

ROME, ENGLAND, AND INDIA :

A LECTURE

DELIVERED BEFORE

THE BOMBAY MECHANICS' INSTITUTION,

ON THE

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BY

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LAND REFORM, WELFARE AND
ECONOMIC GROWTH

Part II

THE ERA OF IMPERIALISM

*Capitalism rules the world and
makes our statesmen dance like pup-
pets on a string.*
—W. Sombart

Capitalism is neither a person nor an institution. It neither wills nor chooses. It is a logic at work through a mode of production: a blind, obstinate logic of accumulation.

This is a logic which depends on the production of goods, in which use-value is the support for the surplus value which must return to capital. Still, the value must be realized, the commodity must be sold; otherwise, accumulation is blocked and crisis may follow.

This logic was extended, during the last third of the eighteenth century and the first third of the nineteenth century, at the time of the "first industrialization," to clothing and textiles, machines, tools and metal domestic utensils, railroads and armaments.

It first developed in Great Britain and then, with some time lag, in the other countries of Europe and in the United States.

From the time that one speaks of capitalism as it has been historically realized, one must go beyond the single formula of a mode of production and its logic. There are the nations in which capitalism has developed, and the rivalries between nations, though encouraged and characterized by the oppositions between national capitalisms, cannot be reduced to these oppositions. There are the classes which dissolve and reform in liaison with the large movement of capitalist development, with the struggles and alliances—all of these being specifically determined within each social formation. There is the state, an apparatus of domination and strategic ground of class alliances and relations of force. There are ideas, beliefs, religions, the unstable duo of knowledge and ignorance, ideologies; there is racism, nationalism, militarism, the spirit of domination, and the spirit of profit.

Expanding capitalism encountered these social realities: it conflicted with them or made use of them, it overturned or transformed them, it restrained or exacerbated them. All these factors must then be considered if one

wishes to understand capitalism in its historical movement. But how can this be done without falling into reductionism and simplistic thinking?

Consider the family: with capitalism it became the base unit for the reproduction and maintenance of labor power, without ceasing to be the complex ground for the reproduction of the society as a whole. It was through the family that the old and declining classes perpetuated themselves; it was also through the family that new classes formed out of the old classes: uprooted peasants or artisans who had become workers, as well as noble families allying themselves with bankers or traders in order to found a "bourgeois dynasty" linked to industry, trade, or banking. It is true that many of the fundamental norms of society (hierarchy, discipline, savings, consumption) have been transmitted by the family, but it is also true that without the family many of the struggles of the workers' movement could not have developed, and many strikes would not have succeeded.

Consider the school: it is fashionable among those on the Left after 1968 to denounce the capitalist school, and certainly the school has served to diffuse the values, ideas, and norms of capitalist society. But the school has also diffused the principles and ideals of legitimate government, of democracy, and often of socialism; reading, writing, and knowledge are the bases of freedom and democratic life, even if these have allowed the development of writing which debilitates and new forms of propaganda.

By the decade of the 1870s, capitalism had as yet revolutionized only a part of Great Britain, and had established firm ground only in strictly bounded zones of continental Europe and North America. In one century it spread, became concentrated, and asserted itself with incredible strength: through the rise of new techniques and new industries, on the basis of ever larger and more powerful concentrations of capital whose field of action expanded to include the entire world; with the decline of the first imperialisms and the rise of new ones; with the affirmation and acknowledgment of the workers' movement, and the establishment of new means of domination over the workers.

An extraordinary tidal wave which from a first great depression led to imperialism, to the dividing up of the world and to the "Great War"; and then from a first reconstruction, with brief prosperity here and the rise of fascism there, to a fall into the depression of the 1930s followed by World War II; and finally, after a new reconstruction, decolonization, growth, and prosperity, until the bursting out of a new worldwide "great crisis." And there are those who think this latest crisis may give rise to World War III.

A century of exploiting and sacking the planet; a century of accelerated industrialization, modernization, and the "development of underdevelopment"; a century of imperialism.

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From the Great Depression to the Great War (1873–1914)

Before capitalism became dominant, economic life was shaken, more or less regularly, by changes in weather conditions, good and bad harvests, demographic changes, and wars. The whole phase of capitalist industrialization was accomplished through cyclical movements having a certain regularity: periods of prosperity and euphoria checked by a recession or broken by a crisis.

The crisis of the nineteenth century had multiple origins: the loss of outlets or supplies due to a war or reconversion following a war; the tightening of the market among rural populations because of one or several poor harvests, or, increasingly, because of the excessive development of production capacities; the sharpening of competition; and the fall in profits, linked both to the difficulty of realizing the produced value and to the fall in prices.¹

The “great depression,” which began with the crisis of 1873 and which extended until 1895, opened what could be called the second period of capitalism: the period of imperialism. This involved particularly:

- the development of a second generation of industrial techniques and industries;
- the affirmation of the workers’ movement, which gained considerable concessions in the industrialized countries;
- the concentration of capital and the emergence of finance capital;
- a new wave of colonization and expansion on a worldwide scale, leading to the “dividing up of the world” and the Great War.

The Great Depression (1873–1895)

At first glance each of the crises which made up this great depression of the nineteenth century seems to have occurred as a continuation of the crises of the nineteenth century.

1873: the stock exchange in Vienna was followed by bank failures in Austria and then in Germany; heavy German industry, which had just

undergone a strong expansion with the war effort and the construction of railroads and ships, contracted in the face of price rises and a drop in profitability; the production of cast iron fell 21 percent in 1874 and its price dropped 37 percent; unemployment caused some workers to return to the countryside, and in October 1875 the Baron von Oppenheim wrote that there had not been such a prolonged crisis in fifty-six years.²

In the United States the length of completed railroad lines increased by 50 percent between 1869 and 1873; when speculation, scarcity of labor power, and a rise in prices combined, profitability fell, railroad companies went bankrupt, banks failed, and there was a frantic stock exchange panic. Since railroad construction was an essential outlet for the production of cast iron, the price of cast iron fell by 27 percent between 1873 and 1875. Unemployment rose, wages fell, and the crisis reached textiles and the building trades. In England exports fell by 25 percent between 1872 and 1875; the number of bankruptcies increased (7,490 in 1873, 13,130 in 1879); unemployment extended and prices fell. Surplus production capacities were enormous: while forge owners in 1873 were able to produce 2.5 million tons of rails, consumption fell to 500,000 tons and their price dropped by 60 percent between 1872 and 1881.

