

Economic Crisis and Revolution

A propos of Capital and its contradictions

Claudio Albertani

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FE note: See our introduction, "Revolution & Counter-revolution in Italy," [FE#293-294, August 21, 1978] in this issue.

Author's Introduction

A conspiracy of silence and careful distortion of what doesn't fit the picture of Italy as a panting country trying to catch up with the other industrial "democracies" have mystified the Italian events in the past year. If one believes the American press, the only problem is to know how long the Carter Administration will succeed in keeping the so-called Communist Party out of the government: however, another much more dangerous reality, whose lineaments we will attempt to trace, seems to threaten the management of the crisis and the project of integration of the country into the new international economic order.

At the end of September 1977, Bologna, showplace of the Communist Administration that has ruled it for the past 30 years, was the site of an uncommon gathering. More than 50,000 youths in multicolored dress had arranged to meet there and to discuss not the law concerning youth unemployment, not university reform, but—scandal!—how to change their lives practically and how to get out of the tiger cage in which humanity is imprisoned by the dictatorship of capital. One of the main questions to-be discussed at the meeting was the leading role played by the PCI (Italian Communist Party) in the repression of the movement that had begun to raise its voice since the end of 1976 and not only in Bologna.

What are the characteristics of this movement? Which is its social composition? What is the significance of the events that are convulsing the country? In fact, what is happening in Italy can be understood if considered in context of the situation that defines the present phase of capital domination. The ruling class necessity is now basically that of planning the crisis through further centralization of the economy and a generalized production of consensus. Inside the international strategy of intensifying accumulation, Italy represents a trouble spot: there is an overlapping of contradictions which are at the same time the outcome of the backwardness of the country and of the global unrealizability of the project as such.

The movement that in these months has been toiling for an identity expresses then the refusal of waged and unwaged people to submit to the new strategy of capital and tendentially the affirmation of communism. Though clearly connected to the revolutionary whirlwind that swept the globe in the 60s, this movement marks at the same time an important break with the organizational forms that emerged then. The importance it has for revolutionaries the world over extends far beyond the specific situation in Italy; before more closely examining the facts, let us cast an eye on the international struggle, and the place within it occupied by Italy...

* * *

“The true barrier to capitalist production is capital itself.”

—Marx, *Capital*, III, p. 250.

Contrary to what is claimed in the world press, and echoed in Italy by a good part of the “oppositionist” press, the crisis aggravating the country, far from being simply the fruit of irrational management practices or economic “retardation,” is a surprisingly homogeneous part of a crisis of worldwide dimensions—the most profound, the most disruptive and, it must be concluded, the gravest since 1929. This crisis, which could be described as the end and failure of the “Keynesian Revolution” originated among the most developed blocks of capital, and subsequently involved the weaker countries of the European Economic Community—EEC (Italy and Great Britain first, followed closely by France), then those nations euphemistically called “developing” (these include also the oil-producing countries, today, despite appearances subordinated more than ever to the big powers), and last but not least the countries immersed in the economic mush and political lethargy of the so-called socialist bloc. The Bretton Woods era, starting just after W.W.II and characterized by a relatively continuous accumulation under the hegemony of the U.S., has thus come to an end, opening a period of uncertainty and conflict. While the economists of opposing ideologies are busy cutting each other’s throats in the hopeless attempt to find the recipe for the crisis, we face a worldwide development of a new cycle of proletarian struggles (Portugal ’75, Poland ’76, Spain, France, U.S. wildcat coal strikes, etc.) whose important aspect is the refusal of work as wage labor, and the demand for non-institutionalizable expression.

It is necessary to begin with an analysis of capital, of its characteristics as a specific mode of production, and of the laws which regulate its historical becoming, in order to be able to grasp, in its shifting vicissitudes, the emergence of the communist movement.

Capital, value in process, is a contradictory being (1), its foundation and its *raison d’être* being the production of surplus value, the valorization of anticipated value. In the course of its development it is negated and creates devalorization—the impossibility of continuing the process indefinitely. The marxist theory of accumulation expresses such contradiction (valorization/devalorization) as the tendency of the rate of profit to fall, a tendency which expresses in every aspect “the most important law of modern political economy” (2) and which accounts in the last instance for every capitalist crisis. A crisis represents nothing but an interruption of the accumulation process.

