Notes On The International Crisis

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When looking at capital's project for the international crisis, one aspect is immediately clear: from its perspective, the crisis is a *long-term* undertaking. It is not a temporary recession to cure inflation and re-establish capital's "animal spirits." It is the imposition of *a long-term austerity for the purpose of enforcing work* with the maximum feasibile violence. While this violence includes lower standards of living, increased unemployment and speed-up for the working class internationally, the tactics of such enforcement of work are adapted to local conditions. So we have a ghettoization of the labor force and "workfare" in industrial countries, working-class genocide in Chile, mass starvation of proletarians in India, etc.

Capital's need to attack with such multinational violence is just a sign of the tremendous power that the working class has commanded in its international political re-composition. By assuming the crisis as a long-term strategy, capital reflects awareness that what is at stake is the historical re-assertion of work as a condition of income, and therefore the secular defeat of an international working class that is separating income from work.

Historically, the working class has imposed "full employment" and has then used it to launch its wage struggles and so further attack the power of capital. If the struggles of the U.S. unemployed in the Thirties forced an end to the usage of devestating levels of mass unemployment and deflation to control wage rates, the wage struggles of the Sixties showed that "full employment" is also politically unmanageable. In the cycle of struggles that begins in the mid-Sixties, the working class has defeated the two major capitalist strategies for control: "technological" control of the class as *labor power,* i.e., explicit use of technology to repress the class struggle and confinement of the working class to the role of a variable in the interplay of supply and demand, and "economic" control of the class as *internal demand,* i.e., the attempt to use the working class wage struggle as the mainspring of economic development. The working class has attacked at both levels, at the point of production through low productivity, absenteeism, etc., and in circulation, through uncontrollable wage demands, in a generalized strategy against work and for income, that is, for *income against work.*

The Working-Class Struggle and the Crisis

The crisis is *imposed* on capital by the parallel, contemporary and cumulative wage struggles of both the waged and unwaged, internationally. This is what is meant by "international political re-composition of the working class." Throughout the widest international circulation of the wage struggle in the Sixties, the working class has broken down the precarious link between wages and productivity and has cut deeply into profit margins, thus shaking the roots of capital's command, as *command over labor.* Capital's power to enforce work has diminished, and the working class power to work less has increased.

These struggles for more money and less work, working class rejection of incomes policies, absenteeism, lowered social productivity, sabotage, welfare struggles, urban insurrections have been autonomous struggles, carried on by the direct initiative of those involved in them, whether through existing political organizations, if these organizations — Government agencies, trade unions, "workers' parties" — could be used, or through new organizational solutions. *Everywhere the mass wage offensive has been productive of self-organization,* including mass direct action, the political use of mass violence, and the explicit organization of armed struggle in the community against the factory and the State. Everywhere the same political characteristics of the wage struggle have emerged: in advanced England, backward Portugal, dependent Argentina, reformist Chile, and socialist China. At the same time that the waged working class has used "full employment", anti-Fascism, Peron, Allende and the Great Proletarian Cultural Revolution for its wage initiative, the masses of the unwaged the world over have intensified their pressure, forcing the opening of entirely new wage fronts. It is the immense income demand of the unwaged that has produced local growth and plans for economic development in Libya, Algeria, Iran, Venezuela, Indonesia, Nigeria. Decades of national liberation struggles have incubated an explosive unwaged, unsatisfied, uncontrolled working-class demand in what was once called the "Third World."

Internationally as well as domestically, capital has been confronted on both sides at once, by development and by under-development, by the waged and by the wageless. The culmination of the wage struggle, coupled by the explicit attack on capital's command leaves capital no choice but to accept the crisis and to try to make it backfire on the working class.[1]

At the international level, the *cycle of struggles of the U.S. working class* remains the main reference point, not simply because of the strategic position and strength of the U.S. working class, but because the U.S. cycle has shown the highest *wage re-composition of a multinational working class.* In this sense, the U.S. cycle interprets and expresses more clearly the political quality of the international cycle as a whole: the recomposition of the waged and the unwaged.[2] Political recomposition of the working class meant a *wage explosion and a welfare explosion at once* that a traditional recession (1969-1970) could not even begin to contain. During the Nixon recession unemployment, welfare *and* wage rates rose while profits fell. By mid-1971 it was clear that the good old medicine no longer worked.

It is crucial to see that in this cycle of struggles capital's political problems do not stem only from what was *traditionally* considered as the wage front. Surely the relation between capital and the working class is not measured only on Fridays, since the struggle is over more than the paycheck. It takes on many forms; absenteeism, lower productivity, uses and abuses of the union structure (e.g., "cheating" on health benefits), pilfering and cargo theft, and the infinite degrees of sabotage ("counter-planning on the shop floor"). But even more importantly the struggle is not limited to the assembly line, the dock or the highway; it is equally expressed in the community. From Welfare struggles to rent strikes, from criminal activities such as shoplifting and robbery to direct appropriation attacks on supermarkets, from squatters to food price boycotts, we see the opening of a whole spectrum of working class struggles for wealth. The existence of these two levels of the class struggle (the factory and the community, the waged and the unwaged) is nothing new or peculiar to this cycle of struggles. What is new is the force each side has achieved and the rapid circulation between them that made any recession-unemployment-wage-cut sequence impossible.

Thus in this cycle of struggles each of capital's wage strategies was overturned. The attempt to link wages with productivity in the factory was met by demands for more money and less work. The attempt to link income with work met the welfare struggles. The attempt to enforce wageless work on certain sectors of the class was undermined by the organized emergence of wage demands of women, youth, G.I.'s, and prisoners.

Sociologists begin to worry. They see a "revolution of rising entitlements." The working class cares not for equality of opportunity. "What is now being demanded is *equality of result* — an *equal outcome for all.*"[3]

The U.S. cycle exemplifies the international cycle only because the U.S. is the tip of an iceberg. At the international level, the working-class attack of the Sixties has completely turned around the world order first outlined at BrettonWoods.There, post-war development was relaunched on the basis of a) an intercapitalist agreement over a new redistribution of the traditional areas of imperialism and underdevelopment, and b) an historical experient in "full employment," reformism for the working class of Europe and Japan, financed by U.S. budget deficits and managed by social democracy and the C.I.A.

In this way, the post-war strategy took the shape of international planning and management of the contradiction between development and underdevelopment. Within development, then the U.S.-Europe-Japan gaps would guarantee that the 1933-1946 power of attack of the North American working class would not be generalized to the entire "advanced area." It is precisely on such differences in the composition of capital that the multinationals began to move in the Fifties.

The Bretton Woods system reached a crisis when the international struggles made it plain that the entire setup *no longer afforded any margins.* As strategies for the containment of the working class, both development and underdevelopment have failed. In the U.S., Europe and Japan, development as shown itself as Watts, May 1968 in France, Italy's Hot Autumn, Japan's Spring Offensive, etc. "Full employment" has been turned into working-class revolution. (By 1974, the U.S. Europe-Japan wage gaps have practically closed. For Europe- and Japan-based multinationals, it may now be more convenient to invest directly in the U.S.) In the "Third World," as we have seen, underdevelopment has failed to curb the wage struggle of the waged working class and the income demand of the unwaged.