1882: the stock exchange crash of Lyons was followed by the failure of the banks of Lyons and the Loire, and then by the failure of the General Union Bank and several others. Industries were affected as well: mines and metallurgy, construction, textiles, and porcelain. Unemployment spread further and wages dropped. "Never have I seen such a catastrophe," declared a director of *Crédit Lyonnais*.³ Coming after the expansion linked to the establishment of the "Freycinet plan" for public works, the slackening of public employment projects and particularly railroad construction helped cause this depressive whirlpool.

1884: The construction of railroads in the United States, which had in fact started up again (4,300 km in 1878, but 18,600 km in 1882), gave way to the "railroad panic": only 6,300 km of railroad lines were constructed in 1884. The railroad companies were caught between rising construction costs and the competition they engaged in among themselves. The price of Union Pacific stock collapsed, and this was followed by the collapse of several other railroad securities. Banks failed and there was a slowdown in industrial activity, with bankruptcies, more unemployment, and wage reductions (from 15 to 22 percent in metallurgy, from 25 to 30 percent in textiles). During this crisis the Carnegie group grew stronger, particularly through purchasing competing factories at low prices.

Germany, which had just experienced a long period of depression, entered into a course of protectionism and cartel formation after 1869 (seventy-six cartels were created between 1879 and 1885). Great Britain suffered the repercussions of these crises: exports to those countries af-

ected by the depression became more difficult, market competition increased, industrial activity slowed, wholesale prices fell, and unemployment among unionized workers reached 10 percent. This depression took until 1886–87 to come to an end.

At this time new prospects for profitmaking opened up: the discovery of gold in South Africa, the French project for a canal through Panama, the opening of new railroad lines in the United States, and the possibility of new economic developments in Argentina, Australia, and New Zealand. New speculations were begun, which gave rise to new blockages.

1889: in France the Metals Company and the company responsible for the construction of the Panama canal both went bankrupt. Credit crises were followed by a stock exchange panic, then a depression, which led to protectionism (the Méline tariffs).

1890: in Great Britain, the Baring Bank, which had become the financial agent of the Argentine Republic, became the victim of a crisis of confidence, due to Argentina's economic, financial, and political difficulties. The Baring Bank had to suspend payments and the intervention of the Bank of England and other large English banks was needed to limit the banking panic. But a new depression began, which affected first the textile industry, especially cotton, and then naval construction and metallurgy. The depression was aggravated by the reduction in trade linked to the crises of 1893 which hit the United States, Argentina, and Australia.

Germany, which was increasingly oriented toward the conquest of foreign markets, was also affected by this crisis. The increased formation of cartels (137 by this time) opened the way to a new means for regulating the economy.

1893: until this time, the United States had experienced a period of prosperity, with excellent harvests and a resumption of work in the building trades and railroad construction. The great trusts exercised their power (Rockefeller, Carnegie, Morgan) and the protective McKinley tariff was established in 1890 for industry. But once more the railroad companies saw their profits fall, and some of them suspended payments. The stock exchange prices for railroad securities collapsed and 491 banks failed. The depression grew worse in 1894 with more unemployment and an effort to reduce wages.

The most conspicuous indications of each of these crises occurred either on the stock exchange (price collapses, panics), or among the banks (failure of a large bank or chain failures). The same fundamental crisis was revealed in each crisis: when costs rise (a rise in wages, for instance, or in the case of the American railroads, an increase in the price of rails); when market outlets are reduced (a reduction in the buying power of rural populations or of workers in other sectors, a reduction in public investment, or difficulties on foreign markets), when sales go down (price competition, tariff wars

between the American railroad companies), then profitability declines or drops drastically, realizing the value produced by each company becomes more difficult, competition stiffens, and the position of the companies in any one sector becomes increasingly precarious. Crisis can then be triggered by anything: a stock exchange rumor, a lost market, a company or a bank which discontinued payments—and an uncontrollable chain reaction follows.

In the crises of the first half of the nineteenth century, regulation operated through a double movement:

—a fall in prices and a large drop in realized value, thus the elimination of the most vulnerable companies: a radical form of the periodic “purge” of capital;

—unemployment and reduction of real wages, resulting in a lowering of workers’ consumption, which contributes to enlarging the crisis (and thus the “purge”) and allows the period to get going again with a labor force available at a lower cost.

In the crises of the nineteenth-century depression, a lowering of prices accompanied the reduction of production. This lowering constitutes a “heavy trend” during these twenty years; thus, from 1873 to 1896 wholesale prices fell by 32 percent in Great Britain, 40 percent in Germany, 43 percent in France, and 45 percent in the United States (see Table 4.1). This movement affected some products more than others: the price of Scottish cast iron, for instance, fell by 60 percent between 1872 and 1886.