Because of market relations it can assume the guise of an overproduction crisis: the commodities produced lie unsold and thus their value is not realized. Overproduction, of course, is always in relation to capital and not to society as a whole. In fact “it must be said that there is constant under-production in this sense. The limits to the production are set by the profits of the capitalists and in no way by the needs of the producer. Over-production of products and over-production of commodities are two entirely different things” (3). The roots of the crisis are not found in the inability of capital to realize value, but in the impossibility of producing it anew. Precisely by reason of the fall in the rate of profit (4), money capital finds no space for investment and therefore remains inert or else is used for speculation, which can be lucrative from the standpoint of a single capitalist, but is counterproductive from the standpoint of capital as a whole. Valorization indeed ceases when the capital accumulated has outgrown its new base, and a situation is created wherein there is at once too much capital in the form of capital of circulation (5), but not enough to permit new investment, i.e. recapitalization, or conversion of such capital into productive forms.

Naturally this tendency toward breakdown presents itself in a more or less mystified fashion every time, and assumes different guises according to the particular historical circumstances. It is normally fragmented into a series of apparently independent cycles and is moreover powerfully opposed by a series of counter-tendencies, which Marx analyzes in Volume III of *Capital*. In brief, to escape the crisis, capital can only compensate for the falling rate of profit by-increasing the mass of profit and the rate of exploitation (6).

Given the poor work habits of the masses and their rising combativity, it would appear difficult (although not impossible) in a “democratic” society to affect such an increase through the forcible extrication of absolute surplus value (that is through an indiscriminate increase in working hours or reduction of wages to a level beneath the value of labor power. Consequently an increase in the rate of exploitation can only mean an increase in labor productivity, that is, an increase in the organic composition of capital (7). This means the elimination of living labor

(human labor-power) in favor of dead labor (means of production)—in other words, elimination of a great number of workers from the production process.

It is important to note at this point how this “natural selection” affects in the concrete those individuals most untamed politically, most precarious legally, most feeble psychologically, most defenseless socially—women, immigrants, youths, ethnic minorities—or, finally, those who are simply the most ill-disposed toward work discipline, the “laziest,” those who love best their humanity and can threaten in any way the already unstable functioning of the economy. Historically capital has met this situation by absorbing excess workers in a broadening of the productive base, the destruction of small enterprises, and intensive conquest of internal and foreign markets.

However after World War I and the defeat of the revolution first in Europe and then in Russia, a qualitative change became necessary to integrate the labor-force and make it the active subject of its own exploitation. Capital needed to be “humanized” and to seem attentive to the needs of human beings. Valorization could no longer be limited to the sphere of “classical” commodities, but had to penetrate each moment, each aspect of life. The production of mystification and of false consciousness proved essential in allowing capital to survive and accomplish the final transition towards its real domination (8).

Real domination, on the other hand, doesn’t mean that capital succeeded in transcending its inherent barriers as a historical mode of production: a process of fictitious socialization is engendered, the capital/labor contradiction now seems soluble in labor’s favor, even with the old relations of production intact. Revolution is presented as a “superseded,” “infantile” phase of the labor movement, and no effort is spared in psychiatrizing and criminalizing revolutionaries.

Without pretending to furnish a detailed analysis of the ongoing crisis, we will recall certain features which make it extremely significant. The first that meets the eye in contemplating the development of the postwar international economy is that, although labor productivity has increased enormously, the index of industrial production has simultaneously slackened off. (cf. data collected in *Programme Communiste* No. 72). The conjuncture of these two elements can only lead to relative “overpopulation,” that is, mass unemployment. According to the London Financial Times (4/2/77), voice of the British bourgeoisie, such unemployment has hit youth especially. Representing 20% of the work force, youths under 25 form 40% of the jobless in the OECD countries, or 7 million of a total of 16 million unemployed. According to the same source, this tendency has existed in Europe since at least 1970—that is before the crisis became manifest in all its force (9).

