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# LIVING MARXISM

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# LIVING MARXISM

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This magazine consciously opposes all forms of sectarianism. The sectarian confuses the interest of his group, whether it is a party or a union, with the interest of the class. It is our purpose to discover the actual proletarian tendencies in their backward organizational and theoretical forms; to effect a discussion of them beyond the boundaries of their organizations and the current dogmatics; to facilitate their fusion into unified action; and thus to help them achieve real significance.

## FASCISM MADE IN U. S. A.

In Germany, shortly before fascism came to power, a group of reactionary writers began to attack the capitalistic system of production and its social organizations even more vehemently than had previously been done by the exponents of the radical labor movement. An outstanding contributor to this group was *Ferdinand Fried*, whose book *The End of Capitalism*, published in 1931, announced the close of the liberalistic-capitalistic epoch and the ascendancy of state capitalism, brought about by the collapse of the old world-economy and the rise of fascism and planning.

*Lawrence Dennis's* new book *The Dynamics of War and Revolution*<sup>1)</sup> belongs in the same literary category.. It predicts for America what Fried once declared was Germany's inevitable fate. Neither writer, however, has much in common with the actual fascistic political movement, nor with the pseudo-fascism preceding it. Just as Fried was exiled and his book forgotten, so will Dennis and his work find little appreciation among fascists or "anti-fascists". The reason for this may be found in the illusions of these writers, who actually believe that the present fascistic movement has the character of a genuine revolution able to transform the world basically enough to guarantee further progressive development. Though they are right in predicting the success of fascism over bourgeois democracy, they are wrong in assuming that fascism can, even temporarily, break that economic stagnation which is at the bottom of all social upheavals of the present epoch.

Because Dennis, Fried, etc., expect much more from fascism than it is able to deliver, their theories do not fit very well into the vague ideologic-

<sup>1)</sup> *The Weekly Foreign Letter*, 515 Madison Ave., New York, N. Y. (259 pp.; \$3.00)

al structure of fascism; nor do these theories suit the changing requirements of the victorious fascist class. Not that they are considered dangerous; rather fascism is not "dangerous" enough to find those theories usable for any length of time. As a matter of fact, fascism is not at all in need of new social theories. What it wants are political and economic methods to secure its rule over existing society. "If one makes dogmas out of methods", Hitler once said, "he takes away from human effort and intelligence those elastic attitudes which make it possible to operate with different means at different situations in order to master them."

The idea of "social development as a permanent revolution" — the motif in Dennis's writings — can by itself suit fascism only in its struggle for power. In a modified form, it may even serve as a part of the war ideology justifying imperialistic aspirations. But fascism wants to rule for "a thousand years". It comes with the intention of staying and all talk of a "Second Revolution", let alone a permanent one, is answered with exile and murder. Even if Dennis is far from "defending all revolutions and everything done in each of them", he still holds revolutions to be inevitable and thinks "that any revolution that is big enough will end stagnation". But it is the self-appointed job of fascism to prevent a revolution that is big enough to end stagnation. It is fascism's attempt to *reform* not to *revolutionize*, the capitalistic system of production and distribution which excludes adherence to any social theory that sees all development in terms of revolution.

### On Definitions

Dennis challenges not only the "defenders" of bourgeois democracy but also the Marxists. "As the world swaps revolutions and imperialism", he writes, "it is time for Americans to take new bearings. For doing this they will find little guidance in Herbert Spencer or Karl Marx... The latter-day liberals hoped to stabilize the dynamism of the industrial revolution and the frontier which are now over. The Marxists caught the equally chimerical vision of a classless society of workers from which the state would have withered away, leaving the ideas of laissez-faire to flourish in the garden of liberty completely rid of the noxious weeds of private capitalism." In the present revolution, however, the old capitalist merchant-class elite is pushed aside by a new non-commercial elite, to whom Dennis's book is addressed. This new elite is bent on realizing socialism. And for Dennis "Russia and Germany are examples setting the present standards of socialism".

