the feedback of grunge and metal, while the Butthole Surfers, Godbullies, Mercury Rev, Steelpole Bathub and the Flaming Lips to name only a few are adopting sampling. Ice T has made the journey both ways by doing grunge on his rap albums and forming the grunge/metal band Body Count. Sonic Youth's *Goo* album features Chuck D of Public Enemy as does Anthrax who covers PE's "Bring the Noise." Sonic Youth even invited Ian McKaye of Fugazi as a guest on their recent album *Dirty*, making the relationship between "punk" and grunge even more cooperative. Modred even added a DJ to scratch records. Head of David, Godflesh and Loop cross grunge with industrial reverb. Even folk is getting into the act as Rebbly Sharp, Azalia Snail, Roger Manning, Kramer, John S. Hall of King Missile, and many on the *Guiterrorists* compilation are using heavy sampling and distortion effects. While each of these offspring of punk are distinct, they are also complementary.

These noise scenes are realizing the goals of a punk mythos that sought whether explicitly or inexplicitly, autonomy and collective relationships. By sharing their musical styles they are opening independent avenues of communication and discourse that is more meaningful than just singing about their mutual support, which is also being done. It entails an interaction that crosses class, racial and gender boundaries, not only weakening them in the process but reinforcing each other's power to fight their own battles within their own communities. Within the grunge scene, bands are crossing the so-called impenetrable line of race both ways by appropriating rhythms and techniques of rap while rappers cross for the solid pounding of grunge. Sexism is also under attack by women asserting their desire to do more than listen but to also play. And when men attempt to derail their participation, all-women groups like L7, Frightwig, Babes in Toyland, Dickless, Snatch, and the Lunachicks or groups whose members are mainly women like Hole, Honeymoon Killers, and Fastbacks are formed. In rap, Bitches With Problems, Hos With Attitude, Queen Latifah, Sista Souljah, and Yo-Yo are doing the same. These bands are creating new spaces for women and thus reorganizing the social relations of men and women whether or not they take on sexism in their lyrics. We should not see them as just reactions to sexism, but a creation of something new; a space within a community where women are discovering their own power, identities and histories while reorganizing the

relationships between men and women.

Much of grunge is off-handedly dismissed as "unpolitical" because of the lack of overt socially or politically relevant lyrics, found in classically defined punk. In fact, at the Epicenter record exchange in San Francisco or in *Maximum Rock N'Roll* (MRR) many groups are written off as "subpop" only because they have long hair or are on the Subpop label, oblivious to their inherent relationship to punk. For example, Seattle-based Mudhoney is often degraded and chastised without so much as an explanation of why their music isn't punk. Although their sound is distorted, has short or no solos, and rough furious vocals, they are written off as a "hair band." Until the *Every Good Boy Deserves Fudge* LP (Subpop 1991) few of their lyrics were about "issues" (except for their cover of the Dick's "I hate the police"). Yet, because their lyrics are becoming more "relevant" they may soon be admitted into the royal court of punk.

The Mudhoney issue underlies the trouble many have seeing how a band whose lyrics appear apolitical can be just as subversive in a different way as a band who reels off songs about revolution and sexism. We find labels of "political" used for bands like Bad Religion but not those without overt lyrics but with a similar sound. Yet, sometimes the "apolitical" bands are more subversive because they are creating new ways of living rather than just talking about it. This is especially the case with K records run by the Beat Happening folks who organize the annual International Pop Underground festival that warns industry types that they are to stay away. K is explicit about rejecting the subordination of music to profit and commercialism and yet few of the bands they circulate even mention this. K stands up much better than Bad Religion's label Epitaph which is an explicit business with overpriced "import" LPs, full media blitz's for their bands, and other commercial tactics. And yet Bad Religion is seen as the example for "political" bands to follow.

When these scenes are analyzed (if they are at all) they are seen as evolving as a *reaction to something* rather than as the *creation of something new*. The idea that the independent scenes are being coopted by the industry (epitomized by Nirvana's success) is based on the idea that noize grew as a *reaction* to the sterility of commercial music and has no identifiable character as a community or autonomous network. Noize is perceived as a miniature model of the industry: small labels are small businesses, record hoarders make money by taking records out of circulation to make money off their soon inflated prices, clubs and distributors are exploitative. No doubt each of these exist to some degree but the question is whether this defines the noize scene or if something more akin to cooperation, networking, sharing, independent production and circulation does also.

Seen as a reaction to the commercialized pap passing for music, noize is assumed to be vulnerable to the more powerful forces of commercialization or institutionalization. With L7, the Flaming Lips, Janes Addiction, Loop, Thee

Hypnotics, Sonic Youth, Head of David, and Nirvana on the big labels the question of whether they've sold out is answered even before it is asked in endless reams of interviews. Seeing noise as passive and powerless is to overlook the vibrancy of the scene founded on the social networks that built and sustain it. It assumes that the industry is on the offensive and in control and acts only from a position of power. The flipside is a sterile and defensive noise scene bowing to the unpenetrable strength of commercialization. This is why we hear "punk is dead" so often and "noise has sold out."

Yet, it seems that the industry's move to sign all these bands is a *reaction to our own power*. No doubt the music industry is in crisis; sales are falling, albums sit on the shelf, commercial radio is challenged by student run radio, and countless prospective bands never receive any following. Meanwhile, the independent scenes have been growing since the late 1970s even while they have been completely censored from the mainstream media. Rap has grown as big if not more than most big label bands without the news coverage, airplay and video access. NWA, Ice Cube and other hard core rappers sell their first million records in only a matter of weeks after their release through their own networks that operate independantly of the industry. Without airplay or videoplay, Public Enemy has become a household name in white, black and brown homes. Metal bands do covers of their songs, grunge bands wear their shirts, rap bands sample their sounds. With the attempt to institutionalize rap as theme music for commercials or reduce it to its least common denominator through Vanilla Ice, just as the industry is now trying to do to noise with Nirvana, the scene not only survives but is vibrant and growing. For every band that "sells out" there are at least a dozen more pounding away, experimenting and creating sonic chaos. And even the "sell outs" are keeping their roots strong: Boogie Down Production's KRS One and Sonic Youth's Thurston Moore are busy performing on a lot of independent albums, doing side projects on other bands, starting their own labels, and even assisting others to get their music out.

Even the industry's attempt to institutionalize rap and noise are unsure, unmanageable and proving unsuccessful. The *New York Times* reported in a January 1992 story that industry "intelligence" has no idea why Nirvana has become so popular. They put in very little money (as much as for Sonic Youth's *Goo* which is relatively little for the big labels) and little attention and yet they sold ten million albums worldwide by early 1992.¹ To describe this process as an invincible concerted effort at cooptation is to overstate and mystify the power of the industry. With the multinational, multidimensional growth of the noise scenes, *the industry has been forced to respond to us*. It is being forced to deal with millions of people's demands for not only new, more sonically disorienting and challenging music, but new ways to play, listen to and circulate it.

¹ Michael Lev, "Is hit album a fluke or marketing coup?," *The New York Times*, January 13, 1992, p. D1. This appeared in the Business section.

This is being demonstrated in the new way the industry is handling newly signed independent bands. Unlike bands incubated artificially by big labels, these new bands are being given a relatively hands off approach: let them choose their style, image and album cuts. The why is simple. The industry only wants these bands so they can cash in. But if they changed them they would automatically be cutting off an already created audience of listeners, zines, record stores, and clubs who like them and who would never give any heed to either an unheard band without any real history or home or one reorganized to sell CDs. They're playing it very safe by signing only proven bands and selling to an established audience. Such a strategy should alert us to a crisis running rampant throughout music capital. Even with MTV, *Spin*, and CDs the industry's laboratory bands are too unsure. Noize bands come ready with audience. This should demonstrate that the industry is on the defensive responding to our initiative.

Of course the threat of becoming institutionalized is real but the outcome is not as clear cut as many would have us believe. When Columbia attempted to buy out Subpop, which grew from a home-made operation to the noize scene's most successful label and possibly biggest business, many cried tears. Yet the potential that comes along with the threat was ignored. Under Columbia, Subpop would have had access to more resources to get out the music of even more bands to many more people than ever before possible. And even if it had died as we know it, there are innumerable other labels who could have easily filled the void. The vibrancy of the scene is strong enough to overcome and account for these types of threats or losses.

But what is the content of this vibrancy? What makes the noize scene (from here on I am talking mainly about grunge, industrial, grindcore and "punk") flexible, regenerative, subversive and collective? We would need to examine the noize scene in particular and the various ways in which it organizes itself.



The Music is the Movement

*Hey - gold connections
Analog soul waving yr hair
She's talking blue streaks everywhere*

*Your spirit is time reversed to your body
Stereographic mix-up field on field
It started growing the day your body dies
Only apparently, real to unreal*

*Hey - stereo stations
Perfect image, kneel down
Hey - hypostatic information
Come on let's hear you turn it around
--from Sonic Youth "Stereo Sanctity"*

Sonic Youth has sped the transition from classically defined punk to noise, hinting as their name seems to suggest, that the source of our youthful rebellion lies with the music and need not be explicit in the lyrics. They provide a sonic assault alongside a violation of the concept of "song" which we understand to have a beginning, end, climax, verse or even chord. Much of their music could be understood more as if they were tuning their instruments or experimenting than actually playing as we have come to know it. And yet, even on *Goo*, which many describe as a "big label sell out", they continue in this vein with the chaotic, formless "Margaret Pierce," and by beginning a song with the same chord as they ended the previous one, as if to alert us to how the break is used to make us accept the idea of the boundaries that indicate the start and finish of music in the form of songs. The Flaming Lips, Loop, Godflesh and the Melvins are sympathetic to much of the same unmanageable sound that weaves from the same electronic instruments but still somehow refuses to be heard as a "song". Many times, they repeat rhythms endlessly, and amplifiers and distortion pedals are used to create static and feedback that becomes like any other instrument, not only by pushing their equipment to its maximum electronic capacity, but by purposely eliciting a questioning of what can make music, as rap has done with prerecorded music.

The music itself exhibits a vibrancy and body that not only slams up against our preconceptions of what music, songs, and noise is but does so within a social context much the way rap uses sampling as historical reference to slavery, black struggles, other black musicians and racism. Besides performing covers, many rap and noise bands alike lift and recuperate riffs, rhythms and other methods of existing and no

longer existing groups, placing their music into a rich social and political context. Loop and Head of David's appropriation of Can's style from the 1960s or Mudhoney's use of Blue Cheer shows how this is being done. It is not by accident or as the result of "ripping off the 70s" as some like to claim. In fact, "punk" was fond of doing the same: the Dead Kennedys covered Cream and others fed off the searing sounds of MC5 and the Stooges. Even Ice T uses Black Sabbath and Jello Biafra in "Shut Up, Be Happy." Just as a writer borrows other writers' ideas and styles, so do musicians by listening to other's music. What we are fed as music from the "60s" is the same garbage we're being fed as the music of "today". It just so happens that a lot of people are discovering bands censored from history that were around in the 1960-70s such as Blue Cheer and the Sonics. This is explicit with Mudhoney that does a song called "Magnolia Caboose Babyshit", a version of Blue Cheer's "Magnolia Caboose Babyfinger."

Grunge, like rap and other forms of music, has a history that is often recognized and learned from by those in the scenes. To write it off as "apolitical" or "white kid's music" is to underestimate its expression of a range of dynamic feelings, desires and visions of a whole generation.

Labels, Zines and Distributors

There are possibly hundreds of labels and many more times that number of zines. Labels can be examined in two ways: as something a band creates to put out only their own music and one that puts out their own and others' music with the intent of channeling its revenues back into the label to keep putting out others' music. I would estimate from reading *MRR*, *Fact Sheet Five*, *Sound Choice*, and *Flipside* (who feature numerous adds and reviews) that there are at least 200 of the latter type in the US. Many of these labels also have expanded into becoming distributors, providing the music to stores and stations for other labels that don't have the capability to do so themselves. The now defunct Rough Trade was the largest, but with the continued **thriving** of the noize scene, far from the fundamental distributor/label. Twin/Tone, Touch and Go, Cargo, Subterranean, Taang!, Subpop, K, Lookout, and Caroline are other large labels that also split their time as distributors circulating and promoting bands.

Zines have grown much like the labels. Many are started by someone who wants to put together their own zine, and distributed their xeroxed and stapled zine around town. With "alternative" zine and book distributors like Flatland and a review zine like *Factsheet Five* there is a strong chance that a homemade zine can be found in the local independent record store or even Tower records.

Starting a label or zine takes time but it does not take much money. LPs with cover art cost a little more than \$2 each for between 500-1000 pieces. 7"s cost a little

more than \$1 and the cover can be easily xeroxed. CDs and cassettes are also little more than \$2 each. To start a label, which I am planning to do, would take about \$500 to do a run of 500 7"s of a band. If the band and record stores can sell them locally and promos can be sent to a number of zines for reviews and to college stations for airplay, those copies should be sold in a short time and the money recycled back into more releases. The folks at Simple Machines, who have a label, published a superb "how-to" pamphlet to putting out your own music.

Zines work just as easily. With the wide availability of xerox machines, zines are as easy as writing something and going to the nearest xerox store and running them off. Circulation takes putting piles around town, sending them to friends and review zines (*Fact Sheet Five*, *Flipside*, *MRR* are the big ones) so people can find out about it and send for a copy. There are also a few distributors (Flatland, Subterranean, Blacklist Mailorder) who will list it in their inventory.

Many times the labels and zines overlap as do all the other facets of the scene. For example, many zines are also labels and distributors such as Lookout and many put out records and zines. This overlapping can be perceived either as limited by the incestuousness of the same people working on everything or as the close personal connections and relationships shared by people who are making the music the fundamental aspect of their lives.

This does not even begin to take into account the vast cassette networks where people record, decorate and exchange spoken word, poetry and other music themselves and sell, trade or give away by mail. While it is common for many bands to first record on cassettes before vinyl, many people use cassettes as their primary form of communication storage. Nonetheless, in Austin, Texas, there are hundreds of recently recorded cassettes at any one time, many of which can be found at shows or record stores.

The power of the cassette networks is exponential and limitless since cassettes are very accessible, reusable and recorded with ease. The no longer existng *Sound Choice* magazine was dedicated to documenting and circulating the networks. As David Ciaffardini wrote in its last issue in 1992: Throughout the cities, suburbs, country hamlets, and hillside hollows of every country of the world, the miraculous audio cassette -- some would call it a sacrament -- has been distributed; a means of global theatre and multi-cultural communication cut free from the debilitating leg-irons of mass-media mega-monopolies and government regulation."

"Home taping is killing the music industry," business cries, as millions short circuit monetary exchange to tape their albums without buying them. *No attempts to over-price cassettes or prevent the implementation of digital cassettes (known as DATs) --*

² David Ciaffardini, "Cassettes are evolutionary tools," *Sound Choice*, no. 17, 1992, p. 61.

that can make identical copies of any original including CDs -- has been able to shut down these networks. Cassettes can be found all over the world in the hands of billions of people. Even prerecorded cassettes can be reprogrammed with a little piece of tape over the holes on the top. The audio cassette, Ciaffardini summarizes, is "a glovebox micro-media for a generation of sonic youth" scrambling to create new ways and forms for interacting and living.

Together the cassette, zine and label networks have created a vast network of relationships that are autonomous from, even if sometimes utilizing or utilized by, the industry. From start to finish, a group of people can start a band, get instruments (borrow, buy or share in musicians' coops), find a place to play, find places to stay and play on tour, record, release their music, promote it as infinitum nearly completely outside the industry.

While these activities all utilize various aspects of capitalism such as money, production, work etc. that goes into the construction of the instruments and supplies, as well as the operation of a record pressing business say, in most cases they only utilize them but do not become capitalistic. In many cases the capitalist aspects are subordinated to the desires and intentions of those involved in the process, whether that be to make enough money to survive as a musician or label without becoming a worker or business or just to have something interesting to do. Another way to look at it would be to see something entirely new growing from within the old, destroying it in the process. Rather than making music to make money, or create work to control people, many in the noize scene are trying to create a way of living where the making of music and its sharing with others is the predominant characteristic of the way we choose to live. It may not be flawless nor explicit, but it is a thread that ties a lot of diverse people and activities together. All other considerations about making more money than is needed for subsistence, endless growth, and dominance are frequently subordinated to the perpetuation of this way of living.

Another aspect of the "vinyl community" -- that is people who enjoy, produce and circulate LPs and 7"s -- is its international violation of borders and the set of laws that come with them. It is increasingly commonplace for people in Europe or Australia to rerelease US releases in their own countries as well as US based labels to do the same. Even though taxation makes imports more expensive in the US, there is still a lot of effort to make sure this music circulates regardless of national barriers. In fact, labels seem to be devising new ways to have imports released in the US without the higher price, though I am not yet sure how its done. At least three labels are releasing European LPs in the US without or with little of the added markup. Much of this interest in "foreign" releases comes from a vast touring network that helps European bands tour the US and US bands tour Europe and even Eastern Europe. This is not limited to well known bands but also smaller ones with barely one release to their name.

Where imports fail to overcome the barrier of taxation and licensing, bootlegs take over. Bootlegs can be found for almost any LP, especially imports and LPs and 7"s that have been artificially put out of print by hoarders. Of course, the beauty of bootlegs is their subversion of copyright and licensing, although the downside is the musicians rarely get any of the proceeds. Yet many bootlegs are done more to circulate music that collectors have forced out of print to jack up the price than to make money, which is nearly impossible since their illegality would make it hard to sell many copies.

The shift from vinyl to CD has temporarily disrupted much of this process. At a time of vibrant success of the noize scenes, moves to sign many of the most well known bands and economic recession, the phasing out of LPs comes as a conspicuous attack on the scene's process of circulating its own music. Of course, the immediate affect is that a label's stock of vinyl is made unwanted and a possible threat to its livelihood if no one will buy them since they have very few resources to absorb a loss. It forces the small labels to invest in an additional format, thus doubling the required investment needed to operate if it still puts out vinyl. The switch will also make it very expensive for small labels to re-release out of print albums, which is happening already with blues. And at a higher selling price, it also cuts off the listener from the level of access maintained by listening to LPs which sell for up to 50% cheaper and by forcing us to buy entirely new CD technology.

It seems the implication of the CDs is to disrupt the noize scene's independence from the industry, maybe jolting enough of them so that they become dependent on the big labels and are thus destroyed. Fortunately, this hasn't happened on a wide scale. Many labels have added CDs (while many unfortunately have dropped LPs) and add more music (sometimes two albums on one CD for less than big label CDs) to make up for the shock. Some labels like Boner and Dischord are filling CDs with much more music than other labels and keeping the price down. LPs have far from disappeared however since many labels are still pressing them and even 7"s are growing in popularity, frequently selling out very rapidly. Even 12" dance mixes can be found everywhere, and rap labels still press large numbers of LPs. As far as I can tell, Rough Trade is the only label or distributor (although the collapse hurt many others who had stock tied up in their warehouses) that went under at the same time CDs were placed into a position of dominance.

Since LPs are used as instruments themselves in rap and industrial, their planned obsolescence undermines the making of the music itself. In the case of rap, the music is made by anyone who can get access to a turntable, PA system and a tape recorder or sampler. Anyone can make the music because it requires very little cash to buy the necessary equipment, which is available everywhere. Vinyl has been used as one of the instruments, proving to have active multiple uses for sampling and scratching other than just being listened to for its prerecorded material. In a sense, the technology for making rap music has been devised by the people who are making

the music themselves by inverting and redesigning existing forms of technology so that they serve new functions and satisfy new unintended needs. The turntable no longer just plays music but makes music by spinning records in jerking, backwards and forwards directions by hand -- longtime sins among audiophiles. Black and Latino youth have demonstrated an amazing power to redesign and reappropriate forms of technology intended for social control into new vehicles of communication as part of a growing organic insurgency. By implication, the elimination of LPs is a counterattack against this reappropriation of music technology since CDs are self enclosed in digital machines making them less easily manipulatable, although new ways are being found to make them skip, repeat, run backwards and do other unimaginable and unintended tricks.

College Radio

College stations began to rapidly grow in number in the 1970s and 80s as students made demands on their universities for resources to gain access to equipment to play music they want to hear, such as KTSB at the University of Texas at Austin. Although nearly nothing has been written about how these stations have come about, their impact on circulating music from these noize scenes has been indispensable.

College radio is one place to tap into this vast network of zines, bands, labels and noize. The noize labels provide all their music to them for free, using them to help alert people to shows and new releases much like pirate stations keyed people into vast student, women's and other political movements in Italy and England in the 1970s and 1980s. Some stations also provide airtime for local groups to do their own community affairs programs, air alternative news sources such as Pacifica (network of alternative radio stations) and play music that is coming under attack by the PMRC (Parents' Music Resource Center, run by Tipper Gore, wife of US Senator Al Gore) for its hellfire content and form. Most of all, they are vehicles for young and old alike who hang out around the university areas to stay in touch with what's going on in the noize scenes by allowing almost anyone to devise their own shows.

It has taken very little time for much of this to be turned against college radio however. Just as the industry is attempting to appropriate rap and noize's independent communication and circulation networks, it is making an effort to utilize college radio as a conduit for commercializing and thus controlling these scenes. This is taking many forms: flooding each station with promos, hype, giveaways, interviews, freebies for music directors, hiring ex-station employees, or even flooding music directors with daily phone calls to push their new products. Some stations are resistant but mostly it's up to the individuals targeted for industry attention to make the decision under pressure. All of this has the effect of squeezing out the small labels from the new music rotation (since they can barely afford to send one copy or do not want to send any) and inundating stations with promotional junk.

The transformation of college radio goes much deeper. The stations are beginning to become standardized outlets for testing the industry's new merchandise. Stations have students do the work of keeping new music rotations, require that DJs play and code new cuts, count how many times a band gets played, and report rankings to the *College Music Journal (CMJ)*, *Rockpool* and labels. In a sense, many are becoming no more than unpaid employees of the industry testing and tracking the success of their merchandise. Some even take a few days a year to have their DJs fill out BMI logs for the calculation of royalties. All of this does not exclude small labels, who are utilizing the same services although on a smaller scale. The new intense attraction of the industry to the noise scenes has been led by college radio. It has both exposed millions of people to new types of music, zines and clubs as well as attracted the attention of commercial interests who seek to gain control over it.

College radio cannot be separated from this development. Since, as I've discussed, the industry is attempting to appropriate not only these noise bands, but their already self-organized communities and audience, they are also attempting to keep in place the vehicle that is responsible for jelling much of it: college radio. Yet, whether this is working as planned has not been demonstrated. Sure, they are hiring ex-DJs to scout the scenes for bands and drowning new rotations with the junk but whether DJs are playing it or just saying they are playing it is the question. Many DJs fudge their music log sheets to get around playing the required crap. DJs are rebelling, keeping new music requirements to a minimum fraction of airtime, meaning much more music than what labels want played is being played. For example KTSB DJs must play five new cuts an hour out of a possible twenty. If two are big label bands (10%) then 90% of what they play is of their own prerogative. Yet, because stations only report new releases to *CMJ* and *Rockpool*, the vast array of music, spoken word and the like being played is not known.