Increasing unemployment can also be observed: in Great Britain the percentage of unionized workers affected by unemployment rose sharply with each crisis: from 1 percent in 1872 to more than 11 percent in 1879, from 2 percent in 1882 to more than 10 percent in 1886, and again from 2 percent in 1889–90 to 7.5 percent in 1893.⁵

In the United States, real salaries tended to go down in the affected

Table 4.1
Changes in Wholesale Prices, 1860–1913
(base index: 100 = 1901–10)

	<i>Great Britain</i>	<i>France</i>	<i>Germany</i>	<i>United States</i>
Period	1873:152	1872 } 144	1873:136	1865:213
maximum		1873 }		(1873:136)
Period	1896:83	1896:82	1895 } 82	1896 } 75
minimum			1896 }	1897 }
Prewar	1912 } 116	1912 } 116	1912 } 115	1910:113
maximum	1913 }	1913 }	1913 }	(1912–13:112)

Source: From Frédéric Mauro, *Histoire de l'économie mondiale* (Paris: Sirey, 1971), p. 400.

sectors, which gave rise to harsh struggles. But this phenomenon was less clear in Great Britain and in France. In Britain, considering the real wage of the full-time worker to be 100 in 1850, this rose to 128 in 1873 and to 176 in 1896, though it dropped during the crises: from 137 in 1876 to 132 in 1878, from 137 in 1879 to 134 in 1880, from 136 in 1881 to 135 in 1882, and from 166 in 1890 to 163 in 1892. For the period as a whole, however, the real wage rose by 37 percent.⁶

In France, real wages grew about 25 percent between 1873 and 1896, but this movement as a whole fluctuated with the crises: stagnation in 1873, a retreat in 1876–77, and stagnation again in 1883 and in 1887–92.⁷ The increase in real wages as a whole remained less than the increase in productivity.⁸

In all of this can be seen the beginning of a transformation in the means of capitalist regulation, for in the countries where the working class had succeeded in establishing themselves with sufficient strength, they reacted severely to the reduction in real wages during periods of crisis. At the same time, the employers were organizing capitalism through the formation of large companies or groups (in the United States and Great Britain), cartels (in Germany), and professional organizations (in France).

The elements for the establishment of a new means of regulating the capitalist economy were also present in this development. Certainly it would be excessive to contrast too radically the mode of economic regulation which can be observed during the great depression of 1873–96 to the regulation which took place during the first two-thirds of the nineteenth century. It must be noted, however, that during this great depression the form of economic regulation sustained a fundamental transformation.

How, then, can the depression at the end of the nineteenth century be characterized?

All capitalist crises result from the interaction of four fundamental contradictions:

—the contradiction between capital and labor, that is, concretely, between capitalist companies and the working classes;

—the contradiction between capitalists (either in the same sector or between sectors);

—the contradiction between national capitalisms;

—the contradiction between dominant capitalisms and dominated peoples, countries, or regions.

During this period, the first and third contradictions appear to be determining:

—the working classes organized and asserted themselves and by the end of this period had a discernible effect in the functioning of national capitalisms;

—the rise of German and North American capitalisms challenged the hegemony of British capitalism, until then undisputed.

The second contradiction acted in a complex way, for on the one hand,

new capitalist structures were established (concentration and centralization of capital and the formation of finance capital), and on the other hand, the development of new sectors made it possible to compensate for the decline of first-generation industries.

The fourth contradiction did not act here as a factor in crisis; it acted rather as a factor in its solution, with the expansion of capitalism on a world scale, capital exportation, and colonization.

The End of British Hegemony

What gentleman could doubt the British superiority? The craze for Englishness saturated the wealthy classes of Europe. British fashion was the mark of masculine elegance. The sports of Britain were more and more copied or adapted: baseball, basketball, football, lawn tennis, rugby. The era of matches and fair play opened up: the British influence was undeniable, though it was a Frenchman, Pierre de Coubertin, who launched the reborn Olympic Games in Athens in 1896. British troops and bureaucrats were present everywhere in the world; British tourists invaded the most attractive sites along the Mediterranean and explored the most distant countries. Rudyard Kipling wrote of the "white man's burden": the greatness and responsibility of the white man, of whom the Englishman is the most eminent representative. Lord Baden Powell, after taking part in the Boer War, founded scouting and in 1908 published *Scouting for Boys*. Fifteen years earlier, Sir Arthur Conan Doyle had created the character of Sherlock Holmes, an elegant synthesis of pragmatism and rigor, intuition and deduction.

The power, prosperity, and wealth of Britain were undeniable. London was the capital of the world, and sterling was the international currency. British domination extended over five continents and British capitalism extracted considerable income from this domination (see Table 3.10).

And yet a relative decline had begun, of which the crises of 1873–96 were the first tremors. These crises did not in fact have the same impact on the different national capitalisms: in the United States and in Germany they accompanied the vigorous growth of the railroads, coal, steel, and naval construction, while in Britain they indicated the waning of a fully mature capitalism at the height of its powers.

The evolution of the base industries of the first industrialization, coal and steel, provide evidence of this. In 1871, and even in 1880, Britain produced more coal than the United States and Germany together, but by 1913 Britain's production was hardly more than half that of the United States. Britain was very quickly surpassed by the United States in steel, and after 1900 by Germany as well.

Table 4.2
Coal, Cast-iron, and Steel Production in Great Britain,
Germany, and the United States
(in millions of tons)

<i>Coal:</i>						
<i>Year</i>	<i>Great Britain</i>		<i>Germany</i>		<i>United States</i>	
1871	117		29		42	
1880	147		47		65	
1890	182		70		143	
1900	225		109		245	
1913	292		190		571	

<i>Cast iron and steel:</i>						
	<i>Cast Iron</i>		<i>Cast Steel^a</i>		<i>Cast Steel</i>	
	<i>Iron</i>	<i>Steel</i>	<i>Iron^a</i>	<i>Steel^a</i>	<i>Iron</i>	<i>Steel</i>
1880	7.9	3.7	2.7	1.5	4.8 ^b	1.9 ^b
1890	8.0	5.3	4.7	3.2	10.1	4.7
1900	9.1	6.0	8.5	7.4	20.4 ^c	17.2 ^c
1910	10.2	7.6	14.8	13.1	30.8 ^d	31.8 ^d

Sources: J. H. Clapham, *The Economic Development of France and Germany (1815–1914)* (Cambridge: The University Press, 1923), pp. 281, 285; S. B. Clough, *Histoire économique des Etats-Unis, 1865–1952* (Paris: PUF, 1953).