Dennis justifies presenting Russia and Germany as socialistic societies with the argument that "if most of the one hundred and eighty million Russians or eighty million Germans call what they have socialism, this fact is more important for purposes of definition than the opinion of a handful of American or British idealists who are politically insignificant, but who believe theirs to be the only genuine variety of socialism". In other words, Dennis accepts the *name* the "Germans" and "Russians" have given their

societies. We, however, regard these nations as having state-capitalistic systems, which contain larger or smaller "private-capitalist sectors". We prefer to call these systems state-capitalistic because we can conceive of a still different economic and social form from those existing in Russia and Germany. Dennis, not interested in things to come, willingly accepts as socialism that which calls itself such. We will then not argue about definitions, but accept as "socialism" what at other times we describe as fascism and state capitalism. In short, if Russia and Germany are "socialistic", our opposition to those countries may then be seen by Dennis as opposition to "socialism".

There is one more question of definition to be settled before we can proceed. Dennis states that "The only consistent feature of the capitalist revolution of the past hundred and fifty years has been continuous change, which is the only law of any and every revolution". For him "the nature of change does not matter". His permanent revolution first meant continuous change of capitalism; it now means continuous change of "socialism". "The deviations of German socialism from *Mein Kampf* or of Russian socialism from *Das Kapital*", he writes, "are as natural as the deviations of modern capitalism from the theory of Adam Smith's *Wealth of Nations*". Aside from the fact that neither of the theories he mentions really formed the basis of social developments ascribed thereto, and that consequently these developments could not "deviate" from a basis they did not have, we do not think it particularly fruitful to assume that "the nature of change does not matter".

We are used to making distinctions between "essential" and "non-essential" social changes. To express the difference we speak of *evolutionary* and *revolutionary* phases of social development. Though evolution is part of revolution and the latter part of the first, still not to distinguish between them means not to understand social development. To us changes in capitalism which do not disturb the specific capitalistic production-relations (wage-labor exploitation and the divorce of the workers from the means of production) are something other than the revolutionary overthrow of those production-relations.

When Dennis speaks of the capitalist revolution, he means not only that revolutionary change from feudalism to capitalism, but the whole of capitalist development up to the present. He means the growth of capital, which changed a lot of things, but not that fundamental social relationship which consists of exploiting capitalists and exploited workers. When we then accept Dennis's term "capitalist revolution", we understand the accumulation process of capital and its social results. We fail to see, however, how on the basis of his concept of revolution, Dennis can speak, when dealing with the changes from private to collective exploitative methods in Russia and Germany, of a new social revolution. For us capitalism has not been overthrown so long as the basic capital-labor relations remain intact. While the latter exist, all other changes, however important, still indicate no more

than the further evolution, or as Dennis would say, "revolution" of capitalism.

If we, however, speak of fascistic or state-capitalistic "revolutions", we mean thereby that the further *evolution* of capitalism had to be brought about by new political and direct means, which appear "revolutionary" in comparison with the traditional indirect economic and political methods which accompanied previous capitalistic development.

Moreover, if we speak of fascism and state capitalism as varieties of capitalism, we do not mean to say that these new variations represent progress. Change does not necessarily imply progress. (Progress is here defined as increased exploitation, the growth of capital, and the territorial expansion of the capitalist mode of production). Progress as such is furthermore, as Dennis also points out, not important to capitalism. Only *accelerated progress* may solve its problems. The *rate* of capital accumulation, not a mere increase in profits, is here the determining factor. A relative stagnation of capital might be sufficient to produce crisis conditions.

In addition, the fact that capitalism is a world-wide system of production and distribution allows for changes in the creation and distribution of profits which are important, but which do not alter anything of significance in the conditions of *capitalism as a whole*. These later conditions are decisive, however, for the trends of capitalistic development. Mere shifts of economic activity from one place to another, changes in the distribution of world-created profits, may change nothing in an existing downward trend because of capitalism's inability to expand as a whole. Less unemployment in Russia and Germany, for instance, may mean more unemployment in other countries. More surplus labor and profits in America may mean less of both in Europe.

The general crisis of capitalism, for example, has now forced the capitalistically weaker nations, in order to safeguard their very existence, to other than traditional methods of combatting depressions. This, in turn, has forced the stronger nations in defense of their profits to react in a way that, though assuring an increased economic activity all over world, will obviously lead to a still further decrease of capitalism's profitability. Surpluses, instead of being capitalized, are now destroyed to an extent that the "new dynamism" thus created cannot indicate the coming of a new society, but only the more rapid destruction of the present one.