Capital's Response

Capital's response to the international working-class attack can be described through the economic policy of the U.S. We can take August 15, 1971 as the beginning of capital's counter-offensive, when the U.S. Government, in a sudden tactical shift, *assumed the initiative* in the crisis imposed by the working class.

That traditional recession has been ineffective in curbing wages must be shown as an international characteristic of the wage struggles at least since 1969. In 1969 and 1970, it became apparent that the international wage offensive was proceeding unchecked by slowdowns and recessions.

Arnold Weber, one of the protagonists of the wage-price freeze and Executive Director of the Cost of Living Council, gives a lucid account of the domestic political background of August 15.

> By the end of 1970 the average first-year increase in newly negotiated collective bargaining contracts was in excess of 8 percent. But the bright spot did not appear. Collective bargaining developments in 1971 indicated that little relief was in prospect. The settlement in the can industry in the spring of 1971 became a target in aluminum and steel, resulting in first-year settlements calling for an estimated 16 percent hike in compensation costs. The prolonged work rule dispute in the railroad industry ground to an expensive, if not constructive, conclusion which permitted wages to increase over 40 percent over the 42 months beginning January 1, 1970. In the second quarter of 1971, the average first-year increase for major collective bargaining settlements was 10 percent... Thus in the summer of 1971 the measures of economic activity stood in painful proximity. Price trends were mixed, and vigorous pressures were still exerted on costs by sizable wage increases. Deflationary measures to deal with the situation were unfeasible or politically perilous. The budget for the fiscal year 1971 showed a deficit increase in excess of $20 billion, at the same time that the money supply was increasing at a prodigious rate, partly in response to nudging by the Administration. Any strenuous effort to change these developments ran the risk of increasing unemployment to unacceptable levels in terms of political and national economic requirements... Any disposition to be "tough" was mitigated by the experience in the Fall of 1970 when the extended strike in the automobile industry appeared to have dealt a setback to efforts to restore a high level of economic expansion... With one great step, the Administration could dissipate the political pressures at home while seizing the initiative with its economic partners abroad. The proximate developments were the steady deterioration of the balance of payments and the attack on the dollar in international money markets... On the domestic scene, the basic steel producers and the United Steelworkers of America on August 1 reached a new labor agreement calling for an immediate increase of 15 percent in wage and fringe benefits, an indicator that cost-push pressure had not abated.[4]

There was but one solution, to undertake the crisis as a long-term strategy, that is, to pass *from cyclical recession to historical crisis:* by explicitly attacking the European and Japanese working class (the 10 percent surcharge on imports that passes for inter-imperialist competition) and by generalizing a Government imposed anti-working-class attack at home (the wage freeze). Behind the 10% surcharge and the 5% wage ceiling of August 15 stood the atomic submarines and the National Guard. There was no rationalization for suddenly forcing a change in the exchange ratios among nations and within the international capital-wage relation besides the consideration that the new ratios established more favorable relations of power.

We now know that the measures of August 15 were too weak. By 1973 it became clear that capital had again underestimated the impact of the international class initiative. The working class was not blackmailed. In fact, the international boom of 1972-1973 provided an occasion for relaunching the wage initiative (March 1973 FIAT occupation in Turin, the Philadelphia teachers' strike, the summer wildcats in West Germany, the Jefferson Avenue assault in Detroit, the revival of struggle at English Fords, the Carletonville riots of South African miners, etc.)

Up until the late Sixties capital succeeded in making use of the international intercapitalist gaps to control the wage struggles.

> Historically, the Western economies have been *out of step.* One or two countries, usually the U.S., West Germany, or both, would lead a business expansion or decline, and the other countries would follow a year or more later. *As long as demand remained weak* in one or more major industrialized nations, world resources and production capacity would not be strained.[5]

But the international attack of the working class in the late Sixties is reflected in the *international synchronization of the economic cycle* in the Seventies. In the words of a business economist, "the steady rise in per capita income has changed consumption patterns in most industrialized countries, making demand-management policies more difficult to implement."[6] The working class has forced unified business cycles and has then used the international boom to generalize the wage struggle.

The second dollar devaluation and the energy crisis *had to* follow. It was capital's needed strategic adjustment: double-digit inflation, stagflation, in short, deepening the crisis. The well-timed wheat sale to Russia set the stage for the creation of *shortages* in 1973, its agricultural prices suddenly became bargains on the world market. The surge of foreign demand into the U.S. market touched off an inflationary explosion of food and feed prices, at the very same time inflation was also being fueled by the price leap for imports. Later in the same year the Yom Kipper War, financed on both sides by the same capital and managed by detente, and the "Arab" embargo triggered a fourfold increase in the price of oil.

This set the scenario for a new phase in the anti-working-class attack: "uncontrollable" inflation, multinational management of shortages, Kissinger's politics of starvation and diplomacy of war.

The Crisis from the Viewpoint of Capital

Capital understands the crisis as a *crisis of its command over labor.* In the very way capital chooses to describe the crisis, it focuses on productivity. The capitalist "scenario for survival" is littered with phrases like: "coping with shortages," "finding capital" and "living with inflation" in the midst of the "breakdown of financial markets."[7] But each of these has proven to be a consequence of the wage/productivity struggle of the working class.

Let us consider the *shortages* first. The fact that shortages reflect a great deal more than "excess demand" has become economic commonplace. For Allan Greenspan, "the wage escalation of the 1960's reduced the rate at which managers were willing to run productive facilities. It became more costly to put men on overtime."[8] Older plants once devoted to the production of basic materials were made uneconomic by high wage rates.[9]

> In steel, nonferrous metal, industrial chemicals, paper, rubber and cement, there was not much left of "animal spirits" after the cost-push inflation that closed out the 1960's and the recession that opened the 1970's. Even after the recession, profits in most of these industries were lower than they had been since 1966 — lower in *current* dollars, unadjusted for inflation.[10]

Major materials shortages were sure to follow and they did.

Second, the class struggle has scared capital away from "entrepreneurial" investment toward "managerial" investment. In the Keynesian concept of "entrepreneurial investment", additional investment means additional employment. Keynes, however,

> was writing during the Great Depression when labor was cheap. In this era of wage inflation, the relationship between capital investment and employment has been maintained, but it has been increasingly channelled into projects that economize on labor.[11]

With managerial investment, additional investment does not mean additional employment, but additional savings on labor. In 1969, for example, steel companies in the U.S. reported 64% of plant and equipment expenditure devoted to expansion and 36% to modernization. By 1973 the proportions were reversed: 28% for expansion and 72% for modernization. Capital shies away from living labor, but to do so it needs more capital. Capital is needed to offset rising labor costs, to increase productivity, to reduce the labor content of products, to do away with labor by making it more and more productive. Thus "finding capital" becomes the first imperative in the crisis. Capital needs are immense, on a scale never previously approached, at precisely the moment when the entire capital-raising network appears in a critical condition, squeezed between falling rate of profit and inflated interest rates.

