

## Communists Today - Chapter 6

In this chapter leading German communist philosopher Hans Heinz Holz defends the use by Marxists of the term "General Crisis of Capitalism" to define the current era, although he points out that it was often misused or misunderstood in the past. In developing his analysis, he provides a profound explanation of the way in which the General Crisis impacts on many areas of society today.

It might be helpful, after a brief introduction, to ask comrades what they understand by the term and when they think it originated (although not stated by Holz, it dates back to the 6th World Congress of the Communist International). In elaborating the General aspects of the Crisis the tutor could ask comrades for examples of its economic, political, social, educational, cultural etc aspects. Some of the aspects Holz enumerates &ndash; e.g. direction, education, technical resources &ndash; might provoke useful debate and discussion. The issue of technical resources is particularly interesting, since it is arguable that humanity could create the resources to solve all the problems of the world today, but they are diverted into militaristic and parasitic ends.

Main points to bring out:

- The General Crisis of Capitalism is not the same as the well-known cyclical crises of the system.
- It is not to be defined by the existence of a world socialist system - in dialectical materialist terms, the essential cause of a crisis has to be major features within the system itself.
- The General Crisis of Capitalism does not mean that the capitalist social system is in a process of disintegration, rather that its internal contradictions are shifted more and more heavily onto the wide masses of the population.
- While there is a basic economic aspect to the Crisis, the description General indicates that the contradictions in the production relations have been extended to all aspects of social life.
- Those aspects are the economic crisis, political crisis, social crisis, crisis of direction, educational crisis, cultural crisis, crisis of technical resources, environmental crisis.
- While capitalism can manage the economic aspect of the crisis by dirigist approaches (e.g. intervention of central banks), such actions demonstrate the inherent instability of the system and give rise in time to further contradictions.
- The elimination of capitalism requires the mobilisation and organisation of the masses &ndash; the principal victims of the General Crisis - into a historical counterforce. That is inherently a task of long duration.

### HANS HEINZ HOLZ: COMMUNISTS TODAY

#### Chapter 6: General Crisis of Capitalism

With the disintegration of Eastern European socialism, and the triumph of capitalism as a victorious and apparently more stable social formation, a whole range of historical-materialist categories were abandoned as useless. This theoretical defeatism indicates a dismantling of conceptual training solely on the basis of external appearance and without real critical testing, an acknowledgement of the ideological hegemony of the opponent, and a surrender of strategically important positions in the struggle of philosophies.

This retreat has frequently been explained by the assertion that these categories had become discredited, because socialist social scientists had in the past made a crudely generalised, inexact or indeed false use of them. A simple comparison shows that this explanation arises from subjective insecurity and does not hold water logically: who could maintain that the subtle thought structure of a Thomas Aquinas [1] would be devalued by the simplicity of its reproduction in religious teaching?

Dialectical categories designate aspects of reality in such a way that their function in linking theory with practice is immediately recognisable from their content and their context in the theory. Evoked outside this context and used in an isolated way, they lose their power to interpret reality and become means of self-deception. The history of thought and philosophy provides many examples of that. If a scientific theory is to remain living, then Hegel's "effort of the concept" [2] is required over and over again, and thus theoretical work is an unavoidable task for all who want to base political activity on a scientific understanding of the world. Naturally, theoretical work includes a recognition that the content of concepts changes with changing reality &ndash; becomes enriched, becomes modified until finally the concept is either accepted as well-established or regarded as no longer suitable. Developing concepts and theories to accommodate changing reality is a basic feature of the scientific method, which is also reflected in philosophy.

Among those formulae which played a central role in historical-materialist theory of the current era, and which have now been called into disrepute, is the expression "the general crisis of capitalism". In fact this formulation was quite often used as a cliché, concealing the inability to analyse and grasp the particular forms of motion of the features of the crisis, and the reproduction and external consolidation of the capitalist production relations taking place within it. The utterance of the "general crisis of capitalism" became a sort of magical spell, by which one sought to reassure oneself of the victory of socialism (albeit still to be obtained by strenuous struggle, involving sacrifices, and by no means assured). As an incantation, which diverted thoughts from the contradictions in which we ourselves are entangled, such a characterisation

of the epoch certainly hindered the theoretical penetration of the social processes in the crisis and hamstrung the effective political activity in these processes.

Above all, in regarding the existence of the socialist camp as an essentially determining factor in the general crisis of capitalism, Marxist theoreticians made too optimistic an estimation of the strength of socialism in its first phase of construction. Essential determinants of the crisis of a system must be sought in predominant features which arise from the nature of the system itself. External influences then become determining factors if a system has, in preserving itself, become one-sidedly dependent on coexistence with, or indeed the help of, external powers. This dependence then develops into an internally working factor of destabilisation.