## The End of the Capitalist Revolution

It will first be necessary to investigate Dennis's statement, on which he bases his claim that "socialism" is inevitable, that capitalism is declining. In his opinion, "capitalism by itself" was never dynamic. Its "expansion in geometrical progression and its development of monopolies in the course of the industrial evolution" he finds explicable only through the profits obtained from non-capitalistic territories (the British empire and the American frontier), which provided opportunities, incentives, and escapes for individuals. Capitalistic, or private enterprise, Dennis points out, has always need-

ed subsidies — something for nothing, like free lands and a perpetual land-boom — to stimulate it to a necessary amount of activity. Capitalism was able to develop because of cheap labor, because of a series of easy wars of conquest and exploitation, and through rapid population growth, which also expanded the markets. Only under such conditions were private enterprise, democracy, and liberal freedom possible. However, the end of the frontier, of imperialism of the English brand, of rapid population growth and easy wars indicate the end of democracy as well as the end of capitalism itself.

The familiar notion that not socialism, but only capitalism, through its private property form and the market mechanism, allows for political democracy, re-appears here by Dennis in a somewhat modified form. To him the disappearance of democracy is also the end of capitalism, and vice versa. Though it is true that capitalism seemed to flourish best under conditions of democracy, it also existed under other circumstances, as for instance in Russia and Japan before the ascendancy of bolshevism and fascism. There is no reason why capitalism should not be able to continue to exist under any form of government. The fact that its growth in a number of countries coincided with the rise of democracy does not prove that this is the only manner in which it can develop and exist.

That there is a direct connection between laissez-faire economy and bourgeois democracy is not to be doubted; but then there never was a pure laissez-faire economy during capitalism's development. The term laissez-faire economy is used to *emphasize* only one of the many characteristics of capitalistic expansion. "Democracy", too, existed only when it did not interfere with the needs of the various capitalistic groups which ruled in their own exclusive interests over the whole of society. "Laissez-faire" contained in itself and led to monopoly; the growth of capital transformed monopoly into *monopolistic laissez-faire*. Democracy, once the dictatorship of capitalists, became the dictatorship of monopolists.

This process of concentration and centralization of economic and political power was at the same time the expansion of capital in size and extension. As capitalists came and went, governments were installed and dissolved, institutions were developed and discarded, monopolies were formed and broken up. But during this whole process no end of capitalism could be discerned because of the disappearance of the frontier, of easy wars and rapid population growth. It seems to us that capitalism loses its dynamic long before the barriers enumerated by Dennis are really reached.

## Population and Profits

How is it possible, for instance, in a world that produced 25 millions of unemployed in the 1929 depression, to say that capitalism declines because the population decreases? The decline of capitalism cannot be explained by that of population; the latter has to be explained by the former. There is no absolute law of population; each society has a law peculiar to itself. It cannot be denied that the development of capitalism was accompanied

by an enormous population increase. If capitalism can both increase and decrease population, then neither tendency can explain anything essential as regards the possibilities or limitations of capitalism. Furthermore, a population increase, brought about either by greater birth rates or by immigration, does not necessarily mean greater economic activity; nor must an opposite trend lead to contraction in production. Economic activity in capitalism depends on investments. If not enough are forthcoming, population tends to decline. For Dennis, however, result is cause. And though it is true that, once capitalism has started to decline, result becomes cause and cause result, nevertheless the question of primacy must be raised if one wants to inquire into the reasons for capitalism's decay.

On the basis of his wrong assumption that population trends determine capital expansion, Dennis then says specifically that "During the days of heavy immigration, rapid population growth and a scarcity of food and shelter, labor could not have enforced its present real wage demands, which, to the extent that they must be met at the expense of profits, are deterrents to new investment and enterprise". Aside from the fact that no serious economist any longer holds the position that the pressure upon wages, because of the larger supply of labor, could increase the rate of profits to such an extent that entrepreneurial initiative for new investments of any significance would be forthcoming, it should be quite difficult to maintain this assertion in the face of the existing large-scale unemployment, which, in Dennis's own words, is "capitalism's only enduring creation since the war". Besides, the wages Dennis refers to are the privilege of only a relatively small body of workers brought about by capitalistic trade-union policies at the expense of the large majority of the laboring population, which is hardly capable of re-producing its labor power, some workers even living on the verge of actual starvation not only in the world at large but in America as well. Aside from all this, it is still more difficult to see the point of Dennis's assertion in view of the fact that he himself has so greatly emphasized the importance of the frontier. If the latter gave many opportunities to capitalism, it also provided the workers with the chance to refuse low wages and go westward.

