



BRILL

Marxist Theory and Strategy: Getting Somewhere Better

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Abstract

The first three sections of this lecture address the need for better historical-materialist theorisations of capitalist competition, capitalist classes and capitalist states, and in particular the institutional dimensions of these – which is fundamental for understanding why and how capitalism has survived into the twenty-first century. The fourth section addresses historical materialism's under-theorisation of the institutional dimensions of working-class formation, and how this figures in explaining why, despite the expectations of the founders of historical materialism, the working classes have not, at least yet, become capitalism's gravediggers. While recognising that a better historical materialism along these lines will not necessarily provide us with a GPS route to a socialist world beyond capitalism, it does suggest a number of guidelines for socialist strategy, with which the lecture concludes. This includes the need for building new institutions capable of defining, mobilising and representing the working class *broadly*, as well as recognising that the types of parties that can transform working classes into leading agents of social transformation have yet to be invented. A strategic priority must be to start anew at creating the kinds of working-class political institutions which can rekindle the socialist imagination, and develop the socialist capacities to get there.

Keywords

historical materialism – capitalism – competition – class – state – socialism

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We concluded *The Making of Global Capitalism* by noting that we saw its contribution as offering ‘a sober perspective on what currently exists, and how we got here, so as to better understand the nature and scale of the task involved in getting somewhere better.’¹ We meant this both theoretically and strategically; indeed one of the key conditions for getting somewhere better strategically is developing a better historical materialism.

Getting somewhere better theoretically first of all involves taking the history of capitalism seriously. Historical materialism fosters the understanding that capitalism has not always been the natural order of things, a permanent feature of human existence. This problematises when, where, why and how transitions to capitalism took place from earlier modes of production, and encourages the contemplation of, and struggles for, capitalism’s replacement by a fundamentally different and better social order. Yet many of those who have deployed historical materialism have tended to analyse ‘the capitalist system’ itself, once it has emerged, in ahistorical terms. This has often involved apprehending both its functioning and its contradictions in terms that appear to have an abstract and timeless logic. And even when historical materialism has been deployed to analyse how capitalism *has* changed, this has often been presented in terms of logically derived stages, and cast in teleological terms as hastening capitalism’s demise.

Either way, this has undermined rather than enhanced historical materialism’s capacity to aid our understanding of how human beings make their own history, albeit not under conditions of their choosing. As Marx once said: ‘*History* does *nothing*, it “possesses *no* immense wealth”, it “wages *no* battles”. It is *man*, real, living man who does all that, who possesses and fights; “history” is not, as it were, a person apart, using man as a means to achieve *its own* aims; history is *nothing but* the activity of man pursuing his aims.’²

Marx’s core concepts of competition and class still provide the essential basis for developing such an understanding of the conditions under which people have acted in capitalist societies. But the further development of historical materialism requires overcoming the under-theorisation, or at least misleading theorisations, of the institutional forms through which competition and class have been expressed. This means paying careful attention to how these institutions were developed, and how their practices were framed in specific contexts of capitalist competition and different balances of class forces, and how the further development of these institutions reflected their capacity to cope with contradictions and crises. Taking historical materialism somewhere better, we will argue, starts with a better theorisation of the

1 Panitch and Gindin 2012, p. 340.

2 Marx and Engels 1975, p. 93.

institutional dimensions of capitalist competition, capitalist classes and capitalist states. We will then use this to better understand why capitalism has survived into the twenty-first century, and why, despite the expectations of the founders of historical materialism, the formation of proletarians into working classes has not, at least yet, produced capitalism's gravediggers. We will conclude by drawing certain guidelines from all this for socialist strategy in the twenty-first century.

1 Capitalist Competition

Mainstream economists have always regarded the growth in the size of firms and their market predominance as undermining their stylised and highly romanticised picture of capitalist economic competition. And witnessing how far the concentration and centralisation of capital had gone by the turn of twentieth century, a great many Marxists proclaimed that a monopoly stage of capitalism, representing capitalism in its maturity – what Lenin termed ‘the highest stage of capitalism’³ – was displacing an earlier stage of competitive capitalism. Economic competition among units of capital was, in this new stage, seen as having been politicised in the form of inter-imperial rivalry.