Just as American capital (in the past) has understood how to use the racial question to its own advantage, pitting the employed against the unemployed (ethnic minorities), so in Europe the same thing is now being promoted between the generations, a conflict produced by the social dislocation of the 60s. In the course of the crisis it has been ascertained that those who already have work are to some extent protected by their union contracts, which at least make layoffs more difficult. In contrast the labor which presents itself for the first time on the market finds itself handicapped by the reluctance of many contractors to take on young people, since they cost more than older workers and their productivity is initially lower. (According to one Italian estimate it costs 20% more to employ a youth rather than a qualified adult).

As far as Italy is concerned, it is interesting to note how the institutional function of the unions clashes with their historical function as instruments of capital’s rationalization. Vigorously defending any occupation whatever, they hinder the mobility of labor and demand the preservation of unproductive complexes which the process of competition should long since have condemned beyond appeal. Such a function, though for capital it has the undoubtedly positive side-effect of nourishing the working population’s illusion of well-being, does not, on the other hand, take into consideration any of the elementary needs of other growing strata and creates insuperable obstacles to social peace (10). Economists, furthermore, anticipate that the growth of unemployment, far from slowing, is destined continually to increase in the coming decade.

These observations allow us to consider the second interesting aspect of the crisis: despite the fact that in the past year profits in almost all the industrialized countries have resumed an upward course, unemployment has continued to rise, as much in Europe as in the US. This means that capital is less and less able to reabsorb excluded labor via new investments: the production of relative overpopulation tends to become absolute (11).

From the standpoint of communist revolution this is immensely important, for two reasons: a) the factory working class, once comprising a majority, is now shrinking in relation to other social strata, thus increasing the

number of those who rather than producing surplus value, simply live off it (the new middle class); and huge strata are arising which are excluded both from activity directly connected to the production of surplus value (the working class) and from its circulation (precisely the new middle classes). These strata constitute a tremendous drag on modern society, a permanent reservoir of social antagonism. If powers like the U.S. are rich enough to support these marginal strata, guaranteeing their survival in return for social peace (i.e. welfare system), in Italy, where the capitalist mode of production has encountered great obstacles and has never experienced harmonious development, there does not exist such a system capable of feeding all these people, and the state is confronted by masses of individuals with literally nothing to lose and everything to gain from the system's collapse. Nor is it a matter of mechanistically counterposing, as has often been tried, these marginal strata (dubbed "the new proletariat") to the supposedly "bourgeoisified" working class; the very experience of struggle of these past few years in Italy loudly refutes such falsely extremist theories. Some of the most radical moments of the anticapitalist struggle took place in the factories and in the milieux of work: wildcat strikes, generalized absenteeism, sabotage, ridicule of union bureaucrats and the "priest of dissent," etc. Many concrete examples of this come to mind; a few will serve our purpose here.

We can recall the situation of permanent tension at the FIAT factory of Turin where several sabotages and fires occurred, at the UNIDAL of Milan where massive layoffs were met by continuous strikes and eventually by the occupation of the factory: recent news (*Corriere della Sera*, January 23, 1978) tell that some union bureaucrats were insulted and seized by the rank and file for having accepted an agreement considered unfavorable. Analogous struggles, whose point of departure is the right to a wage regardless of work performed, have been fought also at the Innocenti, Fargas, Magneti Marelli in the industrial area of Milan, at the Italsider, Breda, Montedison in Mestre (Venice) and practically all the way through the peninsula. Especially attacked have been the centers of the so-called "lavoro nero" (black market labor), that is to say labor accomplished outside the official market in which there is no protection whatever for the worker and exploitation has no legal—limits. In the past year also the struggles of the white collar workers have been extremely combative, particularly at Montedison and IBM (Milan), where electronic calculators are continually sabotaged and managers beaten.

Once more it is necessary to start from the dynamics of capital to comprehend these events: in fact we are faced with a process which tends ever-more toward the production of what Marx in the German Ideology defined as the "universal class." This class, produced by the spread of wage labor and the separation of the majority from the means of production, includes not only workers in the traditional sense, but the vast numbers of all who have no power over their own lives and are reduced to mere appendages of the valorization process.