It seems to us rather that the social and economic position of the workers in relation to that of capital has not been improved, and that, from this point of view, it should be far easier now than before to force the will of capital upon the workers and to make them sacrifice in favor of new investments. Not a *shortage* of labor and an "abundance of food and shelter" stands in the way of further capital expansion, but capitalism's inability to use the existing *surplus* of labor and to employ the prevailing wide-spread misery for its own purposes. The increases in real wages, Dennis may be able to point out, were not due to a population decline, but to the greater productivity of labor, necessitating the betterment of living conditions. That this has been brought about by way of struggle, in which a real or produced temporary labor shortage served the workers, does not alter the fact that

a higher productivity demands a better standard of living. However, as wage statistics will show, there was never in history a situation where the workers could enforce wages that hampered capital expansion. If such a chance ever existed, it has certainly been missed.

It is true that the individual capitalists, and now even the collective-state enterprisers, see in the cutting of wages their *next* necessary step whenever profits become too small, or when larger profits are needed at once. Nevertheless, capitalism has never solved its real problems by the simple method of lowering wages. Wage reduction at one time are compensated for by wage increases at another. In the long run, and for capitalism as a whole, expansion of capital is not determined by high or low real wages.

At no time during capitalism's history have wages been *decisively* determined by the number of workers asking for one job, that is, by rapid population growth. With regard to the commodity labor power, the law of supply and demand does not work so well as it seems to "work" for other commodities. Dennis himself knows that generally in production "Producer demand, not consumer demand is sovereign", which means that the law of supply and demand can explain nothing essential, but is itself in need of explanation. Not the increase or decrease in the number of workers, but the fact that labor *must* sell its labor power in order to live, and sell it to capitalists who, in order to be able to buy it, *must* buy it at a price which gives them sufficient profits to exist and expand, explains the existence of certain wages. The workers may be able to bring the whole capitalist society to an end. But, regardless of the labor supply, they will never be able to raise their wages high enough to hinder *on their part* further capital formation. However great the unemployed army, capitalism cannot reduce wages below re-production costs for a considerable length of time without reducing its own profits. Despite wage struggles of all sorts, the decision as to what kind of wages will prevail is made neither by the capitalists nor by the workers, but only *through* them, by the needs of the economic system to which both adhere.

The increase in real wages of which Dennis speaks was, furthermore, only made possible by and was only brought about through a much faster increase of exploitation. The part of the social product falling to the workers decreased continuously with the growth of capital. This is a tautology, because the latter implies the first; it is one and the same process. Lower real wages meant lower profits, higher real wages higher profits, but labor was less exploited by lower real wages than it was by higher ones. It was less exploited during the frontier period, during rapid population increase, during the period of easy wars, and during the era of expanding markets than it is today. Capitalism's problem consists not, as Dennis sees it, in its inability to raise sufficient profits for further development because of real wages hindering this process — wages to be explained by a relative lack of population growth. The question rather is, why, despite an exploitation greater than ever in capitalism's history, despite large-scale un-

employment, serving now as before as an *additional* element to suppress wages, is it still not possible for capitalism to expand further? In short, why was it possible for capitalism to expand under less favorable conditions, and why can it not expand under the best possible conditions?

In his arguments Dennis included another familiar statement, namely, that capitalism "cannot raise living standards without reducing profits and the incentives to new investment and enterprise, (and) at the same time cannot maintain the necessary market for full production and employment without raising living standards or real wages at the expense of profits". This "dilemma" which, in Dennis's opinion, "capitalism never faced before", and did not need to face "as long as it had a frontier, rapid growth, migration and a flourishing industrial revolution", is not a new "dilemma", but no dilemma at all. When raising living standards capitalism never reduced but increased profits, frontier or no frontier. As long as it increased profits *sufficiently* it had a market for full production, for capitalism is its own best customer. The trouble now is that, regardless of frontiers and living standards, there are not enough profits, because the question is not one of how to *realize* surplus value in the face of lacking markets, but how to *produce* sufficient surplus value (profits) to *create* new capitalist markets.