^aIncluding Luxembourg.

^bAverage, 1881–85.

^cAverage, 1901–05.

^dAverage, 1911–15.

More generally, the new German and North American capitalisms were benefiting by this time from a dynamic of growth which allowed them quite clearly to prevail over the “old” French and English capitalisms. From the depression to the eve of the Great War, growth was two times more rapid in Germany than in France, and almost two times more rapid in the United States than in Britain. And, on the average, the superiority of U.S. growth was maintained until the period directly following World War II. Thus the relative declines of British and French capitalisms began in the last third of the nineteenth century at the same time as the power of German and North American capitalisms increased (see Tables 4.2 and 4.3).

The share of Britain within world industrial production fell from 32 percent in 1870 to 14 percent just before the Great War to 9 percent on the brink of the crisis of 1930, while the share of the United States at the same

Table 4.3
Production Growth Rate

Total production:

<i>Decade</i>	<i>Great Britain</i>	<i>France</i>	<i>Germany</i>	<i>United States</i>
1885-94 to 1905-14	23.8	15.7 ^a	322.9 ^c	44.7
1905-14 to 1925-29	14.0	18.4 ^b	17.7 ^d	36.7 ^c
1925-29 to 1950-54	16.3	11.5	26.5	33.2

Per capita production:

<i>Decade</i>	<i>Great Britain</i>	<i>France</i>	<i>Germany</i>	<i>United States</i>	<i>Japan</i>
1885-94 to 1905-14	11.4	13.5 ^a	17 ^c	20.1	25.5
1905-14 to 1925-29	5.2	16.1 ^b	7.3 ^d	16.5 ^c	32.8
1925-29 to 1942-44	11.3	10.0	12.5	19.2	9.9

Source: Compiled from Rostow, *The World Economy*, pp. 378, 388, 395, 405.

^a1861-70 to 1890-1900.

^b1896-1929.

^c1880-89 to 1905-13.

^d1895-1904 to 1925-29.

time rose from 23 percent to 38 percent to 42 percent (see Table 4.4). Also during this period, the share of Belgium fell from 3 percent to 1 percent, the share of Italy rose from 2 percent to 3 percent, and then fell back to 2 percent; and the share of Scandinavia rose from 1 percent to 2 percent, as did that of Canada.

Britain represented one-fourth of world trade in 1880, one-sixth in 1913, and one-eighth in 1948 (see Table 4.5). This decline, it must be repeated, was only relative; on the whole, production and trade kept increasing, foreign investments grew, and Britain was present, active, and influential throughout the world. But in the face of the "leaps forward" of German, North American, and then Japanese, capitalism, it no longer had the means which would enable it to stay ahead of these other nations.

The "weakening of the spirit of enterprise and innovation," the development of a "mentality common to those living off of an established income": these attitudes, no doubt linked to the advantages provided by regular and considerable foreign revenues, then manifested themselves.

English agriculture, after a prolonged depression, survived at the price of transforming its most proven methods, but became incapable of satisfying more than 40 percent of the alimentary needs of the country, and, without experienc-

ing a true decline in its income, had to resign itself to a secondary role. It lived in the hope of governmental aid, which it received only progressively during the war, and which was cut off after 1921. The large base industries operated more and more with already acquired techniques, and closed themselves to the most promising innovations: the steelmakers were too loyal to the Bessemer and Siemens processes; the cotton producers after 1900 hesitated to adopt circular weaving, and later, automatic machines. The chemical industries, and the new companies producing electricity, rubber, bicycles, and automobiles developed at a slow speed.⁹

In summary, during the period preceding World War I, the old English and French capitalisms were overtaken and surpassed by the new German and North American capitalisms. This process occurred partly through the crises which affected the end of the nineteenth century.

The Affirmation of the Working Classes

The other underlying movement which marked this period was the rise of the working classes. Indeed, this was the most fundamental movement, for it indicated the passage of a phase in which capitalism was able to develop by utilizing a labor force that was uprooted, dependent, subjugated, and crushed. The new phase was one in which the capitalist bourgeoisie had to contend with a working class which was increasingly conscious of its own position, which organized itself, and which finally imposed a new balance of forces.

Table 4.4
Share of Major Industrial Countries
in World Industrial Production
(in percent)

<i>Period</i>	<i>Great Britain</i>	<i>France</i>	<i>West Germany</i>	<i>USSR</i>	<i>United States</i>	<i>Japan</i>	<i>Rest of world</i>
1870	32	10	13	4	23	—	18
1881-85	27	9	14	3	29	—	18
1896-1900	20	7	17	5	30	1	20
1906-10	15	6	16	6	35	1	22
1913	9	7	12	(4)	42	3	23
1936-38	9	5	11	(19)	32	4	20
1963	5	4	(6)	(19)	32	4	30

Source: Rostow, *The World Economy*, pp. 52-53.

Table 4.5
Distribution of World Trade
(in percent)

Year	Great Britain	France	West Germany	Rest of Europe	United States	Rest of world
1880	23	11	10	27	10	19
1913	16	7	12	29	11	25
1928	14	6	9	22	14	35
1930	14	4	9	20	10	43
1948	12	5	(2)	22	16	43
1958	9	5	(8)	26	14	38

Source: Rostow, *The World Economy*, pp. 72-73.

The working-class movement developed within the framework of a more encompassing transformation of the whole society, which was also caused by capitalist industrialization. Notable were the following:

—The continuation of the process of *paying wages*: 80 percent of the active population in Britain at the end of the nineteenth century received wages; while in the United States in 1880 the figure was 63 percent; in Germany in 1902, 66 percent; and in France in 1911, 58 percent. From this time on wage earners in the capitalist world numbered in the tens of millions, outweighing the small independent producers in agriculture, trade, and craft work.