If in the increasingly rare periods of economic prosperity, the enormous capacities developed by the so-called consumer society rivet the individual to his miseries without allowing him to become conscious or to achieve subversive expression, the ineluctable crises, due to the simple fact that they prevent the system from satisfying the needs it itself has created, cause contradictions which have apparently been overcome, to return explosively. The capitalist machine thus runs across a multiplicity of subversive currents which are not limited to the workplace or wage labor, but invest the social totality and express in everyday life the most radical of all needs: the need for communism. Now it is important to understand that the subject of the new critique is no longer solely the working class, but must be extended to all those who in one way or the other refuse to recognize the fictitious community of capital. The distinction between productive and unproductive labor that is the basis for the theory of the working class as the exclusive subject of human emancipation, is valid only as an internal contradiction of capital, at this point. All work appears by now as work for capital; although it may not contribute directly to the creation of value, it has become an indispensable moment of value's circulation or realization.

In its most complete phase capital tends to free itself from its material base (commodity production) and tends to create fictitious value (12): from this moment on it aims to transform everything into capital, to colonize the daily lives of men and women. The attack on working conditions, however necessary is no longer sufficient: on the barricades of the coming revolution, the rebels against factory enslavement must encounter the guerrillas of the quotidian.

Though manifesting a high degree of homogeneity with the rest of the advanced countries, the Italian crisis possesses several peculiarities which render it particularly explosive. In order to dispense with all ideologies which

tend to present the situation as a sort of “Latin Americanization,” it is well at this point to recall some features that have from the beginning distinguished Italian capital.

While in other European countries the great bourgeois revolutions of the modern age created either a concentrated productive unity under the direction of rentier capitalists (Britain) or a stratum of free and independent proprietors (France),

“in Italy there was no grand and simultaneous liberation from feudal serfdom, which was never the dominant social form. According to the data from diverse areas, every type of rural industry dwelt in relative liberty, from the small to the medium-large, from those based on intensive cultivation to those cultivated extensively, and conjoining all forms of private property, small, middling and large, in communal demesnes and rural communities. A great battle to relieve rural industries and classes of the burden of seigneurial control was not necessary and did not occur; should such forces have raised their heads, they would have been faced with the Towns, the Seigneurs, the Monarchy and the same from beyond the borders” (Bordiga, *Property and Capital*).

The rather unique situation in the Italian agriculture, beyond showing the grave error of treating the country as feudal, accounts for the stunted development of the past 100 years. Since the Risorgimento (the aborted bourgeois revolution), Italy has experienced a highly contradictory growth, where modern technologies have been associated with absolute unproductivity. The dynamic is not between an advanced North and an underdeveloped South supposedly dragging behind, but is inherent in the very structure of Italian capital whose expansion is based on the permanent looting of the South.

In its turn, having neither a solid revolutionary tradition nor any particular entrepreneurial capabilities to back it up, the Italian bourgeoisie has always been inclined toward compromise and reformism, remaining forcibly subservient to finance capital and special protected (“clientelari”) interests. It has always striven for monopoly profits rather than increased productivity, and the governments that succeeded one another under various labels have taken care not to meddle in things. From the days of Agostino Depretis (the 1870s) and “transformismo” (an antediluvian version of the historical compromise), (13) the Italian economy has been characterized by this protected capitalism, which presently represents its interests via the governing party (the Christian Democrats, DC, 30 years in power, with 38% of the vote in the June ’76 elections). The DC is firmly tied to the great holdings of the state—Montedison, ENI, IRI, etc.—which can indulge in any sort of unproductive speculative activity, being able to count on obliging rescues by the executive. This incredible waste of productive forces contributes, through the leveling mechanisms of the rate of profit, to a diminution of capital’s average profitability (e.g. causing a 20% inflation rate, notably higher than that of other industrial countries, which hovers around 8%). This provokes the indignation of those sectors of capital unprotected by the state, who see themselves thereby deprived of a fat slice of the cake. Some of these sectors (among whom may be included Gianni Agnelli former president of the employers’ organization—Confindustria—and president of Fiat) are coming to realize more and more how in this phase the PCI can better defend their interests, and are revising, albeit with great caution their traditional anti-communism.