### Frontiers and Easy Wars

What did the frontier and imperialistic expansion mean in economic terms? Markets and extra-profits, Dennis answers. But, though it is true that these extra-profits and markets were of considerable importance to capitalism, they do not explain the success of capitalism but are the result of that success. Is it not a fact that trade between highly developed industrial countries, not to mention their internal economic activity, was and is about ten times as important for their welfare as is their trade with frontier territories? The great bulk of the profits is created in the highly developed nations; only a small percentage of their riches is derived from colonial exploitation. Though it is true that the appropriation of other people's property without an adequate equivalent has been of great importance for the development of the countries initiating the capitalist expansion process, still it only *accelerated* a movement whose success was already guaranteed through the capitalistic form of exploitation itself. And though it is true that the actual lack of profitability in recent history has raised the interest in additional profits from abroad, regardless of their size, still present-day imperialism, as well as the whole previous territorial expansion of capital, is and was only possible because of the increase in exploitation in the original and the now-existing capitalistic nations.

Obviously Dennis has things standing on their head. For example, he explains the success of American capitalism by the fact that American farmers and speculators could buy land cheaply and sell it dearly. With little effort and expense they could acquire vast land holdings either by

governmental land grants or simply by being firstcomers. The westward movement and the increasing industrialization allowed these lucky ones to sell all or part of their land at ever-increasing prices. The continuous land boom thus created made a considerable number of people rich. But one should not only inquire about the lucky sellers. Who were the buyers who paid the prices, and where did they get the money to do so? Either this money represented the savings of European immigrants, that is, came from past labor or past exploitation of labor, or the land, if given on credit, was paid for with the labor applied to it, or with profits raised in industry. Without increasing industrialization and the capitalist increase in exploitation, this whole process would not have been possible. The American frontier was a "frontier" because of the capitalist expansion process. The statistical material available shows, for instance, that during the nineteenth century the large waves of immigration followed, not preceded, upward waves in business. The dynamic of capitalism made the frontier what it was; the frontier did not give capitalism its dynamic.

The "enrichment" by way of the perpetual land boom did not involve the creation but only the distribution of profits. The first comers merely exploited their advantage and appropriated for themselves profits created either by others or for others. In different words, during the frontier period farmers and prospectors were able to participate in the exploitation of labor. Today the picture is reversed. Now it is industry that appropriates parts of the surpluses of agricultural production for itself, either by way of better price control or through the industrialization of agriculture. The capital concentration also affects the division of surplus value; rent and interest disappear in order to bolster industrial profits. But both situations, exploitation by land monopoly or industrial monopoly, do not enlarge the surplus value (labor) socially created. They only indicate what social group is able to sell above value, and what other group has to sell below value. Both situations change nothing of the fact that it is always labor, agricultural and industrial, that determines the amount of surplus value on hand, over the division of which the fight may then issue.

If the frontier had actually meant what Dennis thinks it meant, it should have frustrated, not fostered, capital development, because it diminished the profitability of industry and thus hampered rapid expansion. Though it is true that parts of industrial profits wandering into the pockets of the landowners and speculators found, via the banking system, their way back into industry, yet even for those parts interest had to be paid, so that industry could only feel itself doubly "cheated". It was capitalism's job to do away with the frontier. Only thus could it serve its real interests.

Just the same, the frontier was a godsend for capitalism. Not because of the perpetual land boom connected therewith nor because it subsidized capitalism, but because, though it robbed capitalism of parts of the surplus value sweat out of the workers, it provided the space and material needed for capitalistic expansion. Without an abundance and a variety of raw mater-

ials capitalist production is unthinkable. Capitalism presupposes the international division of labor, it is the creation of a world economy. The more the world is capitalized, the better capitalism will flourish. The more non-capitalistic exploitation is transformed into capitalistic exploitation, the more profits are at capitalism's disposal. Only with the end of the frontier did America become the powerful country it is today. Only then it changed from a raw-material-producing and capital-importing country into a nation selling all sorts of produce and exporting capital in great quantities. Only with the disappearance of the frontier did America cease to be a mere appendix to European capital.

Only the successful transformation of non-capitalistic into capitalistic territory is of real importance to capitalism. But each nation, expanding its capital, is opposed to capital expansion elsewhere. Though "theoretically" the capitalistic world would flourish best if it were completely capitalized, in reality each capitalistic country tries at the same time to prevent the realization of this "theoretical" necessity. Though "theoretically" the end of all frontiers should be most favorable to capitalist society, in practice the diverse, historically-conditioned, and nationally-orientated vested interests preclude the removal of these frontiers. Capitalism is not doomed because it removed the frontiers too rapidly; if the argument of the frontier is used at all, one can only say that the continued existence of frontiers demonstrates the limitations of capitalism, which has to disappear because of its inability to continue to increase the productive forces of mankind.