Censorship is also increasingly being deployed as a way to interrupt the vast networks of communication being driven by college radio. In addition to warning stickers, right wing Christian, "family", and PMRC type groups are targeting college radio for playing rap, rousing spoken word and poetry by Jello Biafra and William S. Burroughs and other explosive types of music. A temporary ban of "explicit language" lasted for a few years until 1988 when the Supreme Court ruled that midnight to 6AM is acceptable. Many stations however are seeking to reverse these restrictions, begun by a Supreme Court ruling against Pacifica Radio in the 1950s for doing much of what college stations do today, refusing to be censored 24 hours a day (such as KXLU in LA) or giving free play from as early as 9 PM to the mornings. Many stations are using the concept of "community standards" to demonstrate that the listening community wants and is not offended by material right wing groups claim should be denied to them. This defence is most successful in large cities or areas with large developed music scenes.

However, the threat of FCC penalties for explicit material has transformed many

stations staffs into cops, instilling self-censorship out of hyped fears of reprisals or punishing recalcitrant DJs. (I myself was fired for refusing to follow these regulations but was rehired the next day after a large outpouring of staff support for me). The fear is certainly hyped, since the FCC has suffered massive staff reductions making it nearly impossible for them to monitor even the restricted locations they do normally. The only threat comes from that of a listener who might report the station for violations. This has been documented to have happened but very infrequently, demonstrating that the right wing's impact is greater than their actual strength just by perpetuating an irrational fear of being monitored. Yet, a sickening willingness to censor oneself for the sake of abstract rules is rampant among college DJs throughout the country.

Many stations are resistant to such pressures to impose censorship. In California college stations have formed a network that produces shared programming about censorship and free speech and has joint days of on-air programming about the threat to these freedoms. Isolated, a station is vulnerable, but by linking up with others under the same threat college radio will be able to repulse this attack by weakening the pressure to succumb.

One other serious threat is being directed from the university administrations themselves, who when alerted to the challenging content of a station's programming have frequently pressured stations to change or have taken them over. There are recent cases of stations in Kansas, New Mexico and Wisconsin where free form stations have been taken over by their universities and turned into classical or jazz stations. KXLU itself is forced to play classical music from 5 PM to late evening. Since many stations are vulnerable to university interference, there is an additional pressure to censor oneself hanging over the heads of staff members. Yet, many stations are resisting this by devising legal autonomy from the university administrations or seeking independent revenue sources such as KANM in College Station is attempting to do.

Clubs and Touring

In almost any city one can tap into the noize scene through the local clubs. By scanning the paper or local entertainment magazine, one can find out about a band and check out the club where people with similar interests can be found, zines discovered and even information about other clubs and used record stores gathered. Clubs are the exposed public zone of the rhizome-like organization of the noize scenes. While there are many problems with outrageous cover, banning people under 18 years old, ripping off bands and undercover cops, clubs are more than just a structure. Those who frequent them transform them into public spaces where people with like views and desires can meet, share the experience of music and develop social bonds that can extend far beyond the doorman.



EPICENTER ZONE

475 VALENCIA NR. 16TH

(415)431-2725

Hours: Tues.- Fri. 3 -8, Sat. 12-8, Sun. 12 -7

PUNK AS FUCK

Postcard by the "Epicentre"

Many of these problems of clubs have been circumvented by people who organize their own temporary, cheap or collectively organized clubs. Outside of urban cities or those without clubs that will book noize or punk, many shows are organized at rented churches, neighborhood centers, municipal auditoriums, parks, or in back yards. In 1991, two shows were organized and publicized anonymously in the California desert which thousands have enjoyed. Unable to break it up, the police were forced to allow the 1000s to spend the night taking in the music and desert.

Many have made efforts to create long-term alternatives that are frequently self-organized by those who use them, whether band members or listeners. Aside from DC Space, and ABC NO Rio, Epicenter in San Francisco, Gilman Street in Berkeley, and 404 in Detroit have been formed. The collectively run Epicenter is used for shows, has a library (and xerox machines), buys and sells used LPs, CDs, 7"s, and zines and provides a place to hang out, meet people and play pool. 404 is run very similarly by those who use it as a place to hang out, put on shows, have meetings and circulate information. Some clubs are formed out of disgust with the exploitative ones. In Austin, the Ritz was for a long time the only place punk bands could play and had very low cover. Today, the Cavity has taken over from the Ritz charging low cover, allows "underage" attendance, has an outdoor patio and allows people to bring in their own drinks. LA's Jabber Jaw also has much in common with Cavity, charging as much as 1/3 the cover for touring bands that play elsewhere in town. It is no surprise Jabber Jaw has faced heavy harassment from city agencies that regulate the clubs for the benefits of the larger ones.

One club should be mentioned in particular. Emo's, with a club in Houston and a new one in Austin, charges no cover for everyone over 21 years old and \$5 for everyone younger for every show. The free shows (at least for those over 21), along with the very inexpensive drinks, has literally transformed the Austin grunge scene by severing the music from money. Since Emo's opened in late Spring 1992, other clubs that feature similar music have been forced to reduce their prices and even offer free shows or go out of business, thus severely weakening the relationship between live music and money throughout the city. As a result, many diverse types of people who would not otherwise go to see these types of shows can be found at Emo's. Although there are problems with poor sound quality and discrimination against "minors", Emo's allows many people to become exposed to new types of music they would probably not otherwise hear, while bringing many often antagonistic groups together to share the music and the common spaces of its two outdoor areas.

Although some touring takes place through booking agents dealing with clubs, most bands utilize contacts that flow along the branches of the rhizome. Everything from getting equipment, borrowing money to fund a tour, finding a friend to be your roadie or even getting a show relies on relationships among people that extend over and above business contacts and legalities. While there are formal promoters who book shows for more established bands, much of it is done by a "manager", a fancy term

for what is most often a friend who is helping out the band. Many times, the place you stay or play can be determined by whether or not you or your friends know somebody in the noize scene in a certain town. Some zines such as *MRR* offer addresses and phone numbers of people in many cities willing to help out a band who wants to play there. And even without that much help, it isn't too difficult to meet somebody more than willing to put you up for the night.

Touring, like forming a band or putting out a zine or record is self-organized along strands of a network that flow over barriers and divisions of geography, commercial interests and even legality. Its organization is rhizomatic, as I've called it, because it extends in many interconnected directions at all times and the exclusion or elimination of one strand is never a threat to the persistence of the whole.

Local Scenes

The interaction among zines, clubs, stations, alternative record stores, labels, bands, friends, fans, poster artists, and entertainment publications constitute what some loosely call a "community." Yet it is hard to call all of this a community since many of those involved do not know each other or even overtly agree on what they are doing. Yet, their collective actions may together form complementary social relationships that allow many people to live by doing what they love most of the time instead of having to work. People who are part of the scene may have other identities they wear as parents, students, slackers, artists, shit workers what have you, but how they relate to each other and live through and by making music has meant the reorganization of the way they live as they live here and now. No abstract "intentional community", alienated from everyday life, can offer as substantial a substitute.

Through the circulation of music, zines or touring, these scenes cease to be only local in character and take on unique identities in a rhizomatic territory of scenes. This means that the Austin scene differs from LA's and LA's from San Francisco's etc. These intersect each other as people migrate or tour from one to another city through contacts made through the scene. Knowing people in bands, or into noize in another city facilitates relocation there just as Mexican, Jewish or Vietnamese immigrants travel along networks created by relatives or friends who have established themselves in a different country.

Future in the Present?

Together, these differing facets of the noize scenes form more than just social contacts themselves. They demonstrate a group's attempt to find new ways to live outside the world of endless work and tedium. It is no accident that most of the people involved in one or another area of the scene tend to work very little or only when they need

money, or hold McJobs that they are aware are temporary and meaningless, or are perpetual students, or are unemployed or homeless, or living in the band's practice space or scammers making their subsistence through petty proletarian shopping or doing informal kinds of work making fliers, renting their bodies for pharmaceutical experiments, giving lessons, fixing instruments, working the door or whatever. For many people, work has been forcibly reduced to its utmost minimum and even then pushed and shoved and kicked to the sparest moments of their lives, only let out for a little sun every once in a while. Work is a conscious enemy to be not only avoided but beaten at all costs. The noize scene is a war on work for the love of life and leisure.

The way men and women relate are also being reformulated. The formation of all women groups, the rapidly intensifying participation of women in bands, as managers, and club, label and zine owners is transforming the way men and women are relating and living with each other. Not only is male domination being dismantled but women are devising their own self-organized and autonomous means for understanding and relating with each other.

The implications for how we perceive the noize scene as a subversive force is powerful. Contrary to attempts to subordinate so-called "cultural" or "subcultural" activities to more "political" struggles, the noize scene can be recognized as an overt political force antagonistic to capital's organization of life around work. Rather than identifying the people who have organized and enjoy the scene as "workers," or whatever other label capital would prefer, we can see them as multidimensional people who have identified themselves first by their interest in music that has become a dominant activity of their life while reducing work -- the means in which capital organizes life -- to its absolute minimum or as just one activity among many. In this way, noize is not only political in a narrow sense, it is one of many forms of self-activity both subverting capital's organization of life at the same time it is creating something self-valorizing, a new autonomous way of living that is both antagonistic to and transcends the old. The rapidity of the music industry's attempt to control noize demonstrates the great extent to which this self-valorization has grown.

Yet, these spheres of autonomous reconstruction of life are also establishing complementary alignments not only with distinct types of music and their scenes (rap with grunge for example) but with other forms of self-activity that hold the potential for the circulation of insurrection throughout capital's social organization. In *The Wretched of the Earth*, Franz Fanon saw post WWII jazz as a prelude to a black insurrection that would slam against racism in the US as it signaled the beginning of the self-expression of black strength. By reading "cultural activities", Fanon suggested one could see the brewing of widespread insurrection. "Well before the political or fighting phase of the national movement, an attentive spectator can thus feel and see the manifestation of new vigor and feel the approaching conflict. He will note unusual forms of expression and themes which are fresh and imbued with a

power which is no longer that of invocation but rather of the assembling of the people, a summoning together for a precise purpose."³ Likewise, the searing, jagged edge and chaotic sounds of Sonic Youth, Skinny Puppy, L7, and even Nirvana suggest a brewing antagonism just below the surface communicating, sharing, listening, playing, drawing and circulating its music, art, news, cassettes and albums with one foot in the work machine and one in a multitude of open ended futures.

The noize scene offers others glimpses of new ways of living that are fundamental to the music and how its played, shared, circulated, and reproduced. It is not accurate to call it "underground" because it pulses in public among millions of listeners, zine readers and bands and crosses state lines at top speeds without a license carrying hellfire contraband. What exists is sometimes unmatched by any existing vocabulary, which may explain why no one really attempts to write about it in this way. The music we make ourselves has contributed to the riddling of capital and its music industry with a crisis of disproportionate dimensions answered by a desperate attempt to institutionalize and appropriate it for putting us back to work, yet this time with Nirvana over the Musak cablewaves. From this crisis is emerging new forms of living, new miniature societies exploding open the possibilities yet unimaginable for how our lives tomorrow are being lived and enjoyed today.

Some contact addresses:

Maximum Rock N' Roll, P.O. Box 460760, San Francisco CA., 94146-0760, USA, 415/648-3561.

Lookout, P.O. Box 11374 Berkely, CA. 94701, USA and P.O. Box 2301, London E17 9DA England.

Blacklist and Epicenter, 475 Valencia St., San Francisco, CA, 94103, USA, 415/255-0388.

K Records, Box 7154, Olympia, Washington, 98507, USA.

Subterranean, P.O. Box 2530, Berkely, CA., 94702.

Cavity Club, 615 Red River, Austin Texas, 78701, 512/472-4757.

³ Franz Fanon, *The Wretched of the Earth*, Grove Press, 1963.

Emo's, 603 Red River, Austin, Texas, 78701, USA, 512/477-Emos.

Flipside, P.O. Box 363, Whittier, Ca., 90608.

Factsheet Five, 6 Arizona Ave., Rensselaer, NY, 12144-4502.

simple machines, 3510, north eighth street, arlington, va. 22201.

Robert Ovetz is a noize freak. He can be contacted at P.O. Box 49814, Austin Texas, 78765, USA, 512/479-8851, and ETTIB@UTXVM.CC.UTEXAS.EDU. (email).

MAYDAY

or

THE ONE-LEGGED DANCE
OF THE
IDIOT HOUSE-PAINTER

London N.16. First of May

On Mildmay Grove a house is being painted.

There is no scaffolding up the outside of the house.

The lintel above the sash window on the second floor has to be painted.

The idiot house-painter is doing a dance. He has squirmed his way out of the window and stands on the window ledge.

It is a one-legged dance. Since the lintel is out of his reach, he has placed a paint-pot on the window ledge.

He hangs onto the window with one hand, balances on the paint pot with one foot, waves his other leg in the air to maintain his balance, and with the paint brush that is in his hand he tries to paint a spot that is just out of his reach.

"Will you just look at that stupid fucking bastard," growls a voice from next to me. "He won't live to collect his pension."

The power of trade unions in Britain has been decimated.

Health and safety provisions in workplaces are a dead letter, since there is not the power to enforce them. The inspectorate that was to have supervised these matters has been cut to shreds and lacks the personnel to initiate prosecutions.

Statistically-significant strikes by workers in the past year were down to 400. This compares with a yearly average of about 1,000 in the 1980's and 2,500 in the 1970's.

"How can anyone with any fucking self-respect wobble on a fucking paint pot two

storeys up in the air to paint a fucking window?"

The voice from next to me comes from a man who is lame. A broad London Irish accent. He is marching behind the TGWU banner at the head of London's Mayday march.

From his conversation he appears to be a building worker. He is one of about 40 trade unionists, old, time-served, who march at the head of a march that, over the years, has seen fewer and fewer of their kind represented.

This morning I phoned the headquarters of the Transport and General Workers' Union:

"Hello. I wonder, could you tell me, is there a Mayday march in London today?"

"To do with what?"

"To do with the MAYDAY, that's to with what...!"

"No. Sorry. I wouldn't know."

And nobody else at TGWU HQ seemed to know either.

A person could just grit his teeth, mutter a curse, and spare a passing thought for all the comrades past and present who gave of their lives to build the struggle for socialism. My friend's words spring to mind:

ANGER UPON BARBED WIRE HANGS

Cry out the voice of history's anger,
Naked anger, born within the womb of Russia,
Suckled at the breast of Bolshevism,
Carried on the winds of time, rifle recoil.
Yet, now, is but a hushed whisper, a whispering corpse.
Its deafening silence assaults my ears,
This vision violates my reddened eyes.
That which touches me, cannot itself be touched,
Anger upon barbed wire hangs,
Twilight ghosts of endeavour,
Oppression's bloodied shroud, arisen,
Fury-like to reaction.
What say you now, Ulyanov??
Old man on a rusting bike,
Your face both bearded and gaunt,
Cry out in angered rage.
I am betrayed, I am betrayed ...

Thus the words of the Barbed Wire Poet, for so he names himself.

But then again, a person could turn his head and look back down the line. Back down the line there are people marching. Men. Women. Children. Back down the line the red flags are flying. Back down the line drums are beating. Back down the line two thousand people, perhaps more, are marching in London for Mayday, for the workers' day, for socialism. Their banners read "Yasasin Bir Mayis" and "Zeto Proto Magiou" and other slogans in other languages. They are saying "Long Live Mayday". And they are, in large part, Turks and Kurds.

A group of young Kurds, men and women, are in national dress. To the beat of the drum they dance as they progress down the street.

Behind them a group of refugees march beneath a large red banner which proclaims "Hunger Strike -- Day One" -- a hunger strike of political refugees demanding to be reunited with their families.

A little further along, one of the Turkish revolutionary groups marches. In the lead walks a man with bowed head. In his hands he is bearing a portrait of one of their martyred leaders.

It is easy to be cynical:

A person could say: these organisations owe their allegiance to Stalinism. To outdated Maoism. The patterns of their marching reproduce hierarchy, patriarchy, ancient and discredited ritual forms. Look at their faces -- country folk, many of them, straight off the land. It is perhaps relations of clientelism that bring them on the march. Would they shout as loud against the fellow nationals who are their employers, as they shout against the evils of imperialism? Is it only in conditions of underdevelopment that the Marxist viewpoint has a hope of surviving?

It's easy to be cynical about leaders, and theorists too. This week saw the publication of Louis Althusser's autobiography. It describes how he strangled his wife to death. We are informed that, for all that he taught Marxism at the Ecole Normale Supérieure in Paris, he had been a supporter of the extreme Right, and "effectively kills off his own Marxism by admitting that his ambition to become a philosopher-king was inspired only by a desperate desire to impress his 'martyred mother, bleeding like a wound'."

But the fact remains:

The struggle goes on ...

And Mayday has brought a large section of London's immigrant proletariat out onto the streets, marching under the red flag of socialism.

And in Germany too, these same people, the Turks, the Kurds and the other immigrants who provide the country's service-sector labour have been at the heart of the biggest strike movement that Germany has seen since World War II.

And in the United States -- with no red banners, and no banners denouncing imperialism -- rioters are burning and looting Los Angeles in their own proletarian offering to Mayday.

All this was rushing through my mind as I watched the One-Legged Dance of the Idiot House-Painter.

It is not a time to be optimistic.

It is not a time to be pessimistic.

It is a time to sit, and be quiet, and watch and listen, and study and understand

WHAT are the antagonistic forces that are acting
to weaken the oppressive
power of capitalism

WHAT are the weak points of this system of exploitation,
where a lever can be inserted to dislocate it

and

HOW do we summon up the strength of
imagination and hope and love that will
enable us to go on and ORGANISE within those contradictions.

Ed Emery
1 May 1992



Money and Crisis: Marx as Correspondent of the New York Daily Tribune, 1856-57.

Sergio Bologna

Editorial Note: This article was written in 1973. It was a key article in developing the theoretical base of the newly emerging politics of working-class autonomy. This translation is taken from a forthcoming volume to be published by Red Notes: *Selected Writings of Sergio Bologna*. For further details, write to Red Notes, BP15, 2a St Paul's Road, London N1.

We are publishing Bologna's article in two parts (and without the footnotes, which will be available in the Red Notes volume). The second part will appear in *Common Sense* No. 14.

At the beginning of 1855, in a series of articles in the *Neuer Oder Zeitung* (11, 12, 20 and 25 January and in successive articles in the following months) Marx confronted the problem of cyclical crises and questions related to the British banking reforms of 1844. Already there were signs of the coming world recession of 1856-58 and it was urgent to set about analysing its causes.

Marx's unpublished notes on *Geldwesen, Kreditwesen, Krisen* ("Essence of Money, Credit and Crisis") also date from the same period – November 1854 to January 1855. The relation between the money form and general crisis must thus have been clear to him before the direct experience of the crisis of 1857. Even so, it seems historically legitimate to locate in this experience a decisive turning point in Marx, relating the early stages of his project for Capital to the need for building the base for an international revolutionary working-class party. It seems likely that this convergence of his theoretical and practical work would not have been so solidly achieved had it not been for the close scrutiny and stage-by-stage observation that he devoted to the monetary crisis of 1857. I have taken this as my starting point for a reading of the articles which Marx was writing about the crisis, articles which appeared in the *New York Daily Tribune* between June 1856 and December 1858.

The fact that this part of Marx's journalistic activity has received scant attention from commentators is partly due to his own attitude to it. He lost no opportunity to

express his contempt for the newspaper: "Yesterday I read again the *NYDT* (weekly). The paper is full of 'electoral subtleties' and will be for months. We will only be able to get seriously involved again with the *NYDT* when this shit of the presidential election is over." Exasperated by a reduction in his fees – his only source of fixed income at the time – he again wrote to Engels on 23 January 1857: "To grind bones and pound them into soup like paupers in workhouses, that is what our political work is reduced to when condemned to work for such a concern. I am also aware that I am an ass to have contributed so much to these young gentlemen for their money, not only recently, but over the past few years."

To Lassalle he wrote (12 November 1858) of having written enough articles to fill two large volumes "de omnibus rebus et quibusdam aliis" ("on everything under the sun, and more besides"). Was this then simply occasional hack-work, imposed on him and outside any development of his interests? Alienated wage work imposed by hunger? Certainly it was that; his wife Jenny was explicit: "Karl is working day and night: during the day to provide our daily bread and at night to finish his *Economics*" (to Conrad Schramm, 8 December 1857). "I am not master of my time but rather its servant. I have only the night left for myself." "I am forced to fritter away my days earning a living. Only the nights remain free for *real* work" – Marx wrote on two separate occasions to Lassalle.

And yet in the last of these two letters – that of 21 December 1857 – he makes an important observation. "The present commercial crisis has impelled me to set to work seriously on my outlines of political economy." The truth of this admission can easily be tested by comparing the material gathered for the *NYDT* articles and Marx's opinions as expressed there, with the text of the *Grundrisse*. This proves that there was not in fact a dividing line between his day-work and his night-work, a fact which is already rich in implications. But I am not intending a literary reconstruction of the sources for the *Grundrisse* and *Capital*: my central purpose is to show the political and theoretical centrality – albeit conditioned by its journalistic form – of Marx's analysis of the monetary crisis of 1857. I should say that this hypothesis is by no means original. Rosdolsky, with his usual perspicacity, has argued a similar position: "From the summer of 1852 until the autumn of 1856, Marx's work on the *Critique of Political Economy* was interrupted by his professional work as a journalist. This did not of course mean that the research which he engaged in for this purpose had no significance for his work in political economy. On the contrary; Marx had to make himself familiar with practical details, since many of his reports deal with 'noteworthy economic events in England and on the Continent'. Although these lay 'strictly speaking outside the sphere of political economy', they did prove useful to him later. We need only refer to his numerous articles on economic conditions, on questions of trade policy, on the English working-class movement and strikes." Rosdolsky continues: "Characteristically, it was the outbreak of the economic crisis of 1857 which was responsible for both the immediate decision to write the *Rough Draft*, and the feverish hurry with which this was done. (The entire work, almost 50 proof sheets, was completed in nine months, between July 1857 and March 1858)." Hence "it would be worthwhile," he concludes, "to compare closely the historical-

economic themes treated by Marx in his *New York Daily Tribune* articles with those in *Capital*."

The political anger and frustration that Marx expressed in this period of his life was channelled into a renewed period of active militancy and organisational objectives, for which *Capital* was to provide both the programme and the theoretical basis. However much he cast himself in the role of a poor piece-rate worker exploited by that "donkey" Dana (editor of the *NYDT*), there is a basic continuity between these articles and his earlier writings on the laws governing the behaviour of the working class in the 1848 revolution (*The Class Struggles in France*). Throughout this period we find him constantly writing to his friend Engels in Manchester, obsessively seeking reports on how the crisis was being experienced and understood in the cotton districts and in entrepreneurial and commercial circles; this is already the Marx of the first volume of *Capital*.