Now the capitalist states were never - and certainly were not at all one-sidedly - dependent on coexistence or co-operation with the socialist states. On the contrary, their system could very easily maintain itself without that coexistence or co-operation, and indeed could put up with war-like confrontations, so long as they did not assume the scale of a world war between the atomic powers &ndash; as shown by the Korean War, the Vietnam War and in a wider sense the "cold war" of massive arms programmes (which were indeed nothing more than a continuing preparation for war and thereby almost a first stage of conducting war).

On the contrary, the socialist states from 1956 made themselves increasingly dependent on the economic achievements and (with the European Security process) political interventions of the capitalist powers, and conceded unequal external economic involvement with the hegemonic structures of world capitalism. Thereby, rather than being a factor in the crisis, they became an economically subordinate element as it developed.

We must therefore steer clear of the idea that the General Crisis of Capitalism is to be defined by the correlation to the socialist system. The determining characteristics of the crisis must be sought in the essence of the capitalist social processes and - in the final analysis - in the sharpening of the basic contradiction of capitalism, between capital and labour.

Does that mean however, that we must give up the category? Or does it still have a correct sense, which must and can be recovered from this state of superficiality? Does it not express something about the condition of the social system in which we live and which, apparently newly strengthened, still stamps the whole world, including the conditions of reproduction of non-capitalist countries (e.g. China, Vietnam) and precapitalist countries (e.g. Africa)? How else should we characterise a social formation which brings forth environmental destruction, wars, mass poverty and loss of purpose for human life - than by a concept which expresses the breaking asunder of social goals and social reality, of the disintegration of social consistency?

The General Crisis of Capitalism is a historical category, which signifies that the internal contradictions of capitalism, which could be kept under control by the development of productivity during its rising and mature stage, have obtained in its late phase an irreconcilability threatening the conditions of existence of humanity itself. General Crisis indicates that the forms of motion of the contradictions have burst open capitalism's conditions for coexistence and co-operation, the meshing and working together in the functioning of the system, and that thereby the system offers the chaotic scene of incompatible elements in conflict.

Actually, the term does not belong to the vocabulary of classical Marxist theory in the period from Marx up to Lenin. This is self-evident: the features of a general crisis of capitalism were first manifested in the course of the sharpening of its internal contradictions in its imperialist phase. Where Lenin spoke of the crisis of capitalism, he referred to the First World War and, in its wake, the economic contradictions coming to the fore and sharpening, and to the political opposition between the capitalist states.

Lenin correctly advised that imperialism leads to "an epoch of gigantic cataclysms, of mass decisions forcibly imposed by war, of crises" [3], whose beginning could for the first time be diagnosed in 1918. In notes for the Executive Committee of the Comintern in 1920 he enumerated a range of features which characterise this situation &ndash; certainly with an eye on the actual international situation of the time [4]. However, here the concept of the crisis remained economic-political in its extent, and was related to its application to the time-limited situation.

In 1925 Stalin expressly laid stress on the fact that the disintegration of capitalism does not exclude a wider development of the system, albeit that such development must lead to relations which sharpen the contradictions of capitalism [5] - and he spoke of a phase of the stabilisation of capitalism [6]. In 1934, in the Central Committee's Report of Work to the 17th Party Congress, he stated that this "is the longest and most protracted crisis" of capitalism, which has affected "every capitalist country without exception", giving as reason that "the industrial crisis broke out in the conditions of the general crisis of capitalism" [7]. He did not explain what the attribute "general" included. However, from the context it appears that an essential aspect was the combination of the industrial and agrarian crises with the maintenance of high commodity prices, although the rise of fascism and the growing danger of war were also emphasised. Here Stalin [8], with reference to Lenin [9], cautioned against regarding the crisis as hopeless for the bourgeoisie. The "General Crisis of Capitalism" does not mean that the capitalist social system is in a process of disintegration, rather that its internal contradictions are shifted more and more heavily onto the wide masses. Capitalism does not fall to pieces in the crisis; that only happens

when the masses form themselves into the historical counterforce, the bearer of the struggle for a new social order.

What then distinguishes the general crisis from the cyclical crises, which have accompanied the development of capitalism since its origin, and which are the expression of the form of motion of its internal contradictions?

The transition to globally interlocked economic activity, especially of finance capital, has had the consequence that regional crises break out more easily and more swiftly. That reflects the economic universality produced by the emergence of the world market. The mutual dependence of national economies, but also of the individual branches of the economy, separately raises the crisis-susceptibility of the system, whose feed-back mechanisms always run to a large part spontaneously ("unforced") according to the laws of the free market.