It should be obvious that the world at large is far from being capitalized. Even though the American frontier has disappeared, why not make use of the frontiers in South America, South-East Europe, Asia, Africa, Australia? Dennis answers that the new "social revolution" which has started in Russia and Germany excludes the utilization of the remaining non-capitalistic or backward territories for private capitalistic purposes. Why was it then that long before this "new revolution" started capitalistic expansion into non-capitalistic territory had either found its end or had begun to stagnate? Why is India as backward as it is, despite England's long rule? And why aren't the "400 Million Customers" in China properly exploited?

One may point to the existing imperialistic rivalries checkmating each other. But such a situation still allows both for a general rush of investments and for a general reluctance to invest because of lack of security. Behind the failure to capitalize the backward nations stands far more than the fear among capital-exporting countries of losing their investments in case of war.

It is true that in order to open the "virgin" territories to capitalistic exploitation wars, less easy than those which created the British empire, or which led to the present form of the United States, will have to be fought. But then the ability to fight has grown with the difficulties of warfare. A strong combination of capitalistic nations will still be able to defeat a weak-

er combination of capitalist nations and take, as its price, control over the backward countries. War is not only now, but always was, "unprofitable". It was not fighting which brought additional profits to the ascending capitalist regime, but more and greater exploitation of labor after the fighting was over. The difficulties of war cannot explain the end of capital expansion; less so, since the end of capital expansion led to the last and to the present world war.

### The Decline of Capitalism

For all the reasons so far discussed, that is, the end of the frontier, of easy wars, and of rapid population growth, Dennis thinks that "as a constructive force for private capitalism, the industrial revolution is now over". The "socialistic countries", Russia, Germany and Japan, will continue where capitalism has left off. However, what he assumes to be reasons for the decline of capitalism are not the real reasons, and the real reasons, that is the capitalistic mode of production which stands opposed to the social needs of today, he does not even recognize. By denying capitalism's inner dynamic he fails to understand its present decay, and thus has to limit himself to favoring the fascist "reform" of capitalism which, whatever it might change, will not change anything in the further disintegration of the capitalist production process.

What then is at the basis of the present economic and social stagnation? Throughout his book Dennis talks extensively about many forms of capitalist exploitation. He neglects, however, to investigate thoroughly that of labor by capital. Though he realizes that expansion depends on profits, and though he knows where profits come from, still he does not grasp the whole significance of the relationship between profit and expansion. Much as he tries to, he does not concern himself with fundamental contradictions of capitalism, but is concerned only with question of profit distribution. Only thus can he remain in the superficial spheres of population growth, frontiers, and easy wars. All he needs is a few good arguments to say why he thinks that the state-capitalistic, or "socialistic" form of profit distribution is superior to that of private capitalism. As the German fascists, a la Fried, were opposed only to "interest slavery", and that at a time when the end of banking capital was already at hand, so Dennis too, though more embracing, opposes no more than private profit appropriations. He also demands this at an hour when it has already become actual practice. Today even the victims begin to realize that their days are over. Though Dennis believes he is opposing capitalism, he really favors the continuation of its mode of production if it can only be modified in such manner as to be able to withstand the possible onslaught of the dissatisfied masses. In view of rising fascism, many of his predictions as to the features of the immediate future seem to be quite realistic; however, his belief that the problems he thinks in need of solution will thereby be solved is certainly illusory.

Since for Dennis the permanent revolution, that is, social change, never consists in more than the exchange of one elite for another and a change

of institutions and functions within the otherwise unchanged exploitation-relations, it is understandable why he did not bother himself too much with the basic problems of capitalist society. To safeguard his position, he has to insist that capitalism must receive "something for nothing" in order to live and prosper. But the whole of capital is "something for nothing" that is, it consists of surplus labor past and present. Imperialism itself is finally reducible to the appropriation of surplus labor from other countries. The trouble then, to repeat, is not that capital geographically reaches its barriers, but that it is no longer able to increase its profitability sufficiently *at home* to continue capital expansion *abroad*. Not because it is no longer possible to get "something for nothing", but because it is not possible to raise the exploitability of the *existing* number of workers to provide for the capital needed for expansion does capitalism find it difficult to get *everything for nothing*.