—The prominence of *urbanization*: at the beginning of the twentieth century, London had more than 4 million inhabitants, while Glasgow, Manchester, Birmingham, and Liverpool each had 1 million, and more than forty British cities had populations exceeding 100,000. The percentage of the U.S. population living in cities larger than 8,000 people rose from 23 percent in 1880 to 32 percent in 1900, and to 44 percent in 1920, while in Germany the percentage of the population living in towns larger than 2,000 people rose from 41 percent in 1880 to 60 percent in 1910, by which time this percentage was 78 percent in Britain, 46 percent in the United States, and 44 percent in France. Through this process of urbanization, the new conditions for collective action were created.

In this context, the development of the working classes can be grasped with a few figures:

—In Britain the number of industrial workers grew from 5.7 million in 1881 to 8.6 million in 1911 (divided between 6.2 million in manufacturing industries, 1.2 million workers in the mines, and 1.2 million in construction), to which must be added 1.5 million wage earners in transportation.

—In the United States the population employed in the secondary sector rose from 23 percent of the active population in 1870 to 31 percent in 1910,

while the number of wage earners in industry (factories only) increased from 2 million in 1870 to 4.5 million in 1899, to 6.2 million in 1909, and to 8.4 million in 1919.

—In Germany the percentage of the population working in industry grew from 41 percent in 1895 to 43 percent in 1907, while the number of workers increased from 5.9 million to 8.6 million, including 300,000 home workers throughout this period.

—In France the numbers in the working classes increased from 3 million at the end of the nineteenth century to 5 million just before World War I. The transformation of manufacturing employment was significant between 1850 and 1910, during which time employment in craft work fell from 2.5 million to 900,000, while the numbers working for industrial companies rose from 1.2 million to 4.5 million.

Thus in the four large capitalist countries the working classes represented about 30 million men and women. When one adds the workers in other countries affected by capitalist industrialization, this figure rises to around 40 million. Along with this growth in numbers, these workers became aware of their solidarity, and, little by little, of their force.

There are always many forms of resistance to oppression and exploitation. Consider the observations of Frederick W. Taylor, who was a worker before becoming a supervisor and then the prophet of the "scientific organization of labor."

When he was eighteen, Taylor decided to forego a Harvard education and instead become an apprentice machinist, then an unskilled laborer at Midvale Steel, where he was promoted to gang boss. "Within six years he went from gang boss to foreman of the machine shop, to master mechanic in charge of repairs and maintenance throughout the works, to chief draftsman, to chief engineer."¹⁰ Along the way he changed his work habits. As long as Taylor was a worker he "obeyed the social code and restricted output"—not working too hard to break the rates, i.e., the standard amount paid for each piece.

We who were the workmen of the machine shop had the quantity output carefully agreed upon for everything that was turned out in the shop. We limited the output to about, I should think, one-third of what we could very well have done. We felt justified in doing this, owing to the piecework system—that is, owing to the necessity for soldiering under the piecework system—which I pointed out. . . .

As soon as I became gang boss the men who were working under me and who, of course, knew that I was onto the whole game of soldiering or deliberately restricting output, came to me at once and said, "Now, Fred, you are not going to be a damn piecework hog, are you?" I said, "If you fellows mean you are afraid I am going to try to get a larger output from these lathes," I said, "Yes; I do propose to get more work out." I said, "You must remember I have been square with you fellows up to now and worked with you. I have not broken a

single rate. I have been on your side of the fence. But now I have accepted a job under the management of this company and I am on the other side of the fence, and I will tell you perfectly frankly that I am going to try to get a bigger output from those lathes." They answered, "Then, you are going to be a damn hog."¹¹

Taylor made workers' resistance a key element in his analysis:

Underworking, that is, deliberately working slowly so as to avoid doing a full day's work, "soldiering," as it is called in this country, "hanging it out," as it is called in England, "ca canae," as it is called in Scotland, is almost universal in industrial establishments, and prevails also to a large extent in the building trades; and the writer asserts without fear of contradiction that this constitutes the greatest evil with which the working-people of both England and America are now afflicted.¹²

Particularly during these periods of crisis strikes broke out, and these became longer and stronger. A series of strikes in the United States culminated in the "commune of Pittsburg" and the railroad workers' strike in 1877. In France there was a strike at Anzin in 1884, and in Decazeville in 1886; in the United States there were more than 3,000 strikes and more than a million strikers between 1881 and 1886. These strikes included the railroad strike of 1884-86 and the May 1886 strike for the eight-hour working day in Chicago: there were 80,000 strikers, and following the Haymarket Square riot the movement leaders were arrested, condemned, and hanged. During this same period there was also a dockers strike which paralyzed the port of London in 1885.

Miners in the United States went on strike in 1893, and in 1894 the Pullman strike was broken by the application of the Sherman Antitrust Act and the imprisonment of the strike leaders. In France there was a strike by the weavers in Roanne and by the glass makers of Carmaux, both in 1895, and in Germany during this same year a new strategy was established which concentrated the workers' organization within a single body.

American miners staged new strikes in 1899 and 1902, as did workers in Creusot in 1899, dock workers in the port of Marseilles in 1900, miners of Montceau-les-Mines in 1901, and miners throughout France in 1902. In Germany textile workers and miners struck in 1905, the same year in which miners in the French department of Nord went on strike. The year 1910 saw a strike by the railroad workers in France and the woodcutters of Louisiana in the United States, followed by a textile workers strike in the United States in 1912-13.

At the same time workers' organizations began to develop: trade unions, work exchanges, mutual insurance companies, parties. In Britain, where the workers' movement had benefited from long experience, despite being weakened during the 1870s, the number of unionized workers increased markedly, from 1.1 million in 1876 to 2.2 million in 1900 to 4.1 million in 1913. The socialist movement had regained vitality during the 1880s, and

the first workers' representatives were elected in 1892. But it was only in 1900, when the unions decided to participate in a Labour Representation Committee, that the Labour Party was able to be organized: in 1914, out of 1,600,000 members, 1,570,000 were union workers. During these early years the Labour Party was not able to exert a strong influence within the British two-party system, however.