The tendency of capitalism's competitive dynamics to lead to the concentration and centralisation of capital was indeed one of the great insights of Marx. However, he understood this in terms of reframing the nature of competition, which, far from eliminating it, *intensified* it even in what he called ‘large-scale industry’. Hilferding's highly influential portrayal of monopoly trusts directly linking industry and banking under the rubric of ‘finance capital’ marked a sharp departure from Marx in this respect.⁴ And empirically, it extrapolated far too generally from Germany; what increasingly became the norm in the twentieth century was the much looser relationship between the institutions of production and finance that prevailed in the United States.

Understanding why this turned out to be the case involves bringing historical contingency, such as the outcome of World War II, into our analysis of capitalism's development. The German fascist regime might have seemed, in its structural relationship to industry and finance, to more closely resemble ‘state monopoly capital’ than any other. That regime's defeat in the War was crucial to the subsequent contours of capitalism which were fashioned under an informal American empire that took responsibility for the extension and

³ Lenin 1963.

⁴ Hilferding 1981.

reproduction of capitalism on a world scale, with strong support from capitalist classes abroad.

It was in this context that the key capitalist *institutions* of the contemporary era, multi-national corporations (MNCs) and investment banks, flourished as central agents of capitalist globalisation. Marx's recognition of the institutional significance of the limited-liability company was all the more remarkable given that the modern corporate form only emerged in the US in the last quarter of the nineteenth century. Alongside its role in mobilising and allocating capital, what above all characterised it organisationally was its ability to centralise administration while decentralising production and distribution, thereby displacing regional or local monopolies by inter-corporate competition on a continental scale. This corporate form not only became the model for US MNCs as they penetrated foreign markets, but it was also the form adopted by the MNCs of other countries, especially as from the 1970s onwards they mutually penetrated each other's markets.

What the twentieth-century notion of monopoly capital underplayed was the extent to which competition revolved not so much around the number of firms in an industry but around the mobility of capital on the one hand, and on the other the uneven development of technology and pressures for valorisation arising in large-scale industry both from fixed costs and from labour. Even amidst the concentration of capital in a few giant industrial firms, they remained intensely competitive with one another, if not always over prices, then over profitability, market share and the capacity to attract new capital. Baran and Sweezy's theory of 'monopoly capital',⁵ no less than Galbraith's 'New Industrial State',⁶ failed to detect the underlying dynamics of this, which in the last quarter of the twentieth century led to new entry and a return to price competition in a great many of what had previously been designated as monopoly sectors.

As corporations competed via new technologies, new products, new labour processes and new distribution logistics, all this came with *institutional* innovations that not only furthered the concentration and centralisation of capital but also led to a vast extension of the cross-sectoral and cross-regional mobility of capital which often overcame previous barriers to competition. Corporations in entirely different sectors compete with each other today, and in fact have blurred what was traditionally understood by a *sector* of the economy. Facilitated by the lowering of transportation and communication costs, new value chains across companies and countries were introduced, through

5 Baran and Sweezy 1966.

6 Galbraith 1967.

which competition among corporations was intensified as well as among ever more numerous suppliers around the globe competing to join their value chains. The development of sophisticated internal accounting methods was directed to increasing this competition, even among sub-units of the same corporations.

As we once again witness the concentration and centralisation of capital through the course of the information revolution, the designation of monopoly capital remains inapt. Though Google, for example, currently has an overwhelmingly dominant position as a search engine there is escalating competition over access to the profitability potentials across the internet as a whole. Personalised search is increasingly being linked to social media such as Facebook and Twitter; voice search includes competition from applications based on Apple iPhones; and dramatic price wars have erupted over cloud computing that involve Google, Microsoft, IBM and Amazon, the current leader.

Moreover, as the largest financial institutions also increasingly competed among themselves, breaking down old divisions between commercial and investment banking, and branching out into insurance, business services, and so on, they also developed new institutional capacities that both supported and impelled greater competition in the non-financial sectors. As finance mobilised domestic and global savings, this provided pools of funds to support *both* mergers that reduced the number of companies *and* new entrants among industrial and service corporations. The development of derivatives reduced barriers to global competition by providing insurance against exchange-rate and price and cost fluctuations via new futures markets. And highly liquid financial markets, through the ease of movement they provided from one corporate stock to another and from one corporate bond to another, constantly disciplined capital towards greater competitiveness.

Through the course of the twentieth century, the old theory of Finance Capital faded away; the term was primarily limited to denote the financial fraction of capitalist classes. But various notions of Monopoly Capital persisted, especially to refer to the dominant fraction of the capitalist class, and its alleged direct control of the state. This brings us to the question of the adequacy of historical materialism's understanding of capitalist classes as actual historical actors.