But there is more than simply a continuity in these writings. The relation between crisis and the money form, which is the central theme, provides the key to a re-interpretation of political institutions from the standpoint of monetary organisation, and of the laws of value seen from the viewpoint of a stage of capitalist development now in its maturity. The crisis overthrew the structure of the new *banques d'affaires* and upset the political stability of the Bonapartist regime in France. It thus condemned to failure the project of capitalist restructuration embarked on by Napoleon III, and simultaneously opened up a new terrain of confrontation for the working class, indicating the new dimensions of organisation for the seizure of power. At the same time, Marx's battle against the "socialist doctrinaires" is now pitched at a new level: his polemic is not so much directed against the "labourist" tendencies – the socialisation of work through "association" propagandised by Louis Blanc – as against the utopian illusions of the Proudhonites regarding the relation between money and commodities – the socialist belief that exploitation could be eliminated by the abolition of money. Bonaparte is seen in Marx's polemic alongside the Péréire brothers and the utopia of work-time chits preached by the Saint-Simonian Gray. This is the historical bloc against which Marx now directs the full weight of his critique; he watches as its disintegration in the general crisis opens the way for a new revolutionary class offensive. This was the "new historical form" of capital which had emerged from the revolutionary crisis of 1848 – a historical bloc based directly on the world market as a homogeneous entity and on the new level of productive forces which this implied. Crisis was both its precondition and its result.

Much of this is of course anticipated in the earlier articles on *The Class Struggles in France*. For instance he had already highlighted the importance of banking, both in the July monarchy and the new Bonapartist regime: "After the July revolution, when the Liberal banker Laffitte led his godfather the Duke of Orleans in triumph to the *Hôtel de Ville*, he let fall the words: 'From now on the bankers will rule'. Laffitte had betrayed the secret of the revolution. It was not the French bourgeoisie that ruled under Louis Philippe, but a *fraction* of it: bankers, stock-exchange kings, railway kings, owners of coal and iron works and forests, a part of the landed proprietors that

rallied round them – the so-called *finance aristocracy*... The real *industrial bourgeoisie* formed part of the official opposition, that is it was represented only as a minority in the Chambers.” By 1850, the circle closes: “The new finance minister was Fould. Fould as finance minister signifies the official surrender of French national wealth to the Bourse, the management of the state’s property by the Bourse. With the nomination of Fould, the finance aristocracy announced its restoration in the *Moniteur*.”

Here the limitation of Marx’s early historical judgement is evident: in it a “Manchesterian” formulation of the problem remains and informs the whole class analysis. On the one hand, he portrays an advanced, reforming and *progressive* industrialist fraction which is *productivist*; on the other a financial sector which is parasitic, backward and conservative. In these earlier texts, Marx is still trapped in this schematic opposition: on the one hand the law of value, on the other capital as interest. Finance and banking are still seen as symbols of the *ancien régime*. Indeed, he proceeds to define the “finance aristocracy” as: “the resurrection of the lumpen-proletariat at the top of bourgeois society”. A world balanced between industrialists and workers, landowners and peasants, a lumpenbourgeoisie and a lumpenproletariat.

From this symmetrical and rigid schema one element was missing – the material constituency of socialism, the social base within which the utopian ideologies were proliferating, namely the petty bourgeoisie. Marx battled against the “doctrinaires” Louis Blanc and Proudhon, but while he was willing to admit that the “labourist” slogans, however mystified, nonetheless represented a (distorted) demand for real power, he considered the utopian schemes for the reorganisation of credit as mere doctrinaire impositions, and as such a long way from any real demands of the working class. “But behind the ‘right to work’ stands the power over capital; behind the power over capital, the appropriation of the means of production, their subjection to the associated working class and therefore the abolition of wage labour, as well as of capital and of their mutual relations. Behind the ‘right to work’ stood the June insurrection.” “And if private credit rests on confidence that bourgeois production in the entire scope of its relations, that is the bourgeois order, will not be touched, will remain inviolate, what effect must a revolution have had which questioned the basis of bourgeois production, the economic slavery of the proletariat, and set up against the Bourse the sphinx of the Luxembourg? The uprising of the proletariat is the abolition of bourgeois credit; for it is the abolition of bourgeois production and its order.”

In 1856 Marx had to return to these questions that he had examined in *The Class Struggles in France*. It would be logical to expect his emphasis to be directed against that part of Proudhonist socialist doctrine that preached the right to work, the social organisation of production and workers’ self-management of the factories. In other words to expect his emphasis to be on analysis of the theory of value, the factory and immediate relations of production. But no – the *Grundrisse* opens with the *Chapter on Money* – with the critique, moreover, of a distinctly mediocre author, Darimon, who had written numerous prefaces to Proudhon’s works full of unctuous praise for

his master. What had happened to cause this about-turn? It is true that on 31 January 1849 Proudhon had presented himself before a Paris lawyer, Dassaigues, to register the statutes of his *Banque du Peuple*; this institution was intended to be the realisation of his ideas on free credit, the means for the emancipation of the workers and their transformation from wage labour into associated labour within the framework of a single cooperative organisation of society. But this was only a marginal episode in the revolution; its practical importance was not much greater than the novelist Eugene Sue's notion of a *Banque de l'Honneur*, which would lend money to workers on the security of their word of honour!

Throughout 1848 and 1849, Proudhon, preceded by his faithful herald Darimon, continued preaching his idea of free credit; there was even a direct polemic with Bastiat on this issue, to which Marx refers extensively in the *Grundrisse*. However the banking utopias were of secondary practical and ideological significance within the proletariat, compared to the influence of the slogan of the "right to work". It was, after all, the masses thrown out of work by the closure of the *Ateliers Nationaux* (the pseudo-welfare public works scheme set up by the provisional government to satisfy the demand for the "right to work") that had launched the June insurrection. Certainly no barricade was ever erected to defend the abortive utopian banking schemes! Yet it is precisely this aspect of socialist doctrine that Marx chooses to highlight in the *Grundrisse*.

Had he not said that the "finance aristocracy" represented only one fraction of the bourgeoisie, the one that did *not* express the movement of capital as a process but only circulating capital productive of interest? Yet in 1856 the institutional organisation of the money form – the banking system – becomes the point of departure for Marx's analysis of the entire bourgeoisie, of aggregate social capital. What had happened to cause this shift? This is the question that I shall seek to answer from a reading of Marx's articles for the *NYDT*.

Certainly, when one reads these articles separately one has the impression that Marx's treatment of the financial nature, the monetary terrain and the speculative origins of the crisis of 1857 is such as to justify an interpretation of his conception of crisis as "pathogenic". But this would be a superficial impression, an interpretation that gives us a distorted view of Marx as a radical bourgeois. On the other hand, one can find innumerable quotations from his correspondence with Engels, to the effect that the "monetary panic" is a precursor of the "industrial crash". The crisis has to expose for all to see the new terrain of working-class initiative, the internationalist dimensions of the communist programme. And yet – and this is striking – Marx pays very little attention to working-class behaviours, within the crisis. Engels provides him with a diligent account of the short-time working in the cotton industry and the textile industry in general, but Marx concentrates his attention entirely on the money-form and the world market. And at a certain point the relationship between the world market and the crisis becomes so essential as to appear as the end-point of one of the numerous summaries in *Capital* – the schematic summary in the famous "Introduction" of 1857. These understandings spurred the urgency to resume political

and organisational work, and to develop organisational links. Marx goes to sound out Lassalle and the possibilities of publishing "Towards a Critique of Political Economy" in Germany; this was not the easiest route, but it was the solution that best matched "party" considerations. It would have been easier to publish in London – given that England was accustomed to debates in the area of economic science – but he would not necessarily have been able to rely on the relationship with the working-class associations after the devastation of the Chartist movement at the hands of Urquhart et al. Better to rely on Lassalle and his relations with the working-class associations. So on the one hand Marx was not devoting much attention to the crisis in the cotton districts, but on the other he was making it a priority to set up a formal relationship with the organisational project in Germany, even though organisational projects that start from a re-unification of emigrants do not generally hold great promise of success. The point on which we find everything focussed is once again France – the country in which the workers had dared to launch an insurrection against the radical bourgeoisie, the France of June 1848, which in the meantime had become the France of imperial socialism, of monetary Proudhonism, the France of the *Crédit Mobilier*.

Is it possible to see in Marx's writings for the *NYDT* a fragment of the organisational work which he was to undertake in parallel with the writing of *Capital*? Is it also possible to see in Marx's political journalism an advance in relation to his earlier "historical" works?

In such a framework, Marx's continual collaboration with the newspaper that he so despised can be understood not only as part of his refusal to allow himself to be turned into a "money-making machine", as he once wrote to Wedermayer, but also as a determination to maintain a political link – however slender and mystified – with the United States. It was against the background created by the world market that the forthcoming project of communist organisation would concretely have to measure itself.

* * * *

"Military and Finance": these were the topics that Marx was expected to write about as correspondent for the *NYDT*. Exploiting Engels's interest in military history, Marx managed to get a long series on India and China accepted. These articles have long interested those who have sought textual references for Marx's "theories of imperialism". It is surprising, though the reasons are not hard to decipher, that these articles on the "colonial issue" have been extracted and commented upon by scholars as if they represent a *separate* argument, internally homogeneous and quite distinct from the general body of writing on the world crisis. It would be more correct to see the articles as the parts of a whole, an integrated discourse. Marx takes the contradictions provoked in the world market by imperialist adventures and sets them alongside signs of coming revolution in the metropolitan countries. Events in India or China are primarily interpreted in the light of the progress of working class revolution in Europe.

In this group of articles, Engels's collaboration often plays a role on a par with that of Marx. If we examine the correspondence of this period, we find that Engels also contributed to a considerable extent in the drafting of the articles on the international crisis. More than once his judgements are reproduced verbatim.

In a letter of 14 April 1856, Engels predicted with certainty the "catastrophic" nature of the coming crisis: "This time the CRASH will be quite unprecedented; all the ingredients are there: intensity, universal scope, and the involvement of all propertied and ruling social elements." In the same letter we find Engels attempting to find the right connection between the abnormalities of speculation and the normality of the productive process: a relation of precarious stability which then plunges into crisis – a crisis which begins in one sector, the railways, which he identifies as the source of instability which sets in train the general process of overproduction. He ends with observations on the competition between Britain and the European continent: "it is in this enormous leap forward of industry on the Continent that the most viable embryo of English revolution lies."

The proliferation in Europe of financial institutions of the *Crédit Mobilier* type is already seen by Engels as the main vector of speculation on a world scale. But Marx's penetrating analysis of the French *Crédit Mobilier* bank (his first article on this theme appeared in the Chartist *People's Paper*, 7 June 1856, and was republished in the *NYDT* on 21 June) was far richer and more articulated. He goes straight to the point: "The *Crédit Mobilier* thus presents itself as one of the most curious economical phenomena of our epoch, wanting a thorough sifting..." It is "the greatest representative of Imperial Socialism in France". Analysis of the *Crédit's* operational mechanisms enabled Marx to "compute the chances of the French empire" and to "understand the symptoms of the general convulsion of society manifesting themselves throughout Europe". Marx studies the statutes of the *Crédit* in order to specify its characteristics. Set up as a means of promoting industry and public services, the *Crédit Mobilier* had ended up acquiring a large part of the shares in various major French companies, and had issued in their place a joint share, one common title, of its own. Thus it had, on the one hand, become the owner of a large part of French industry, and on the other it had functioned as an element promoting a centralisation and levelling of the capitalist market. Since, like other monopolies in France, the *Crédit* depended on a privilege granted by the emperor, this effectively meant that it was Bonaparte's creature, enabling him to exercise control over the whole of French industry. But precisely this very close interdependence between the *Crédit* and the regime meant that the political fortunes of the latter were tied to the economic fortunes of the former – in other words, that the stability of Napoleon's regime rested on the sands of speculation. And the *Crédit*, for its part, was "the slave of the treasury and the despot of commercial credit".

In the second article, published on 24 June 1856, Marx again addresses the close relationship between the regime and the bank. He examines the mobilisation of savings and the way they were sucked in through the *Crédit* subsidiaries, and sees this

as one of the principal elements in mobilising otherwise unused resources and bringing them under the controlling hand of the regime. This regime, Marx notes, came to power “to save the bourgeoisie and ‘material order’ from the Red anarchy”, but also to “save the working people from the middle-class despotism concentrated in the National Assembly”. But how was one to reconcile these “contradictory pretences”? How was this “knotty point to be untwined”? The answer is simple: “All the varied past experience of Bonaparte pointed to the one great resource that had carried him over the most difficult economical situations – Credit. And there happened to be in France the school of Saint Simon, which in the beginning and in its decay deluded itself with the dream that all the antagonism of classes must disappear before the creation of universal wealth by some new-fangled scheme of public credit. And Saint-Simonism in this form had not yet died out at the epoch of the *coup d’état*. There was Michel Chevalier, the economist of the *Journal des Débats*; there was Proudhon, who tried to disguise the worst position of the Saint-Simonist doctrine under the appearance of eccentric originality; and there were two Portuguese Jews, practically connected with stockjobbing with the Rothschilds who had sat at the feet of the Père Enfantin, and who with their practical experience were able to sniff stockjobbing behind Socialism and Law behind Saint Simon. These men – Emile and Issac Péreire – are the founders of the *Crédit Mobilier*, and the initiators of Bonaparte Socialism.”

Implicit in this account is the sense that there has been a change in the mechanisms of extraction of surplus value. The Bonapartist regime could no longer count on direct control over labour power in the factory. A working class that had made the revolutionary challenge in 1848 would no longer permit itself to be exploited beyond certain limits, or to be paid below certain limits. The Bonapartist regime needed an ideology of collective participation in the benefits of development in order to co-opt the working class to its overall project. Hence it was no longer the Proudhon of the *Philosophie de la Misère*, but the Proudhon of the polemic with Bastiat, the advocate of “Free Credit”, who was now so pivotal to the ideological needs of the regime. The two-sidedness of Proudhonist doctrine perfectly corresponded to the dual and contradictory nature of the regime itself: it acted as the neutralising agent of the Bonapartist social bloc. *Crédit Gratuit* meant a social mobilisation of capital, the overcoming of competition between capitals, levelling of interest rates, unification of money prices, in short the *creation of the collective capitalist*. But it also signified the collective possibility of becoming producer-entrepreneurs, the spontaneous multiplication of the factory system, the encouragement of self-help, savings and collective enrichment. Proudhonist doctrine not only justified the Péreire brothers and the Central Bank, but simultaneously coopted the working class and petty bourgeoisie to the project of development through participation in growth, thereby frustrating revolutionary organisation. Marx had already criticised Proudhon’s “rhetorical formula” of “constituted value” in *The Poverty of Philosophy*; this reduced the capital-labour relation to an exchange of commodities understood as exchange-values, relegating class antagonism to the sphere of simple circulation. Now it was of paramount importance to attack the specifically monetary aspects of the socialist utopia, even in their most “melodramatic” forms; the existence of the *Crédit*

Mobilier gave them a new and more dangerously mystifying significance. Hence we find that, at the beginning of the *Grundrisse*, the *Chapter on Money* opens with the critique of Alfred Darimon's *De la Réforme des Banques* (large passages of this critique are, as we shall see, summaries of Marx's articles for the *NYDT*) and even of John Gray's outlandish scheme of "labour money" or "time chits". Gray is no longer regarded as the maniac who thought that simply representing the "value of labour" in symbolic money would do away with the disproportion between value and price, between labour and its product. He is now seen as the apostle of the Bank of France, the standard-bearer of Bonapartist socialism. Marx's critique has broadened from a critique of socialist theories of value to that of socialist monetary utopias; from Ricardian capitalism to the Bonapartist bourgeoisie; from workers' resistance against the law of value to the centralised control over relative surplus value.

The critical importance of this shift lies in the fact that Marx was now confronting the Bonapartist regime as the first complete form of the modern state, the *government of social capital*. He was facing the first realisation of a modern monetary system, the centralised government of liquidity. The shift is paralleled by the political direction of his critique: from the analysis of the state and crisis to the examination of the new basis of the revolutionary party. Seen in this light, the analysis of the crisis has the same importance in practical terms as the analysis of money had in the theoretical scheme at the start of the *Grundrisse*. The third article on the *Crédit Mobilier*, that of 11 July 1856, goes further into the links between money and crisis.

What is seen to be failing is the banking system as a prop for the regime's political stability: "The approaching crash in Bonapartist finance continues to announce itself in a variety of ways." The fever of speculation has by now spread even to the proletariat, encouraged by the ideology of the Saint-Simonians. Stock-exchange speculation has become the basis of industrial development – or rather, industrial activity becomes a pretext for speculation. The operations of the *Crédit* are now subjected to a more stringent analysis; references in the earlier articles left obscure, such as the mutual relations between the Bonapartist state, the Paris Bourse and the *Crédit Mobilier* are now explained in detail. The directors of the *Crédit* maintain that they have found the formula to extend to the maximum the bank's investments and reduce its risks to a minimum. Marx seeks to verify this assertion while divesting it of the "flowery language of Saint-Simonianism". The method is simply to underwrite shares in large quantities, speculate on them, pocket the appreciation, and then sell them as quickly as possible. How is this possible? Since the *Crédit* is backed by government privileges and hence has an assurance of sufficient capital and credit, each new industrial initiative launched finds immediately – ie. at its first issue – a premium in the Stock Exchange; then it distributes to its shareholders, at a nominal value, a number of shares proportionate to those that they owned in the company. The profit which is thus guaranteed to the shareholders is reflected in the first instance on the shares of the *Crédit*, while their high rating guarantees a greater value to the next batch to be issued. In this way the *Crédit* obtains command over a large amount of loanable capital. Apart from the bonus which it receives from being able to sell

shares at above their face value, the effects on capital are the exact opposite of the characteristic function of commercial banks. These latter temporarily free up fixed capital via their discounts, loans and emission of notes, whereas the *Crédit* fixes actually floating capital. "A mill-owner who would sink in buildings and machinery part of his capital out of proportion with the part reserved for the payment of wages and the purchase of raw material, would very soon find his mill stopped. The same holds good with a nation. Almost every commercial crisis in modern times has been connected with a derangement in the due proportion between floating and fixed capital. What, then, must be the result of the working of an institution like the *Crédit Mobilier*, the direct purpose of which is to fix as much as possible of the loanable capital of the country in railways, canals, mines, docks, steamships, forges, and other industrial undertakings, without any regard to the productive capacities of the country?"

This passage may be compared to the splendid excursus on crisis in the *Grundrisse*. It would seem to confirm the hypothesis of those who, like H. Grossman, consider *disproportionality* to be the central pivot of the Marxist theory of crisis. Before we go on to examine the articles dealing specifically with the monetary and commercial crisis of 1857, a few general points on this question would not be out of place. Marx considers several kinds of disproportion as the source of crisis: that between monetary liquidity and real wealth, due essentially to the nature of the institution of credit; that between the sector producing means of production and that producing means of consumption in the framework of the schemas of reproduction; that between variable and fixed capital within the framework of the growing organic composition of capital which determines the tendency of the rate of profit to fall; and finally that between necessary labour and surplus labour. All these are different articulations of the same contradictory process, but by privileging one rather than the other we end up with an interpretation of the theory that may be of greater or lesser political significance. To put it schematically: if we place the emphasis on any of the first three types, there is a danger of falling into the all too common *pathogenic* kind of interpretation, which sees crisis as a result of errors on the part of the capitalist class – failures of calculation, *inability to plan the economy* on the part of capital. It follows that crisis can be "solved" by the introduction of external correctives, by the mobilisation of those famous "counter-tendencies", above all by the action of an overall subjective will, externally imposed – that of the state – to which is assigned the capacity to restabilise the system, to re-establish equilibrium from time to time. From Marx as the theoretician of *disharmony* to Marx the *planner of equilibrium*, the utopia of harmonicism, as seen in socialist planning (in Soviet Marxism, for example).

From this standpoint, which has, one needs hardly add, been that of Marxist orthodoxy and still largely remains so today, any incidence that the action of the working class might have on the crisis disappears. The capitalist class is instead divided into "healthy" or "progressive" and "parasitic" or "sick" elements: the "Puritan" entrepreneur is distinguished from his speculative or absenteeist "Jewish" counterpart. The capitalist system both develops and squanders social wealth: periods of crisis are seen as moments in which the "ugly face" of disproportionality and waste

prevails over the healthy side. The agency of crisis, the sole responsibility for crisis, thus rests with capitalism. By privileging one or several of these disproportions, in other words, we arrive at explanations which may be partial, not to mention incorrect.

Instead of explanations based on functional proportionality between sectors of capital, it would seem more fruitful politically to stress the disproportion between necessary and surplus labour, because in that case we enter a terrain of capital-labour as an antagonistic relation, in which the working class can be seen as one of the active poles. Hence it becomes possible to grasp *the working-class determination of the crisis* and crisis, as in Marx, becomes the privileged terrain of a new strategic basis for revolutionary organisation. Marx's theoretical attention to the 1857 crisis was prompted by the urgency of setting up a new type of organisational project. This was what Marx was looking for within general crisis – historical possibilities for insurrection. Crisis was not seen as a catastrophic millennium but as historic opportunity, an “opening” suggestive of a new society, albeit not sufficient *in itself* to destroy the old order and usher in the new. Marx's theoretical examination of the crisis of 1857 goes hand in hand with the urgency of setting up organisational projects. Besides, *development and crisis are indissolubly linked* because they are unified in the same institutions of the system. Without a disproportionate expansion of money supply and credit there could be no expansion of industrial capacity; without a disproportionate growth in the organic composition of capital there could be no increase in the mass of profit; without a disproportionate growth of the sphere of exchange, no world market; without a disproportionate increase of surplus labour no control over necessary labour. *The causes of crisis are the causes of development; they are intrinsically necessary to capitalist development.*

Without the social mobilisation of capital via the *Crédit Mobilier* type of investment bank, the Bonapartist system could not have hoped to accomplish its goal of industrial expansion. But the laws of survival of institutions such as these geared to mobilising national resources, *also* produce stagnation and crisis. Hence capital cannot be divided into “healthy” and “sick” elements; development and stagnation exist in symbiosis within the same institutional forms. The *Crédit* had a revolutionary rather than regressive impact on French capitalism: but the rhythm with which it multiplied wealth in investment shares was not matched by the reduction of necessary labour. Speculative accumulation does not meet with the same resistances that surplus labour encounters in the factory: the money-form depends on productive relations *and vice-versa*.

Speculative degeneration is a phenomenon that Marx regarded as an *accelerator* in the timing of crisis, but not as essential to the *explanation* of crisis. Once again, reference to the *Grundrisse* is important. It is the selfsame historic necessity of capitalism to enlarge the factory system and to subordinate an ever-increasing mass of labour power to the wage relation, which produces a “crisis of costs”. It is that same historic necessity of capital to reduce necessary labour which creates a “crisis of demand”. And it is the selfsame increase in labour productivity in order to offset the

rigidity of necessary labour, which results in the “crisis of overproduction”.

