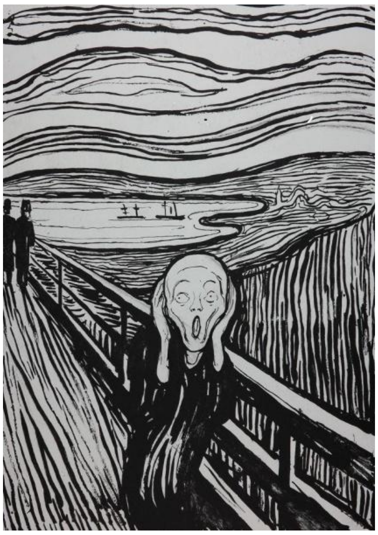
CRISIS IN THE CRISIS THEORY?



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In these notes, we will revisit an essential element and attempt to synthesize the Marxist perspective on crisis theory. Polysemy and inflationary uses of the term have largely overused the concept of crisis, which was not originally a specific category of revolutionary Marxism. The basic definition of crisis is "a brutal manifestation, a violent rupture of a situation of equilibrium." It can therefore affect many areas, both medical and climatic, but we will focus essentially on economic and social crises, which correspond more directly, in their causes and consequences, to our critical use of this notion. Regarding these more specific aspects, we can provide, for illustrative purposes, a classic definition and commentary on bourgeois academicism:

> "*A profound change in a previous trend that results in a decline in economic activity. This is how we usually refer to the Great Depression of the 1930s." But "to define a crisis as a slowdown in activity, or even a reduction in activity, is to assume that growth is the normal and permanent way in which an economic society functions. But this is far from true, given the environmental challenges our societies face. Therefore, the notion of crisis can be posed more in terms of change. A crisis is not so much the result of a decline in economic activity as of internal dysfunctions that weaken the economic system and force it to evolve.*"[1]

Of course, it all comes down to qualifying and explaining the fundamental systemic causes of these "internal dysfunctions," beyond the ideological belief in the eternal durability of the MPC. It is therefore necessary to point out that "*what the bourgeoisie does not like at all is the* ***cyclical renewal*** *of the crisis and the fact that it worsens more and more as capitalism matures and ages. This irresistibly suggests to them that their mode of production is precarious and historically limited, and that the course of the economy obeys irrefutable laws and a DETERMINISM to which capital itself is subject*." Roger Dangeville, notes and translation by Marx-Engels, La Crise, 10/18, p. 11, Paris, 1978. It should be noted that there are different types of crises, "small" or "large", cyclical or structural, sectoral or generalized... Furthermore, there are substantial

[1] "Crisis," The Dictionary, Alternatives Economiques, on the website: https://www.alternatives-economiques.fr/dictionnaire / definition/96976

differences in the nature of economic crises, which makes it possible to distinguish between crises of overproduction or shortage and financial or monetary crises...

The fundamental law of the downward tendency of the rate of revenue

Crises are, in fact, the result and consequence of past prosperity, the greater the prosperity, the more serious the crisis. But it is, ultimately, and in the very logic of capital, the insufficiency of profits that is the primary cause. In this sense, they are all expressions and manifestations of the contradictions of capitalism, the most crucial of which is the contradiction between valorization and devalorization[2]. In other words, it is the ever-increasing weight of accumulated dead labor that weighs on living labor, the sole producer of new value, that is, the sole source of the valorization process. In this sense, Marx speaks allegorically of the capitalist vampire who sucks the blood of the living labor of the proletariat. "*Capital is dead labor, which, like the vampire, only revives by sucking living labor, and its life is all the more joyful the more living labor it sucks*." Karl Marx, Capital, Volume I, p.174, Social Editions, Paris, 1976.

It is impossible to fully understand capitalist crises without the law of the tendency of the rate of profit to fall, which is directly linked to the organic composition of capital. Capital must grow ever more widely. But it is also competition and class struggle that force capitalists to increase labor productivity by ever-increasing mechanization. This necessity leads to an increase in the rate of exploitation (the ratio of surplus value to wages) but also to an increase in the organic composition of capital (the ratio of constant capital to variable capital).

> *«Since the mass of living labour employed is constantly decreasing in relation to the mass of materialized labour which it employs, in relation to the means of production productively consumed, it is necessary that the unpaid fraction of this living labour which is embodied in surplus value should constantly see its relation to the value of the total capital diminish. Now this relation of the mass of surplus value to the value of the total capital employed constitutes the rate of profit; consequently, this rate must continually decrease.»* Karl Marx, Capital, Volume III, Chapter XIII, p. 211, Éditions Sociales, Paris, 1976.