The workers' movement in France at the end of the nineteenth century was organized within a context of permanent debates and schisms, an abundance of different schools of thought, and various sects and traditions. When the diverse socialist forces collected into the French Section of the Workers International (SFIO, 1905), the General Congress of Workers (CGT) affirmed the total autonomy of a trade union movement at the Congress of Amiens (1905), which, with the weapon of the general strike, contained the potential force to overthrow capitalism. The number of union workers surpassed 1 million in 1912, and the number of SFIO members grew from 30,000 in 1905 to 90,000 in 1914. The number of socialist votes rose from 880,000 in the elections of 1906 to 1,400,000 in the elections of 1914.

In Germany, after the 1878 Socialist Law prohibiting all organization, meetings of publications by socialists or social democrats, and the subsequent period of semi-clandestine action, social-democracy gained some initial success in 1884, with 550,000 votes and twenty-four elected representatives. Its influence widened considerably in the elections of 1903, with 3 million votes and 81 representatives, and again in the 1912 elections, with 4 million votes and 110 representatives. The trade unions developed at the same time: there were 300,000 union members in 1890, 680,000 at the turn of the century, and 2.5 million in 1913. The agreement about parity, adopted by the Congress of Mannheim in 1906, obliged the party and the trade union organization to make essential decisions together.

In the United States the trade union movement was formed through a series of crises, strikes, and repression. The Knights of Labor grew from 110,000 members in 1885 to 729,000 in 1885, but fell back in 1890 to 100,000. Some organizations swelled in numbers following a successful campaign: for example, the American Railway Union (150,000 members in 1893), the Federation of American Miners (100,000 members in 1897), while the American Federation of Labor (AFL) developed more gradually and prudently: 100,000 members in 1886, 250,000 in 1892, and 2 million in 1912.

Throughout the world, there were about 15 million unionized workers in 1913. The effect of mass protest and electoral influence of street protests, strikes, and spilled blood, of trade union organizations, work exchanges, cooperatives, mutuals, parties, and movements was to shift the balance of forces in each country, according to each country's specific historical development. The working class from then on carried weight, though it was

still excluded in many ways from local and national life. It is this new balance of forces, and this alone, which explains the conquests and new benefits which came to the working world at the end of the nineteenth and the beginning of the twentieth centuries.

The tendency toward a *rise in real wages* in the four principal capitalist countries resulted from this new balance of forces. Between the 1870s and the period preceding World War I, real wages rose on the average by one-fifth in Germany and two-fifths in France.¹³ A parallel movement was the tendency toward a *reduction in the length of the working day*. Some authors have emphasized here that during this period gains in productivity were sufficiently large to "make possible" these concessions, from the point of view of capital. Now, while there is some truth in this, it is also true that without the new balance of forces these concessions in all probability would never have been made.

The new balance of forces explains also the importance of the *social laws* which were voted at this time. In Britain the *Employers and Workmen Act* of 1875 replaced the *Master and Servant Act* of 1867. Laws of 1875 and 1876 authorized nonviolent strike pickets, and granted legal status to the trade unions. In Germany, Bismarck initiated laws with the aim of checking the demands of the workers: laws about medical insurance (1883), accident insurance and old-age benefits (1884), and retirement at sixty years of age (1889). France passed a law granting freedom of association (1884), laws regarding the length of the working day (1874, 1892, and 1900), cleanliness and safety (1893), work-related accidents (1898), retirement (1905), and weekly rest (1906). In Britain a 1906 law facilitated union action, a 1908 law dealt with workers' retirement, and another regulated work in the home, and a 1911 law established unemployment benefits and widened medical insurance. In the United States, many states adopted social laws concerned principally with an eight-hour working day for minors, child labor, and work-related accidents.

This new balance of forces brought the Catholic church to "concern itself" with the social question: in 1891 Leon XIII published his encyclical *Rerum novarum*, in which he addressed himself to "the rich and the employers": "They must not treat the worker as a slave; it is just that they respect in him the dignity of man, which is heightened still further by his being Christian. Labor of the body. . . far from being a reason for shame, honours man. . . . What is shameful and inhuman, is to use man as a vile instrument of lucre, and to value him only in proportion to the strength of his arms."¹⁴ Leon XIII addressed himself also "to the poor man, to the worker": "He should provide completely and faithfully all the work for which he has been engaged through a free and equitable contract. He should harm neither his employer's goods, nor his person. His demands must be free from violence and must never take a seditious form. He must avoid the perverse men

who, in their lying speeches, suggest to him exaggerated hopes." For, "in society the two classes are destined by nature to unite harmoniously and to hold each other in perfect equilibrium. They have an imperious need, one for the other; there can not be capital without labor, or labor without capital." For the shrewd reader, this advice penetrates through the discretion: "We believe, however, that it is more appropriate to the present conditions of social life to temper the work contract, so far as this is possible, with elements borrowed from the social contract."¹⁵

This new balance of forces explains finally the conviction of innumerable socialists, anarchists, and communists that the overthrow of the capitalist system was imminent. Lafargue wrote in 1882: "The revolution is near; the collision of two clouds will suffice to cause the human explosion." Kropotkin wrote in 1883: "Gentlemen, believe me, the social revolution is close at hand. Within ten years it will burst out. I live among the workers and I affirm this." Émile Pouget wrote in 1889, in *le Père Peinard*: "Can you see what would happen if, in fifteen days, there were no more coal? The factories would stop, the large cities would have no more gas, the railroads would sleep. . . . And then, the common people would rest. This would give them time to think; they would understand that they are nastily cheated by the bosses, and so they might well come to shake the living daylights out of them!" Guesde wrote in 1897: "The beginning of the next century will be the beginning of the new era."¹⁶ More prudent, it was in the year 2000 that the American writer Edward Bellamy situated the socialist society which he described in *Looking Backward* (1888).