The capitalist viewpoint, however, does not see "finding capital" as a simple technical problem. It sees it as a two fold political one. First as a problem of production which involves the imposition of increasing productivity and securing a satisfactory rate of profit. Second as a problem of the market and pricing which involves manipulating inflation as a source of capitalist accumulation. But these two problems merge into one when it is seen that inflation can only provide capital insofar as it is a means for imposing a stricter wage-productivity link on a social level. "We have no alternative but to attack the rate of inflation by incrasing our productivity."[12]

> There is only one long term solution to the challenge of cost-push inflation: increased productivity. If labor's real wages are to keep rising, then labor's output per hour must rise by the same amount... In the second half of the Seventies, the U.S. must come to grips with the necessity of increasing productivity — not just an inch at a time, but a real quantum jump. *It must somewhat breakdown the restrictive work rules and practices that limit labor's output.*[13]

The purpose of the capitalist strategy is to tilt the relationship between unpaid and paid labor, between capital and wage, back to a position that forcibly re-establishes the pre-eminence of unpaid over paid labor. We will see in the following sections how the "energy crisis" uniquely meets the requirements of capital's strategy for the crisis. (1) The energy crisis reduces total employment; (2) it increases the threat of unemployment, both generally and in selected sectors (e.g., auto); (3) it allows capital to be accumulated *en masse* through huge price increases in those very sectors (energy and food) that are dominated by the most powerful capitalists, the U.S.-based multinationals.

Not surprisingly, *inflation,* the third part of the capitalist scenario, is an occasion for much ideology. Demand-pull inflation is said to be caused by imperialism and war while cost-push inflation is associated with labor struggles at home. Thus for Keynesian liberals and neo-Marxists alike, the dynamics of inflation coincide with the cycles of imperalist wars while for Wall Street conservatives, wage-push is the universal source of inflation. In the Lekachman-Sweezy interpretation, the empire and its wars explain everything: the inflationary boom of the Sixties is the result of military spending; the 1969-1971 recession is due to a drop in defense contracts; and so on.[14] While for Harvard's Haberler in 1972,

> wage push is an undeniable fact. It is overt when wages rise under conditions of unemployment because that clearly could not happen if there were competition in the labor market. It is not so clear, but it must be assumed a fortiori to exist, under conditions of high employment, because if unions are able to push up wages when unemployment is unprecedently high or rising, they are in an even better position to do so when unemployment is low and falling. It follows that even in clear cases of demand inflation it must be assumed that aggressive labor unions intensify and reinforce the demand pull by wage push.[15]

The current interpretation by capital and the Left describe the inflation process as one which assumes the form of a two stage cycle. In the first stage, imperial and military Government requirements generate demand-pull inflation. In the second stage, workers, reacting to the threat of inflation begin to anticipate price rises in their wage demands, in this way producing cost-push inflation. As always, the beginning is "the war", the struggle for independence of "Third World" nations. In the end, the North-American working class is "forced" to enter the scene and put up a "defensive" wage struggle.[16]

From the working-class viewpoint, we are not particularly interested in reconstructing the empirical dynamics of the inflation process, whether demand-pull or cost-push. We understand demand pull and cost push as simply two sides of the same "full employment" coin. We are interested in inflation exclusively for what it reveals about the class relationship. Inflation is the sign of working-class struggle in the capitalist cycle. Since the Great Depression, inflation has been systematically used to contain the wage initiative of the working class. The "monetary illusion" is the main focus of the Keynesian acceptance of demand as the basis for economic development. Once capital has come to accept the working-class wage demand, it must regulate it. It must transform the working-class wage attack into a manageable internal demand. But, in its struggles since the New Deal, the working class has enthusiastically used "full employment" as a condition for generalizing and sharpening the wage struggle.

The working class imposed "full employment" strategies on capital and then used them to overturn the power relationship between itself and capital. In the Sixties the wage demands of the traditional sectors of the working class became explosive *and* they detonated income demands in the social factory. Capital, therefore, had to respond with *both* full employment and the Great Society programs. When the wage/welfare struggles in the U.S. met the international relaunching of the wage struggle, at that point, under the pressure of international attack, inflation might well have gotten "out of hand." The fine-tuned "new inflation" of the New Economics had given way to the "runaway inflation" of the crisis. Inflation got out of control when capital was no longer able to contain the wage struggle through anti-cyclical fiscal and monetary manipulation, i.e., through traditional planned recession. For what had gotten "out of hand" was the wage demand of the working class. At that point, the passage from cyclical recession to historical crisis that we have described was the only alternative open to capital.

We have seen that shortages and inflation are first forced on capital by working-class struggle. In the crisis, capital tries to regain the initiative by taking on shortages and inflation together, i.e., by *causing inflation through the production of shortages,* particularly in energy and food.

From the capitalist perspective, energy is recognized as the *fundamental technological tool for the international control of the working class.* First of all, it is a *replacement for labor.*[17] Since the War, capital has increasingly dealt with the working class on a daily basis by replacing labor with energy. Rapidly rising labor costs have met steady oil prices. As a result, by 1970 the manufacturing sector of the U.S. economy used 66% more energy but only 35% more labor than in 1958. In its immediate application to the process of production, energy frees capital from labor. It follows that control over the availability and price of energy means control over the technological conditions of class struggle internationally and also control over economic development.

The cost of energy, moreover, plays an essential part in determining the international structure of *demand.* High-energy industries will raise their prices first. As a result, consumer spending will drop first in those very sectors that make up the bulk of working-class demand: fuel oil, household appliances, motor vehicles, gasoline, cleaning products, knitted goods, drugs, etc. Higher oil prices raise the profits of the energy multinationals as they hurt the demand of consumers.

> This transfer of income could be painful. The oil industry uses much less labor and more capital than do most other industries. And so the transferred income will benefit mainly

> profit recipients rather than wage earners...Thus higher oil prices imply *more savings and less consumption.*[18]

In this way the energy multinationals, through their control over supplies and their virtual independence from labor, take leadership in the accumulation of capital and in the international political control over the working class.

The Energy Crisis

The present identity of interests between multinationals and OPEC rulers is revealed by the price hikes and embargo following the Yom Kippur War. For capital accumulation by OPEC is also capital accumulation by the Seven Sisters. Thus prices in the world market are allowed to dictate price levels in the U.S. even though the U.S. is two-thirds self-sufficient in oil. The profits of OPEC countries and of the oil companies can *together* finance the enormous capital spending projected for the years ahead.

It has always been clear that in the long term reinvestment of the oil funds both in OPEC and in the oil-consuming countries is the only solution. For the multinational experts of *Foreign Affairs,* the crisis represents "a great opportunity."

> Paradoxically, there is a great opportunity which lies beneath the surface of this immense "recycling" problem. In essence, the world today is starved for capital. Greater investment not only in the OPEC countries but everywhere is an essential condition for the enlargement of output and lowering of real costs that offer the most effective counterforce to persistent world-wide inflation. In this situation, *consumer payment for high-priced oil in the importing countries represents* a diversion from other forms of consumption, in effect *a form of forced savings,* with the proceeds of these payments becoming, at least in part, investible funds in the hands of the OPEC countries. If the OPEC countries, in turn, had the proper outlets and were ready to employ their investible funds, they could make a crucial contribution to the capital formation that the world so urgently needs.[19]

But in the short term, capital faces certain problems: a breakdown of the stock market and a balance-of-payments deficit for oil-consuming countries.