2 Capitalist Classes

Marxists often speak a language of class that requires not only vernacular unpacking but also a good deal of theoretical unpacking. Class struggle, when

it is not just an invocation, is usually conceptual shorthand for a very complex balance of forces involving an array of actors, institutions, strategies, and tactics. In between notions of class in itself and class for itself there is an extremely broad range of experience, identity and behaviour, not only in the case of working classes but of capitalist classes too. This cannot be apprehended by treating classes only as structures which define individuals' places in capitalist social relations. Classes must rather be conceived as real collectivities whose changing formation based on common experiences and activities can be traced historically. One of historical materialism's central concerns must be to investigate the changing capacities of classes to express their identity and interests over time, and the effects this has on the relative balance of class power.

Although there is a rich tradition in Marxist historiography and political sociology which focuses on specific institutions, this has not done enough to counter the main indictment against Marxism made, ever since Weber, by historical, sociological, economic and legal institutionalists. Of course, these critics of Marxism either ignore class inequality or reduce classes to lifeless hierarchies defined by status ascriptions or income categories. This was epitomised this very year by Thomas Piketty's own much-celebrated version of 'Capital', with its espousal of 'centile struggle' over 'class struggle'.⁷ This is a reversion to treating classes as statistical artefacts where income and assets explain classes, rather than social relations and the balance of class forces explaining the distribution of incomes and wealth.

That said, there has been a misleading tendency in Marxism to treat capital as a coherent and self-conscious actor, attributing to it interests that are derived from abstract logics of capital accumulation. This is even sometimes done in ways akin to rational-choice and game theories. Capitalist classes in fact come together as real social actors through institutions which play a crucial role in their formation, identity and behaviour, not least in terms of overcoming – or not – the divisions among capitalists amidst ongoing competition. There is often a Marxist conception of fractions of capital as almost watertight compartments: industrial and financial, monopoly and competitive, foreign and domestic. This reflects a certain static economism which misses the fluidity of capitalist life.

What is needed is a historical materialism that connects the analysis of competition and inequality with the institutions historically involved in class formation and class struggle. There can be no proper understanding of the persistent and growing class inequalities without paying careful attention to what

⁷ Piketty 2014, p. 252.

institutions like employers' associations, confederations of industry, chambers of commerce, think tanks, consultancies, law firms, foundations and philanthropies all do in mediating and fashioning capital's collective class interests. The interlocking directorships of corporate boards may be more important in bridging the various fractions of capital than in playing any directly functional role in the corporation. The old debates about ownership versus control have become more and more academic, not only because of the widespread expansion of stock options for corporate managers, but ironically also because business schools in universities are so actively engaged in the process of class formation, incorporating managers into the capitalist class through their multitudinous MBA programmes.

The literature on transnational capitalist class formation *has* paid a lot of attention to institutions. Yet however much the European Business Roundtable or the World Economic Forum are oriented to regional and global patterns of accumulation, the ties they build among capitalists remain much thinner than those institutionally constructed at the national level, such as the CBI in Britain, the BDI in Germany or the US Chambers of Commerce and Business Roundtable. And this is also true of the BRICS. Any serious comparative historical-materialist analysis must concern itself with what difference it makes that the Communist Party has become such a central arena of capitalist class formation in China, or with the institutional forms through which the ANC elite has been integrated into the South African capitalist class, or with the role the Brazilian development bank has played in linking domestic capitalists to the sub-imperial project of Brazilian MNCs.

3 Capitalist States

The institutional construction of class identities in discrete nation states, together with the very active role that states play in global capitalism, reinforces the importance of overcoming what, at least since the 1960s, has been commonly recognised by Marxists themselves as a major problem in historical materialism. Marxism's traditional weakness as a theory of the state was that it never went far beyond the *Manifesto's* assertion that the 'state is merely a device for administering the common affairs' of a bourgeoisie which had 'gained exclusive political control through the modern representative state.'⁸