As for the PCI and the various factions of the “New Left” (Manifesto-PDUP, Avanguardia Operaia, Movimento Lavoratori per il Socialismo—MLS, Lotta Continua, Re Nudo, etc.) that are returning to its protective fold it is not exact to dwell as many people do upon the betrayal of these fates because they have long operated on the terrain of capital. The present Euro-communist policy of the party is the logic outcome of a longtime strategy aiming to salvage the Italian capital in cooperation with the national bourgeoisie. This goes back to the Popular Front period when Togliatti collaborated with the DC and the Americans to smash any proletarian insurrection. Having in mind that every time the working class attempted to fight not for a bit high wage but against the wage system as such, the PCI stood for the capitalist camp, it can be conceded that in some sense the PCI has defended the interests of the class in whose name it speaks and acts, but this defense supposing the preservation of wage-labor and commodity production, could only result in an apology for living labor, i.e. the glorification of the working class from the point of view of capital. Moreover, “the general interest is only the generality of individual egotistical interests” (*Grundrisse*), namely the bourgeois notion of the interests of one man delimited by those of another which amounts only to democratic equality under the dictatorship of value (14).

What is new is that now even this kind of mild defense has come to an end and the present PCI and union policy aims to an immediate attack against the working class and to a protection of the new middle classes even if this is still disguised by populist phraseology. From the dustbin of history the most stinking political platitudes are dredged up. Lucio Magri the stalino-reformist leader of PDUP joins Cossiga (former Minister of Interior) and Zangheri (Communist mayor of Bologna) in boldly declaring that “Italy is the country in the world with the most real democracy” (*Socialist Revolution* No. 36, p. 117), the Communist Amendola revives the “alliance of wage and profit against rent,” that miserable utopia of Ricardian socialist ridiculed by Marx 100 years ago, Trentin (union leader) writes a book, *Da Sfruttati a Produttori* (From Exploited to Producers) which attempts to demonstrate that the “transition” to socialism is a matter of giving more power to the unions. Manipulating the still attractive notion of democracy, and playing „cleverly on anti-fascist ideology (15) the PCI and the official Left have created a Pirandelloesque climate in which every case of genuine anticapitalism turns into its opposite and every step toward rationalization of exploitation is passed off as a “victory for labor.”

Once the ideological aura is removed, what remains of the Italian political scene is only a conflict among gangs all operating within the logic of capital. One side tries to defend the existing protected profits, and in this difficult task seems willing to spare no effort.

Another, composed of “enlightened” industrialist and various progressionists, would like to undertake the famous project of rationalization and match the country to a “European standard.” A third led by the Communist Party, dredges up the old leninist dream of “a bourgeois state without bourgeoisie,” this time in a reformist vein (which means being pluralistic and democratic with its capitalist competitor and stalinist with the proletariat). The last gang, unquestionably the loser,—which extends from the worshippers of the Peking bureaucracy to the supporters of the “Partito combattente,” pursues the same leninist dream but criticizes reformism and promises true bolshevik tactics and proletarian toughness.

While it is difficult and relatively unrewarding to forecast which racket will prevail, it is vital for revolutionaries to know how to recognize their enemies and to divest themselves of all dangerous illusions. It is interesting, in this regard, to note how the recent (January 78) declarations of the Carter Administration vetoing direct Communist participation to government have with a single blow destroyed the myth of the possibility of choosing a path independent of Washington and Moscow. On this occasion it came out clearly how Carter is actually maneuvered by the technocrats of the IMF (International Monetary Fund), to which the Italian government is deeply in debt. The IMF, though little worried about possible Communist threats to democracy, care a lot about the economic reliability of the country and are persuaded that a Communist government, though maintaining the domination of capital would be ready, perhaps under the pressure from below, to declare the state bankrupt thus causing a chain reaction involving other indebted countries (Great Britain, France...). This would certainly mean the collapse of the already precarious international credit system, of the IMF and of its scarcity strategy.