Consider the stock market. As an institution, the stock market can only survive under two conditions: low interest rates and stable or growing rates of return on invested capital. As we have seen, the class struggle of the Sixties has imposed inflation-high interest rates and a falling rate of return. A recent re-appraisal of the trend of the rate of return shows that "the 'genuine' after-tax return on invested capital of nonfinancial corporations has been downward since 1965... It fell from 10% in 1965 to 5.4% in 1973... The downward trend continues."[20] The decline of the stock market becomes all the more visible as it fails to recycle the OPEC surplus funds. The widely noted OPEC strategy of short-term deposits is imposed by the realities of the money markets, in particular by the increasing depreciation of stock. For capital, the recycling question is not a specifically financial question at all. It is part of a general political problem of reversing the downward trend in profits, or how to guarantee a satisfactory return on investment. In the words of a Harvard economist,

> the declining rate of return stands the whole question of a capital shortage on its head... It is no longer a question of whether businessmen will have enough savings to invest, but rather of *whether they will want to invest.*[21]

Under such conditions of uncertainty, says a Wall Street man, "investors are no longer willing to invest their savings in securities and the nation's capital-raising machinery is gradually dissolving... This foreshadows the end of the free-enterprise capitalistic system as we have known it."[22]

Capital has moved in the crisis to a completely *closed circuit* outside the market. Corporations will have to rely on a combination of internal financing and loans from the banking system. "Recycling" must occur through the banks and government-to-government transactions. This is then the meaning of the energy crisis: capital *escapes* from those sectors of investment and those geographical areas where the wage struggle has taken its toll on accumulation. Through inflation, it transforms working class income from the U.S, Western Europe and Japan into oil profits and OPEC "surplus" funds. This transformation implies, among other things, an increased independence of capital from the money markets and a greater political concentration of capital in multinational hands. In a sense, this flight of capital is simply a *tactical retreat;* a precondition for a new world-wide wave of multinational investment.

This identity of interests between the U.S. and OPEC countries goes way back. In 1950 the State Department, in collaboration with the Treasury Department, granted the oil companies substantial foreign tax credit. This tax credit put a premium on the interest of oil companies in multinational operations at the same time that it increased the share going to the Governments of oil producing countries.[23]

The price of oil, in the meantime, was kept stable. On the availability and stability of "cheap oil," capital built its control over the working class both domestically and internationally since World War II. In the U.S., a whole phase of capitalist initiative, based on the auto industry, the interstate highway network, urban planning, etc., was based on "cheap oil."In Europe, post-war economic development subsidized by the U.S. government created a market for oil that the Seven Sisters were quick to penetrate, expanding their share in it fivefold betwen 1955 and 1970. By the Sixties, oil controlled economic development everywhere. By 1971 it had become the "oil weapon."

The price hike of the Teheran agreement (1971), jointly imposed by OPEC members and the U.S. State Department, dealt a first preliminary blow to the working class in Europe and Japan. In 1973, the Yom Kippur War marked the beginning of a new multinational anti-working-class offensive led by the U.S. It caused simultaneously an intensification of the attack on Western Europe and Japan, an escalation of an anti-working-class attack in the U.S. and starvation in selected parts of the "Third World".

In 1973, the bulk of the Seven Sisters' profits came from sales to Europe and Japan. At the end of the year, *The Wall Street Journal* could editorialize with satisfaction:

> It seems like just the other day everyone was worried that Japan was going to buy up the rest of the world at the same time it was burying it in Toyotas and Sonys... Doomsayers here and abroad were concluding that for the U.S. the party was over... The Arab oil squeeze has changed all this... The oil embargo stripped Japan of its aura of industrial invincibility... Even when the oil embargo ends, the higher prices will remain and no doubt advance. Every increase further changes the terms of trade to the disadvantage of Japan and Western Europe.[24]

By 1974, however, the oil weapon was turned against the North American working class and big profits were squeezed out of the U.S. market.

Behind the ritualistic position of diplomatic adversaries that the U.S. and OPEC countries necessarily entertain during international bargaining sessions, stands their Holy Alliance. OPEC rulers can maintain their earnings and thus their own power only if oil demand or oil prices strengthen in the years ahead. As far as the surplus funds are concerned, "We don't have to beg them to invest in oil-consuming countries," says a Federal Reserve System economist, "They have no choice."[25]

The U.S. and the multinationals also need OPEC as a major market for goods and as a main source for loans. In 1974, total OPEC imports were up 50 percent. The considerable expenditures on the infrastructures and internal development programs undertaken by the OPEC rulers will have the effect of strengthening consumers' markets in the more populated OPEC countries. Finally, "whether the U.S. faces a credit crunch later this year (1975) and an aborted economic recovery may depend on persuading OPEC countries to help finance the enormous budget deficit."[26] Saudi Arabia's Minister of Finance has said: "We feel our responsibility to the whole world."[27] While a Wall Street consultant recently reminded his clients, "they (the Arabs) haven't done anything silly."[28].

However, it is class struggle — working class struggle in industrialized countries and the wage pressure of the unwaged in the OPEC countries — not "imperialism" or "monopoly capital" that has brought this alliance into being. Where the class struggle, and the class struggle in the OPEC countries in particular, might eventually bring this alliance, is a different question.

For the Holy Alliance, the problem is not at all the high price of oil. High oil prices, as Kissinger has recently explained, are in everyone's interest. The important question is *control over development,* control over who is going to develop and so *control the movements of the working class.*

We can begin to glimpse something of the new class dynamics inside OPEC. The more populous members — Iran, Algeria — are under powerful wage/demand pressure. Given that their collective surplus funds have fallen from $27 billion in 1973 to $4 billion in 1974,the World Bank's latest estimate is that by the end of the Seventies, they will spend everything they will earn on internal development. But what kind of "internal development"?

The forms of struggle arising in the Mid-East will determine the course of development, and it would be rash to delimit them at this point. However, it must be clear that the "Palestinian Question," the Arabian importation of masses of labor power from Africa and Asia, and Persian "industrialization" represent a dynamics of class struggle that belongs to the present crisis and neither to a "pre-industrial past" nor to a mere repetition of previous struggles in the West. It is not inevitable that the assembly line will be dismantled in Detroit and whisked in Bandar Abbas. That will depend upon the level and kind of class struggle the Arab and immigrant proletariat determine. Indeed, there are indications that laborless oil and petrochemicals will constitute the leading growth sectors in countries like Iran as well as in the most "developed" areas. In that case, the new "model of development" would be *the crisis.*

The higher price of oil attacks the working class as a whole; this general attack on the class is founded on a discriminatory attack on the "marginals" or on low-waged and unwaged workers. Clearly, this kind of inflation indicates the end of the Keynesian era. In the crisis, it becomes a means of reducing the total wage and of selectively repressing the working class, whereas previously inflation was used as a means of managing demand, correlating wages with productivity and so producing economic development.