* * * *

In the introduction to an anthology of his essays on the history of nineteenth-century French banking, published in 1970, Bertrand Gille recognises that the principal gap is that regarding the history of the *Crédit Mobilier* – due to a lack of available material in the French national archives (basically restricted to the annual reports which Marx himself used). However, well before systematic research of banking archives was begun, all historians assigned to the *Crédit Mobilier* a kind of emblematic role in the economic development of France: both as a factor mobilising resources or – vice-versa – inducing Bonapartist “stagnation”. In this sense, Marx’s basic judgement has been confirmed by later historiography: the dual role of Bonaparte and the two-sided nature of the *Crédit*. But this historical interpretation also has an ideological orientation: the historiography of French credit institutions has been largely influenced by the doctrines of the Saint-Simonian school. Leaving aside for the present the question as to whether Saint-Simon should or should not be considered a “founder of socialism” (a question raised by Marxist scholars of the 1920’s), the writings of Enfantin, or better still Lafitte, give impressive evidence of the theoretical maturity of the Saint-Simonian bankers, the “technicians”, as they dealt with problems of industrial development at the time. Lafitte’s projects for the establishment of an investment bank, Enfantin’s arguments for the need to centralise resources, their experiments in specialising the *Caisses* (savings banks) in terms of specific industrial sectors, their conception that banks, by concentrating information, can exercise a regulating and programming function in relation to the economy, and the importance they assign to technological innovation, all this represented a lucid anticipation of what was to become the institutional framework of modern capitalist development. Their projects certainly represented a level of awareness on the part of the emerging industrial bourgeoisie which was vastly superior to that expressed by “pure theoreticians” of political economy in France, by Say or Bastiat, for example. While the latter theorised a “harmonious” vision of the economy, a perfect equilibrium between production and consumption and hence the impossibility of any general crisis of overproduction, the banking “technicians”, the Saint-Simonian doctrinaires, showed a clear perception that industrial “take-off” in France needed particular incentives, new kinds of instruments of intervention. They clearly sensed that the French revolution had left an extremely *conservative* legacy in terms of the economy, that a large proportion of capital remained immobilised, particularly in the rural sector (in the savings of the rural petty bourgeoisie) and in investments in property speculation on the part of the nobility. It was no accident that the first banking experiments of Lafitte and Enfantin were credit institutions based on mortgage.

These experiments were a failure. In his journal *Producteur* Enfantin was to repeat to the point of obsession that credit signified above all trust, confidence in the future, while mortgage as a form of guarantee on debt is the classic expression of an untrusting investment psychology and thus of a practice of immobilism. It is also in

this journal that we can follow the first steps in the career of the Péreire brothers. On 6 September 1830 in the *Journal du Commerce* they published an article arguing for an association able to lend capital to industry and commerce, recognised by law and with state participation in the initial capital outlay. The *Comptoirs d'Escompte* in the years following 1848, backed by initial capital participation by the state and municipalities, more or less followed this model. But the first bank which fully operated on the scheme of the *Crédit Mobilier* was the *Société Générale de Belgique* founded by the Count of Méens.

The objectives of this new type of Péreire-style investment bank were to alter the traditional attitudes of the French saver, the small *rentier* who preferred to invest his money in state bonds at fixed interest rates. The aim was to mobilise agricultural savings and orient them towards industry. The programmatic declarations of this new type of banking already explicitly indicate its role as a stimulus and as a means of transforming the French bourgeoisie. The historians of the *Annales* school in France – Morazé in the first instance – have stressed this particular relationship between the new type of banking and the petty-bourgeois legacy of the revolution of 1789. The petty-bourgeoisie, whose immobilism represented the main obstacle to any real economic “take-off”, was mobilised into a dynamic and innovatory role and was involved in the process of industrial revolution by the new investment banks. David Landes, who of all historians has best characterised this difference between the old and new type of banking, has, however, contrasted the success of investment banks in Germany and what he sees as their relative failure in France, partly due to the obstinate resistance of the small *rentier*, but even more to the dominance of the family firm in French industry. Attachment to small scale enterprise, reluctance to borrow on the capital market, conservative attitudes to new machinery, a mistrust of money-lenders, a concern only for the rate of profit, these were the characteristics of the French entrepreneur which the Napoleonic period, instead of diminishing, actually reinforced. The predominance of family structures thus meant that the role of corporate enterprise in France remained limited, consolidating pre-existing firms rather than creating new ones.

According to Landes, the large number of French patents which were developed abroad is indicative of this reluctant attitude to technological innovation. In a situation of this kind, where “new men” had no chance to carve a way for themselves, where “company secrets” were jealously guarded to the point where loans from abroad were preferred in order to maintain secrecy on accounts and new projects, the prospects for a credit institution like the *Crédit Mobilier* would have been limited, precisely because of a lack of investment opportunities. Landes argues that this attitude also explains the tendency to rely on state backing and guarantees: “half intrigue-ridden and half-thief”, the state stood as bureaucratic supervisor, tutor and father over an industrial class that was basically immature. The French business world was in turn blocked socially by the nobility who controlled public administration and used their power to shackle the business classes; hence the proliferation of state monopolies, privileges, concessions etc. The picture of stagnation could not be more total. The function of the *Crédit Mobilier* in this context as a factor promoting and liberating

resources could only be very limited.

Does this picture accord with the few statistics that are available to us? In his major work Landes provides statistics on the development of the textile industry. From 1852 to 1861, the number of spindles in Britain increased from 18 to 31 million; in the USA from 5 million to 11 million; in Germany from 900,000 to 2,235,000; in France from 4,500,000 to 5,500,000, a percentage increase lower than any of the other countries listed. But the indices for iron and steel are more significant, given that this period saw sectors with a high organic composition – ie. heavy industry – gradually supplanting the labour-intensive textiles sector spread out over the countryside.

More dramatic changes, however, were affecting the physiognomy of Paris. Haussmann, Prefect of the Seine, was taking in hand the great military-urbanistic project which was to eliminate the old districts of the centre; the rabbit-warren of small streets and alleys so propitious to urban guerrilla warfare was to be replaced by the *grands boulevards*. The workers were expelled from the centre to the periphery, separated and divided from the body of *le peuple*. Contemporaries, in particular Proudhon himself, bitterly lamented this violent cutting off of the working class from shopkeepers, small tradesmen and artisans. “The People, the Collective Man”, as Darimon called it, was physically divided, by the regime itself, by capitalist development, into a working class and a petty bourgeoisie. Yet the unitary composition of these classes remained and has reasserted itself at moments of political tension and insurrectionary movements almost up to the present day. This separation operated in fact to render the hegemony of the workers over the “people” more achievable, and contributed to the more rapid decline of Proudhonism. However, when dealing with *political* class composition, we should not allow ourselves to fall into schematic models.

In his detailed description of the repression by the Bonapartist regime after the *coup d'état*, Edouard Dolléans lists: 1,850 journeymen, 1,107 shoemakers, 888 carpenters, 733 builders, 688 tailors, 642 weavers, 457 ironsmiths, 428 locksmiths, 415 bakers, 251 stonecutters, 252 hairdressers, 224 spinners, 238 tanners, and so on in decreasing order – but also 5,423 agricultural workers. Were these perhaps agricultural workers expelled from the countryside, migrant proletarians without work? Was the quota of the industrial reserve army in the class composition that provided the core of the June insurrection already as large as this would suggest? The agricultural crisis of 1847 was not far off, but the coming of the Second Empire accelerated the depopulation of the countryside, especially from areas where domestic industry was concentrated. The process of urbanisation developed very rapidly and new industrial areas appeared, in particular those linked to the coal-iron cycle, ie Lorraine and the North (Pas-de-Calais). The conversion from vegetable to mineral fuels was slow in France, considering that the country had an ancient iron-working tradition and was well placed in relation to other capitalist countries. The reasons for this, according to Landes, lay in lack of suitable coal and the fact that coal deposits were far from the ore, with high transport costs. Moreover much of the industry “was in the hands of small,

technically ignorant furnacemasters, bound by resources and habit to uneconomic locations and protected from the incursions of more efficient producers by prohibitive tariffs, costly transport and a tacit general avoidance of price competition." In this sector – and the same applies to others – the real leap forward of French industry took place after 1857, spurred by the "salutary" effects of the crisis.

When we consider Kuczynski's overall verdict, the period 1848-70 is seen as a period of "transition" for French capitalism: the passage from extensive to intensive exploitation of labour power, from manufacture to laying the basis for large-scale industry, with a gradual increase in the organic composition of capital. The railway network was considerably extended – from 3,083km in 1850 to 5,611km in 1855 – but France's share of world exports stagnated – in fact it was less in 1870 than it had been in 1850. This was a period of transition, of restructuration, certainly, not of boom; a period, above all if we consider the indices for the six years prior to the 1857 crisis, marked by difficulties in setting the process of accelerated accumulation into motion. Kuczynski's judgement, albeit from a different standpoint, is analogous to that of quantitative economic historians like Marczewski.

Marczewski's findings have been examined by several writers, including Markhovitch, who examined the series of statistical data for the whole period 1789-1964. They tend to confirm his finding that in France there were neither periods of rapid advance nor of depression, but a very gradual, linear evolution. Stability and controlled expansion were the typical features of French development, in contrast to other cases like Germany or Italy. Even the crisis of 1857, while it put a brake on the "take-off" of coal and iron, cut cotton consumption and sharply increased wholesale prices, causing a financial panic, nonetheless had no catastrophic consequence. Indeed it favoured a certain process of restructuration and restoration of equilibrium, contributing to the subsequent advance of the economy. Summarising these findings, Levy-Leboyer states in *Annales*: "In France we find no prolonged period of industrial acceleration (except in construction). The maximum points of expansion follow politico-military accidents and in part merely compensate for them." He subdivides the history of the French economy into three main periods: expansion (1815-40), stagnation (1840-1905) and reconstruction (1907-14).

Taking the second period, we find an *initial* phase, more or less coinciding with the Second Empire, of higher than average growth for the period as a whole (2.87% annual rate, excluding construction) and a *second* phase of clear recession, starting around 1867, which opens the long phase of genuine stagnation. Levy-Leboyer also notes the relatively mild impact of the 1857 crisis on France, compared to that in the USA or Britain, as regards volume of production – but this is also due to more sustained rates of growth in these other countries. The real decline, relatively speaking, begins with France's defeat in 1870, exacerbated by the impact of the agricultural depression. Without the propulsive role of industry (which constituted one quarter of global production in 1810-40, and one third in 1850-80), the state of the French economy in other sectors would look even more depressed than it appears from the statistical data. Leboyer's conclusions are very similar to those of

Marczewski: "The take-off – understood as a brief transitional period which enables the economy to detach itself from its agricultural traditions – is not found in France, because industrialisation was founded on two opposing structures: at first on the traditional agricultural markets, unified by the railways, and subsequently, as from 1880, on the markets in the cities to which the population of the countryside had transferred itself."

More recently, on the basis of a series of indices constructed according to new criteria, François Crouzet was able to state: "As a reaction to certain conceptions which have been fashionable in the post-War period, which claim that the French economy was performing poorly, and even stagnating, in the nineteenth century, a number of historians have recently been examining a more optimistic thesis [...] The slow growth of French industry is due above all to the slow transformation and growth of the traditional sectors such as textiles, and not to any lack of dynamism of the largely newer industries, such as mining, metallurgy or chemicals." One of Crouzet's indices is particularly interesting for us: taking a group of key growth industries, he finds the most rapid spurt of the nineteenth century in the period 1850-57. "It would seem that French industry underwent its most rapid phase of growth in the mid-nineteenth century, and that while this phase centres on the authoritarian period of the Empire, it actually begins towards the end of the July Monarchy."

Apart from this, the picture of regularity, continuity and slow evolution is confirmed. Hence "the most serious obstacles... were linked to exogenous factors, such as the 1848 revolution and the war of 1870." *Exogenous factors!* The whole vacuity of quantitative historiography is summed up in this phrase. However, in all its innocence, it does convey an important fact: even within dry statistical series it is possible to identify the essentially "political" nature of the outlook and behaviour of the French proletariat. If only the "wage" is endogenous, if only labour power as a dependent variable is "endogenous", then obviously a working class that makes an insurrectionary bid for power must appear as an exogenous, underground phenomenon. But apart from this we could make a whole series of observations on the basis of the graphs which the quantitative historians provide: above all evidence of an extremely rigorous control over economic development, in careful doses, and an emphasis on *stability* as the prime imperative of government.

Thus we have a traditional presence of the State, plus the social inheritance of the bourgeois revolution of 1789 and a prudent opportunism on the part of France's bourgeoisie, all of which tends to promote stagnation. And what about the mass behaviours of the working class?

Despite the shortage of available statistics, Kuczynski has tried to follow the progress of wage levels and working-class living standards. His indices of the real wage in France show the following: taking 1900 as 100, the index of the real wage is 64 for the cycle 1833-39, 59 for 1840-51, 55 for 1852-58 and 66 for 1859-62. The early phase of the Second Empire thus shows a sharp worsening of workers' living standards – the years of hunger. Although money wages rose, the cost of living rose

much faster. Given the large proportion of women and children still present in the industrial workforce (35%), the system of very harsh fines which was widespread, and payment in kind, the overall impression is one of poor diet and great poverty. Dolléans, whose data on strikes show a higher incidence in normal years and a drop in periods of crisis, also emphasises the exceptional increase in the cost of living. He cites a Paris print compositor who attended the London Exhibition as part of the French workers' delegation in 1863, and who stated that over the past ten years 1851-61, his wages had risen by 9-10%, but his rent had gone up by 50%.

But the heavy hand of the regime made itself felt not only in economic terms but also in the repression of workers' associations, the dissolution of secret societies and craft unions, and the introduction of controls over labour mobility – above all the institution of obligatory work passes (*livrets*) for both domestic and factory workers. But control over mobility also operated on a more spontaneous basis – for instance the existence of small copper coin (*monnaie de billon*) which circulated widely in the period 1850-60 as a working-class means of payment (only at the end of the century were drastic measures taken to remove it from circulation). It created enormous hardship for working-class families, since shopkeepers often refused to accept this devalued copper coin as payment for goods. As in Italy from 1973, the chronic lack of small change and coin led to an effective increase in prices, especially on articles of working-class consumption. In addition, the wage packet was generally made up of copper (or bronze) coin, posing an immediate problem for the worker of the convertibility of the wage. This exasperating situation gave rise to a whole series of collateral phenomena: the forging of false coin with poor alloy, speculation on the differing prices of coin between departments, and above all the smuggling of foreign coin into the country – especially prevalent in border areas and giving rise to further speculation. Hence, besides the problem of inflation, this monetary situation placed serious limits on labour mobility: the difficulties involved in converting the money form in which their wage packet was paid tied the proletariat to the network of local community ties, especially in relation to shopkeepers, landlords and the providers of basic services. The refusal to accept certain forms of money might begin spontaneously in a particular locality, and then would extend to whole departments. What is striking is that this situation could exist in the France of the Péréire brothers, the great theoreticians of credit, the inventors of modern banking and monetary policy!

Considering the situation of the French proletariat one cannot help noticing with astonishment Marx's lack of attention to French working-class conditions and to the day-to-day existence of the proletariat in this period. It is as if the problem of organisation were not connected in any way with the mass behaviours of the proletariat, with the autonomous and spontaneous reactions of the working class; as if the theory of money should not also include the reality of the money which the proletariat has to live on from day to day. These inequalities, after all, provided the best exemplification of the egalitarian mystification of the reduction of all commodities to their monetary equivalent.

To summarise: Reservations apart, we can say that the Péreire brothers' bank contributed to a revolution within the French capitalist system, and that the years in question saw the basis of heavy industry being laid, with a unification of the national market via the construction of canals and a comprehensive rail network. This delicate phase of transition for French capitalism was carried through by the exercise of a violent pressure on the working class, coupled with refined techniques of ideological cooptation in order to prevent an equally violent backlash. It is striking that this was accomplished without notable changes in class composition (apart from the physical reorganisation of Paris and the more rapid disappearance of domestic industry), and it would be worth studying the political process which enabled the movements of the class as a whole to be divided, controlled and paralysed. On the other hand, the repression of the material needs of the class, the denial of any improvement in living conditions, destroyed any economic or reformist illusions, despite the preaching of the utopians. Gradualist intermediate objectives were not the order of the day. Insurrection, a bid for power, violence and a spirit of proletarian revenge – these became the minimum programme of the French proletariat, even if these manifestations of autonomy were to take a while surfacing.

* * * *

The *Crédit Mobilier*, as we know, was established as an explicit move on the part of the regime to counter the dominant influence of the big private banks and the Orleanist nobility. We read in Gille that the statutes of the new *Crédit Mobilier* had raised considerable apprehension in ministry circles – in the Finance, Commerce and Public Works ministries especially. There were fears of the kind of privileges being accorded to the founders, and doubts were expressed over the fact that the bank was allowed to issue shares up to five times the amount of its capital; and there was already a sense of the kind of speculative activities that it might engage in.

Behind this division of opinion lay two different conceptions of economic policy, which more or less corresponded to the present-day opposition in capitalist countries between treasury ministries and central banks. According to Péreire it was the shortage of liquidity that brought about the collapse of Louis Philippe's finances. But this view was not shared by other powerful interests. The Minister of Internal Affairs, replying on 24 October 1852 to notes from the other ministers, underlined the need for a credit institution to relaunch investment, and added: "At a time when industrial shares are multiplying and circulation is becoming more sustained, in which share prices are bound to fluctuate, this company can regularise and sustain their rate, preventing in this case those crises which are so prolific and disastrous." But the most impressive document was the note which the greatest of the private bankers, James de Rothschild, sent to Napoleon on the very day government authorisation was given to the *Crédit* (15 November 1852). In his view, the future directors of the *Crédit* "would throw into circulation, with the backing and authorisation of the government, a considerable quantity of credit bonds dependent on changeable and uncertain guarantees." If the issue of shares were also taken into account, the result would be a flood of paper money "which at times of crisis will drag public wealth to

the edge of an abyss". There should be no illusion that the basic capital and portfolio of stocks would be maintained to cover its liabilities: this would mean a severe blow in times of crisis and pure speculation in times of prosperity. Deprived of deposits or reserves, the *Crédit* would "either go to ruin or will take recourse to the dangerous expedient of imposing confidence by forced currency measures, which never remove disasters but only lessen their effects". Moreover, "a prey to their own caprices and interests, the irresponsible directors of this bank will come to control all the enterprises... manipulating share values, exalting one firm, humiliating another, they will impose their own conditions on all. Because of the number of shares in their possession they will be able to dictate laws over the market, laws without control or competition... The bank will penetrate the managing boards of railways, mines and canals, appointing its own agents, and controlling these bodies with people of its choosing. It will bring into its hands and under its authority the greater part of public wealth. More than a danger, this would be a calamity, eliminating all competition, destroying all individual powers... The prosperity of the country will be made to depend on the will, ability, inexperience or interests of a small number of men who will be involved in their investment stock only indirectly, and will not have to carry the burden of responsibility for the mistakes they commit." But the greatest dangers, he concluded, were those which threatened the public finances, the regime itself. In issuing Treasury bonds the state would find itself up against a single competitor in the market, the *Crédit*: state loans would be faced by a single buyer. This would aggravate the effects of crisis still further. And there was always the chance that the *Crédit* would fall into the hands of those hostile to the regime.

The lucidity and foresight of this judgement is remarkable and was borne out by subsequent events. It is also strikingly similar to Marx's own views in the *NYDT* articles. Marx may well have been aware of Rothschild's public campaign against the Péréire brothers in the international press at the time when he was writing his own articles.

The epic character of the conflict between Rothschild and the Péréires has left its traces on all later historiography. From Sée to Dupont-Ferrier, the contrast between the old and new type of bank has become a common theme among historians. Landes was the first to put forward a different interpretation: he argued that the thesis of a conscious conflict between two banking systems was inexact and that their functions were complementary (private merchant banks dealing with short-term commercial credit, the joint-stock investment bank with long-term fixed capital loans). It is true that in the first board of directors of the *Crédit* we find key protagonists of the old school of banking. Rothschild himself associated in common ventures with the Péréires after the 1857 crisis. Nevertheless, it was the associationist ideology of the Péréires that forced the pace, that obliged the old banks to undertake new ventures that otherwise they would not have dared embark on, and to experiment with new techniques. In a sense their ideology gave them more power and influence than their capital. Even Landes has to admit that they were the real protagonists of the banking revolution of the mid-century.

At the first board meeting of the *Crédit*, Isaac Péreire spoke of “putting into circulation a new agent, a new promissory money which will become the bearer of its everyday interest and which will allow the smallest of savings and the largest of capitals to bear fruit.” In other words, to fill the vacuum next to ordinary bank notes, to create a “*valore omnium*” with an interest accruing on a day by day basis, and with rent coming out of simple circulation – these were the ambitious plans of the two Péreire brothers, whose powers of imagination and inventiveness went well beyond their actual possibilities of realisation.

Their “*valore omnium*” was never to be convertible, though some of the bonds of the *Crédit*, while remaining shares, did circulate as portable money or bank notes. The *Crédit* shares represented, rather, a utopian symbol of the average rate of interest, of the tendential law of capitalism. “In general, when we become involved in a particular sector of industry, we want to promote its development, not by means of competition, but by association and fusion, by the more economical use of resources, not by their opposition and mutual destruction,” Péreire told the Board in 1855. What we have here is not a utopia, but a concrete practice which gave a decisive direction to the process of capitalist concentration and which thus expressed a tendential law of capitalism. Even the devotees of the old-style banking were obliged to adapt to the moving times: in 1857 the syndicate which later gave rise to the *Société Générale* was formed to counteract the *Crédit*, under the patronage of Rothschild. The new sectors of high organic composition, with heavy industry in pride of place, made a process of fusion and concentration indispensable. In this context the expansive capacity of the bank, its ability to extend its operations beyond French frontiers, especially to newly developing countries that were poor in resources (Italy for example), depended on the principle of association. Another *idée force* of the Péreires was the creation of a world capital market, a single unified monetary zone: “One of the most important results we should aim for is the possibility of creating credit shares, the interest on which would be met in all the major markets of Europe on the basis of fixed rates to be established between the currencies of all the states.” The ultimate aim was an international super-money which could substitute for banknotes, commercial notes and letters of credit. “It is not gold but the force of association that is the real financial power of France in the world,” was another of Péreire’s maxims. This monetary objective, to replace money with credit money, showed an anticipation of capitalist tendencies which is remarkable. It represented a measured response of capital to the working-class challenge of 1848, a mature theorisation of a fully socialised capital based on the world market.

That the Bonapartist regime had to carry out this leap, and thereby disappoint the hopes of its theoretical originators, is not surprising. At the end of 1855, the government prohibited the *Crédit Mobilier* from launching a long-term loan by the issue of bonded notes. On 9 March 1856 a decree prohibited the issue of all new shares to the public. The activities of the *Crédit* were paralysed and the way was open for Rothschild’s counter-attack. On 21 July 1856, the Péreires wrote to the Emperor of their bitter predicament: “The jealousies that unbridled competition have aroused against us and against the *Crédit Mobilier* have paralysed everything... There is a

concerted campaign of attacks, lies and calumnies, not only against the *Crédit Mobilier* but against all the enterprises that it has promoted since its foundation."