Not the frontier, population growth and easy wars gave capitalism its dynamic, but the possibility of appropriating by capitalistic exploitation methods ever greater numbers of workers, necessitating, as well as making possible, territorial expansion. The increase in the laboring population was accompanied by a still more rapid increase in capital. The decline of the laboring population *relative* to that of capital — this fundamental capitalistic contradiction, which though not the only one is still the only one through which all other reasons for capitalism's decline become understandable — Dennis does not even mention.

The question previously raised as to why it is that capitalism stagnates despite high exploitation contains its own answer. Because exploitation is so great that its increase through lowering living standards or through exploitation from abroad ceases to be of importance as regards capital formation, it must be increased by additional exploitation of additional workers. That means, not by any number of additional workers, but by a number great enough to produce profits sufficient for still further capital expansion. However, every additional worker necessitates an additional capital outlay. This capital outlay increases with the growth of capital. The question is then: is it possible for the existing number of workers to create sufficient surplus value to produce that capital necessary to employ profitably the needed number of additional workers? How big must this capital be, and if it is created, are there enough workers on hand to make it possible for expansion to occur?

As long as capital was relatively small and its expansive needs limited, profits were relatively high. Profits are what is left over from production after wages, rent, interest, distribution and reproduction costs, etc., are accounted for. Capital expansion means that part of the profits, and unused part of other incomes ready for industrial investments, are not hoarded but are used to construct additional means of production. However, the growth of capital implies the relative decline of labor power. The wage bill becomes smaller the higher capital mounts, though the wage bill (vari-

able capital) may also increase, and in case of accumulation, must increase in absolute terms. Profits are derived from labor. As long as the exploitation of labor can be sufficiently increased, the decline of labor relative to that of capital means nothing. The tendency of a declining rate of profit inherent in the disproportional growth between labor and capital (variable and constant capital) cannot assert itself so long as exploitation increases faster than the rate of profit declines, that is, so long as capital accumulates rapidly.

The smaller profits of smaller capital are something other than the larger profits of large capital. A capital relation where, say half of the existing capital is invested in wages, and the other half in means of production, yields less profit than a capital relation where 9/10ths consist of means of production and only 1/10th represents wage capital. But in relation to the *total* capital, that is, constant and variable combined, the absolute greater sum of profit has become relatively smaller, because the profit, though won only by labor, has to be measured in relation to the whole of capital investments. Furthermore, in the case of an equal relationship of the two components of capital, a greater number of workers have to re-produce the existing capital and create its additions than in the other case. A relatively slight increase in exploitation, made possible by technological development and productive re-organizations, or even by a mere increase in the intensity of labor, or by lengthening the working day, may assure prosperity in the first case. To have prosperity in the second case means that a very small number of workers must reproduce the existing capital and create its additions. Here a greater intensity of labor may no longer mean anything, as the high productivity already reached by reason of the large capital invested in means of production may preclude sufficient increase in labor intensity. Neither would the lengthening of the working day help because, under such conditions, after a certain number of hours, the workers' productivity declines rapidly. What would be of help here is further technological development and better organization of production. If, however, the existing, already enormous, capital is unprofitable, technological development implies a still greater capital than that in existence. That does not necessarily mean greater enterprises, but additional enterprises, or the replacement of less with more productive enterprises. Capital must be sufficiently enlarged to restore profitability despite the furthering of the discrepancies between the two components of capital, constant and variable. If this, at any given time, is not possible, stagnation sets in and capital destruction takes the place of expansion.

What is "healthy" in capital is not its "prosperities", but its depressions. Those people who think that depressions are bad for capitalism, and who long for the return of prosperity, are only longing for the final capitalistic collapse. All periods of prosperity have hitherto only accelerated the development of that unfortunate disproportional development between constant and variable capital, which gave capitalism a "dynamic" otherwise



possessed only by people suffering under galloping tuberculosis. Able to "prosper" only by accumulation, capital has always increased its momentary profitability by making smaller the basis on which it rests. The more it actually expanded, the more it contradicted its own "interests".