But along with the passing of Keynesian inflation goes Keynesian *unemployment.* This is indicated statistically by the higher rates of unemployment in the "advanced" capitalist countries, but the quantities hide the selectivity and its planned duration. Unemployment is not to be used as a transitory device to temper wage demands within specific sectors rather what is at stake is the *destruction and re-ordering of sectors.* Unemployment becomes the tool of restructuring by cutting and freezing out specific working-class vanguards defined, by capital, either occupationally (autoworkers, construction workers), racially (blacks), sexually (women), or by age (young). Through unemployment capital must teach a lesson to the protagonist of urban insurrection and of factory and welfare insubordination. Unemployment must also punish feminism, the insubordination and the wage struggle of women; it tries to push women back into the family, that is, into wagelessness. Finally, unemployment must restrain the young who have learned insubordination in school and in the army and have used part-time work and the "youth culture" to struggle against work.

But this sectorial destruction involves the "freezing" of whole blocks of the working class. It is politically impossible to do this in the good old way of beggary and starvation, rather it must be tactically managed with anxious care. So we have a whole new constellation of unemployment insurance, food stamps, mortgage loans, public jobs and workfare for the "new poor".

Let us now sum up capital's analysis of the crisis. Its strategic perspective appears to be dominated by the need to impose (more) work, to increase productivity, to re-establish the supremacy of dead labor or accumulated capital over living labor and so over the working class. The capitalist line of thinking is classically simple: a) capital fails to command (enough) labor. This means that b) more capital is needed to command labor. Therefore, c) more labor must be squeezed out of production. The capitalist mind is aware that this sequence is ultimately a vicious circle. Hence its outburst of despair over survival and the revival of a stagnationist mood among political economists.

Supply Management and the Crisis of Auto

Supply management, or the controlling of inflation through international commodity shortages, represents capital's departure from a directly political level of confrontation that the working class has assumed. It appears, at the outset, not as a confrontation between the working class and the State as demand management did; but, in effect, as a contradiction within the working class. So it is presented as a contradiction between the "developed" and the "underdeveloped" world, between excessive consumption and excessive procreation in a zero growth, depleted and impoverished planet.

In fact, the crisis of demand management highlights the *end of an era* in the class relation. One could call it the *era of auto,* the *age of Keynes,* when the control of the working class was based on mass production, on the *assembly line,* and the parallel acceptance of *working-class demand* as the stimulus for economic development. The age of Keynes necessitated a new role for the trade-union, as the official mediator of class struggle and direct controller of the working class, and a new role for the State, as planner of the class relationship, protagonist of capital's general initiative and manager of the cycle. Above all, the era of auto witnessed the theoretical and practical discovery of the *cycle as the new form of the relationship between capital and the working class.*

The four decades between the beginning of the New Deal and the energy crisis have openly shown that the economic cycle is a cycle pushed by the wage struggle, mediated by the trade-unions and fine-tuned by the State. Again and again, the world over, the working class has used the cycle as an occasion for generalizing and internationalizing the wage struggle. Again and again, the world over, assembly-line workers and mass workers have been in the forefront of the wage attack. Demand management and the assembly line — together they were to guarantee economic development. Instead, they have unleashed a formidable class struggle.

In the crisis, demand management by national Governments gives way to supply management by multinational corporations, while assembly line production enters its last historical phase.

Capital has had troubles with the assembly line and with mass workers ever since it first started using them. In the U.S. each major cycle of working-class struggle has been followed by a renewed capitalist attempt to isolate the assemblers by a wave of "runaway shops" in textiles, electronics, auto, steel, etc. After the sitdowns of 1937, after the post-war strike peak of 1946, then again during the second half of the Sixties, capital engaged in successive waves of industrial investment abroad, i.e., it intensified the export of production jobs overseas while focusing on the development of the "service sector" at home. In the short term, the multinationalization of the factory and of the assemby line seemed an adequate solution. In the long term, of course, it only relaunched the problem world-wide.

The sustained world-wide wage attack that the working class has carried out between 1967 and today has been, in part, based on the initiative of the assemblers and, in particular, the autoworkers. By the early Seventies, autoworkers were on the attack everywhere, in Detroit, Tokyo and Turin as much as in Barcelona and in Villa Constitucion. They were on the attack not only where capital has brought the "third world" to the factory, as in the case of "guest workers" in Germany and France but also where it has brought the factory to the "third world", as in Argentina and in Spain. This is an important fact, for it obviously demonstrates that the process of the international re-composition of the working class (of which the tendential homogenization of wage levels is only one result) has undercut capital's strategy at its very roots. Capital is quickly running out of places to run away, and the working class is still on the offensive. What follows then is the only solution: the crisis of auto, of labor-intensive production, that is, the de-mobilization of autoworkers, of assemblers, of production workers at large.

In the crisis, capital comes to accept that the working-class struggle has rendered labor-intensive industry obsolete in its role as accumulator of capital. To the historical crisis of labor-intensive production, corresponds a tremendous development for capital-intensive industry, particularly the energy multinationals, where capital has obtained extreme concentration, complete control over supply and virtual non-dependence on labor. With one move, the energy crisis marked the beginning of the auto crisis on the one hand and produced stepped-up accumulation for oil and petrochemicals, etc., on the other. This is the only real "technological leap" of the crisis: no growth, recession and re-structuration for troubled labor-intensive sectors; quantum-leap growth and leadership in accumulation for energy-intensive sectors and for energy itself.

The crisis of auto represents the end of an era in the class relation not the simple obsolescence of the car. Cars will still be produced. Some "Third World" countries will be playing a role in automotive production. G.M. has just started production Teheran, while FIAT has been building its new pole of development in Belo Horizonte, Brazil. But the organization of production will be different as is made clear elsewhere in this issue.

Capital's Multinational Strategy

The general form of capital's initiative today is *disequilibrium*. Capital must attempt to transform a crisis imposed by the working class attack against profit into a re-structuration of its own circulation through disequilibriums. Capital's objective becomes a fragmentation of the working class on which a new capital re-composition can be based. It must depart from wherever it has met the class struggle and concentrate on new and different possibilities of control of the working class. It must attempt to *separate* the struggles of the international working class and to play development and underdevelopment against each other. That is, capital must respond *multinationally* to an *international* working class.

These are the opposing movements of the class struggle today: the international political homogenization of the working class *versus* the multinationalization of capital. The working-class struggle constantly overcomes national differences; multinational capital coordinates them internationally. In fact, the multinational corporation is *based on* the national difference, on the economic and political exploitation of the national difference throughout the international articulation of the world's labor and commodities markets. Thus the national difference is no paleocapitalist heritage; it is a primary tool for the control of the working class at its historically highest level of political re-composition.

Of course, this holds true for any determination of the national difference: sex, race, ethnicity, etc. "Racism" is a thing of the futue. Mass migration, ghettoization, systematic discrimination are "advanced capitalist" tools, not leftovers from a mythical pre-capitalist stage. Even in this, the U.S. shows its role of historical vanguard. Europe is now facing its own "race problem," that is, mass production firmly in the hands of racial ghetto dwellers; while Canada rushes to put a lid on the immigration of non-whites. In the "Third World", poles of development are creating and corroborating new dynamics of racial segmentation. Oil money has already started a whirlpool of fresh multinational labor power in the Mid-East in general and in Saudi Arabia in particular; further the key to class composition in Africa is racially defined migratory labor.