We do not know Bonaparte's reply, but the fact that the regime conceded openings to the Rothschilds and to British capital (especially in new railway concessions) certainly does not suggest any attempt to curtail the structural transformation the Péréires had theorised and promoted. It was more a matter of running it in a way that could involve the whole financial world and the top banks, in other words all sections of the capitalist class, in a common enterprise extending beyond personal rivalries. The fruits of this were soon to become apparent: the period up to 1866 saw one of the most sustained cycles of development in particular key sectors, prior to the depression which led to the collapse of the Empire, the war of 1870 and the Commune.

But quite apart from their anticipatory role, the Péréires and the *Crédit* were in line with one of the key choices of the regime from the very start: that regarding monopolies. On this question there were endless battles and polemics against the imperial record, its interventionism in the economy, and its suffocation of free enterprise: this was to be the favoured ground of the radical bourgeois tradition which was to last so long in France. From this viewpoint, the relation between the new investment banks and the regime was more specific than a mere convergence or a simple acceleration of objective tendencies of capitalism. The oligarchic and monopolistic tendencies towards concentration, separation of ownership and control etc, were given an irreversible push. State power and economic power became closely linked: they were identified as such by the working class, so that the question of the relation between the class movement and insurrection became more immediate and direct. The final verdict on the *Crédit* was to be given by Marx in *Capital* Volume Three:

"If the credit system appears as the principal lever of overproduction and excessive speculation in commerce, this is simply because the reproduction process, which is elastic by nature, is now forced to its utmost limit; and this is because a great part of the social capital is applied by those who are not its owners, and who therefore proceed quite unlike owners who, when they function themselves, anxiously weigh the limits of their private capital. This only goes to show how the valorisation of capital founded on the antithetical character of capitalist production permits actual free development only up to a certain point, which is constantly broken through by the credit system. The credit system hence accelerates the material development of the productive forces and the creation of the world market, which it is the historical task of the capitalist mode of production to bring to a certain level of development, as material foundations for the new form of production. At the same time, credit accelerates the violent outbreaks of this contradiction – crises – and with these the elements of dissolution of the old mode of production.

"The credit system has a dual character immanent in it: on the one hand it develops the motive of capitalist production, enrichment by the exploitation of others' labour,

into the purest and most colossal system of gambling and swindling, and restricts ever more the already small number of the exploiters of social wealth; on the other however it constitutes the form of transition towards a new mode of production. It is this dual character that gives the principal spokesmen for credit, from Law through to Isaac Péreire, their nicely mixed character of swindler and prophet." (*Capital* Vol. III, pp 572-3)

On 26 September 1856, Marx wrote to Engels: "This time, by the by, the thing has assumed European dimensions such as have never been seen before, and I don't suppose we'll be able to spend much longer here merely as spectators. The very fact that I've at last got round to setting up house again and sending for my books seems to me to prove that the 'mobilisation' of our persons is at hand".

The "two-man party" (as they were described by Engels's biographer, Mayer) was preparing to move into action. Marx's attention in this letter is focussed on the price of money, the market in precious metals and their reciprocal relation. "What do you think of the aspect of the money market? There is no doubt that the increases in the discount rate on the Continent are partly associated with the appreciation of silver against gold due to the Californian and Australian gold and hence bullion dealers everywhere where gold and silver are the legal STANDARD are withdrawing the latter from the banks. But whatever the reason for the increases in the discount rate, these are at least precipitating the downfall of the vast speculative transactions and, more specifically, of the grand pawnshop at Paris. I don't believe that the great monetary crisis will outlast the winter of 1857."

The important development in the course of the later articles for the *NYDT* is the focus on the European ramifications of the fact that Paris was operating as a centre of speculation, and especially the effect on Britain. Marx takes up a favourite theme of his – the illusion whereby the English capitalist class considered themselves to be outside the "unsound" speculation on the Continent. John Bull is a dreamer if that's what he thinks, because he forgets that a good part of his capital – of English capital – is invested in Parisian commercial circles. The difference, if anything, is this: whereas the French speculation takes the refined forms of Saint-Simonianism, the English variety returns to the primitive form of fraud.

Marx now widens the field of his vision. It is no longer the French aspect of speculation that occupies the stage, but its relationship to the rest of the capitalist world; the object of inquiry becomes the internal nerve-system and the interconnections of the world market. In the view of the "two-man party", the prospects become increasingly optimistic: it is not only that the Bonapartist link is about to break, but that the whole chain of the European post-1848 restoration is shaking under the impact of the crisis. In his next letter, Engels enthusiastically adopts an apocalyptic view of events: "This time there'll be a *dies irae* such as has never been seen before: the whole of Europe's industry in ruins, all markets overstocked (already nothing more is being shipped to India), all the propertied classes in the soup, complete bankruptcy of the bourgeoisie, war and profligacy to the nth

degree. I, too, believe that it will all come to pass in 1857, and when I heard that you were again buying furniture, I promptly declared the thing to be a dead certainty and offered to take bets on it."

A few days later the *NYDT* (9 October 1856) published an article by Marx developing the indications contained in the letter to Engels quoted above. He cites concrete examples of English-style speculation, namely the fraudulent activities of the Royal British Bank, with their juridical consequences, and he makes a link between French speculation and English over-production: "The present race of French speculators stand in the same relation to the English speculators of the above-mentioned epochs as the French Deists of the Eighteenth to the English Deists of the Seventeenth century. The one furnished the materials, while the other produced the generalising form which enabled Deism to be propagated over the whole civilised world of the eighteenth century. The British are prone to congratulate themselves upon the removal of the focus of speculation from their free and sober island to the muddled and despot-ridden Continent; but then they forget the intense anxiety with which they watch the monthly statement of the Bank of England; they forget that it is English capital to a great extent which supplied the great arteries of the European *Crédit Mobilier* with the heavenly moisture; they forget that the 'sound' over-trading and over-production in England is the direct offspring of the 'unsound' speculation they denounce on the Continent, as much as their liberal policy of 1854 and 1856 is the offspring of the *coup d'état* of Bonaparte."

Although he only seems to touch on it, here Marx puts his finger squarely on the central problem: the problem of the relationships between money as a particular commodity and money as capital. In socialist sociology this is expressed in the distinction between the "finance" sphere – seemingly detached from the world of "work", and a degenerate manifestation within the economy – and the sphere of "production", which is characterised by an equal exchange of values, and by the fair laws of the market. Overproduction, as a temporary disturbance of the proportions of the market, may be permitted to exist, within the framework of the laws of value. It is "healthy", whereas speculation is "unhealthy". As he pursues his interest in the problems of the money market, Marx not only seeks to uncover the connections between the world of finance and the world of production – between the bank and the factory, we could say – but he particularly seeks to remind the socialist mystifiers that both are markets of commodities, and that from this point of view they do not move within two differing systems of laws, but within the same system dominated by the capitalist law of exchange. In the second instance, he reminds them that that self-same money which, in the finance sphere, appears as a particular commodity and gives rise to the sector producing interest – is capital, is surplus value extorted in the factory and then invested in operations which make it possible to command the labour of others. More precisely, it is capital which is produced in English factories and then invested in French credit institutions. Therefore overproduction is the false name which is given to overexploitation, and speculation is the false name which hides the devaluation of labour. But these conceptual advances were to be better explored one year later, when the "First Outline" was under way.

Here Marx was still concentrating on the problem of the money market as a "particular market". Although he was examining all its points of contact with the market in general, he was concerned to highlight the fact that there exist very particular mechanisms, which are absolutely different to those which regulate the relations between production and consumption, and that within the finance sphere they bring about upheavals whose effect may be general. Something which may be produced outside the actual political framework which governs the relations of exploitation – like the discovery of gold in California and Australia, for example. Something which is outside the direct area of industrial relations, of the levels of the intensity of labour in France or in England – but which, because of the connection which links precious metals to money and the money-commodity to the money form, creates an upheaval in the economic equilibria and the political systems. What is important in these articles is precisely the determination of the monetary *system* as a separate sphere, as a construction of laws and of autonomous techniques.

The next article, which is on the monetary crisis in Europe, is of enormous interest. It was published in the 15 October edition of the *NYDT*. Marx returns to a theme which he had developed on the occasion of the anniversary celebrations of the founding of the Chartist newspaper *The People's Paper*. He looks at the wealth of strategic indications which were coming from capitalist restructuring and counterposes them to the political poverty of the conspiratorial organisations. This is the thesis of the "revolution from above" which goes way beyond the theoretical imaginings of the working class. The institutions of the new power of capital are "the instruments of a revolution in property greater than any contemplated by the revolutionists of 1848" ... "Now (on the contrary) a social revolution is generally understood, even before the political revolution is proclaimed; and a social revolution brought about by no underground plots of the secret societies among the working classes, but by the public contrivances of the *Crédits Mobiliers* of the ruling classes."

This is the first time that Marx touches explicitly on problems of organisation and problems of the party. The revolution from above, the transformation in the mechanisms of extraction of surplus value, is highlighted in "the mania of getting rich without the pains of producing". The historical significance of monetary speculation resides precisely in the fact that it avoids a direct relationship with the working class; it resides in the depreciation of labour. But precisely this poses a series of major problems for revolutionary organisation. It is precisely at this point that the temptation to conspiracy and minoritarian secret societies becomes strongest. If he has to choose between monetary panic and the proclamations of Mazzini, Marx plumps for the former. He conducts a bitter and angry polemic with the conspiratorial groups: "They know nothing of the economical life of people, they know nothing of the real conditions of historical movement, and when the new revolution shall break out they will have a better right than Pilate to wash their hands and protest that they are innocent of bloodshed."

So, not only do we find no reference here to the needs of the masses, but also no contribution to the revolutionary process. In Marx's observations here, and in the fierce irony of his invective against Mazzini, we have a clear sensation that the party of the future revolution is still all to be built, has still to find itself a programme, has still to establish its correct distance from the new mechanisms of surplus value. Is it coincidental that Marx was to repeat these concepts, a touch euphorically, to the representatives of the Chartist movement? Was it an accident if on that occasion he put his money on revolution from above, thereby denying, implicitly, that the given structure of the English working-class movement provided a positive alternative to the conspiratorial groups? Was it an accident if the problem of terroristic minorities came to his mind at precisely the moment at which he was analysing the manner in which the heightened cutting-up of the money market had devalued labour? Was it accidental that his pessimism applied equally to Chartist trade unionism and to Mazzinian terrorism? No, it was no accident: revolution from above, depreciation of labour, and a critique of the secret societies – these are three sides of the triangle which provided the perspective which led to *Capital*.

However, of all the more or less professional revolutionaries who were moving round Europe at the time, Mazzini, in Marx's eyes, was the only one with any coherence – precisely because “he is a fanatic” – the only one who had not transformed himself into a “knight of industry”. But the coherence of fanaticism was not sufficient to resolve the problems of how to build the party, the problems of power. Marx was not criticising the “clandestinity” of the secret societies, nor their detachment from the masses; he was commenting on their total inadequacy in the face of the new structures of accumulation. So, for him, it was more instructive to analyse those structures, to follow the revolution from above, to follow the Ariadne's thread of money. The Chartists had no real grip on these levels, and the *carbonari* didn't even suspect their existence.

But when Felice Orsini made his attempt on the life of Bonaparte, Marx was not to treat him as a Robin Hood. Although he had made a devastating judgement of the organisation to which Orsini belonged, Marx was to follow with passion and anxiety the possibility that the attempt might lead to mass upheavals, and the Italian terrorist became the focus of some of his most fiery articles in the *NYDT*. His critique of the organisational model of the secret societies had rendered him neither blind nor deaf. His interest in the subsequent course of Orsini's trial was full and sincere, and his expectations of insurrectional movements provoked by the assassination attempt was to be so strong as to make him commit errors of evaluation.

Translated by Ed Emery
and John Merrington

The Global Money Power of Capital and the Crisis of Keynesianism: A Research Note

Werner Bonefeld

Most of the literature on domestic politics starts from the nation state as an unproblematic category. This is true also of many 'Marxist' approaches. I want to make an argument for the importance of looking at politics in the context of the international movement of money. My point of reference is the British political agenda. I attempt to show that the monetary pressure deriving from internationally unregulated credit-markets had a considerable bearing on the failure of Keynesian policies. I shall show that monetary pressure asserted itself over the state through floating exchange rates. In the course of the paper I shall provide a definition of unregulated money markets and floating exchange rates. I shall use the term 'Keynesianism' to mean a policy objective that seeks to regulate the integration of production with circulation through demand management.

I argue that the international movement of capital triggered an international crisis of Keynesian policies and made possible the rise of monetarism, internationally and domestically. What gave monetarism its practical importance was not its coherence as a doctrine. What gave monetarism its importance was the failure of Keynesian demand management. Decisive for the failure of Keynesian demand management was the liberation of international credit relations from the dollar in 1971/3. I argue that the single most important event during the last two decades has been the break-down of the Bretton Woods agreement of 1944 in 1971/3.

What do I understand by the Keynesian interventionist state?

In broad terms Keynesianism supposes that the state should assume responsibility for the economy, intervening where the market failed, to stimulate production and maintain full employment. Crisis is understood in terms of a lack of effective demand for commodities produced; the state's role is understood as demand management: in times of recession, the state should stimulate demand through deficit financing, i.e. state expenditure based on credit. State intervention means that a significant portion of surplus value is channelled to the state through taxation and redirected by the state through expenditure. Such a channelling of surplus value through the state was not new. What was new was the scale on which it was considered legitimate for the state

to channel monetary claims on future surplus value through credit expansion. Neither credit nor deficit budgeting was new, however, Keynesianism raised them to a principle of capitalist reproduction. Demand management through deficit financing means precisely the use of credit, i.e. the creation of monetary claims on the future exploitation of labour, in order to guarantee full-employment growth.

In general terms, at the centre of Keynesian demand management was the regulation of the international flow of capital through the system of Bretton Woods. The system of Bretton Woods regulated the international deficit financing of demand on the world market on the basis of an inflationary supply of dollars to the rest of the world. On the basis of Bretton Woods, individual states exist not only in competition with each other, as each tries to divert the flow of capital to its particular territory; they also exist as particular nodes of regulation in the global flow of capital, so that the failure of one state may create problems for the international circuit of capital and thus for all the rest of the states. The Bretton Woods system established an international framework of inflationary demand management built around the recognition of the dollar as the dominant international currency. The international regulation of the flow of money capital was consolidated by the US because of the strength of its economy and its currency after world war II. The centre of Bretton Woods was the dollar which was defined in *parity to gold*. National currency was subordinated to the dollar which performed in the dual function of international and national currency. National currency was tied to the dollar by fixed exchange rates, which could be altered only in the case of fundamental disequilibrium. However, the dual function of the dollar implied that the stability of Bretton Woods depended on an US trade surplus compensating for balance of payment imbalances. The inflationary supply of dollars made it possible for the US to meet monetary constraint on its trade balance by expanding the supply of dollars. The global demand management meant that the rest of the world had to cope with inflationary pressure generating from the inflationary supply of international currency. As long as the US was a net exporter, the dollar functioned as credit that was supplied to other countries as a means of exchange for US produced commodities. These dollars did not perform as a means of payment but as credit whose realisation as means of payment existed in the form of a claim on the future exploitation of labour.

By the mid 1960s, the expansion of international liquidity developed a market in dollars outside the regulation and control of the US. This market is usually referred to as the Eurodollar market. The development of the Eurodollar market was consequent upon the recovery of capitalist economies in other countries after the war. This recovery coincided with a gradual decline in the superiority of the US economy. The shortage of international liquidity after the war gradually changed into a dollar saturation which started towards the end of the 1950s. The dollars that were previously spent to realise commodities exported by the US, were increasingly transformed into reserves in European banks. These dollars were thus no longer repatriated to the US. These dollars existed outside the control of US regulation (Eurodollar) and were used as a source of credit for both public authorities and for private capital. The expansion of credit is driven forward by the demand for credit

both by productive capital and the state and by the supply of loanable capital seeking a more secure return than that which could be obtained from direct investment in production. This development took shape in the early 1960s, there was the growth of an international market which existed outside all state control, and which existed alongside the national, regulated markets. By 1969, other capitalist countries held \$40 billion dollars compared with \$11 billion in 1964. This figure far exceeded the gold held in the US reserves. All these dollars existed as a claim on the US gold reserves. Under these circumstances, the convertibility of the dollar into gold began to appear more and more fragile. The very institutional arrangement upon which Bretton Woods rested was thereby threatened.

How can one understand this development?

I would like to offer three interrelated explanations:

Firstly, the inflationary supply of dollars is an expression of the productive power of labour. By this I understand two mutually dependent moments. Firstly, the productive power of labour produced too much capital relative to the capacity of the market to realise, with adequate rates of profit, the surplus value created in production. Secondly, the exploitation of labour was getting more and more expensive because of higher wage demands and, most fundamentally, because of technological change. The rise in the investment required to set labour in motion in production increases the cost price of production which, even under conditions of a rising rate of exploitation, tends to decrease the rate of profit. This is so because of the rising value of constant capital (means of production) relative to variable capital (labour power). As profits fell (as documented, for example, by Mandel, Armstrong *et.al.* and Glyn/Sutcliffe) and as productive investment costs increased, two things happened: on the one hand capital borrowed more money to make up for falling profits so as to overcome difficulties and so as to invest in new methods of production, and, on the other, earned profits were increasingly placed on money markets, either because of the risks of productive investment or because earned profits were not big enough for instant reconversion into productive investment.

Secondly, the disruptive strength of labour made itself felt by the end of the 1960s in resistance to intensification of work and incomes policies (see Italy's hot autumn in 1969, Germany's September strikes in 1969, France's 1968 and the UK's wave of unrest against Wilson's attempt to impose income ceilings and labour laws and against Heath's deflationary policies in the early 1970s). In the face of falling rates of profit and readily available, and relatively cheap, credit, governments responded by inflationary expansion of credit (deficit financing of full-employment growth). This development helped to sustain relatively unproductive producers ('lame ducks'). This sustaining of productive activity maintained employment and fuelled overaccumulation of capital as devaluation of surplus capacity was, to a large extent, prevented.

Thirdly, the productive power of labour expressed itself in the spill over of earned

profits into interest bearing investment. This capital, in turn, was used as credit by functioning capital and political authorities. The inflationary supply of dollars maintained productive activity not in the form of boom lending, but in the form of a speculative deferral of capital liquidation. *Since the late 1960s depressed rates of accumulation and depressed rates of profit have coincided with a rapid monetary accumulation.* The attempt to avoid devaluation through deficit and outside financing of production coincided with a spiral of debt, expressed in an overexpansion of the credit system. The growing uncoupling between different forms of capital (i.e. functioning and money capital) is expressed in the shift from boom-lending to recycling lending. The latter form of credit is purely speculative in character as it is supplied to debtors so as to enable them to meet difficulties in servicing interest on credit in order to avoid insolvency. The recycling credit prevents the collapse of productive activity but keeps it going on an ever more fictitious basis. The fictitious basis of reproduction came to the fore in the recession between 1974-5: mass unemployment, capital devaluation and liquidation and collapse of banks.

The credit expansion was made possible by the build up of surplus liquidity in the developing Eurodollar markets during the 1960s. This market was relatively unregulated. The inflationary expansion of the dollar existed as dollar claims on the US gold reserves, as all dollars existed, in accordance with the Bretton Woods system, as a claim on the US gold reserves.

With industrial relation problems mounting in many countries by the end of the 1960s, with declining rates of profits and investment and an increasing imbalance of dollars in circulation over gold in the US reserves, the dollar was increasingly called upon as means of payment - a role the dollar could not meet. As money holders rejected 'phantom dollars' and sought, instead, to convert dollars into gold, the growing uncoupling between different forms of capital developed to a critical tension penetrating the international system of credit. Internationally fragile credit-relations implied that the whole system of the post-war consensus was breaking down. The US was neither willing nor capable of performing the task of underwriting Bretton Woods through a growing inflationary supply of dollars and of guaranteeing the conversion of the dollar into gold. The break down of the international organisation of Keynesian demand management was officially acknowledged when the Nixon administration announced the freeing of the dollar from gold parity (1971) and ended the fixed exchange rates of other currency to the dollar (1973).

The deregulation of the system of Bretton Woods established the developing Eurodollar market as the international system that provided means of payment. The international credit-system after 1973 was dominated by multinational banks that determined, to a great extent, the availability of international means of payment. The international credit-system took over aspects of a developed domestic credit system. Global credit-markets developed independently from central banks. On these markets, there is no control, no regulation, no central bank as lender of last resort and no laws. The only regulation is, beyond the risk taken by the banks, the cost of credit, that is the interest rates which are themselves dependent on the interest rates of the central

banks in national economies, most importantly the Federal Reserve. The leading currency on these markets is the dollar.

However, the global credit market is not stateless. What distinguishes dollars on Eurodollar markets from a 'native' dollar, is that offshore dollars are readily convertible into 'native' dollars, since they are all promises to pay dollars in New York, which serves as a clearinghouse for transfers. The national bank has thus obligations towards the Eurodollar banks that operate outside the regulation, laws and controls of the central bank and political authorities. The Eurodollar while existing independently from national regulation, exists as a claim on the central bank dollar. Deposits of dollars in the Eurodollar bank are claims on central bank dollars. In other words, national governments exercise only indirect control over much of the expansion of credit as most of the credit-market is outside the control of national government. At the same time, however, all states guarantee all money by acting as lender of last resort.

Additionally, the break-down of Bretton Woods involved the abandonment of currency relations in a fixed relation to the dollar and the deregulation of currency relations. This deregulation is referred to as the floating of exchange rates. Floating established multi- currency standards with flexible rates between them. Floating exchange rates established a market for currency speculation by money capital. The integration of the multiplicity of states on the basis of floating rates imposed monetary discipline over the national organisation of money through the destabilising movements of speculative money capital against national currency. In the case of economic decline, accumulation of public debt, balance of payment problems, high inflation and global loss of confidence in the monetary management of a nation state, speculative movement against currency diverts money capital away from nation states and threatens to undermine the integration of domestic accumulation into the world market. A world of unregulated money has in turn bred an unregulated banking system in which national boundaries mean very little. International commerce is totally dependent of this new banking system that greases the path of money movement and that creates a vicious cycle of currency instability (see *Business Week*, 'Stateless Money. A New Force on World Economies', August 21, 1978, pp. 76,77 and 80).

The implications for the national organisation of money are fundamental. Eurodollars move around the world in an instant, attacking weak currencies and forcing nations whose currency is under attack to change their policy direction. After the break-down of Bretton Woods, capital movements within the international economy began to dominate balance of payment and exchange rate considerations. Under conditions of high inflation and little economic growth the spectrum of economic activity about which decisions have to be made shifts to a much quicker and more unstable regime, led by the exchange rates. State policies are subordinated directly to the flow of money on the international markets. The ultimate sanction for a domestically engineered management of accumulation (expansive policy) that is in some way 'incompatible' with global accumulation is speculative pressure on its

national currency. This pressure restricts national authority over money and credit-expansion and subordinates national policies to the international movement of money capital. The global integration of nation states on the basis of unregulated credit-markets involves the undermining of national monetary sovereignty. The national organisation of money became more and more dependent on the global flow of capital outside the state's control.