If capitalism could prosper by a development which increased the number of exploited workers simultaneously and proportionately to the growth of capital, it would find its end with the end of natural resources and available labor power. If it could prosper by a more rapid development of population than that of capital, it would end in starvation. If it has prospered by the more rapid increase of constant capital over the variable part, it now finds its end in the inability of the relatively fewer workers to maintain and increase that capital.

Assuming the relation between constant and variable capital today approximates the 10 to 1 relationship used for illustrative purposes above, and if the existing capital has to be totally reproduced within a span of 10 years, this would mean that every employed worker today must yearly create, besides the money equivalent for his and his family's livelihood, an equal sum for capital replacements, plus the per capita distribution costs, plus taxes, plus the livelihood of the capitalists and that of the non-working population not accounted for in the previous categories, plus, finally, additional capital for expansion. If the workers are not able to create all that, capitalist society stagnates until it becomes possible to increase the productivity of the existing working population to a point where further expansion becomes possible. If capital expansion is not successful, all the items in which surplus value is divided increase, making it less and less possible to raise the capital needed for expansion. Under such conditions a forceful destruction of capital becomes necessary; that is, the ending of a relationship in production which excludes further expansion, for instance, through a change in the proportional relationship between capital and labor from 10 to 1 to, say, 8 to 1. If crisis and depression destroy capital in sufficient quantities, and thus enable a rise of profits for the enterprises capable of living through the depression, the continuation of technical advancement and the consequent increase in productivity re-establishes a level of production which allows for further accumulation.

This has been the case so far. Each previous capitalistic depression destroyed enough capital to raise the profitability of the remaining capital sufficiently to guarantee another period of "prosperity". If one is interested in the maintenance of capitalism, one should pray for better and bigger depressions. As a matter of fact, every capitalist does so. He always means, however, that the benefits shall be visited upon his fellow-capitalists. After all, this is a Christian civilization. The present depression unfortunately finds too many non-believers in the ranks of capital; the trouble with the present depression so far is not that it is so big, but that it is not big enough. Monopolization, capital concentration, trustification, cartellization, and market controls of all sorts hinder capital destruction in necessary quantities.

However, if individual capitalists and concerns have turned into heathens, not so the rest of the population which, by its own movement, brings about and enforces governmental policies which serve to an ever greater extent the destruction of capital in order to safeguard capitalist society.

The question as to whether capital will be able once more to overcome its present stagnation and decline by simultaneously destroying capital and raising profits is not an economic question. There does not exist a purely economic problem at all. However, by taking economic phenomena out of the social setting of which they are a part, it becomes possible to shed some light on the developmental tendencies of the latter. By knowing what it takes to re-establish profitability and progressive accumulation, one becomes aware of the character and intensity of the ensuing class struggles. From a "purely economic" point of view there is indeed no reason why capitalism should not be able to overcome its present difficulties. Though the workers are extremely exploited, though they may already work seven hours for capital during an eight-hour day, is there any reason why they should not work 7¾ hours for capital; is there any reason why the number of workers should not increase by 10 or 20 per cent, or even more? If it should prove possible to destroy sufficient capital in order to distribute the social profits into still fewer hands, and to polarize society so that it really corresponds to what Marx thought would be the result of accumulation, capital may be able to exceed what appears to us already to be its limits. It is true that there are more reasons against such a possibility than there are in its favor, but then one never really knows where the limits of human endurance are.

To prove strictly scientifically the inevitability of capitalism's collapse will always remain a futile attempt. Not even the assembly of data needed for such an undertaking is possible. Dennis is right in not wasting his time "to prove to doubting optimists that it is impossible to restore the necessary conditions for the successful functioning of private capitalism. Those who take my view", he says, "do not have to prove their case. They need only challenge the optimists to prove their theses by achievement". But he not only has no reason to prove his case, he could not prove it even if he were to try. All that can be pointed out are the reasons why the growth of capital implies the growth of the contradictions inherent in its productive system. If the empirical data corresponds with this, one can, without fear of being utopian, prepare and help support a social movement that attempts to end capitalism.

That one may also, by considering the consequences of capital accumulation, justifiably say that there is an objective end to capitalism, that its final collapse is assured, changes nothing of the fact that capitalism must be abolished through human actions in order to cease. The argument about the objective end, however correct, finally amounts to no more than the recognition of the obvious, that all things and all institutions come to an end in time.