This is why the problem of the nature of "imperialism" (whether "pillage of the Third World" or "stage of economic development") is a false problem. The new multinational imperialism as such is neither for underdevelopment nor for development, neither for "Fascism" nor for "democracy." It is for *both* at the same time: for Fascism in Chile and for "democracy" in Greece. As general capitalist strategies, both underdevelopment and development have failed. For capitals' multinational initiative the question now is how to directly oppose development and underdevelopment against each other, *how to make underdevelopment work completely inside development,* how to multinationally re-impose the contradiction between development and underdevelopment as a *contradiction within the working class.* What that means today is a worldwide increase and internationalization of underdevelopment. Thus, with regard to the traditional areas of Development and Underdevelopment, we witnes two opposing dynamics: underdevelopment of Development (the "Latin-Americanization" of the U.S., Britain, and Japan) and a development of Underdevelopment, which includes both a new wave of development (e.g., Iran) and increased underdevelopment (e.g., India). The dynamics of managed food and energy "markets" reflects this strategy of disaggregation most clearly, for example when Iran and India must compete for fertilizer and wheat within U.S.-planned multinational shortages.

Like development and underdevelopment, "democracy" and "fascism" are assumed by Capital not as opposing capitalist strategies (for as such they have both proved inadequate), but as *tactical weapons.* The countries in which the class struggle has developed the furthest have shown this aspect more clearly. In Chile, for example, capital has made use of the Christian Democrats-U.P.-Army *sequence* for the control of the working class. Greece has shown the other face of the process: politically defeated military rule giving way to experiments in a "civilian" or "mixed" control over the working class. Argentina has expressed the whole movement as a continuous passage of initiative from civilian to military rule and then back again, a most obvious sign of the ungovernability of the working class. In this respect, the Portuguese situation has gone even further, toward the dialectical identity of civilian and military rule, with the Army at the Ministry of Interior and the Communist Party at the Ministry of Labor.

Under the attack of the working class, the traditional political differences in the democratic "body politic" disappear, and the function of the "body politic" as a whole becomes purely repressive: to impose work on the working class by whatever means necessary, whether by democracy, Fascism or Socialism. National-Emergency governments, last-minute attempts to contain the working-class explosion spring up everywhere, with the Army already overseeing the political process. In the crisis, the working class directly clashes with the political system *as such.* The entire political system, from the C.P. to the Army, is completely hostile; it is capital. The struggle is between the political system's enforcement of work and the working-class struggle against work.

"Food is a weapon," says the U.S. Secretary of Agriculture. "It is now one of our principal tools in our negotiating kit," echoes the C.I.A.[29]

> Only days after President Ford approved the sale of 2.2 million tons of wheat to the Soviet Union..., Kissinger told Indian officials that the U.S. would be able to supply about 500,000 tons of grain at reduced prices in the next months to help meet the Indian crisis. India needs at least seven million tons to overcome her deficit.[30]

As the single most important component, or the core of working-class consumption the world over, food plays a central role in capital's international attack. The lower the income, the higher the portion of it that must be spent on food. At the lowest level, and the lowest level is a *mass* level, one's entire income buys malnutrition and starvation.

Where increased underdevelopment is chosen as the local form of multinational rule (for example, India and Bangladesh), hunger and absolute deprivation become the essential tools of control. Workers who do not eat enough cannot earn enough to feed themselves.[31] Where increased underdevelopment is chosen, the food crisis means control of the hungry through the food dole, i.e. planned malnutrition, mass migration backed by force, concentration/relocation camps, etc. Today, one third of the urban population in the "underdeveloped world lives in "slums and squatters' settlements." By 1980, that proportion will rise to two thirds.[32] The *new city slum* in Asia, Africa and Latin America is and will increasingly be a major protagonist in the class confrontation. For capital, the slum is a means for doling out controlled sub-survival. For the working class, it is a possibility of income, a new mass level in the wage struggle. The United Nations is piously striking a warning.

> Squatters' settlements are new areas created by their own inhabitants to protect themselves and mobilize minimal resources. The occupants of shantytowns at the outskirts of big cities are *united in common cause*. Initially, they can only afford a primitive shelter, but they may quickly press for higher living standards, schools, and health care.[33]

For the working class in the developed countries, the food crisis means that it is required to "share the burden" of feeding the "Third World," by eating less and by paying more for food. The starvation of underdevelopment is pitted against the living standards of the working class in the metropolis. Within the metropolis, food operates with the same mechanism of division as it does internationally: lower-income consumers pay more for their food than higher-income consumers.[34] Hunger, starvation become absolute terms of reference for the working class internationally. The absolute deprivation of the Chilean working class since the military coup must teach something to the working class everywhere.

It takes a most rigorous *planning* to turn a potential abundance of food into such fine-tuned food scarcities as are necessary for the political control of the working class. Capital makes use of everything and everybody to limit the food supply: from "feudal landlords" and "corrupt leaders" in the "Third World," to federally ordered "setting aside" practices; from detente with Russia to the highly sophisticated market manipulations of the energy/food multinationals.

> Less than two weeks after the deal (the 1972 wheat sale to Russia) was consumated . . . Secretary of Agriculture Earl Butz annnounced that during the 1973 wheat-crop year farmers would be required to "set aside" the maximum acreage authorized by law.[3]

In these ways, capital manages to keep up a marginal situation extending into the future in which *anything,* from market transactions to changes in the weather may precipitate mass starvation. Planned scarcities allow for diplomacy by "triage," or, to use a favorite euphemism, "let nature take its toll." At its historically highest level of development, capital rediscovers "Nature" as starvation, as death coming from shifting monsoons.

The Crisis of Economic Theory

The separation of the working class and production is the culmination of capital's long-term progressive attempt to free itself from labor, but in order to do away with labor capital must make it more and more productive. "The increase in the productive force of labor and the greatest possible negation of necessary labor is the *necessary tendency of capital.*"[36] The fundamental mechanisms of the capitalist relation (the extraction of relative surplus value, the falling rate of profit, etc.) are bound up with this, for it is the capitalist tendency *par excellence.*

In the crisis, however, capital begins to test a *new level* in the development of this tendency: the production of wealth without labor. We see this most obviously in two fundamental sectors of the crisis: oil and food. The cost of producing a barrel of oil is a little over a dime; so stripped of profits, royalties and taxes, oil is virutally *free.* On the other hand, U.S. *agriculture,* the most powerful producer, the one upon which the entire world food situation has come to depend, employs only a minute fraction of the North American labor force. Capital has come to achieve laborless production in precisely those sectors which are essential for controlling the working class: energy and food. Capital needs a free hand in wielding its weapons. It follows that no autonomy of labor can be allowed in such crucial sectors.