8 Marx and Engels 1996, p. 3.

Ralph Miliband's insistence on the need for distinguishing between state power and class power, and the importance of clearly delimiting state institutions within capitalist societies, marked a very positive development in this respect.⁹ Our own understanding of the central role of the American state in the making of global capitalism was much aided by Poulantzas's argument that the transatlantic interpenetration of capitalist classes, as the expansion of MNCs led to foreign capital becoming a social force within each other's social formations, had invalidated the old theory of inter-imperial rivalry and undergirded the internationalisation of the American state.¹⁰ However, Poulantzas was wrong to reject Miliband's insight into the distinctiveness of state power, and to insist instead on conceiving the state only as a 'field' of class representation, or a 'condensation' of class forces.¹¹ The capitalist state is neither a direct class instrument nor just composed of class actors. Capitalist states are dependent on capital accumulation for securing their own tax revenues and legitimacy, and their actions must always be located within the social field of class forces, but state power is not the same as class power.

The Political Marxist contribution in terms of stressing the *separation* of the state from the economy in the transition to capitalism has not been followed up sufficiently in terms of understanding the *differentiation* of state institutions from economic ones as they have developed in capitalist societies.¹² Not only are state institutions more or less relatively autonomous from class representation and pressures, they have developed ever more specialised institutional forms and capacities concerned with maintaining 'law and order' and securing the coherence of a competitive and unequal social order, while at the same time attempting to facilitate capital accumulation and contain economic contradictions and crises.

The broad range of activities in which state institutions are engaged cannot be directly traced from some abstract 'logic of capital', nor should every state action be attributed to furthering the interests of some or all capitalists. Moreover, the notion that what states do is merely implement policies divined by economists, whether inspired by Keynes or Hayek, is as misleading as the notion that capitalists dictate what states do in order to promote or sustain capitalism. It is mainly through processes of trial and error in coping with specific problems in any conjuncture that state actors learn the possibilities and limits of state action in capitalist societies.

9 Miliband 1969, 1977 and 1983.

10 Poulantzas 1975.

11 Poulantzas 1973 and 1976.

12 Wood 1981.

The changes that state institutions undergo over time, including the shifting hierarchies amongst them, are the outcome of both incremental and contested processes inside the state itself. These are related to shifts in the balance of class forces but not reducible to them. Often confronting the very problems which capitalists could not solve for themselves, actors in the state, unlike capitalists, cannot avoid dealing with 'the law of unintended consequences'. Indeed, they are usually trained to anticipate other problems that will arise from taking certain steps, including upsetting relations and generating contestations among state institutions themselves. This is true not only for career civil servants, but even for those who have entered the state from the business world, but who, once embedded in state institutions, take on responsibilities specifically framed by those institutions. Understanding what states have actually done that the capitalist classes themselves could not do in promoting and sustaining capital accumulation and social relations is in fact crucial to answering the question of why capitalism has survived into the twenty-first century.

4 Capitalism's Survival

It was perhaps understandable that those who developed historical materialism in order not only to understand the world but to change it should have been prone to premature predictions of capitalist collapse, if only to give working classes courage that capitalism was actually vulnerable to their revolutionary efforts. Nevertheless, even such predictions as Marx made in the *Manifesto* about the bourgeoisie already having 'cut the ground from under its own feet' sat very awkwardly beside his keen understanding of the dynamism of capitalism, which is why the *Manifesto's* account of the bourgeoisie 'making the world in its own image' still has such a contemporary ring.

In our view far too much has been made of 'the law of the tendency of the rate of profit to fall', as set out in Volume III of *Capital* – which was, after all, only put together by Engels well after Marx's death.¹³ In any case, as Paul Sweezy once said in a letter to Paul Baran: 'Formulas are the opium of the economists, and they acted that way on Marx too. Vide the chapter on the falling rate of profit which tries as hard as any of the modern stuff to squeeze knowledge out of tautologies.'¹⁴ Indeed, to use a formula like FROP that is premised on a singular cause of crises across the span of capitalist history, let alone to deduce

13 Marx 1959, Part III.

14 Sweezy 2014, p. 39.

terminal collapse on the basis of this formula, betrays what is most valuable in historical materialism.

Precisely because capitalism, as Marx discerned so well, is a historically dynamic rather than relatively static mode of production, it has been prone to crises. Against the old notion of a hidden hand as well as modern equilibrium theories, Marxists have always been right to insist that periodic economic crises will result from the boiling cauldron of competitive markets, uneven development and class conflicts. There have now been four great crises of capitalism – in the last quarter of the nineteenth century, the 1930s, the 1970s, as well as the current one. Each crisis has been historically specific, and the causes of each must be analysed in relation to the class relations and institutional forms *as well as* the economic contradictions specific to each period. Moreover, the severity, duration and resolution of each crisis is contingent on the balance of class forces, on capital's capacity to deploy new technologies and organisational forms, and on whether states act so as to contain or aggravate the crisis, alter the balance of class forces, and change institutional infrastructures in ways which renew capital accumulation.