The implication of the liberalisation of international currency and credit relations was that the state could no longer adhere to policies of social consensus. Let me re-emphasise that the adherence to Keynesian forms of demand management involves the deficit financing of demand. However, such a policy was no longer situated in a world in which credit functioned as a means of boom lending but as a means of recycling debt default. The contradiction involved is that the state draws means of payment from unregulated dollar markets. The validity of this credit, in turn, is backed by the states as lenders of last resort. Additionally the state finances balance of payment deficits by source of credit from Eurodollar banks. The state incurs thereby an accumulation of debt. At the same time at which the national economy is sustained by credit, the validity of the credit depends on the capacity of the state to guarantee the convertibility of credit into central bank money. In order to guarantee convertibility, national authorities need larger not smaller reserves so as to be able to convert claims on central bank money, if the stability of international exchange on the world market is to be secured and the global flow of capital maintained. Larger reserves provide the security to sustain the formal exchange equality of international money. Failure to secure acceptance of international money holders in the political guarantee of convertibility of money into central bank money involves, firstly, speculative pressure on currency, prompting a diversion of the global flow of money and threatening to undermine the integration of production in the world market. It involves, secondly, a destabilisation of international credit-relations as creditors demand cash payment, threatening to undermine the reproduction of all social relations which rest on credit. The barrier to sustained economic reproduction appears in the form of limited supply of official reserves with which to support national currency in the face of speculative movement of private capital. The implication of the unregulated global credit-relations is that the state transforms from redistributor of wealth in the last instance to lender of last resort in the last instance.

The effect of expansionary credit policies is that, the higher the credit-sustained accumulation, the more additional demand for credit is required in order to avoid a break-down of the credit-system and to maintain international competitiveness in the face of high inflation and slow rates of economic growth. The regaining of control over inflation involves the eradication of debt. In turn, the eradication of debt entails a shift from inflationary demand management to a policy of sound money so as to improve the reserves. Larger reserves depend on the abandonment of deficit demand management and a sound monetary regime. The attempt to eradicate debt entails the abandonment of deficit demand management, i.e. the deregulation of existing guarantees of full-employment growth, income (rising welfare expenditure) and the maintenance of unproductive producers (scrapping of unproductive plants). The state

deficit can be reduced only through cuts in public expenditure or through a period of booming accumulation which, itself, presupposes a rigorous intensification of work and mass devaluation of capital. Such a devaluation, in turn, involves a possible threat to international credit-relation through debt default. The regaining of control over the money supply involves a deflationary attack on social relations through the intensification of work and a reduction in public spending that put money into the hand of workers. Cutting back on state deficit, i.e. cutting back on credit, means trying to undo the whole way in which social relations were constituted since the war: pushing trade unions out of the state, cutting back on social welfare expenditure, cutting back on local government, making the whole state more repressive in and through bureaucratic forms of control that supervise the imposition of scarce money upon social relations (poverty, unemployment, economic insecurity). The rigorous implementation of debt enforcement seems to me to have been at the centre of monetarist policies in the 1980s. While monetarist policies involved an attempt to strengthen the tie between 'money and work', the credit expansion of the 1980s, the crash of 1987, the recession of the early 1990s, and the recent turmoil on the currency markets leading to the suspension of the ERM, indicate the failure of monetarist policies to convert money into command over labour for the purpose of expanded surplus value production.

In sum, the international monetary pressure on the national organisation of money implied that the national authority over monetary policies was severely restricted as it was the inter-national flow of money which imposed global constraints on nation states. National authorities could no longer spend their way out of a recession. As the British Prime Minister, James Callaghan, put it at the Labour Party Conference in 1976: "We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists and that so far as it ever did exist, it only worked by injecting inflation into the economy. And each time that happened the average level of unemployment has risen. Higher inflation followed by higher unemployment. That is the history of the last twenty years".

Conclusion:

I should like to conclude with some short remarks on the explanatory value of Marxism and on the implications of my approach to the study of politics.

The presentation was based on an understanding of labour as the constituting power of social reality. Labour's constituting power is productive and disruptive. It was labour's productive power that increased investment costs, that produced too many commodities relative to market realisation on the basis of adequate rates of profit, and it was labour's productive power that constituted the build up of superfluous capital which could no longer be converted into productive activity. Further, it was labour's disruptive power that resisted deflationary erosion of living standards and intensification of work, prompting global deficit spending and a growing inflationary supply of money. The speculative dimension of accumulation indicates that the

strength of the tie between money and exploitation has decreased. At the same time, credit exists as a claim on the exploitation of labour. Over the last two decades, the credit-sustained accumulation of capital shows that capital has failed to regain control over money and to create an effective role for it in managing the exploitation of labour. Working class resistance to intensification of work, wage-pressure and the dismantling of the welfare state has been accompanied by an enormous diversion of money away from the contested terrain of production and on to the terrain of speculation. The contradiction is that the stability of capitalist speculation depends on how effective capital can exploit labour and on how effectively labour resists exploitation. The diversion of capital on to the terrain of speculation involves, thus, an investment of capital into the future exploitation of labour. This investment can be sustained only if capital is able to prolong the present into the future, that is, by guaranteeing the increase of debt in the present through exploitation in the future.

The category of money is, in this view, seen as a reification of labour's constituting power. It is a reification of labour because, in money, the social usefulness of production appears as a mere thing (interest), inasmuch as the connection of money to labour is seemingly eliminated. However, as I hope to have shown, it was the failure to contain labour's productive power within the concept of profitability which led to the spill over of capital into monetary investment. At the same time, the stability of credit depends on the capability of capital to exploit labour effectively. It has to exploit labour effectively because capital has not only to generate surplus value sufficiently to allow accumulation but also to satisfy its creditors. The contradiction between functioning and money capital is constituted in and through the productive and disruptive power of labour. Lastly, the constituting power of labour impinged on the state in and through the contradiction between functioning and money capital. So far as the state is concerned, this contradiction appears in the form of a disunity as between the unfettered revolutionising of labour's productive power (the so-called 'overheating of the economy') and speculative pressure on currency (credit-expansion 'incompatible' with global limits of credit-markets). I would suggest that looking at the category of money in this way is fruitful since it construes money as a self-contradictory phenomenon of human relations under capitalism.

The implications for the study of politics are that an analysis of the development of the state needs to consider the global character of exploitative relations. These relations transcend national boundaries. Nation states are integrated into the world market through the global movement of money. The specific character of the state's integration requires an analysis of the peculiarities of a particular state and its national economy so as to understand the interrelation of the international movements of capital and the *national formulation of policies*. Lastly, an understanding of the interrelation between the nation state and the world market implies a study of the historical development of nation states in their relation to the global movement of capital.

Selected Literature:

- Armstrong/Glyn/Harrison 1984, *Capitalism Since World War II: The Making and Breakup of the Great Boom*, London
- Bonefeld 1992, 'Social Constitution and the Form of the Capitalist State', in Bonefeld/Gunn/Psychopedis (eds.) *Open Marxism Vol I*, London
- Bonefeld 1992, 'Money and Liberty', forthcoming in Holloway (ed.) *Money and the State*
- Burnham 1991, 'Neo-Gramscian hegemony and the international order', *Capital & Class*, no 45, London
- Burnham 1992, 'The International State System and Global Crisis', forthcoming in Holloway (cit.ob.)
- Clarke 1988, *Keynesianism, Monetarism and the Crisis of the State*, Aldershot
- Cleaver 1989, 'Close the IMF, Abolish Debt and End Development', *Capital & Class*, no 39, London
- Cleaver 1992, 'The Subversion of Money-as-Command within the Current Crisis', forthcoming in Holloway (cit. ob.)
- CSE-Edinburgh 1989, 'The Anti-Poll tax Campaign: New Forms of Class Struggle', *Common Sense*, no 8, Edinburgh
- Glyn/Sutcliffe 1972, *British Capitalism, Workers and the Profit Squeeze*, Harmondsworth
- Holloway 1989, 'The Politics of Debt', *Common Sense*, no 9, Edinburgh
- Mandel 1975, *Late Capitalism*, London
- Marazzi 1976, 'Money in the World Crisis: The new Basis of Capitalist Power', *Zero-work*, no 2, New York
- Picciotto 1985/1991, 'The Internationalisation of Capital and the International State System', in Clarke (ed.) 1991, *The State Debate*, London
- Radice 1984, 'The national Economy - A Keynesian Myth', *Capital & Class*, no 22, London

The Dangerous Mythology of New Times

Colin Hay

With the end of the Thatcher regime, and for some at least, the Thatcher era as a whole, it is more than ever necessary to assess, indeed re-assess, the practical political implications of *Marxism Today's* interpretation of the complex British social, political, economic and cultural conjuncture encapsulated in the term 'New Times'. For, with the benefit of an albeit brief period of hindsight, we may now look back on the sadly and paradoxically unrelated phenomena of the demise of *Marxism Today* and the terminal crisis of 'Radical Thatcherism' (if not Thatcherism *per se*). This retrospective should permit us to assess the contribution of 'the journal that coined the term' (indeed both terms) to our understanding of, and ability to mobilise in response to, Thatcherism and 'New Times'. Has the 'New Times' thesis been vindicated by what has ultimately proved to be a truly pathological crisis of legitimacy for the Thatcher Government? Is John Major the personification of 'New Times' or does he represent Thatcherism with a grey face? Does the 'pinking of the Tories' (*Marxism Today*, April 1991) prevent the promised appropriation by the Left of Post-Fordism?

It will be the central thesis of this article that a strange and worrying consensus (with its roots firmly embedded in the barren soil of *Marxism Today*) has now begun to emerge amongst certain sections of the left around the purported paradigmatic structural and cultural shift from the monolith of Fordism to that of Post-Fordism and 'New Times'. This explanation of the contemporary socio-political context, it will be argued, represents an implicit and dangerous concession to a developing Thatcherite political settlement - a settlement which the managerial and deradicalised Major Government can only be seen to be consolidating. By seeking to conceptualise the radical structural transformation of the relationship between the state, civil society and the economy over the last decade in terms of an immutable global historical dynamic - the transition from Fordism to Post-Fordism - the danger arises that such a restructuring is seen as necessary. Moreover, given this dynamic, the Thatcher Government is accorded minimal political autonomy in tacitly accommodating such a global dynamic.

Presenting the 'New Times thesis' in this way may seem somewhat polemical;

however it demonstrates that a celebration of the diversity and flexibility of 'New Times' may concede too much to the very real appropriation of a politico-economic context (certainly in part determined by global economic dynamics) by the New Right. Clearly the distinction between what may be conceived of as the external constraints placed upon political autonomy by the location of the state within a global economic (and indeed political) capitalist world order on the one hand, and the autonomy of governments within that context on the other, must be much more tightly delineated if the 'New Times thesis' is not to degenerate into an apology for Thatcherism, advocating nothing more than a mere Thatcherite revisionism'.

This is to argue the case very strongly. Much of the writing contained within the 'New Times' collection' is profoundly insightful. However, such insight, it is argued, might be more fruitfully developed if abstracted from the paradigm of the 'New Times thesis', with its inherent overtones of determinism, and implicit concessions to the success of a Thatcherite 'hegemonic project'.

The 'Post-Fordist hypothesis', particularly as espoused in *Marxism Today*, is somewhat opportunistic and indeed overoptimistic in its interpretation of the contemporary social, political and cultural conjuncture as primarily economically-determined and appropriable by the left under the rubric of what Charlie Leadbeater has termed a 'socialist' or 'progressive individualism'. This contrasts sharply with the extremely perceptive (and, perhaps as a result, extremely pessimistic) earlier account developed by Stuart Hall of Thatcherism as seeking to achieve hegemony on the basis of its 'authoritarian populist' appeal. Problematic as much of the specific detail of Hall's argument may have been,¹ the central recognition of Thatcherism's hegemonic project and the initial pervasiveness of its ideological appeal, were far-sighted and unprecedented, and were to open the eyes of the left to the full implications of Thatcherism. It thus seems particularly surprising and ironic that *Marxism Today*, the organ for the initial dissemination of Stuart Hall's discourse-theoretical analysis of Thatcherism, should have abandoned ideology critique to such an extent that Frank Mort could write in its pages:

Commodities and their images are multi-accented, they can be pushed and pulled into the service of resistant demands and dreams. High tech in the hands of young blacks or girls making-up are not simply forms of buying into the system. They can be very effectively hijacked for cultures of

¹ S.Hall & M.Jacques (eds) *New Times: The Changing Face of Politics in the 1990s*, London: Lawrence & Wishart, 1989.

² A term first used by Michael Rustin in an excellent article, 'The Politics of Post-Fordism, or, the Trouble with New Times', *New Left Review*, 175, 1989.

³ See here the debate between Bob Jessop and his co-authors and Stuart Hall in the pages of *New Left Review*, reproduced in B Jessop et al., *Thatcherism: A Tale of Two Nations*, Cambridge: Polity, 1989. It might be argued that Bob Jessop and his co-authors' critique whilst revealing some of the problems with Stuart Hall's account merely demonstrated (and this was in part their aim) the importance and perceptiveness of the initial description of Thatcherite ideology as 'authoritarian populism'.

resistance, reappearing as street-style cred or assertive femininity.'

and later in the same article

Advertisers and marketers are not simply the slaves of capital. They are the intermediaries who construct a dialogue between the market on the one hand and a consumer culture on the other.'

Whether the 'New Times thesis' is seen as a form of economic-reductionism or whether one accepts the notion of 'Post-Fordism', for example, as as much a social, political and cultural agglomerate as an economic formation, and as a totality in which the social and cultural may be seen to determine the economic to at least as great an extent as the economic determines the social and cultural, the thesis is both reductionist and deterministic. However, before considering this further it is important to note the protracted debate within the pages of *Marxism Today* on this very question of the economic determination of the social totality. For, in the 'determination' camp, Geoff Mulgan,⁴ for example, highlights the Marxist *form* of analysis which characterises the 'New Times thesis' in terms of the causal priority that it assigns to transformations in the dominant modes of production and distribution such as the inception of new information-based technologies. On the other hand, Stuart Hall, in the 'multi-determination' camp, would categorically refute the granting of any causal priority to economic relations. This reveals something of an internal rift within the 'New Times' paradigm which renders even more dangerous the celebratory dissemination of this new article of faith: 'New Times' (however defined, however determined) can be appropriated by and for the left.

However, the fundamental question is not whether the thesis represents a sophisticated, multi-faceted reductionism or a simplistic economic reductionism that remains 'true to the spirit of Marx' (though obviously based on a somewhat simplistic reading), but rather, whether the 'Post-Fordist hypothesis' is necessarily reductionist, and, if so, what are the consequences of this?

Ultimately, the thesis presents a global grand narrative which reveals a transnational historical dynamic which has supposedly dictated the trajectory of structural and cultural change within Britain since the late 1970s. This precludes an interpretation of the transformation of the British state by successive Thatcher (and current Major) Governments as the result of the combination of strategy, political and ideological opportunism, pragmatism and a certain amount of good fortune which has characterised Thatcherism's hegemonic project. The result is an account that is reductionist, and at times functionalist and deterministic in its interpretation of all observed phenomena as either functionaries of the monoliths of Fordism or Post-Fordism respectively, or as dysfunctionalities which derive from a failure of the

⁴ F.Mort 'The Politics of Consumption', in S.Hall & M.Jacques, *Op.Cit.*, p.155.

⁵ *ibid.* p.167.

⁶ G.Mulgan 'The Power of the Weak', in S.Hall & M.Jacques, *Op.Cit.*.

political management of a state form externally transformed by the global trajectories of advanced capitalist development. Such dysfunctionalities supposedly provide a point of access for the left to the structures of the state in the potential mobilisation of popular support for the 'progressive' appropriation of 'New Times'. However, in this account, autonomy is not seen to lie within the structures of the state, and thus any such appropriation can at best only impose a different, and relatively more progressive, *form of management* onto a state form that is, within this Post-Fordist stage of advanced capitalism, invariant and immutable. If this account is to be accepted, therefore, there can be no mobilisation of a new basis of legitimacy by the left for a fundamental structural transformation of the state.

Presented this way there are no grounds for an optimistic conclusion from the 'New Times' thesis, and indeed, the grounds for pessimism are all the more strengthened by a realisation of the implications of the unjustified optimism that has consistently underwritten this application of the 'Post-Fordist hypothesis'. For, if Thatcherism is seen as in any way having constituted the context in which contemporary British politics is played out, (and it would be my contention that this represents a gross underestimation of the pervasiveness of the influence of the Thatcher Governments not only on the state but within all sections of civil society), then the 'New Times thesis' constrains the left to look for practical political objectives within the confines imposed by Thatcherism's reconstruction of the state. Thus, for the 'new realist' left, Post-Fordism - today's and tomorrow's monolith - defines the boundaries of the politically possible. If, however, the notion of New Times or Post-Fordism, even in part, masks an opportunistic and politically-inspired reconstruction of the state, then this very thesis is part of the problem for the left. The legacy of the Thatcher Governments must be distilled from the constraints imposed upon political autonomy by the location of the British state within a global capitalist world order.

The celebration of Thatcherite consumerism which has, inevitably, resulted from this opportunistic and unduly optimistic application of the 'Post-Fordist hypothesis', and exemplified by Frank Mort when he argues that

There is nothing innately Thatcherite about consuming, just as there is nothing intrinsically socialist about the state⁷

should therefore be seen in profoundly negative terms as reflecting the success of Thatcherism's hegemonic project in transforming the self-identity and dominant ideologies of civil society as well as fundamentally transforming the structure of the state, and indeed in producing a certain resonance of the two. The 'New Times thesis' mirrors, and adds a theoretical cloak of respectability to, the radical concessions to a developing Thatcherite settlement made by all shades of the 'new realist' left - from the Labour Party to the new Democratic left.

The implications of this for an analysis of the continuities and discontinuities in the

⁷ F.Mort *Op.Cit.*, p.165.

departure of Thatcher, and a return to 'consensus politics'⁸ are clearly profound. The danger is that, from the position of 'New Times', Major represents a new political actor, indeed manager, in an immutable political context determined by external economic and historical dynamics. The reality, perhaps, is the stabilisation of many of the structural determinants of a developing Thatcherite settlement. A *return* to the political consensus of the post-war period? No. The construction of a new consensus around a structural form of the state brought about by 'Radical Thatcherism' since the mid-80s? Unfortunately, yes.

⁸ A description employed by Martin Jacques (MT, April, 1991).

Some Notes on Jacques Bidet's structuralist interpretation of Marx's Capital

Helmut Reichelt

Editorial Note: This article is a revised version of a paper presented at the conference on 'Class Struggle and Subjectivity Today: The Constitution of Marxian Concepts'. The conference was held at the University of Paris VIII (Saint-Denis), January 1992. Jacques Bidet's work is part of a contemporary reformulation of socialist ideas which proclaim the values of 'market socialism'. Bidet's contribution to this debate focuses on a close reading of Marx's *Capital*. He argues that market relations comprise a systemic rationality which stands above concrete historical forms of society, and which informs the specific modalities of 'really existing societies'. There is thus a dualism in Bidet's thought: the abstract, ahistorical rationality of market relations, on the one hand, and the concrete unfolding of this rationality in specific societies such as capitalism or socialism. While Bidet emphasises the importance of class struggle, class struggle is seen as merely mediating the reproduction of market relations in, for example, capitalism. The market rationality itself cannot be put into the museum of history because its rationality stands above class relations. Reichelt agrees with Bidet insofar as Bidet's emphasis on certain flaws in Marx's presentation and in the development of central concepts is concerned. However, Reichelt disagrees with Bidet's conclusions regarding the reconstruction of the pertinent themes of Marx's work. Reichelt's argument is to the effect that the capitalist exploitation of labour and the circulation of capital, that is market relations, constitute a contradictory unity which calls for a dialectical presentation of concepts. The aforementioned contradictory unity means that the so-called market rationality does not stand above class relations, but, rather, in and through class relations. Reichelt offers the term 'constitution' to emphasise this point.

This paper overlaps, to a certain extent, with the work by Hans-Georg Backhaus. Backhaus and myself argue that the earlier intention to reconstruct Marx's work is not helpful. Such a reconstruction presupposes the possibility of a uniform interpretation of Marx's work. Instead, what is wanted is a reconstruction of the pertinent theses of the original texts with the view to freeing them from the ballast of their unsatisfactory presentation. For this reason the work of Jacques Bidet is of

special interest. He attempts to free Marx's work from its restraints, and to present the pertinent themes in a new way. In my opinion, Bidet offers, without doubt, a most unconventional proposal for a new interpretation of Marx's political economy. Any future work on Marx has to come to terms with Bidet's interpretation.

In the past few years, Jacques Bidet, one of the editors of the Paris based journal 'Actual Marx', has written two books which have been translated into several languages. The revealing title of his first book is: "Que faire du Capital: matériaux pour une refondation" (Paris 1985). The central theme of this book is that Marx makes a rash and precipitate assumption with grave consequences. This assumption concerns the understanding of civil society as an anarchistic, an alienated society of capitalist commodity-production. Starting from this understanding, Marx is said to have anticipated a socialist society based on a centrally planned economy; a society in which commodity-money-relations would eventually be abolished. Marx's assumption has not only influenced his analysis of capitalism and pre-structured the explication of central categories. It has also determined important theses of historical materialism (base-superstructure), the theory of historical development, as well as the assumed progression of different social formations. He argues that important and fundamental questions of political economy cannot be solved against this Marxian background. According to Bidet, what is needed is a new structuralist interpretation, so as to find a satisfactory solution to open questions.

In his second book, "Theorie de la modernité", Jacques Bidet, building upon his first book, seeks to connect Marx's theory with wider theoretical issues. He refers to the liberal tradition, and discusses especially the work of Habermas and Rawls. Most importantly, he refers to Habermas whose conceptual work shows a similar line of thought to that of Bidet. Habermas, like Bidet, proposes that there is a rationality in modern society. This rationality is understood to have been absorbed, to a certain extent, by capitalism, but is not said to be identical with capitalism. Like Bidet, Habermas proposes that the modern world develops on the basis of a system-rationality, which is not identical with capitalism, and is only mistakenly identified with capitalism because of a shortsighted theoretical view. In his *Theory of Communicative Action*, Habermas argues that Marx's error stems, in the last instance, from a dialectical approach which clamps "together system and life-world in a way that does not allow for a sufficiently sharp separation between the *level of system differentiation* attained in the modern period and the *class-specific forms* in which it has been institutionalised. Marx did not withstand the temptations of Hegelian totality-thinking; he construed the unity of system and lifeworld dialectically as an 'untrue whole'. Otherwise he could not have failed to see that every modern society, whatever its class structure, has to exhibit a high degree of structural differentiation" (page 340). According to Habermas, it is for this reason that Marx's ideas of a socialist society generate only from the perspective of the lifeworld. Habermas's treatment of Marx is reinforced by the idea that "Marx is convinced a priori that in capital he has before him *nothing more* than the mystified form of a class relation" (page 339). According to Habermas, Marx's limited view "excludes from the start the question of whether the systemic interconnection of the

capitalist economy and the modern state administration do not *also* represent a higher and evolutionarily advantageous level of integration by comparison to traditional societies. Marx conceives of capitalist society so strongly as a totality that he fails to recognize the *intrinsic* evolutionary value that media-steered subsystems possess. ... The significance of [a higher level] of integration goes beyond the institutionalisation of a new class relationship" (ibid.).