This new level in the development of the "necessary tendency" of capital — the production of wealth without labor, itself the result of a dynamics of the class struggle that Marx analyzed — has remained completely beyond the reach of the Marxists tradition and of neo-Marxist today, whether of a Social-Democratic, Bolshevik, or "libertarian" variety. True, there has been a "rediscovery of Marx" within the setting of the crisis and the breakdown of economic theory, but the Marx that parts of capital and the Left have discovered is Marx the *economist* of the falling rate of profit and the labor theory of value. Capital's understanding of the crisis is based on the recognition of a dramatically falling rate of profit, whereas capital's strategy for the crisis is firmly grounded on a labor theory of value. Has capital finally turned Marxist? *Apparently* it has. The class struggle has done away with any dreams of equilibrium and development. It has dispensed with Say, with Shumpeter, and with Keynes. For capital the only economist with enough hold on the class struggle is Marx. Really, Marx is the only "economist" who never forgets the class struggle within the context of the labor theory of value. Thus the "new" Marx is only a continuation of a "Marxism" concerned with a more progressive *management of labor,* i.e., with the imposition or self-imposition of work, through the trade-unions, collectivization, or "self-management of production."

Whereas "Marxists" project labor as an eternal human necessity and are fond of *planning work* by Socialist means — whether "from above" or "from below" — the capitalist *reality* is already beyond work. It is with this recognition that we find the Marx, of the working class viewpoint. For what we are witnessing is nothing less than the abolition of productive work within the capitalist mode of production itself. This new step, missed as it is by contemporary "marxists," is in fact anticipated in Marx's own analysis of the necessary tendency of capital.

Because of the insights they afford into today's class situation, we will quote at great length from Notebooks VI and VII of the *Grundrisse,* and will then briefly emphasize some of the points. Let us start from the definition of the 'necessary tendency' we have already quoted, and proceed from there.

> The increase of the productive forces of labor and the greatest possible negation of necessary labor is the *necessary tendency of capital...* The transformation of the means of labor into machinery is the realization of this tendency...[37] In machinery, objectified labor itself appears not only in the form of product or of the product employed as a means of

labor, but in the form of the force of production itself... [With machinery] the accumulation of knowledge and of skill, of the *general productive forces of the social brain*, is... *absorbed into capital*, as opposed to labor, and hence appears as an attribute of capital, and more specifically of *fixed capital*, in so far as it enters into the production process as a means of production proper...

Further, in so far, as machinery develops with the accumulation of society's *science*, of productive forces generally, *general social labor presents itself not in labor but in capital*. The productive force of society is measured in *fixed capital...*[38] [T]he transformation of the production process from the simple labor process into a scientific process, which subjugates the forces of nature and compels them to work in the service of human needs, appears as a quality of *fixed capital...*[39] Thus all powers of labor are transposed into powers of capital.[40]

[T]o the degree that large industry develops, the *creation of real wealth comes to depend* less on labor time and on the amount of labor employed than on the power of the agencies set in motion during labor time, whose 'powerful effectiveness' is itself in turn out of all proportion to the direct labor time spent on their production, but depends rather *on the general state of science* and on the *progress of technology*, or the application of this science to production... *Agriculture*, e.g., becomes merely the application of the science of material metabolism... Real wealth manifests itself in the monstruous disproportion between the labor time applied, and its product... [The] worker steps to the side of the production process instead of being its chief actor. In this transformation it is neither the direct human labor he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and its mastery over it by virtue of his presence as a social body — it is, in a word, the development of the social individual which appears as the foundation-stone of production and of wealth. The theft of alien labor time, on which the present wealth is based, appears as a miserable foundation in face of this new one, created by large-scale industry itself. *As soon as labor in the direct form has ceased to be the great well-spring of wealth,* *labor time ceases and must cease to be its measure,* and hence exchange value [must cease to be the measure] of use value. The *surplus labor of the mass* has ceased to be the condition for the development of general wealth, just as the *non-labor of the few,* for the development of the general powers of the human head. With that, production based on exchange value breaks down and the direct, material production proccss is stripped of the form of penury and antithesis. The free development of individualities, and hence not the reduction of necessary labor time so as to posit surplus labor, but rather the *general reduction of the necessary labor of society to a minimum,* which then corresponds to the artistic, scientific, etc. development of the individuals in the time set free, and with the means created for all of them. *Capital itself is the moving contradiction,* [in] that it presses to reduce labor time to a minimum, while it posits labor time, on the other side, as sole measure and source of wealth... On the one side, then, it calls to life all the powers of science and of nature, as of social combination and of social intercourse, in order to make the creation of wealth independent (relatively) of the labor time employed in it. On the other side, it wants to use labor time as the measuring rod for the giant social forces thereby created, and to confine them within the limits required to maintain the already created value as value.[41]

The creation of a large quantity of disposable time apart from necessary labor time for society generally and each of its members..., this creation of not-labor time appears in the stage of capital, as of all earlier ones, as not-labor time, free time, for a few. What capital adds is that it increases the surplus labor of the mass by all the means of art and science, because its wealth consists directly in the appropriation of surplus labor time... It is thus, despite itself, instrumental in creating the means of social disposable time, in order to reduce the labor time for the whole society to a diminishing minimum, and thus to free everyone's time for their own development. But its tendency is always, on the one side, *to create disposable time, on the other to convert it into surplus labor...*[42] The more this contradiction develops, the more does it become evident that the growth of the forces of production can no longer be bound up with the appropriation of alien labor, but that the *mass of workers must*

> *themselves appropriate their own surplus labor.* Once they have done so — and *disposable time* thereby ceases to have an *antithetical* existence — then, on one side, necessary labor time will be measured by the needs of the social individual, and, on the other, the development of the power of social production will grow so rapidly that, even though production is now calculated for the wealth of all, *disposable time* will grow for all. For real wealth is the developed productive power of all individuals. The measure of wealth is then not any longer, in any way, labor time, but rather disposable time.[43]

Let us sum up the essential points of Marx's analysis.

With the development of machinery and the application of science to production, the productive powers of society appear embodied not in labor, but in capital, namely in fixed capital. In so far as machinery develops with the accumulation of science, general *social labor presents itself not in labor but in capital.* "[A]ll powers of labor are transposed into powers of capital."[44]

The creation of real wealth comes to depend increasingly less on labor and labor time and increasingly more on the general state of science. *Science becomes immediately productive.* Real wealth manifests itself in the "monstruous disproportion" between labor time and products. The development of large industry turns the proportion between necessary labor and surplus value (i.e. the degree of productivity of necessary labor) into a relationship devoid of significance because of how tiny necessary labor has become compared to the huge mass of accumulated dead labor employed in production. The new qualitative leap in the historical development of the capitalist mode of production is not only a further reduction of necessary labor time (i.e., a further increase in the productivity of labor); it is above all a radical devaluation of labor time as an essential component of the process of production. In the Tendency, capital is pushed *beyond value.* Once labor ceases to be the wellspring of wealth, value ceases to be the mediation of use-values. With a radical revaluation of labor corresponds the supression of the law of value and then any relationship between value and price is severed.