While capitalist states did not figure even among the 'counter tendencies' with which Marx qualified the tendency of the rate of profit to fall, Lenin made the state central to the analysis of the contradictions besetting capitalism in the run-up to World War I. But even leaving aside the problems with his theorisation of 'the highest stage of capitalism' in its own time, we cannot understand why capitalism has survived for a full century beyond this stage without a new conceptualisation of the internationalisation of the capitalist state. This pertains to certain states assuming responsibilities for fostering and reproducing capitalism internationally, and aligning their institutions as well as their domestic economies and social relations with this. This is fundamental to apprehending the development of the institutional capacities of the informal American empire to oversee globalisation, in conjunction with the other capitalist states, and to contain the economic crises to which it gave rise.

What globalisation has amounted to, moreover, is more than capitalism's 'survival'; it has spread capitalist social relations to every corner of the globe. While remaining a highly uneven process, this has nevertheless involved what can only be called capitalist development both in the former communist states and in some of the largest countries of the former Third World on which the old theory of the development of underdevelopment was centred. Of course, this cannot be understood as unmitigated 'progress'. Global hierarchies of production and power persist, even as rankings shift. And as with the capitalism Marx analysed in his own time, it also comes today with dispossession and

dislocation, exploitation and inequality, contradiction and conflict. Moreover, today's ecological degradation cries out for a rich historical-materialist analysis. But here too, it would be mistaken to embrace the notion of imminent collapse rather than recognising the destructive, chaotic and irrational world that accompanies capitalism's continued survival.

5 Capitalism's Gravediggers

The survival of capitalism into the twenty-first century poses the most difficult question for historical materialism: what happened to the working classes that the Communist Manifesto designated as capitalism's gravediggers? In our view there can be no proper answer to this without coming to grips with the asymmetric impact of competition on capitalist and working classes and how this has expressed itself institutionally to condition the choices they have made and the practices they have undertaken.

From the moment that a capitalist, in bringing workers together under one roof, established the conditions for those workers to potentially overcome competition among themselves, the institutional forms through which they did so had ambivalent effects on class formation. As craft unions tried to take wages out of competition by organising across capitalist firms, the exclusions of other workers became embedded in workers' own institutional forms. Later, industry-wide union organisations created broader solidarities but this institutionalised sectoral class formation. Such institutionalised divisions within working classes were always partially offset by the way working-class communities spanned craft and sectoral identities. But Marx, both in the *Manifesto* and the *Eighteenth Brumaire*, rightly stressed that workers, no less than peasants, 'do not form a class' insofar as they have 'merely local interconnections'.¹⁵ Indeed, this may be why Marx in the *Manifesto* reserved the term *class struggle* for the processes that 'centralise the many local struggles of a generally similar character into a national struggle, a class struggle'.¹⁶

Marx was also acutely aware, however, that this 'organization of proletarians into a class' was itself 'continually being upset again by the competition among the workers themselves'.¹⁷ While economic competition destroyed particular companies, the survival of the fittest tended to strengthen the capitalist

15 Marx 1979, pp. 187–8.

16 Marx 1996, p. 9.

17 Marx and Engels 1996, p. 10.

class as a whole. In contrast, it often impelled workers to identify with their employer and regard other workers as competitors, which undermined solidarity and weakened the working class.

This turned out to be especially important in light of the *Communist Manifesto's* obviously mistaken claim that 'differences of age and sex have no social validity any more for the working class'.¹⁸ And what also obviously still matter are differences of race, religion and ethnicity, as well as national identity. To fully appreciate the significance of the continuing diversity of working-class identities requires being especially sensitive to the importance of how working-class institutions were organised amidst the ongoing dialectic between competition and class. Insofar as working-class organisations have either ignored or institutionalised these differences, they have been engaged in processes of class formation that block the working class's revolutionary potential.