The general rate of profit PL/C+V (value added / constant capital + variable capital) increases with the former but decreases with the latter. Thus, the more capital accumulates, the more there is a downward tendency for its rate of profit. In general terms, this means that the greater the investment in machines, new technologies, etc. (i.e., in dead labor), the lower the rate of profit. The rate of surplus value [3] (= rate of exploitation) is inversely proportional to the organic composition of capital, which must increase because of competition between capitals, which allows for extraordinary surplus value to be obtained. Paul Mattick offers a summary definition that seems appropriate to us:

[2]In relation to these topics, we have already produced texts that introduce and complement this one: "Summary notes on valorization/devalorization," Matériaux Critiques No. 1; "The non-decadentist periodization of the MPC," Matériaux Critiques No. 7, "What is the counter-revolution?", Matériaux Critiques No. 11 and on our website: https://materiauxcritiques.wix site.com/monsite/textes

[3]The production of surplus value arises from the difference between a firm's individual productivity, due, among other things, to the introduction of a new machine, and the social productivity of all firms in the sector. This difference is temporary and is destined to disappear under the pressure of competition, which will drive the widespread adoption of this new production technique and thus readjust social productivity.

«While the rate of surplus value increases as the organic composition of capital changes, this has the opposite effect on the rate of profit. The rate of surplus value (or the ratio of surplus labor to total labor) relates only to variable capital, while the rate of profit relates to both components of capital, constant and variable. Since the former grows faster than the latter, a given rate of surplus value must necessarily lead to a fall in the rate of profit. To prevent this, the rate of surplus value must increase at such a pace that, despite the increased organic composition of capital, the rate of profit remains stationary. In the case of an even more rapid increase in the rate of surplus value, it may even increase. Since the rate of surplus value can increase essentially only through the increase in the organic composition of capital, which is linked to accumulation, the process of accumulation appears as a process determined by the general rate of profit, the movement of which conditions all other movements of capital.» P. Mattick, Crises et théories des crises, p.82, Champ Libre editions, Paris, 1976.

There are also countertendencies to this law, which Marx will analyze as an extension of the chapter that expounds on it[4]. These include the increase in the degree of exploitation, the reduction of wages below their value, the fall in the prices of elements of constant capital, relative overpopulation, and foreign trade, to the extent that it allows the prices of subsistence products necessary for variable capital to fall. This is why this law is called a tendency law, because it may or may not be counteracted. This is also why, even when it acts, these counter-tendencies can make it "invisible," especially in periods of growth when it is adequately contained by a sufficient rate of surplus value. Furthermore, since it is a dynamic and multifactorial variable, it is very difficult to evaluate it precisely, except as a long-term average (several consecutive cycles), which, for some vulgar materialists, makes it "scientifically" implausible. From a historical point of view, the law of the tendency of the rate of profit to fall is, therefore, the most important law because it expresses, in the long run and with the greatest clarity, the basis of capitalist crises.

«Although many commentators have often relegated it to a secondary role in Marx's theory, the law of the tendency of the rate of profit to fall is, according to Marx himself, the most important law of political economy. It underlies the entire dynamics of capital and expresses the contradiction between valorization and devalorization, the contradictory development of the productivity of labor, which combines both an upward tendency in the rate of exploitation, the rate of surplus value, and a downward tendency in the rate of profit.» Robin Goodfellow, Aux fondements des crises, Le marxisme de la chaire et les crises, pp. 15-16, Paris, 2013 south https://www.robingoodfellow.info/

The oxymoron of the “permanent crisis”

The expression "permanent crisis," which is sometimes complemented by its opposite, the denial of crises, is an intrinsically paradoxical expression that most often comes from decadent theories of various economist tendencies, for which capitalism has definitively entered a phase of senility such that "the productive forces have stopped growing" (Trotsky) or that "an absolute intrinsic barrier to the capitalist production process has reached its final phase" (Kurz). But it is often the inability to explain cyclical crises, and their causes, both structural and cyclical, that pushes overcautious theorists to turn these crises into "permanent" ones, thus formally resolving the need for a concrete and factual understanding of reality in motion. These decadent theories, based on the irreversible and definitive economic dysfunction of capital, also make it easy to excuse workers' changes in strategy and tactics in

[4] K. Marx, Capital, Volume III, Chapter XIV, pp. 228–235, already cited.

the name of a magical epochal change that would explain all these strategic setbacks without thoroughly analyzing, based on workers' experience, the maintenance or abandonment of these tactics. Now, one of the fundamental functions of crises, for capital, is to suddenly allow for massive devaluation as **a solution** to the overaccumulation of capital.