Thus capital necessarily moves toward the "non-labor" of the mass, the reduction of the necessary labor of society to a diminishing minimum and so a new productive arrangement in which wealth is no longer measured by labor time but by disposable time, no longer by the yardstick of capital but by the yardstick of the working class. "Capital works towards its own dissolution as the force dominating production."

This movement toward the dissolution of capital, however, is a contradictory process. Capital itself *is,* in fact, the moving contradiction: while on one side it reduces labor time to a minimum on the other it wants to use labor time as the sole measure of wealth. That is, the very moment capital does away with labor *in production,* it attempts to impose labor again as *a form of control of the working class.*

Let us leave the question of what Marx "really meant" aside for Marxologists to consider. We are in interested in how the "necessary tendency" is specified in the class relation we are living in. *In the crisis,* this tendency reaches its highest peak, and the production of wealth without labor is recognized as the *dominant mode of production.* The working class perspective of *no work,* then is neither a Communist utopia nor a capitalist tendency. It is simply the new basis of material production.

As we have seen, however, capital turns such amazing new productivity into a multinational *redistribution of scarcity;* this scarcity is then used to *enforce work* on the class. This is the basic contradiction in the class relation today: on the one hand, laborless production liberating capital from labor as a value-producting activity; on the other hand, enforcement of work as an instrument of political control. This is the reason for the tremendous emphasis that the capitalist perspective places on *more work* as the way out of the crisis. It is not at all a question of capital's "false consciousness": more work *is* absolutely crucial for any capitalist "solution" of the crisis. But what is "work", then, when it is no longer productive activity?

It is imposition of political control in its purest form: forced activity for the working class and re-affirmation of capital's power as control over the class. When the productive appearance and economic justification of labor are taken away what is left is the general political characteristic of the capitalist relation, defined by Marx (with regard to factory work) as *"regimentation,... discipline, regularity, and posited dependence ... on capital."*[45] In a word, what is left is the exercise of capital's command as the power to control the political behavior of the class and so to contain the anti-capitalist struggle. The economists are right when they are asking for more work. This is precisely what capital needs: more control over the working-class struggle.

Capital's doing away with labor, or the separation of working class and production, is not the result of any abstract "scientific progress." On the contrary, it is a result of the struggle of the working class. This is why the capitalist outcome of the "necessary tendency" can not be full "automation" (capital's long-standing dream of ultimate technological achievement), but it must be the imposition of work which is the assertion of capital's control over the class through the crisis.

FOOTNOTES

1. The political sources for the analysis of the wageless for this article are to be found in: Mariarosa Dalla Costa and Selma James, THE POWER OF WOMAN AND THE SUBVERSION OF THE COMMUNITY, Falling Wall Press, 1972; Selma James, SEX, RACE AND CLASS, Falling Wall Press, 1975; Silvia Federici, WAGES AGAINST HOUSEWORK, Falling Wall Press, 1975. Many of the ideas in this article were first published in Antonio Negri, "Tesi sulla crisi," in S. Bologna, P. Carpignano, A. Negri, CRISI E ORGANIZAZZIONE OPERAI, Feltrinelli, 1974; Ferruccio Gambino, "Terrorismo anti-operaio: i nemici sono qui," POTERE OPERAIO, December 1973; and S. Bologna, "Questini di methodo per l'analisi dell piano chimico," QUADRINI PIACENTINI.
2. See Paulo Carpignano, Working Class Composition in the Sixties, this issue of ZEROWORK.
3. D. Bell, "The Revolution of Rising Entitlements," FORTUNE, April 1975.
4. A. Weber, IN PURSUIT OF PRICE STABILITY, The Brookings Institution, 1973, pp. 2-7.
5. "The Danger of Uniform Economic Cycle," BUSINESS WEEK, February 16, 1974, emphasis mine.
6. Ibid.
7. "Reappraising the Seventies: Scenario for Survival," BUSINESS WEEK, September 14, 1974.
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9. FORTUNE, January 1974.
10. FORTUNE, May 1974, p. 268.
11. op. cit., 1 p. 266.
12. BUSINESS WEEK, September 14, 1974, p. 112.
13. Ibid.
14. R. Lekachman, INFLATION, Vintage, 1973; P. Sweezy and H. Magdorff, THE DYNAMICS OF U.S. CAPITALISM, Monthly Review Press, 1972.
15. G. Haberler, et all, INFLATION AND THE UNIONS, The Institute of Economic Affairs, 1972, p. 20.
16. "The Built-in Biases that Controls Can't Stop," BUSINESS WEEK, September 14, 1974; F. Ackerman and A. MacEwan, "Inflation, Recession and Crisis," RADICAL AMERICA, January-February, 1972; R. Boddy and J. Crotty, "Class conflict, Keynesian Policies and the Busines Cycle," MONTHLY REVIEW, October, 1974.
17. FORTUNE, May 1974, p. 191.
18. Ibid., emphasis mine.
19. Quoted in the NEW YORK TIMES, January 5, 1975, emphasis mine.

20. BUSINESS WEEK, January 14, 1974, p. 71.
21. Ibid., emphasis mine.
22. Quoted in BUSINESS WEEK, September 14, 1974, pp. 120 and 126.
23. In 1950, ARAMCO paid Federal taxes of $50 million. In 1951 it was $6 million. While in 1950, ARAMCO paid $66 million to Saudi Arabia. In 1951 this jumped to $110 million.
24. THE WALL STREET JOURNAL, December 3, 1973.
25. THE NEW YORK TIMES, December 26, 1974.
26. THE NEW YORK TIMES, April 20, 1975.
27. Ibid.
28. THE WALL STREET JOURNAL, November 7, 1974.
29. "CIA Says World Food Scarcity Could Give U.S. Great Power," THE NEW YORK TIMES, March 16, 1975.
30. THE NEW YORK TIMES, November 5, 1974.
31. According to an M.I.T. nutritionist, "in regions where malnutrition is common...laborers often have to be given tasks that take only two to three hours a day. Men and women can't work longer on the calories their meager diet provides. This lack of productivity tends to be self-perpetuating. The person who can work only a few hours a day can't earn enough to buy the food that would make a longer workday possible, (Quoted in THE NEW YORK TIMES, October 6, 1974).
32. "1974 Report on the World Social Situation" a U.N. report, quoted in the NEW YORK TIMES, October 20, 1974.
33. THE NEW YORK TIMES, October 20, 1974.
34. "The price of food for a family on a low cost diet rose 12.7% in 1974, while food prices for families on a liberal food plan rose to 10.5%, 2.2 percentage points less. This differential reflects the fact that food consumed in greater quantities by poor families rose most in price during 1974." (U.S. Congress Joint Economic committee, "Inflation and the Consumer in 1974.")
35. FORTUNE, January 1974, p. 166.
36. K. Marx, GRUNDRISSE, translated by M. Nicholaus, Penguin Books, 1973, p. 693.
37. Op. cit., p. 693.
38. Op. cit., p. 700.
39. Op. cit., p. 700.
40. Op. cit., p. 701.
41. Op. cit., p. 704-706.
42. Op. cit., p. 708, Marx's emphasis.
43. Ibid.
44. Op. cit., p. 701.
45. Op. cit., p. 587.