Edward Thompson once said that as Marx increasingly concentrated on the critique of political economy he sometimes became too captivated by its search for 'fixed and eternal laws independent of historical specificity'.¹⁹ But even if this sometimes diverted Marx's attention from analysing the importance of institutions, his awareness of their crucial significance remained evident in all his political writings. This was notably central in his 'Instructions for Delegates' to the 1866 Geneva Congress of the First International, where he emphasised the importance of turning the trade-union societies into the kinds of institutions that could 'act deliberately as organising centres of the working class in the broad interests of its *complete emancipation*'.²⁰

Taking wages out of competition for most workers in an industrial sector certainly involved unions deliberately acting as organising centres which, even if not directed at workers' complete emancipation, deployed a broader definition of the working class than had craft unions. But as corporations in entirely different sectors have come to compete with each other around the globe, this has had an enormous impact on sectoral unions, and dramatically shifted the balance of class forces in favour of capital. Moreover, the specific occupational impacts of the capitalist restructuring this has involved – the growth of precarious work, the expansion of services relative to industrial production, the shift to smaller workplaces – tended to both increase inequalities within the working class and make organising workers into unions much more difficult. No less significant has been the spatial restructuring wrought by competition

18 Marx and Engels 1996, p. 8.

19 Thompson 1978, p. 253.

20 Marx 2014, p. 47.

in our time. As capital relocated at home or abroad, it established economic, cultural and political linkages which generally contributed to bringing capitalists closer together. Capitalist globalisation has at the same time vastly increased the size of the global proletariat, but as this has happened, the inter-generational and community foundations for creating class identity often tended to be undermined.

There is no end to history in this respect either, however, and much is going on 'before our eyes' – to use one of Marx's favourite terms – that may be setting the stage for new and renewed class formation and organisation. As we witness the remaking of the proletariat into a precariat, we should recall that auto workers, to take one example, were also precarious before unionisation stabilised their work. And even while there is no going back to the old securities of mid-twentieth-century labour-relations regimes, the memory of those securities can galvanise new struggles today just as the memories of feudal obligations galvanised nineteenth-century proletarian struggles. Moreover, just-in-time economies are especially vulnerable to disruptions in transportation, at warehouses and among suppliers, and in computerised logistics.

Capitalist restructuring in our time has led the old industrial unions to undertake organising drives in the service sectors, indeed even in the universities. The feminisation of trade unions is contributing to this, and sometimes goes so far as to become the basis for overcoming very old divisions between highly-skilled and less-skilled female workers such as nurses and cleaners in hospitals. We need a historical materialism capable of discerning the extent to which the institutional forms of today's unions are encouraging this in ways that actually expand class identity and capacity. Or are they rather structured so as to better allow unions to compete with each other as surrogate sellers of insurance to workers? If so, the institutional change toward general unions still effectively limits class formation and identity, rather than making them into 'organising centres of the working class' in the sense that Marx intended.

In this respect, we also need the type of historical-materialist analysis that can assess whether the bureaucratisation of working-class organisations is in fact an 'iron law', as Michels characterised it a century ago, or whether changing levels of education and modes of communication alter the conditions which previously led to the deferential as well as instrumental acceptance of bureaucratisation even among the most class-conscious of workers.

We need to ask the same hard questions of new institutional forms of class organisation such as Workers' Action Centres, which link class, ethnic, racial and local identities, as well as of the current campaigns for increased minimum wages. And just as we argued that any serious comparative historical-materialist analysis today requires examining the specific institutional forms

of capitalist class formation and organisation in the BRICS, so must the same be done with their working classes, from the local organisations behind the strike waves in China, to the New Trade Union Initiative's organisation of precarious workers in India, to the dramatic developments taking place as we speak in the institutional structures of the South African working class.

6 Strategic Guidelines

The case we have made for improving historical-materialist theory does not provide us with a GPS route to a socialist world beyond capitalism. It suggests, however, certain strategic guidelines. We will enumerate nine of these, matching the nine lives we would like to think Marxism has before it really deserves to be pronounced dead.

The first is that *capitalist crises cannot be counted on to produce conditions for socialist transformation*. Although crises create ongoing opportunities for political education and struggle, we need to discard assumptions that the contradictions of capitalism will do the political heavy lifting for us. Crises may just make people despair, or only hanker after a romanticised past, as is done by so many today whose eyes are only fixed on finding the path back to the Keynesian welfare state.