I have quoted extensively because the accord between Jacques Bidet and Habermas, concerning their basic line of thought, is astonishing, although Bidet criticises Habermas's work. In his second book, Bidet criticises Habermas's conception of economic subsystems extensively. He emphasises in particular the notion of a theoretical 'naturalisation' of the economy which is "mediated through money". In this context Jacques Bidet overlooks the fact that Habermas has a similar point in mind - even though it is expressed in a different theoretical tradition and theoretical language. As in Bidet, it is Habermas's intention to show the systematic reductions which, indeed, can be found in Marx's *Capital*. Like Bidet, Habermas seeks to explain these reductions by bringing together the two spheres of social integration, that is, system and lifeworld, which must be, according to Habermas, separated carefully.

The theoretical background to the debate on these 'systematical reductions' is Althusser's thesis of the "epistemological break" in Marx's work. Jacques Bidet supplies a more precise version of this thesis in respect of the economic writing of the "mature" Marx. According to Bidet, Marx's Critique of Political Economy entails contradictions which present themselves in an ever-changing constellation of philosophical and economic modes of conceptualisation. While, according to Bidet, philosophy must be given a very important position in Marx's economy, it does not play a constitutive part in the presentation of the concept of capital. On the contrary, philosophy is seen as an indicator of a still existing, but gradually weakening dependence upon Hegel. The philosophical aspects are in no way merely a superficial ingredient of an existing economic content. They are, as Bidet argues, an integrated part of Marx's economic theory itself. However, Bidet observes that the philosophical input is not only changing, but that it also disappears gradually so that the economic theory itself changes little by little. Bidet argues thus that one cannot assume that the last version of Marx's works is necessarily the most mature and accomplished version defining a level of achievement against which previous versions appear unfinished. Jacques Bidet assumes that Marx was unable to express clearly, and in all aspects of his theory, the revolutionary character of his discoveries. Hence he argues that the last version of *Capital* must be seen as incomplete because of its philosophical 'leftovers' and of its concept of 'economy', which is incompatible with the philosophical method. In sum, Marx is said to have been unable to free himself completely from the philosophical ballast and he was, because of this, not capable of presenting his theory in a way which would have dealt with his theoretical discoveries in an adequate way.

Another important aspect needs to be considered. Marx is to a certain extent a

prisoner of his own dogmatic version of the materialist conception of history. His dogmatic thesis of the decisive power of the material base proved to be an epistemological obstacle to a precise conceptual development of the economic categories. Marx treats his subject-matter in an economistically limited way. This is because he develops his concepts in the tradition of his predecessors who understood the economy as a sphere free of politics and more or less subject to natural laws. In contrast to these conceptions, it is important to show the way in which the subtle unity between the economy and the political influences the precise form of categories and how this 'influence' applies to the most important and most abstract category of 'value'. Bidet must attempt to realise his intention in the face of two obstacles: the sharply defined material problems and suggestions which he proposes must be filtered out of the pre-structuring philosophical method of the presentation (*Darstellungsprogramm*), and the underlying dogmatic version of historical materialism.

Two points are of central importance for Bidet's reformulation of a structuralist presentation of *Capital*. These points which are treated exhaustively at the very beginning of his book comprise his criticism of the value theory of labour and his treatment of the value-price-relation of the commodity of labour power. In this context, Bidet indicates an alternative presentation of the theory, and provides the background for a critical negation of Marx's presentation of certain arguments, such as those concerned with the commodity-money-relation, the transition from money to capital and the dialectical structure of *Capital*.

I would like to limit my assessment of Bidet's work to a few central themes of his first book. Right from the start, he emphasises that, in Marx's work, the treatment of the category of the value of labour power opens up the possibility for the development of economics as a science; a science which goes beyond the superficial treatment of quantitative relations. He shows quite clearly that mere quantitative considerations produce a vicious circularity of thought because the economist does not consider the underlying and unifying quality of the quantitative substance. The economic possesses a specific homogeneity only because the concept of 'wage' is separated from that of the value of labour power. This separation presents further questions and problems, especially with regard to the transformation of qualitative problems into quantitative problems. However, the noted separation cannot be developed independently from class struggle, a fact of which Marx was not adequately conscious. For example, even in the last version of his theory of value, Marx still attempted to deal with problems which derived from classical theory and which he sought to resolve in the manner of classical theory. Such a treatment stands in contrast to the possibilities and implications of his own discoveries. I am referring here specifically to his treatment of the intensity, productivity, and complexity of labour. He engages here in a reduction from qualitative to quantitative relations. This reduction entails problems of measurement and standards. Marx, to a certain extent, seeks to solve these problems on the basis of mere economic considerations. Thus, he produces contradictions in his own theory of value. It can be shown that Marx wants to supply a certain 'etalon substantiel' (substantial standard). This is because

of his uncertainty and confusion in indicating the substance which is to be measured, his obscure and continually changing abstractions and the compounding of abstract, simple, and average labour. The examples Marx offers in his treatment of qualified labour are not enlightening. His own insecurity and uncertainty is clearly expressed when, in complete contrast to his methodological program, he makes references to everyday experience. A similar argument can be made about his treatment of the 'intensity of labour' which he treats with the help of metaphoric images. However, he thus makes clear - involuntarily - that any understanding of the 'intensity of labour' transcends the economic framework. The metaphoric treatment is concealing and revealing at the same time. It reveals and conceals the circumstance that the solution to our problem lies in the understanding of labour. It is not the question of labour being more or less 'intensive'. Rather, it is the question of understanding labour as 'expenditure' - as expenditure of labour power. In the unconventional perceptions proposed by Jacques Bidet, the notion of 'intensity' seems to 'denaturalise' to socially necessary labour time. The expenditure of labour is always a socially determined expenditure, or, more precisely, a forced expenditure and, because of this, the expenditure of labour is a 'consumption of labour power'.

Jacques Bidet shows that this concept of labour power moves gradually into the centre of Marx's theory, although neither does the theoretical importance of this become clear nor is it presented consciously. The question is thus whether Marx himself fully understood the consequences of his discoveries. The understanding of value as a social relation based on the expenditure and consumption of labour power implies that Marx changed the category of value from a mere economic category to an economic-political category, that is, to a category of class struggle. This conceptual understanding is also reflected in the reformulation of the two categories of the value of labour power, and the price of the commodity of labour power. Marx's position concerning the value of labour power did not radically change until the manuscripts of 1863-65. In these manuscripts Marx makes, for the first time, a clear break as regards the understanding of the commodity of labour power. The value of this commodity is seen as a minimum, while the price of labour power oscillates, as is the case with any other commodity, according to supply and demand. Before 1863, Marx had adopted uncritically the ideas of classical theory, which focus on supply and demand. However, this changed position has had no consequences for the conceptual presentation (*Darstellungsmethode*) of his theory. Because the first chapter of *Capital* is characterised by a careful and exact argument, the new insights which Marx discovered need to be filtered out from the earlier method of presentation. The earlier method is completely inadequate to the new insight.

On the basis of this improved conceptual precision, Jacques Bidet summarises the connection between the concepts of value and capital in the following manner. He argues that both concepts need to be seen as 'half-concepts'. This is because they are mutually dependent, and thus, mutually reciprocal concepts. However, he argues that the inner connection between value and capital might no longer be conceptualised in terms of a dialectical relationship. Indeed, he argues that the opposite is the case. Value and capital are not dialectically connected but, rather, belong to two different

structural levels of the theoretical presentation of capitalist reproduction. According to Bidet, the first part of the presentation in *Capital* deals with the abstract description of the market-structure. Jacques Bidet calls this structure the "system abstrait de production-circulation-marchande" (page 146). The second part of the presentation deals with the understanding of the empirical world through the analytical addition of new facts, such as the existence of classes and of different organic compositions of capital.

Jacques Bidet's interpretation has nothing to do with the old debate on the relationship between the historical and the logical at the start of *Capital*. Bidet focuses, instead, on a clear differentiation between the logic of market-structures, on the one hand, and the empirical reality of these structures, on the other. The empirical reality of these market structures is seen as being mediated by class struggle. He criticises Marx for having discovered the differentiation between structural entities and empirical specifications too late, and in consequence for failing, with only a few exceptions, to adjust his method of presentation.

Jacques Bidet pursues his critique by citing three important sections of Marx's work: the first three chapters of *Capital*, especially the first chapter; the chapter on the transition to capital; and the dialectical method of presentation. For reasons of space, I shall restrict my comments on Bidet's critique to a few general comments.

No matter how one judges Jacques Bidet's work, it cannot be denied that he is able to offer many arguments in support of his interpretation. For example, the 'reduction of dialectics' has been noted by Göhler, and is emphasised especially by Backhaus. For Jacques Bidet, this reduction signifies that Marx, because of arguments internal to 'economics', gradually moves away from his philosophical heritage. However, and Bidet emphasises this, Marx could not and dared not emancipate himself from this method. This is, according to Bidet, because it is this method which allows Marx to understand real relationships as contradictory and necessary, even though they do not exist as such. Thus, dialectics remains to a certain extent the methodic 'glue' with which to present society as a totality. This totality, according to Bidet, never existed as such. Marx perceives society as a totality only because of his reading of Hegelian philosophy. It is suggested that a detailed examination of the philosophical vocabulary, such as being/essence; essence/appearance; the negation of the negation, as well as of concepts borrowed from the metaphysical tradition, such as transformation and metamorphosis, shows that it has the function of presenting extremely disparate elements as homogeneous, and of maintaining the continuity of different dialectical transitions within the alleged unity of the process of capitalist reproduction. Jacques Bidet shows this in detail, especially with respect to Marx's presentation of the value-form and the transition to capital. Most importantly, he shows that the conceptualisation of this transition weakens gradually. He shows this in order to demonstrate that Marx connects different areas of analysis only in a surreptitious way.

I do not deny that all these developments which Jacques Bidet identifies, and pursues

with a precision I have found nowhere else, do indeed exist. However, should one draw such far-reaching conclusions? I would like to focus on only one most important point of his analysis. The scientific precision with which he analyses the structure of Marx's presentation entails a systematic deficiency, that is, Bidet never treats capital as circulating capital. For example, he fails to mention that the concept of simple circulation, which Marx kept increasingly in the background, without letting it disappear entirely, implies the complementary concept of 'mediated circulation' (*vermittelte Zirkulation*). This concept involves the circulation of capital. If the circulation of capital is ignored, it is all too easy to dismiss it as a concept which belongs to the philosophical ballast from which Marx gradually emancipated himself. However, the concept of 'mediated circulation' involves problems of presentation which call for a dialectical form of presentation. Even though Jacques Bidet emphasises in his treatment of 'value' that Marx's theory is inconceivable without the concept of 'absolute value', he fails to connect this statement with a method of presentation which would be adequate to this concept of value. Bidet does not conceive of value as a concept which is in permanent movement and is thus understood by Marx as a constantly moving form of existence (*prozessuale Existenzform*). As a consequence, he treats concepts such as 'transformation' or 'metamorphosis' as belonging to the metaphysical ballast of Marx's dialectics. However, these concepts are of fundamental importance because they are concerned with the theoretical understanding of the 'constitution' of social existence and thus with the constitution of categories. Bidet ignores the notion of 'constitution'. If one wishes to treat dialectics seriously as a method of the critique of political economy, one has to put the idea of constitution into the context of value as a permanently moving form of existence. If one fails to do so, value can only be identified as static, or as an historical automatically active subject. This, however, would entail a philosophical conception of history, which focuses on the so-called dialectic between the productive forces and the relations of production.

I would like to refer to an example from the "Rohentwurf" (rough manuscript) of *Capital*. Marx shows here quite clearly what a dialectical development of categories must be able to achieve. "The economic gentlemen will find it damned difficult, to proceed theoretically from the self-preservation of value in capital to its multiplications; and this in its basic definition and not as appendix or result. Refer to Storch, who smuggles this into the definition by using the adverb "virtually" (*eigentlich*). The economists attempt to put this into the definition of the relation of capital as essential, however when they do not brutally define capital as that which produces capital (and here the multiplication is already given a specific economic form), they do it weakly and surreptitiously ... the prattle, that no one would use his capital without achieving a profit, would mean that the good capitalist stays a capitalist without using his capital, or that, as the man on the street would say, that a profitable use is part of the concept of capital. Well [this is Marx's invitation]: Then prove it" (page 182).

Marx indicates that the bourgeois economist has always presupposed constituted forms (*konstituierte Formen*), that is, existing values in certain economic forms.

Consequently, the economist is caught in a vicious circularity of thought because what needs to be defined is already presupposed in the definition. However, the generic development of categories entails the multiplication of the objective value being necessarily reconstructed independently from the categories through which economic wealth manifests itself to the businessmen. The categories in which economic wealth presents itself are, in principle, inadequate for a theoretical understanding of this process. This is because all categories do not only present a special economic form but are, also, the result of this process. All these economic categories only present existing values. The multiplication itself can thus not be understood on the basis of economic forms.

It is unfortunate that Marx pushes this out of the centre of interest, so creating the possibility of grave misunderstanding. Marx's programme of presentation is directly integrated with the historical development of capitalism, at least as far as the Rohentwurf is concerned. In this work, Marx has buried the problem of 'constitution' under a philosophical construction of history. When the philosophical emphasis recedes, one is left wondering what logic of presentation defines the development of the circulation of value. The difficulties which obtain here are revealed in *Capital* where the inner connection among the first three chapters is difficult to grasp. Therefore, a theoretical attempt to disentangle the above mentioned difficulties is clearly desirable. However, I believe, Jacques Bidet's attempt to differentiate between an abstract construction of a market logic and an existence of this logic in the real world, a world mediated by class struggle, is not the way forward. I believe the 'disentanglement' has to go forward, fundamentally, by focusing on the problems of constitution, so freeing the categories from the philosophical ballast in which they are buried.

Open Marxism, History and Class Struggle

Some Comments on Heide Gerstenberger's Book, "Die subjektlose Gewalt: Theorie der Entstehung bürgerlicher Staatsgewalt"

John Holloway

Marxist theory is both more urgent and more discredited than ever before. More urgent because the increasingly terrorist nature of capitalist domination makes it desperately important to strengthen and theorise oppositional struggle. More discredited both because of the appalling history and collapse of those states which adopted 'Marxism' as an official ideology, and because the academicisation of Marxism in the West after the late 1960s has often made it seem totally irrelevant to that oppositional struggle.

It is, therefore, more important than ever to emphasise the nature of Marxism as a theory of struggle. To speak of struggle is to speak of the openness of social development; to think of Marxism as a theory of struggle is to think of Marxist categories as open categories, categories which conceptualise the openness of society. To borrow a phrase from the title of the recent volumes edited by Bonefeld, Gumm and Psychopedis (1992)⁽¹⁾ (who take it in turn from Agnoli (1980)), it is essential to conceptualise Marxism as 'open Marxism'.

This implies in the first place a critique of 'closed Marxism', that is to say, of all those strands in the Marxist tradition which see social development as following some pre-ordained path, whether it be from one mode of production to another or, in the more fashionable language of regulation theory, from one mode of regulation to another, whether it be seen in traditional terms of 'historical necessity' or in the trendier post-modern, post-structural tones of the 'inescapable lines of tendency and direction established by the real world' (Hall 1985, 15). There is a long, stultifying and at times murderous tradition of closed Marxism, of imposing over-easy, deadening classifications on the past and over-easy, killing classifications on the future. This sort of Marxism comes in many shapes and forms, from the determinism of the Second and Third Internationals to more recent trends such as structuralism, rational choice Marxism, regulation theory or critical realism, but all have in common a teleological, functionalist, determinist view of historical development

theory or critical realism, but all have in common a teleological, functionalist, determinist view of historical development which imposes limits on the possibilities of the future (Bonefeld, Gunn, Psychopedis 1992; Bonefeld and Holloway 1991). It is far from being a recent development, but, whereas the determinism of traditional 'orthodox' Marxism at least had a *deus* (hardly *dea*) *ex machina*, the Party, which could save us from the objective laws of capitalist development, the modern theories, more often than not, simply degenerate into theories of capitalist reproduction, more sophisticated answers to the questions of bourgeois theory. Marxism becomes, in Mattick's phrase, "the last refuge of the bourgeoisie", proposing solutions to the problems which bourgeois theory has failed to solve.

If the tradition of closed Marxism is a long one, the 'subterranean tradition of open Marxism', as Bonefeld, Gunn, Psychopedis put it (1992, 3), a tradition in which they include Luxemburg, the early Lukacs, Korsch, Bloch, Adorno, Rubin, Pahunakis, Rosdolsky and Agnoli, not to mention Marx himself, is at least as long. The critique of closure is as old as the Marxist tradition itself, but now, when the dead hand of bourgeois theory stretches so far, it has become more urgent than ever. And to this critique the new book by Heide Gerstenberger, *Die subjektlose Gewalt: Theorie der Entstehung bürgerlicher Staatsgewalt* (The Subject-less Force: Theory of the Origins of Bourgeois State Force), makes an important contribution.

The origins of Gerstenberger's book go back to 1974. This was the time when the 'state derivation debate' was at its peak in West Germany. The stimulus for this debate was provided by the insistence, first by Wolfgang Müller and Christel Neustüss (1970), that an understanding of the capitalist nature of the state in capitalist society could only be gained by analysing the relation between state and society, or rather by 'deriving' the particularisation of the state (the existence of the state as a particular form of social relations) from the nature of capitalist social relations as a whole. As the term 'derivation' suggests, the emphasis was on establishing the *logical* connection between the nature of capitalist social relations and the form and functions of the state. The debate has often been accused of adopting a 'capital-logic' approach to the study of capitalism, that is, of assuming (unjustifiably) that what is required by the logic-of-capital automatically happens, of treating the interconnections between social phenomena as logical rather than social interconnections. The accusation can fairly be made against many of the contributions to the debate, but within the German discussion (for the rather different British development see Clarke 1991) there were already dissentient voices.

Two of the most important contributions made in this sense were those made by Joachim Hirsch (1973, 1974/1978) and Heide Gerstenberger (1975/1978). Both, in different ways, protested against the purely logical orientation of the debate. Hirsch pointed out that the derivation of the functions of the state from the requirements of capital leads all too easily to the functionalist assumption that the state does indeed meet these requirements, "which means that the central problem of state analysis, namely the question whether the state apparatus is at all able - and if so, under what conditions - to carry out certain functions and what consequences this has, is conjured

requirements of capital leads all too easily to the functionalist assumption that the state does indeed meet these requirements, "which means that the central problem of state analysis, namely the question whether the state apparatus is at all able - and if so, under what conditions - to carry out certain functions and what consequences this has, is conjured out of existence" (1974/1978, 187). He argues that form analysis can only provide "the general points of departure" (119) for analysing the functions of the state, that the actual process of development must be the subject of historical analysis (119). The relation between logic and history is never satisfactorily resolved in Hirsch's work, however. There is a tendency to see logic as establishing the general framework of development, with the actual details being filled in by the history of class struggle, so that in the end class struggle is seen as being subordinated to the structural logic of capitalism: "it is always capital itself and the structures which it imposes 'objectively', behind the backs of the actors, which set the decisive conditions for class struggles and crisis processes" (Hirsch and Roth 1986, 37). Hirsch's picture of 'post-Fordism' is more pessimistic than the blindly naive optimism of many regulation theorists, but the future is foreclosed, nevertheless (for a critical discussion, see Holloway and Picciotto 1978; Bonefeld 1987/1991; Holloway 1988/1991).

Gerstenberger's critique of the state derivation debate was a more radical one. She criticised the contributors to the debate for a historical blindness which led them to project contemporary conditions in Germany on to the general analysis of the state and argued that detailed historical research was a necessary precondition for a proper theorisation of the state: "only after an extensive process of historical research - which has hardly begun yet - will a systematic construction of theories be possible" (1975/1978, 157). Her new book is the outcome of that "extensive process of historical research".

It is a monumental work, a monster of a book: 530 pages, with another 100 pages of annotated bibliography. In some ways it is in fact several books in one, the central 400 pages of the book being devoted to two chapters (which could be books in their own right) discussing the transition from feudalism through the 'ancien régime' to bourgeois society in England and in France. The discussion is at such a level of historical detail in some respects that it was decided to make a distinction between those passages which would be of interest only to readers with a special interest in the historical material and those passages of more general theoretical interest by printing the former in even smaller print than the rest of the book. This does not mean that the book is simply, or primarily, a historical account of the transition from feudalism to capitalism. It is, as the subtitle indicates, concerned with the theory of the origins of state power, but, true to her own strictures of 1975, the theory is substantiated by the results of an "extensive process of historical research". The two central chapters are complemented by a theoretical introduction and conclusion, as well as by a chapter comparing the historical development in the two countries.

This is an immensely impressive work. The scope of the coverage, the depth of the detail, the care with which historical and theoretical debates are appraised and

This is an immensely impressive work. The scope of the coverage, the depth of the detail, the care with which historical and theoretical debates are appraised and discussed, are almost overwhelming. One's first reaction on trying to discuss the book is one of total inadequacy. It is such a monumental book, and such a detailed and well documented book, that one feels that it would need a whole team of reviewers to do it any justice at all. It certainly needs to be reviewed and discussed widely, and not just in Germany, from a whole range of different angles. The present essay is not an attempt to review the book in the usual sense: the task is beyond me. Rather, it is a much more limited attempt to focus on some of the central themes raised by Gerstenberger's theoretical argument.

The theoretical argument of the book is directed against what might be called the 'closed' tradition in Marxist (and non-Marxist) historiography, that is, the imposition of pre-conceived ideas of what *should* have happened upon the historical material itself, and more particularly, the structural-functionalist argument that because something was functionally necessary for the survival or development of the social structures, therefore it *did* happen. A central concept in this tradition is the notion of the 'bourgeois revolution', which is understood teleologically as 'historical necessity', a necessary step from feudalism to capitalist society. Typically, the bourgeois revolution is seen as being the result of the development of capitalism within the interstices of feudal society up to the point where there is an increasingly intense conflict between the rising bourgeoisie and the feudal aristocracy, a conflict which then gives rise to revolution, the victory of the bourgeoisie and the subjection of the state to the interests of capital, thus completing the transition from one mode of production to another.