The management of crisis inside this system thereby demands dirigist institutions and instruments which are inimical to the system, in order to apply temporary shock-absorbers (e.g. interventions of the central banks in the exchange market). However, if a system is no longer able to function according to its own structural laws, and instead has to have conflicting functional elements fitted into it, then it is clearly unstable - and it keeps the appearance of stability only by immediately creating new contradictions (which then again in due course prove destabilising and so on). Such an economic order can certainly maintain itself for a long period &ndash; at the least if it still has at its disposal large reserves of social wealth and if no active opponent offers internal resistance. However, in the final analysis it maintains itself always only by shifting onto the weaker members of the system the costs caused by the balance of the contradictions, and thereby it increases the inner tensions.

That is however only the one, certainly basic, economic aspect of the crisis of the system. The description as a general crisis is justified by the extension of the contradictions in the production relations into all aspects of social life.

In the first place, the relief of economic crises in the interests of the ruling class very quickly brings the destruction of the structures of political equilibrium which are supposed to guarantee the integration of the ruled and exploited into the existing system. Their limited participation in political power &ndash; e.g. through democratic institutions and processes &ndash; is step by step replaced by subordination to the discretionary power of administrative authorities, right up to the construction of a police state order and of an opaque anonymous mechanism of rule and control. Important decisions encroaching on the life of the citizens (e.g. the locations of technically risky installations, traffic planning, research strategies, investments and the connected maintenance or cancellation of jobs) are now taken by the holders of financial power, rather than by constitutional organs of the state. The crisis of democracy is an essential factor of the general crisis of capitalism, and from it derives the widening of corruption and the destruction of respect for the rule of law, the growing legal insecurity.

While the political aspect of the economic crisis appears internally as a crisis of democracy, externally it is displayed as a crisis of peaceful coexistence of the commonwealth of nations. The link between economic and military expansion, between economic crisis and military adventures, has so often been demonstrated that here it only needs to be stated. War is the manifest crisis of capitalism in the imperialist stage of development.

The destruction or hollowing out of democratic rights, i.e. the widening of the economic crisis into a political crisis, follows from the sharpening of social tensions, which arise from the management of the crisis in the interest of the ruling class. The shifting of the burden signifies a reduction in living standards in each country, an increase in the exploitation of labour power, growing unemployment and, as far as possible, export of poverty into the underdeveloped countries. Social decline, demoralisation of young people, increase of criminality and aggressiveness, immigration and difficulties of assimilation are consequences of the social crisis.

Thus society loses its ability to integrate. Individuals are thrown back on their own resources and driven into isolation. Family and community links become loosened, because there are no uniting and binding general aims and expectations of the future, and the individual no longer sees any chance of positive participation in construction of the whole. Private ideas of direction are insulated still further from public life; one's own identity becomes a psychological problem; security is sought in sects and cliques, and also in frequent change from one to another. The common framework of orientation points for life and of concepts of value falls apart; the word "freedom" remains an empty shell; there is a relative or sceptical pluralism - the exchangeability of arbitrary opinions in favour of the new at any given time, the so-called "innovation". The disintegration of an over-subjective philosophical framework creates the precondition for the manipulation of consciousness instead of independent critical identification of judgements. The social crisis widens itself into a crisis of direction.

With the loss of direction, the connection with the cultural traditions through which a society identifies itself is also being dissolved. Custom, lifestyle, consciousness of history, contents of education fade and are replaced by rapidly changing fashions, which no longer give people any internal standpoint and life view. With the abandonment of educational aims, the intellectual kernel, towards which teaching is supposed to be aimed, is dissipated into a mere addition of knowledge. There is no longer any mental space for a systematic ordering and comprehension of the rapidly increasing mass of discoveries and inventions of the scientific-technological revolution. The educational and cultural crisis is thereby at the same time a crisis of the technical resources by which we satisfy our needs and organise our relationship to Nature.

Here the circle is completed: under condition of the essential law of capitalism, the need to accumulate capital, the increasing development of scientific and technical possibilities leads to a breakdown of the relationship with Nature, endangering the conditions for survival of humanity. The biological condition of the planet is being changed, not just by the spontaneous exploitation of natural resources (e.g. deforestation, exhaustion of reserves of drinking water), but also by the unlimited manufacture of the products of civilisation (e.g. air pollution, the hole in the ozone layer, waste disposal problems). For the first time a basic natural-dialectical contradiction of capitalism is appearing: the ecological catastrophe arising from economic growth. That is the crisis of humanity's relationship with nature or the environmental crisis.

In the above remarks the concept of the "General Crisis of Capitalism" has acquired significant content, proving itself to be a category of the "history of social formations". Every social formation has its periods of rise, maturity and decline &ndash; in the struggle with the preceding faltering and disintegrating formation; in the development of its potential for promoting human progress (therefore progressive); and finally in the failure to solve the problems of its own systemic form of motion in purposeful social human sense. Capitalism, whose form of motion is cyclical crises, has entered the phase of its downfall, since the crisis is no longer just an intermediate step to a higher organisation of capitalist social relations, but altogether undermines the social conditions for people's life, disintegrates the community and even destroys the prerequisites for reproduction of capitalist production relations. The crisis is thus not only a universal economic crisis, a crisis of the world economic order (which could at least fictionally still be regarded as a cyclical and self-correcting crisis), but rather the general crisis of the social system, which has gripped all its manifestations, continually distorts them, and causes them to disintegrate.