This leads to our second strategic guideline, which is that *there is no possibility of a return to the Keynesian welfare state*. While historical materialism may not show the way to the future, it does help explain why you cannot get back to the past. As increasing commodification, consumer credit, financialisation and capital mobility by the 1960s came into contradiction with full employment, union strength and postwar financial regulations, the table was set for the crisis of the 1970s and the neoliberal era that followed. To merely advance policies directed at getting back to the Keynesian welfare state is to ignore the conditions under which the class compromises behind it were founded. It is to pretend you can, while remaining within capitalism, unscramble the omelette of globalisation in spite of its tremendous industrial, financial and spatial restructuring, not to mention the changes that capitalist, labour and state institutions have undergone.

Our third strategic guideline is that *the working class as the agency of socialist transformation needs to be problematised*. Isaac Deutscher, at the end of the first volume of his Trotsky trilogy, already addressed the mistaken assumption of 'all European schools of Socialist thought . . . that socialism was the proletarian idea par excellence, and that the proletariat, having once adhered to it,

would not abandon it.' Deutscher traced the agony that the Bolshevik Party went through in its debates after the revolution over the role of trade unions, as well as opposition parties, to how mentally unprepared socialists were for addressing this problem. This contributed to a dictatorship, Deutscher wrote, which 'at best represented the idea of the class, not the class itself.'²¹

By the end of the twentieth century, the historic defeats suffered by both socialists and trade unionists over the previous decades meant not only that the proletarian identification with socialism had in fact atrophied but even that the notion of 'the class itself' had become increasingly problematic. Indeed, by the 1960s, the great mass social-democratic and communist parties which had been so central to working-class organisation had in this respect clearly run their historical course. But the trade-union militancy of this time, which was often directed against these parties, was incapable of either charting or sustaining a new course for labour movements out of the crisis of the 1970s.

This is not a matter of writing off the working class, as became so fashionable in recent decades. But it is pertinent to our fourth strategic guideline, which must be to reassert the importance of creating what Marx, exactly 150 years ago, termed 'organising centres of the working class in the broad interests of its complete emancipation'. This has to start with *building institutions which are directly engaged once again in organising the proletariat into a class*. Working-class strength historically has largely been expressed through the strength of union institutions, and the test of their continued relevance and impact will be whether they define, organise and represent the working class broadly rather than narrowly, thereby proving in practice that the proletariat, the precariat, the cybertariat and so on, are not in fact different classes.

Defining class-identity broadly pertains to why Marx reserved the term class struggle for the processes that 'centralise the many local struggles of a generally similar character into a national struggle, a class struggle'. This leads directly to our fifth strategic guideline, which is the importance of making *the public goods and services required to meet workers' collective needs the central objective of class struggle*. Indeed we must be mindful of whether even national let alone local or sectoral campaigns for higher incomes translate effectively into class struggles, insofar as such campaigns may emphasise competition among workers for greater access to individualised consumption, and insofar as they ignore the ecological consequences of production oriented to greater individualised consumption.

21 Deutscher 1954, pp. 505–6.

What this further means, by way of a sixth strategic guideline, is *rejecting the goal of economic competitiveness*, whether this is conceived as national economic competitiveness, sectoral economic competitiveness, or individual economic competitiveness. Although this is often presented by progressives as the condition for creating the material base for sustaining or improving collective services, the discipline of competitiveness has the effect of disorganising the working class. Competitiveness is of course a real-world constraint that cannot be ignored. But it must be rejected as a goal. This means breaking with export-oriented strategies and looking to the synergies of inward-oriented democratic economic planning. Unless this can be done in an inclusive and solidaristic way, putting the stress on the need for capital and investment controls, the far right will fill the void and offer to protect workers only against the ‘others’ who might compete with them for jobs, and appear to threaten whatever toe-hold they have within today’s capitalism.

This in turn will need to be done in ways – and this is our seventh strategic guideline – that *advance international solidarity in the twenty-first century*, something that is severely undermined by campaigns to make each national working class more economically competitive. Workers in the global South are now as subject to whipsawing in the name of competitiveness as are those in the advanced capitalist countries. The goal should not be to restore manufacturing capacity through competitiveness, but rather to develop sustainable productive capacities through meeting collective needs. In our view, international collective bargaining with MNCs will advance this far less than international support for class struggles *in each country* for meeting collective needs, which will have the effect of creating more space for class struggles elsewhere.