A New Age of Capitalism

Competition between capitalists stiffened, especially in the sectors of the first industrialization; the rivalry between the great national capitalisms hardened; the working classes became organized and forced capital to grant appreciable concessions; crises widened; and some people saw the death of capitalism close at hand. But already capitalism was adapting itself, transforming itself, opening new prospects, and modifying the areas of dispute. And this occurred in the face of the organized working classes.

Social laws? There were always employers to condemn them, such as Henri Schneider, interviewed in *Le Figaro* in 1897:

State intervention in workers' problems is very bad, very bad. . . . I don't accept a prefect by any means in a strike. . . . It is the same as regulating labor by women and children. . . . They set up useless impediments which are too strict. As for the working day of eight hours, that is just another fetish. . . . In five or six years everyone will have forgotten it; something else will have been

invented. . . . For me the truth is that a healthy worker can very well do his ten hours of work, and he should be left free to do more if it pleases him to do so.¹⁷

Some employers were ready to twist the laws around. But increasingly the employers were resigned to the social laws, or accepted them, some through calculation, some through philanthropy.

Strikes? Strikes were combatted vigorously. In France the employers appealed to the force of the police and the army; in the United States they called out detectives (especially from the Pinkerton agency) and militia, Orientals, and federal troops.¹⁸ In 1907 the French Supreme Court of Appeal still confirmed that the employer was not obliged to rehire striking workers, "since the worker who strikes willingly renders impossible the continuation of the execution of the labor contract which bound him to his employer; this act of striking, though not forbidden by penal law, constitutes on the part of the worker, whatever his motives, a breach of contract."¹⁹

But the right to strike was not often acknowledged, as Jaurès was asking for it in *l'Humanité* in 1904, as "the exercise of one of the implicit and essential clauses of the modern labor contract." The strike was gradually integrated into the institutionalized terms of collective bargaining.

Production slow-downs? The effort by employers to combat this was unceasing, affecting for a long time the system of wages. At the end of the nineteenth century, wages paid by the piece lost their efficiency. "It remains true," noted economist Leroy-Beaulieu, "that however useful and however necessary piece work may be, it can easily multiply the difficulties between workers and employers, and a great spirit of conciliation and justice on both sides is indispensable to its peaceful functioning."²⁰ "Now," he went on to observe, "popular hostility toward piece work seems to increase everyday instead of diminishing with the advance of instruction."²¹ Frederick Taylor, who had experienced the application of piece work, was more realistic: "After a workman had the price per piece of the work he is doing lowered two or three times as a result of his having worked harder and increased his output, he is likely to lose sight of his employer's side of the case and become imbued with a grim determination to have no more cuts if soldiering can prevent it." And again: this system "involves a deliberate attempt to mislead and deceive his employer, and thus upright and straight-forward workmen are compelled to become more or less hypocritical. The employer is soon looked upon as an antagonist if not an enemy, and the mutual confidence which should exist between a leader and his men . . . is entirely lacking."²²

Various wage systems were invented: bonus systems such as the "Lallemant wage rate," applied in 1888, again briefly in 1899, and more systematically in 1912, about which its creator said, "My system is, I believe, the first which attempts to remunerate not the time or the produced labor—two

elements, which, all in all, leave the worker rather indifferent—but the effort which he must display at every moment.”²³ Regressive wage rates were applied in armories, but they led to poor results; progressive wage rates were used in different sectors of the economy during the second half of the nineteenth century, and in some automobile factories at the beginning of the twentieth century. Some employers already extolled workers’ participation, and in 1889 the “Society for the Practical Study of the Participation of Personnel in Profits” was created: by 1911, 114 companies in France had put this to work, with 77 in England, 46 in Germany, and 43 in the United States.

It was the organization of work which gave the employers the weapon they needed at this time. Monsieur Fayol, a French mining engineer and general director of the Commentry-Fourchambault Company presented his ideas regarding general industrial administration in 1916 in the *Bulletin de la Société de l'industrie minerale*. He distinguished the “professional ability” of the inferior agents from the “administrative ability” of the directors and encouraged a clear definition of roles and systematic organization. Taylor, who had become a “consulting engineer and specialist in the systematic organization of workshops,” as his business card announced, was the stubborn champion of the scientific organization of labor: the break-down of labor into separate tasks, organization and definition of movements, norms, and remuneration encouraging respect for the norms. He outlined the steps for establishing his new organization of production:

First. Find, say, 10 or 15 different men (preferably in as many separate establishments and different parts of the country) who are especially skilful in doing the particular work to be analyzed.

Second. Study the exact series of elementary operations or motions which each of these men uses in doing the work which is being investigated, as well as the implements each man uses.

Third. Study with a stop-watch the time required to make each of these elementary movements and then select the quickest way of doing each element of the work.

Fourth. Eliminate all false movements, slow movements, and useless movements.

Fifth. After doing away with all unnecessary movements, collect into one series the quickest and best movements as well as the best implements.²⁴

Taylor’s results were often spectacular: he found that where a worker was loading a cart with 12.7 tons of cast iron molds per day, he could load it with 47 to 48 tons, with happiness as a bonus, since he was sure the workers were “happier and better contented when loading at the new rate of 47 tons per man per day in place of 12½ tons, at which rate the work was then being done.”²⁵

But these were only pioneering efforts; it required the war and the development of mass production for these principles of scientific labor organization to be systematically put to work.

In the face of the *accentuation of intercapitalist competition*, reactions, offensives, and initiatives again multiplied. These took the form first of all of protectionism through higher tariffs: in Germany in 1879, and again following 1902; in the United States in 1857; in France, in 1892, 1907, and 1910. The only country to escape this trend was Britain, whose essential strength lay precisely in its preëminence on the world market.