«This sudden fall is the result of a reversal of the progress of labor productivity, which, to be overcome, must be reflected in devaluations that are not the result of the progress of productivity, but of the elimination of bankrupt capital, of ruinous falls in prices, of the destruction of unemployed capital, etc. There is an overaccumulation of capital, and the degree of this overaccumulation determines whether it is relative or absolute.» p.22, Robin Goodfellow, already cited, p.3.

Therefore, the capitalist crisis is not at all a problem or a tragedy for global social capital, even if it is fatal for certain types of capital that are insufficiently profitable or obsolete. The periodic nature of crises undoubtedly expresses capital's ability to purge itself by devaluing itself in order to restart a new cycle of accumulation. This undoubtedly refutes the belief in the permanent nature of economic crises. Moreover, the development of the credit economy and fictitious capital delays (amplifies) the onset of crises without annihilating them. Thanks to bank credit, the role of fictitious capital in the modern economy is to "anticipate" the process of capital valorization in order to prolong its accumulation at the level of the world market, far beyond what would have been possible with the surplus value extracted by capitalists at the end of a "normal" production cycle.

It is impossible for a company wishing to make large investments in fixed capital (buildings, machinery) to amortize them over the long term solely with the profits previously obtained from the exploitation of labor. In other words, as capitalism matures, self-financing has become largely insufficient, and credit is increasingly needed. The "fictitious" (but very real) character of this capital refers to the fact that financial securities represent capital, but are not substantially capital, because capital "does not exist twice."

"*Even when the credit -the security- does not represent purely illusory capital, as in the case of public debt, the security's capital value is purely illusory. We have already seen that credit gives rise to associated capital. Security takes the place of the property titles that represent this capital. Shares in railroads, coal mines, shipping companies, etc., represent real capital: that which has been invested in and is in operation in these enterprises, or the sum of money advanced by shareholders to be spent as capital in these enterprises. It should be noted in passing that it is not at all out of the question that it represents a simple swindle. In any case, this capital does not exist twice: once as the capital value of property titles, shares, and the second time as capital invested or to be invested in these companies. It only exists in the latter form, and the share is nothing more than a security that gives the right, in proportion to the participation, to the surplus value that this capital will allow. Whether A sells its share to B or B to C, these transactions change nothing in the nature of things. A or B has then converted their shares into capital, but C has converted its capital into a mere title to ownership entitling him to the expected surplus value of the share capital."* Karl Marx, Capital, Volume III, Section V, Chapter XXIX, pp. 432–433, Social Editions, Paris, 1976.

Thus, fictitious capital consists of all securities created "out of thin air" (such as stocks, bonds, treasury bills, etc.) by the state, financial institutions, or businesses (i.e., they are not the result of pre-existing tangible production) and correspond to borrowed capital. Since these securities can be traded, they appear in financial markets as new "commodities" that can be bought and sold for a price, even though, in essence, they do not yet contain any real value; they are, in fact, a bet on the future, a contingency, and an expectation of future benefits.

> *«All fictitious capital. collapses during the crisis. This shows that capitalist production has not been able to eliminate the law of the tendency of the rate of profit to fall, or, what is the same thing, the crisis is only a cat strophic means to overcome this contradiction. It has managed to dominate the law on the basis on which it developed (the law of value), but it cannot become the master of the law that rules it.»* Camatte, Capital and Gemeinwesen, p. 99, Spartacus, Paris, 1978.

There is an absolute and catastrophic necessity to devalue and destroy accumulated capital to ensure the continuation of the process of new value creation and, therefore, of capitalist accumulation. This is the contradiction of the MPC. Therefore, ultimately, **it is war** that uniquely corresponds to these contradictory demands and that best allows, through massive capital destruction, the violent resumption of the process of valorization (reconstruction) of labor and capitalism.

> *«The crisis allows capital to recover. First, because the crisis is a purge of value. Its first effect is to reestablish the balance between constant and variable capital. As a process of brutal devaluation, it allows the foundations of new accumulation to be recreated. The destruction of constant capital takes many forms. It involves financial losses, which can be the destruction of anticipated value as well as of value already produced. It is the destruction of commodities, buildings, and machinery. In war, the most complete form of capitalist crisis, it is the most extensive material destruction.»* Léon de Mattis, Crises, p. 125, Entremonde, Geneva, 2012.