This speaks directly to our emphasis on the continuing importance of the state in global capitalism, and our perception that the most salient conflicts amidst capitalist globalisation are *within* states rather than *between* states. It also relates to our argument that the state is neither merely a class instrument nor just composed of class actors but a set of distinctive public institutions which are dependent on, but have autonomous capacities to act on behalf of, the capitalist system. The key strategic point we draw from this, our eighth guideline, is that *the transformation of the state in the context of a fundamental shift in the balance of class forces must centrally involve transforming public institutional forms, purposes and capacities*.

Given what has just been said about the need for class struggles in each state to assert the primacy of collective services over economic competitiveness, a central condition for achieving this must involve expanding the reach and resources of public institutions. The weight of finance in allocating capital and in disciplining states, business and ultimately workers, makes converting

banks and other financial institutions into public utilities especially important in terms of accessing and allocating resources for any progressive policy. It is also crucial for developing the public-planning capacity to exit from the chaos and irrationality of capitalist markets, which is so especially evident in ecological terms today.

This is not just a long-term vision. We need to reappropriate the concept of structural reforms from the IMF's agenda so as to express once again the strategic concern, which André Gorz intended in coining the term in the 1960s.²² It was a term he used to specify those types of reforms which do not just ameliorate capitalist conditions but build cumulatively towards overcoming those conditions. The worn-out concepts of the smashing of the state and the withering away of the state do not begin to capture this.²³ As Marx once said to Bakunin, socialism involves doing away with the state only in the sense of it being an agency of class domination and capitalist reproduction, but not in the sense of developing public institutions for democratic decision-making and accountable representation and administration in a classless society.²⁴ Such democratic public institutions would in fact be crucial to allow for the diverse capacities and expressions of humanity to be nurtured. This must become a central strategic concern of socialists, which the old notion of 'dual power' *and* the new one of 'changing the world without taking power' both completely avoid.

At the core of the Marxist vision of socialism is the transcendence of class society. Although this is seen as taking place through the agency of the working class, it involves the transcendence of the working class itself to realise humanity's diverse potentials. Unless and until working-class organisational capacities are redeveloped so as to realise this goal, there should be no illusions about the transformative potential of socialist strategies for structural reforms in the state. Public-sector unions should play a leading role in this, but it would take socialist cadre with the kind of strategic orientation we have been discussing to reorient these unions' purposes, organisation and practices. The goal is not to turn the state into a working-class instrument but to transform public institutions so that they are oriented to acting on behalf of all humanity in a democratic socialist system.

This returns us to the most difficult question, which is whether and how working classes can actually become capitalism's gravediggers. There was a largely unresolved tension in Marx's political writings, from the *Manifesto*

²² Gorz 1967 and 1968.

²³ See Panitch 1986, pp. 232–40.

²⁴ Marx 1974, pp. 336–7.

onward, between his conception that the working-class party followed the proletariat's prior organisation into a class, and his alternative conception of the determining role of parties in the 'formation of the proletariat into a class'. Moreover, as Lukács pointed out in 1922 regarding subsequent Marxist theory, the revolutionary party was usually 'seen purely in technical terms rather than as one of the most important intellectual questions of the revolution'.²⁵ Lukács himself famously failed to resolve this problem, but this was what Gramsci's rich contribution was above all about.²⁶ What was perhaps most disappointing about those who deployed Gramsci's notion of hegemony to rethink socialist strategy was that this never went beyond the critique of the writings of Marxist theorists to undertake a substantive historical analysis of the actual work that parties did – or did not do – in relation to forming class identities and capacities.²⁷

Of all the reasons for the widespread disillusionment with parties on the Left, perhaps the most valid pertains to their limits with respect to the formation of the proletariat into a class. In this respect, the implosion of the remaining revolutionary groups which formed in the 1960s and '70s as explicit alternatives to the old communist and social-democratic parties but were unable to ever grow into mass parties, can also be seen as an opportunity, a clearing of the way.

The types of parties that can transform working classes into leading agents of social transformation have yet to be invented. Recognising this will finally free us from the moorings of either 1917 or 1945 that have so badly tethered previous attempts at party-building or renewal. In a very real sense, we are starting over, and this brings us to our ninth guideline: *a strategic priority must be to start anew at creating the kinds of working-class political institutions which can rekindle the socialist imagination, make the goal of socialism relevant, and develop the socialist capacities to get there.*

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25 Lukács 1971, p. 295.

26 Gramsci 1971.

27 Laclau and Mouffe 1985.

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