We have compiled a few principal characteristics of this general crisis:

- the economic crisis;
- the political crisis of democracy, right up to forms of fascism;
- the political crisis of the community of nations, right up to war;
- the social crisis;
- the crisis of direction;
- the educational and cultural crisis;
- the crisis of technical resources;
- the environmental crisis.

The many-sided conditional connection of these crisis factors &ndash; the workings of the fundamental economic contradiction and its form of crisis &ndash; is evident. To the extent that the concept of crisis is economic &ndash; as Gramsci said, "the crisis has internal origins, in the modes of production and thus of exchange, and not in political and juridical factors." [10] &ndash; so also must it be regarded as a broad historical-theoretical concept of the era, since "it is difficult in real terms to separate the economic crisis from the political, ideological ones etc" [11]. It is precisely the amalgamation of these factors in a development phase of capitalism which marks out the general character of the crisis. The term therefore has a correct theoretical sense, which historical materialism cannot simply put to one side, if a comprehensive characterisation of the present-day phase of capitalism is not to be abandoned.

Lenin [12] explained with great clarity that this phase does signify a rapid &ndash; nor indeed an automatic &ndash; downfall of capitalism or transition to socialism:

"We have now come to the question of the revolutionary crisis as the basis of our revolutionary action. And here we must first of all note two widespread errors. On the one hand, bourgeois economists depict this crisis simply as 'unrest'. On the other hand, revolutionaries sometimes try to prove that the crisis is absolutely insoluble.

"This is a mistake. There is no such thing as an absolutely hopeless situation. ...To try to 'prove' in advance that there is 'absolutely' no way out of the situation would be sheer pedantry, or playing with concepts and catchwords. Practice alone can serve as real 'proof' in this and similar questions."

Practice: that is the mobilisation and organisation of the masses, who are the victims of the crisis, that is the formation of a collective subject, which takes up the struggle for the elimination of this crisis society. And that is a task of long duration, always to be taken again in hand. Footnotes

[1] Thomas Aquinas (c. 1225-1274), Roman Catholic priest, later canonised. He is regarded as being the foremost proponent of natural theology, i.e. the attempt to find evidence of a God without recourse to any special or supposedly supernatural revelation. [2] Term used by G. W. F. Hegel in his book *The Philosophy of Spirit (Mind)*. R. C. Solomon (In *The Spirit of Hegel*, OUP (US), 1983, p. 269) says that Hegel "tells us that the study of Science is to take on for oneself 'the strenuous effort of the concept' (Anstrengung des Begriffs): that is, we must think ourselves through the whole sequence of concepts and forms (instead of wasting our time reading the Preface, perhaps)." [3] V.I. Lenin, *Collected Works*, Vol 27, p.130: Speech at the 7th Party Congress, March 8, 1918, Report on the Review of the Programme and on Changing the Name of the Party (also in *Selected Works*, Vol. 8, p. 316): "Marxists have never forgotten that violence must inevitably accompany the collapse of capitalism in its entirety and the birth of socialist society. That violence will

constitute a period of world history, a whole era of various kinds of wars, imperialist. wars, civil wars inside countries the intermingling of the two, national wars liberating the nationalities oppressed by the imperialists and by various combinations of imperialist powers that will inevitably enter into various alliances in the epoch of tremendous state-capitalist and military trusts and syndicates. This epoch, an epoch of gigantic cataclysms, of mass decisions forcibly imposed by war, of crises, has begun - that we can see clearly - and it is only the beginning." [4] V. I. Lenin, Collected Works, Vol. 35, pp 450-1. [5] J. V. Stalin, Works, Vol. 7, p. 91: The Results of the Work of the 14th Congress of the RCP(B). [6] Ibid, p.91 ff and p. 265 ff: Political Report of the Central Committee to the 14th Congress of the CPSU(B), December 18, 1925 [7] J. V. Stalin, Works, Vol 13, pp. 290-1; also Leninism, pp 471-2. [8] Ibid, pp. 304-5; Leninism, pp. 481-2. [9] See Footnote [12]. [10] A. Gramsci, Further Selections from the Prison Notebooks, Lawrence & Wishart, p. 220. [11] Ibid, p. 219. [12] V. I. Lenin, Report on the International Situation and the Fundamental Tasks of the Communist International, July 19, 1920. In Collected Works, Vol. 31, pp 213-263; Selected Works, Vol. 10, p. 192.

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