In addition to criticizing the "permanent economic crisis," we must also criticize the fatalistic and apocalyptic vision of the "final crisis." At the beginning of the 20th century, authentic revolutionaries, many of them "Marxists," had already concluded that capitalism was economically finished. Recalling statements like "capital has reached its ceiling," "the end of pre-capitalist zones leads to market saturation and, therefore, a definitive crisis of overproduction," or "capitalism is advancing at great speed toward a definitive fall in the rate of profit." Given the facts of what was happening at the time they made their critical statements, they were not necessarily wrong. But, a century later, capital continues to exploit the proletarian class and accumulate. Had it not accumulated, it would not have been able to survive to this day. That is why it is dangerous and presumptuous to claim that the capitalist system is increasingly dysfunctional from now on and definitively.

However, we can foresee that its own contradictions are becoming increasingly important and accelerating, and that if the world communist revolution does not see the light of day, the MPC will very likely lead "humanity" to its ruin, if not its total destruction. Moreover, since capitalism has widely created, on a global scale, the objective conditions for its destruction by the class it exploits in all latitudes, it is no longer historically justifiable. And this is what the proletariat itself demonstrated during the revolutionary wave that came to an end in Spain in 1937. It is the very growth of capital in "normal operation," with its periodic purges, that is totally and definitively harmful to humanity. Nothing more can be obtained from it. It must be destroyed. Despite this class perspective, we will only be able to define with certainty the "final" or "catastrophic" crisis of capital once it has occurred, and then the very meaning of such a qualification will cease to have much meaning. We must also remember that, in the full Marxist sense, this "catastrophe" is above all social and political. It is not mechanical, automatic, or thoughtless, but is brought about by the proletarians who, determined by their conditions of exploitation, finally take up arms to impose, by force, the abolition of wage labor and the entire social order.

> *«It is not a question of knowing what goal this or that proletarian, or even the proletariat as a* ***whole,*** *momentarily imagines for itself. It is a question of knowing what the proletariat is and what it will be historically obliged to do, in accordance with this* ***being****. Its objective and its historical action are outlined for it, in a tangible and irrevocable manner, in its own situation, as in the whole organization of present-day bourgeois society.»* Marx-Engels, La Sainte Famille, p.48, social editions, Paris, 1972.

The crisis can be a catalyst for class struggle, but this is by no means a mechanical or obligatory consequence. Periods of growth or average activity (and therefore relative impoverishment) can also "stir up" workers' resistance and struggles. The "enormous leap in the production of surplus value" can attenuate the absolute impoverishment of workers, but this leap, on the other hand, increases relative impoverishment (the fall in relative wages), which is a sufficient objective element to induce the proletariat to constitute itself as a class and, therefore, as a party. Furthermore, the proletariat's struggle against relative impoverishment can be much more promising, from a communist point of view, than the struggle against absolute misery and pauperization, in which it is much easier for many reactionary forces and counterrevolutionary ideologies to intervene, with the pleasure of promising good, old-fashioned wage labor. It is the maintenance and expansion of this specific social relationship -wage labor- that allows for an increase in the rate of exploitation and labor productivity, which from the perspective of capital, is the element that must be preserved under all circumstances for the system to perpetuate itself.

This is why Marx also insists on the critical and communist point of view in relation to the workers' demands supported by the unions when he points out against them: "*They completely lose their objective if they limit themselves to a skirmish war against the effects of the existing regime instead of working at the same time for its transformation and using their organized force as a lever for the definitive emancipation of the working class,* ***that is, for the definitive abolition of wage labor****."* K. Marx, Wages, Price, and Profit, p.74, Éditions Sociales, Paris, 1969.

This makes it even more necessary to affirm that the questions of the abolition of wage labor and the **end of work** are among the central programmatic points around which communists must organize, explicitly distinguishing themselves from reformist and Stalinist traditions for which work is a transhistorical constant.

> *«In all previous revolutions the mode of activity remained unchanged, and it was only a question of a different distribution of this activity, a new distribution of labour among other people; the communist revolution, on the contrary, is directed against the previous mode of activity, it abolishes labour and abolishes the domination of all classes by abolishing classes themselves, because it is carried out by the class which is no longer considered as a class in society, which is no longer recognised as such and which is already the expression of the dissolution of all classes, all nationalities, etc., within the framework of present-day society».* Marx-Engels, The German Ideology, p.68, Éditions Sociales, Paris, 1968.

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Translated by IsaCR.

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