Though we don't share the IMF paranoid vision and even credit the PCI as the only political force having the actual ability to impose scarcity (see declaration of Lama, note 10), we know well enough that the only capitalist way out of the crisis is to increase exploitation and, in this phase, to expand the base of consent. This means to increase the output of ideology i.e. mystification and false consciousness. Ideology becomes a powerful counter-tendency to the falling rate of profit and is more and more subject to the same laws that regulate the production and circulation of classical commodities. Normalization and ossified behavioral models are its tools. If in moments of harmonious development, recourse is made to the strategy of repressive tolerance, in crisis periods it becomes vital to block the expression of all truly radical opposition, and to pass directly to cannibalization and slaughter (16). The Germanization of the state, so feared in the parlors of “intellectual” dissent, is already an effective reality.

Claudio Albertani

Sidebar

Rules & Regulations... Wh Needs Them?

Nov. 7, 1976

On Sunday, November 7, 3,000 people had descended on the Piazza Vetra, Milan, taking the police, who were prepared for a routine operation, completely by surprise. Bursting into four cinemas, they soon mounted a demonstration some 4,000 strong. Following this, a price reduction was proposed for (movie) matinee performances. The response was a new demonstration, this time involving 52 of Milan's "youth circles," with their banners decorated with garish colors and drawings. The Apache emblem (a hatchet) in the forefront, flags, guitars, the pink and flowered flags of the feminist and gay groups.

The autonomous elements fought back in the assemblies asserting their real needs, their desire for a better life, the importance of occupying houses, and the refusal to sign away their whole lives for a wage. "We are coming out of the ghetto. We shall reconquer the city...Enough of patience; from now on we shall be violent."

The assembly turned into a festival, the festival turned into an itinerant assembly. Murals began to appear, theater in the streets, actions of all types.

Milan, Dec. 7, 1976

The city center was a fortress defended by 5,000 policemen, plus the special anti-terrorist brigades; an unprecedented show of force. The object was to defend the opening night of "Othello" at La Scala (In 1968 a thousand students outside La Scala bombarded the elegantly dressed patrons with rotten eggs.). This time the protestors were the "Proletarian Youth Circles" who were provoked by the fact that the same people who were calling for sacrifice to save the Italian economy, had paid astronomical sums (100,00 lire per ticket) to attend the opera.

Feb. 17, 1977

50,000 young people come out on the streets to demonstrate their refusal to accept any "historic compromise," any bureaucratic mediation as a solution to their problems: unemployment, the yearning for a free life, the rejection of all forms of authority, etc...Here then, is a difference between the young people of May '68, and the Metropolitan Indians, the feminists and the ex-militants of the leftist groups. The former were the beginning of a quantitative and qualitative renewal of the revolutionary movement; they took the first steps, and they saw in Cohn-Bendit and others—the spokesmen of the revolution. Today, the fringe groups of 1977...have no representatives.

The movement must find its expression only in the assemblies and in the streets, through the different and equally important voices of all who have something to say. No bureaucracy, not even symbolic. No vanguard, just autonomous action.

These groups are impregnated with the practice of direct action and libertarian ideas, but this does not define them exactly. Nor do the groups find the need for a precise definition beyond the expression of originality in word and action.

MANIFESTO OF THE METROPOLITAN INDIANS

We demand:

The abolition of borstals (as a step on the way to the abolition of all prisons).

The requisition of all empty buildings for the establishment of youth centers and communal alternatives to family life.

The total decriminalisation, irrespective of misuse, of marijuana, mescaline and LSD, including their distribution and development by the movement.

Wages for laziness.

1 square kilometre of land for every person and animal.

The abolition of the age of majority so that all children that want to leave home are free to do so, even if they can only crawl.

The immediate release of all animals from flats and cages.

The destruction of zoos and the right of captive animals to return to their homelands:

The destruction of the Altar of the Fatherland (a monument in Rome) and its replacement with every kind of vegetation with space for animals and a lake for swans, ducks, frogs and fish.

The peoples' assemblies propose to organise, starting in the community, anti-family militias to free young people, especially girls, from patriarchal tyranny.

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