Gerstenberger takes the analysis of the bourgeois revolution in England and France as the focus of her critique of teleological and functionalist approaches to history. Against the traditional interpretation of the bourgeois revolution, she argues that there was no direct transition from feudalism to capitalism. In both England and France, the historical development was from feudalism to a distinct type of society, which Gerstenberger calls 'ancien régime', and thence to capitalism. The 'ancien régime' is characterised above all by the generalisation of personal domination. Feudalism is best seen as a system of personal domination, in which allegiance was owed by a particular person to the person of the lord, and where warfare was an important part of the practice of appropriation. The rising costs of personal domination, consequent upon changes in the practice of war and in non-military means of competing with other lords, led to the gradual transformation of the feudal barons into an estate, the nobility. As nobility, they partook in the generalised personal power of the monarch. Their position as nobles was now defined not by their own military might, nor by their ownership of land, but by their recognition as such by the monarch; they enjoyed privileges and offices granted by the monarch, and these privileges and offices often formed a substantial part of the social surplus product appropriated by the nobility, so that the basis of appropriation was now no longer personal domination but the generalisation of domination through the person

a substantial part of the social surplus product appropriated by the nobility, so that the basis of appropriation was now no longer personal domination but the generalisation of domination through the person of the monarch. The monarch in turn depended on the nobility in order to exercise domination, but power was still focused in the royal person: domination was still personal, though generalised. As in feudalism, there was still no separation between appropriation and domination, and therefore no separation between economics and politics, so it is not correct to speak of the existence of a 'state' in this period⁽²⁾.

The nobility were not a class, but an estate: their position was defined by royally sanctioned privilege. The 'bourgeois revolutions', therefore, did not pit one class (the bourgeoisie) against another (the nobility): they were concerned rather with breaking down privilege and preferential access to the centralised process of appropriation. It was not an inter-class but an inter-estate conflict. There were clear material interests at stake in depriving the nobility of their privileges, but there was no class interest dividing the bourgeoisie (who often owned land) and the nobility (who generally had a share in capitalist development). The conflict was between privileged and non-privileged property-owners. Whether this revolution could be achieved peacefully depended to a great extent on the particular, historically specific structure of privilege. In England, the revolution of the 17th century was not a bourgeois revolution, but a reordering of the ancien régime: it did not lead to a depersonalisation of power, but to a greater opening in the system of generalised personal power. The actual 'bourgeois revolution', in the sense of the breaking down of privilege, and hence the depersonalisation of power, and hence the separation of the political (domination) from the economic (appropriation), and hence the constitution of the state, took place peacefully in the course of the 18th and 19th centuries. One of the reasons it was able to take place peacefully was that in England the leading sections of the nobility had been able to maintain their economically dominant position, and so did not have very much to lose by the changes. In France, on the other hand, the economic position of the nobility was far more dependent on maintaining the system of personal domination and privilege, so that the conditions for gradual reform were far less favourable: there, the revolution, when it came in 1789, was violent (Gerstenberger 1990, 494). In both cases, however, what was at issue was not a struggle of class against class, but a change in the form of domination: the depersonalisation of domination, which is the constitution of the bourgeois state, the 'subject-less force' of the title of the book.

Gerstenberger takes the argument a step further. Not only is it wrong to think of 'bourgeois revolutions' as being the outcome of a conflict between two classes, but, more generally, it is wrong to think that the dynamic of precapitalist societies was shaped by class conflict. To speak of class conflict as constituting the dynamic of those societies is just as much an anachronism, a projection of the present on the past, as it is to speak of a feudal or an ancien régime 'state'. Although class relations existed in pre-capitalist societies, they do not explain the dynamics of those societies. It is certainly true that peasant uprisings were common and important, but it was

the dynamics of those societies. It is certainly true that peasant uprisings were common and important, but it was neither the struggles between a rising bourgeois class and the nobility, nor the struggle between the peasants and the ruling classes which shaped the development of those societies. Rather, it was the competition between members of the ruling estates for the possession of power which determined social change (Gerstenberger 1990, 507 and *passim*; 1991). For those societies, history is the history of the powerful: as Gerstenberger explains at the beginning of the book, "For our historical comparison, the philosophical question as to the significance of the subject for the process of evolution can for the moment be reduced to the sober observation that, for the development of the structures of domination in the European Middle Ages and in the early modern period, the structural significance of the living practice of individuals was the greater, the more extensive their personal power" (32). This explains, she adds, why women play little part in her investigation.

There is much that is stimulating and much that is disturbing in Gerstenberger's argument. Certainly the attack on many of the clichés of Marxism, and particularly on notions of historical necessity, is to be welcomed. Now more than ever, it is clear that there is no historical necessity, certainly no historical necessity of a transition to a communist society, and that the triumphal determinism of some passages in Marx (the end of section 1 of *Communist Manifesto* or chapter 32 of Volume I of *Capital*, for example), echoed through so much of Marxist historiography, is difficult to sustain and politically unhelpful. Above all, the notion of historical necessity pays little respect to the actual struggles of people, to their real defeats and victories. Crucially, it also runs counter to the notion of self-creativity which is so central to Marx and the Marxist tradition. When Marx distinguished between "the worst architect" and the "best of bees" by saying "that the architect raises his structure in imagination before he rejects it in reality", he might also have added that the architect is also far more likely to fail in his construction than the bee is. Human creativity implies uncertainty, openness, the possibility of failure, the power to destroy. Closed Marxism denies the creative (and destructive) power of labour⁽²⁾, yet it is surely the power of labour which is the whole basis of Marxist theory.

However, the creative and destructive power of labour plays no part in Gerstenberger's argument. For her, at least in pre-capitalist societies (and it is not obvious why capitalist society should be different), the power that shapes society is not the power of labour, but the power of the powerful, the power of non-labour. Despite all the strengths of the book, I find this conclusion very disturbing. Is there not a danger here that she takes us out of one history from which we are excluded by the objective laws of social development, simply to lead us into another from which we are equally excluded, because we were not, are not and never will be the 'possessors of power'? She makes an important critique of the traditions of closed Marxism, but I am not sure that she takes us any further in the development of Marxism as a theory of struggle, as a theory of an open world.

The concept of 'open Marxism' does not refer to the come-one, come-all eclecticism

world.

The concept of 'open Marxism' does not refer to the come-one, come-all eclecticism of 'neo-Marxism' which, more often than not, reproduces in new language the determinism of the worst of 'orthodox Marxism', but to the rigorous recognition of the openness of the categories themselves, which are open simply because they are conceptualisations of open processes. The notion of openness can be illustrated by contrasting the categories of profit and surplus value. Profit is a closed (or fetishised) category because it refers to a thing, without reference to the way that the thing is produced: as a closed category, it is also a-historical, devoid of movement. The category of surplus-value, on the other hand, is an open (or de-fetishising) category because it points to the antagonistic process by which that 'thing' is created, and therefore to the open-ended, uncertain and dynamic nature of that process. A similar contrast can be made between the bourgeois and the Marxist concepts of 'class'. The bourgeois concept of class is a static concept which refers to a group of people who have something in common; for Marx, a class is one pole of the antagonism rooted in production, an antagonism which is inherently dynamic and uncertain.

If the categories of Marxist analysis are understood as open categories in this sense, as conceptualisations of an open world, then any notions of historical necessity or 'laws of economic development' simply dissolve; what we are left with is tendencies or rhythms of struggle. In different words - and this seems to me to be the defining feature of an open approach to Marxism - *there is no distinction to be made between contradiction and struggle*⁽³⁾: all social contradictions are relations of struggle, and therefore undetermined, uncertain, wide open. We do not (simply) choose to struggle, we are born into and exist in a relation of struggle. We are constituted by and move in struggle. This is not necessarily exciting; more often than not it is boring, monotonous, grinding. The existence of class societies is dependent on the daily repeated struggle to exploit: any society, in which the surplus product is appropriated by part of the population rests on struggle, on the daily repeated struggle to pump out unpaid surplus labour from the direct producers, and all of us who are members of such societies are constituted through that struggle. This may not be perceived as struggle by the participants, but the fact remains that the daily repeated struggle-to-exploit is the necessary prerequisite for any class society, be it capitalism, slavery, feudalism or ancien régime. There is no reason to think of this as economic, as dependent on a separation between the economic and the political: it is simply the material prerequisite for any such society.

Class struggle, then, is largely unseen. It is the struggle by the ruling class in any class society to tame the power on which it is dependent: the creative-and-destructive power of labour. That power too is largely unseen. Marx speaks of the "hidden abode" of labour in relation to the factory, but it is probably true of all class societies that work is unseen, as is the work of women at home, or the work of domestic servants. In that sense, Marxism is the theory of the power of the unseen, the power of the 'powerless' on whose work the reproduction of the society depends, and on whose successful exploitation the reproduction of the society as class society depends. What

of domestic servants. In that sense, Marxism is the theory of the power of the unseen, the power of the 'powerless' on whose work the reproduction of the society depends, and on whose successful exploitation the reproduction of the society as class society depends. What is hidden is not just work, but exploitation, antagonism, negativity. It is only when Mr Moneybags and the possessor of labour-power go down into the "hidden abode of production" that their physiognomy changes (Capital I, 176), that they are transformed from rich man and poor man into capital and labour, antagonistically opposed classes. Look for class in abstraction from production, look for it on the streets and you will not find it. Class, as Gunn puts it, "exists in the mode of being denied" (Gunn 1987).

This digression on the unseen nature of class struggle and of the power of labour is necessary in order to assess critically Gerstenberger's claim that, in pre-capitalist societies, the dynamic of the society was shaped not by class struggle but by the inter-relationships between members of the ruling estates. Although she does not explicitly mention the famous first line of the Communist Manifesto, her conclusion clearly challenges directly Marx's claim that "the history of all hitherto existing societies is the history of class struggle". Without feeling competent to engage in a contest of historical interpretation, I suspect that her conclusion is based on a false conception of class.

The central issue is the visibility of class struggle. Gerstenberger is clear in rejecting the notion of class as a social group (1990, 29; 1991, 6-7), and seeing it as "contradictory social relations which exist between those who produce and those who appropriate 'surplus'" (1991, 7), but she appears to identify class struggle not with the actual production of the surplus, but with explicit resistance to domination, or indeed with resistance to domination as class domination. Thus, although there were class relations (*klassenmäßige Beziehungen*) in pre-capitalist societies, these "class relations generally did not appear *as such*" (1990, 29; emphasis in the original; see also 1991, 14). They did not appear "as such" because class relations were part of the relations of domination, so that conflicts usually concerned the extent of the power of a particular lord. Even as conflicts broadened, as in the case of revolts against taxes, they acquired a "class element, but were not class struggles" (1990, 29). Consistent with this, she appears to suggest elsewhere (27) that the constitution of class as an effective force depends on the generalisation of material conditions of reproduction and the constitution of a public realm (*Öffentlichkeitsstrukturen*) through which an awareness of common interests could be established.

This is enormously problematic. Gerstenberger seems to have taken over into her analysis one of the classic clichés of closed Marxism: the rigid distinction between the 'class in itself' and the 'class for itself'. Only she has gone even one step further by banishing the concept of 'class in itself' altogether, so that only that counts as class struggle which appears 'as such'. She loses all sight of the fact that class struggle is largely subterranean, that class exists 'in the mode of being denied'. But once the concept of class struggle is limited in this way to overt class struggle, then the conclusion of the research is already obvious: it is obvious that the historical

fact that class struggle is largely subterranean, that class exists 'in the mode of being denied'. But once the concept of class struggle is limited in this way to overt class struggle, then the conclusion of the research is already obvious: it is obvious that the historical development of these societies cannot be understood as the result of class struggle. And the same could be said of capitalist society, with the possible exception of some very specific periods (1848, 1871, 1917, for example) in quite specific places. Class struggle does not appear "as such" except in revolutionary situations.

The implications of limiting class struggle in this way to visible or overt class struggle go very deep. Once one focuses on the understanding of class, one begins to see cracks (or at least question marks) running through the argument in all directions. It was suggested above that the key to developing an open (and therefore historical) Marxism is the understanding that contradiction and struggle are identical. Gerstenberger's argument, however, is just the opposite: she makes a clear separation between contradiction (class relation - *klassenmäßige Beziehung*) and class struggle. The view of contradiction and struggle as being identical points to the fact that at the very core of capitalist reproduction, the daily routine of pumping unpaid surplus labour out of the direct producers, there is struggle, therefore uncertainty, openness (it is surely the great merit of the labour process debates to have made this clear). The rule of the ruling class (the ability of capitalist, monarch, lord to command) is constantly at issue, can never be taken for granted (cf Holloway 1987). That is why functionalism is fundamentally wrong: it can never be taken for granted that that which 'must' happen will happen. Despite her apparent intentions, Gerstenberger's argument suggests the opposite: the separation of the class relation from class struggle suggests that the production of a surplus can be taken for granted, that the problematic nature of the struggle to exploit can be put aside, so that there is no need to ask whether difficulties in the pumping of unpaid surplus labour out of the direct producers might lie behind changes in the form of domination. Functionalism creeps in to the very heart of the analysis: in the field of production, it is assumed that that which must have happened actually did happen, that all ran smoothly according to the plans of the feudal lord or landowner. It is symptomatic that although forms of appropriation are frequently discussed, there is little or no mention of changing forms of exploitation. But if exploitation is taken for granted, there is no room for even asking about the power of labour, about that subterranean power which is the basis of Marxist theory, the power that creates and destroys, the power that makes nonsense of the smooth, rounded analyses of the functionalists (be they 'hard' or 'soft'). There is a danger here that, amidst the debates with specialist historians, the original question of Marxism gets lost: how do we who are powerless realise our power? If you tell me that we have no power, all I can say is that that was never my question.

I am all too conscious in all this of being in the position of a mouse flicking darts at a lion. The book is an immensely impressive and an exciting one. Its weakness, in my view, is that in justifiably attacking the notion of the class struggle between bourgeoisie and feudal nobility and received ideas about the bourgeois revolution, it throws the baby of class struggle out with the bathwater⁽⁴⁾. But then sometimes, of course, throwing the baby out too may be the fastest way of getting rid of dirty water. If

darts at a lion. The book is an immensely impressive and an exciting one. Its weakness, in my view, is that in justifiably attacking the notion of the class struggle between bourgeoisie and feudal nobility and received ideas about the bourgeois revolution, it throws the baby of class struggle out with the bathwater⁽⁴⁾. But then sometimes, of course, throwing the baby out too may be the fastest way of getting rid of dirty water. If the baby is healthy it will survive, screaming. I hope that this essay may count as the first cry of the screaming baby, and that there will be many more screams to come.

Notes

1. The two volumes include an article by Heide Gerstenberger which argues many of the points which are the theme of her book.
2. Throughout the book, Gerstenberger makes forceful and telling criticisms of Anderson's analysis of the 'absolutist state'.
2. On the related concept of the productive-and-disruptive power of labour, see Bonefeld 1990.
3. My thanks to Guillermo Farfán for helping me to see this as the crucial issue. The point is made in slightly different terms by Bonefeld when he criticises Clarke for making a separation between the constitution and the movement of the contradiction: Bonefeld 1990, 359.
4. Werner Bonefeld has made a similar point in his review of Heide Gerstenberger's book: Bonefeld 1991.

References

- Agnoli J. and Mandel E. (1980), *Offener Marxismus*, Frankfurt/ New York
- Bonefeld W. (1987/1991), "Reformulation of State Theory", *Capital & Class* no. 33, London; reprinted in Bonefeld and Holloway (1991)
- Bonefeld W. (1990), *Social Form and the Development of the State under Monetarism*, PhD Thesis, University of Edinburgh
- Bonefeld W. (1991), Review of Gerstenberger 1990, *Capital & Class* (forthcoming)
- Bonefeld W., Gunn R., Psychopedis K. (eds) (1992), *Open Marxism: Contemporary Debate*, 2 vols, Pluto Press, London
- Bonefeld W. and Holloway J. (eds) (1991), *Post-Fordism and Social Form: A Marxist Debate on the Post-Fordist State*, Macmillan, London
- Braunmühl C. et al. (1973), *Probleme einer materialistischen Staatstheorie*, Suhrkamp, Frankfurt
- Clarke S (ed) (1991), *The State Debate*, Macmillan, London
- Gerstenberger H. (1975/1978), "Klassenantagonismus, Konkurrenz und Staatsfunktionen", *Gesellschaft* Nr. 3, Frankfurt; published in English in Holloway and Picciotto (1978)
- Gerstenberger H. (1990), *Die subjektlose Gewalt: Theorie der Entstehung bürgerlicher Staatsgewalt*, Verlag Westfälisches Dampfboot, Münster
- Gerstenberger H. (1991), "The Bourgeois State Form Revisited", in Bonefeld, Gunn and Psychopedis (1991)

Gerstenberger H. (1991), "The Bourgeois State Form Revisited", in Bonefeld, Gunn and Psychopedis (1991)

Gunn R. (1987), "Marxism and Mediation", *Common Sense* no. 2, Edinburgh

Hirsch J. (1973), "Elemente einer materialistischen Staatstheorie", in Braunmühl et al. (1973)

Hirsch J. (1974/1978), *Staatsapparat und Reproduktion des Kapitals*, partly translated into English in Holloway and Picciotto (1978)

Holloway J. (1987), "The Red Rose of Nissan", *Capital & Class* no. 32, London

Holloway J. (1988/1991), "The Great Bear: Post-Fordism and Class Struggle", *Capital and Class* no. 36, London; reprinted in Bonefeld and Holloway (1991)

Holloway J. and Picciotto S. (1978), *State and Capital: A Marxist Debate*, Edward Arnold, London

Marx K. and Engels F., *The Communist Manifesto*

Marx K., *Capital*, Vol. I, Progress Publishers, Moscow, 1965

Müller W. and Neusüss C. (1970), "Die Sozialstaatsillusion und der Widerspruch von Lohnarbeit und Kapital", *SoPo* 6/7; reprinted in *Probleme des Klassenkampfes* Sonderheft Nr 1; reprinted (in part) in English in Holloway and Picciotto 1978

Previous Issues Of COMMON SENSE Have Included:

<i>Keith Anderson</i>	A Consideration of Perpetual Motion CS2	<i>Richard Gunn</i>	Marxism and Mediation CS2
<i>Georges Bataille</i>	Letter to X (Kojève) CS8	<i>Richard Gunn</i>	'Recognition' in Hegel's <i>Phenomenology of Spirit</i> CS4
<i>Adam Beck</i>	Here Comes the Ocean CS6	<i>Richard Gunn</i>	In Defence of a Consensus Theory of Truth CS7
<i>Werner Bonefeld</i>	Open Marxism CS1	<i>John Holloway</i>	A Note on Fordism and Neo-Fordism CS1
<i>Werner Bonefeld</i>	Marxism and the Concept of Mediation CS2	<i>John Holloway</i>	An Introduction to Capital (or: How I Fell in Love with a Ballerina) CS5
<i>Werner Bonefeld</i>	Class Struggle and the Permanence of Primitive Accumulation CS6	<i>John Holloway</i>	The Politics of Debt CS9
<i>Kenneth Brady</i>	The Spanish Collectives CS1	<i>Interview</i>	The Protest against the World Bank/IMF Meeting in Berlin CS6
<i>Harry Cleaver</i>	The Uses of an Earthquake CS8	<i>Interview</i>	The Trial of Ingrid Strobl CS8
<i>Harry Cleaver</i>	Competition? or Cooperation CS9	<i>Hans Kastendiek</i>	Teaching Politics: Development of West German Political Science CS4
<i>CSE-Edinburgh</i>	The Anti-Poll Tax Campaign: New Forms of Class Struggle CS8	<i>Les Levidow</i>	Women Who Make the Chips CS9
<i>George Davie</i>	On Common Sense CS5	<i>L'Insecurité Sociale</i>	The Demise of 'Decadence' CS3
<i>Filio Diamanti</i>	"Class" in Marx's Thought and Beyond CS2	<i>Murdo MacDonald</i>	Types of Thinking CS1
<i>Andrew Duncan</i>	The Scientistic Fallacy CS7	<i>Murdo MacDonald</i>	The Centre of Psychology CS2
<i>Martyn Everett</i>	Anarchism in Britain - A Preliminary Bibliography CS3	<i>Robert Mahoney</i>	On Civility and Terror CS 5
<i>Dario Fo</i>	The Tale of a Tiger CS4	<i>Robert Mahoney</i>	Reflections on the Iran-Contra Affair CS9
<i>Walter Gibson</i>	The Political Activist and Trade Unions CS6	<i>Norah Martin</i>	Introduction to Susanne Langer's <i>Mind: An Essay on Human Feeling</i> CS6
<i>Walter Gibson</i>	Bingo CS8	<i>Peter Martin</i>	National Strike at Ford-UK CS5
<i>Richard Gunn</i>	Practical Reflexivity in Marx CS1	<i>Martin McAvoy</i>	Philosophy as Poison CS7
<i>Richard Gunn</i>	Notes on 'Class' CS 2	<i>Brian McGrail</i>	Environmentalism: Utopian or Scientific? CS5

SUBSCRIBE NOW

<i>Brian McGrail</i>	What is Enlightenment? CS8
<i>Keith Mothersson</i>	Nuclear 'Weapons' and People's Law (an Interview) CS7
<i>Toni Negri</i>	Archaeology and Project: The Mass Worker and the Social Worker CS3
<i>Colin Nicholson</i>	Signifying Nothing: Noting Barthes' Empire of Signs CS5
<i>Richard Norris</i>	Selfhood - The Options CS2
<i>Kosmas Psychopedis</i>	Some Remarks on Dialectical Theory CS3
<i>Kosmas Psychopedis</i>	Notes on Mediation- Analysis CS5
<i>Paul Smart</i>	Mill and Marx: Individual Liberty and the Roads to Freedom CS4
<i>Judith Squires</i>	Feminist Epistemologies and Critical Political Theory CS1
<i>Judith Squires</i>	Public Man, Private Woman: Feminist Approaches CS 5
<i>Olga Taxidou</i>	Performance or Bodily Rhetoric CS2
<i>Kim Tebble/Kenny Brady</i>	A Conversation on Cajun Music CS4
<i>Paul White</i>	Small is Small - Or the Shrinking of Schumacher CS5

**Back copies
£3 each
plus 50p postage**

SUBSCRIBE NOW

**Only
£11.00
for 3 Issues**

**Just fill in
the form below**

I _____ (your name)

From _____

Postcode _____ (your address)

Wish to subscribe to *Common Sense*
and enclose -

**(i) a cheque/postal order for
the:**

UK full rate of £11

UK reduced rate of £6

**or (ii) an International Money
Order or Bankers' Draft for
the:**

Overseas full rate of £15

Overseas reduced of £10
**for three issues. Starting with
number ____.**

I also want ____ back copies:

Nos _____ to/and _____

(send to *Common Sense*,
PO Box 311, SDO, Edinburgh
EH9 1SF Scotland.)

Common Sense

..aims to pose the continuous question of what the common sense of our age is, to articulate critical movements in the present, to offer a space open to unconformed debate, to animate the hidden passion for general ideas, to break down the rigid classification of written and visual works into predefined subject areas and to discover the future in the desires of today.

£3.95 / \$8.00

*Published and Printed in central Scotland
by Edinburgh Conference of Socialist Economists*

ISSN: 0957 - 204X