Cartels and trade agreements followed, particularly numerous and organized in Germany: producers agreed to fix levels of production, coordinate investments, divide the market among themselves, and determine prices. In 1903 the Rhine-Westphalia coal cartel controlled 98.7 percent of this region's coal production; in 1905 an official inquiry recorded the existence of 17 mining cartels, 73 in the metallurgy industry, and 46 in the chemical industry. In the United States these agreements, in multiple and changing forms, affected many sectors: railroads, gunpowder, tobacco, and oil, most notably. In 1914 114 international cartels were functioning, including 29 in coal production and metallurgical industries, 19 in the chemical industries, and 18 in transport.

In a related development, there was an extraordinary proliferation of scientific and technical advances, inventions, and innovations. The number of patents granted each year surpassed 30,000 in Britain between 1880 and 1887, and there were still more than 16,000 granted in 1908. In the United States the number rose from 14,000 in 1880 to more than 36,000 in 1907; in France, from 6,000 in 1880 to 12,600 in 1907; and in Germany, from 9,000 in 1900 to 12,000 in 1910.²⁶

Many of these inventions involved the various possible uses of electricity: in 1869 Gramme took out a patent for a direct current generator; in 1883 Deprez succeeded in transporting energy from Vizille to Grenoble; in 1891 Frankfurt was using the 15,000 volts produced 140 km away on the Neckar. Electric lighting became possible after 1879 with the carbon filament bulb invented by Edison; the use of electric lighting extended after 1910 with the tungsten filament bulb. Equipment for electrical generating stations—hydroelectric or heat-dependent—became available at the same time as cables were strung or laid, cities were illuminated, public transport was electrified, and electric motors were developed; equipment for factories, offices, and homes was also electrified. Powerful companies developed rapidly in this new sector.

In a parallel development, the construction of the internal combustion engine in 1862 led, with the invention of the carburetor (1889), to the gasoline engine, and then to the diesel engine (1893–97) which used gas-oil. Innumerable manufacturers built automobiles which were modernized from year to year, while other industrialists manufactured rubber tires. Roads had to be constructed, enlarged, and improved; and the first Automobile Exposition opened in Paris in 1898. A few years later the first airplane flights took place; the English Channel was crossed in 1909, as was the

Table 4.6
Leading Second-Generation Industries in Five Countries

	<i>Steel</i>	<i>Electricity</i>	<i>Motor vehicles</i>	<i>Sulfuric acid</i>
Great Britain				
(a)	1870-79	1900-10	1900-10	1870-79
(b)	1870-29	1900-59	1920-69	(c)
United States				
(a)	1870-79	1800-89	1900-10	1870-79
(b)	1870-1929	1900-59	1910-59	(c)
Germany				
(a)	1870-79	1900-10	1870-79	1900-10
(b)	1870-1959	1900-69	(c)	1920-69
France				
(a)	1870-79	1920-29	1945-50	1900-10
(b)	1870-1959	1900-69	(c)	1920-79
Japan				
(a)	1900-10	1920-29	1930-39	1930-39
(b)	1900-69	1920-59	(c)	1930-79

Source: Compiled from Rostow, *The World Economy*, pp. 379, 393, 400, 408, 422.

(a) Period in which the maximum rate of expansion is apparent.

(b) Period during which that sector is considered as leading for the national industry.

(c) Period during which that sector was not sufficiently important.

Mediterranean in 1912. This burgeoning aeronautical industry, together with the automobile industry, were given a powerful spur by World War I.

The new sources of energy developed mainly after 1900, though coal retained an indisputable supremacy. Steel pipe lines were built after 1875, particularly in the United States; the first tanker was put into service in Russia, on the Caspian, in 1877; in 1890, sixty oil tankers crossed the seas. And in 1914, 2 million automobiles were in circulation throughout the world, half of them in the United States.

Chemistry developed, with new processes, new products, and a great increase in quantities. Within a few decades the production of aluminum reached an industrial level (from 175 tons in 1890 to more than 50,000 tons in 1912). Electro-chemistry and electro-metallurgy permitted the fabrication of new products. New sectors of production developed, whose products dramatically changed living conditions: rayon, photographic papers, nitroglycerin, cement, telephones, telegraphs and soon radio, pharmaceutical products, and products for agriculture. All these developments led to high profits and allowed for the rapid establishment of a few powerful companies.

The armaments industries experienced a renewal with the development

of steel, engines, and new explosives: repeater rifles (Lebel and Mauser), machine-guns, cannons, armor plates, steel turrets, armored ships, the first submarines—all the more since one of the aspects of the renewal of capitalism was expansion on a world scale, which exacerbated national rivalries.

The Age of Imperialism

A weakening in the first-generation industrial sectors; strengthening and organization of the working classes in the developed capitalist countries; stiffening of intercapitalist competition; violent crises; some people saw in these things the symptoms of the impending collapse of capitalism. But already new and important industrial sectors were unfolding; new means of domination over the workers and new relations with the working class were made ready; beyond defensive reactions (protectionism, cartels), and within their shelter, a fundamental mutation of capitalism was beginning: concentration and centralization of industrial capital, formation of trusts and national monopolies, and, inevitably, expansion onto a worldwide scale of the sphere of influence of the dominant capitalisms, by means of trade and the exportation of capital, the formation of multinational groups, and colonization.

Everywhere, the average size of business establishments and industrial companies increased; in Britain the average size of the spinning mills doubled between 1884 and 1911, with a similar increase for blast furnaces between 1882 and 1913; in France in 1906 one-tenth of the wage-earning labor force was employed in companies having more than 500 wage earners; in the United States the average number of wage earners for each industrial company rose from twenty-two in 1899 to forty in 1919. In times of crisis mergers took place which benefited the most powerful companies; thus during the period 1880–1918 in Britain, 655 companies “disappeared” into 74 merger companies.²⁷

Above all, unprecedented concentrations of capital occurred, under the direction of a capitalist or of a family; trusts or groups very quickly came to dominate an entire industrial sector within a nation, especially in the United States and in Germany. In the United States in 1908, the seven largest trusts owned or controlled 1,638 companies.²⁸ By 1900, the percentage represented by the trusts included 50 percent of textile production, 54 percent of the glass-making industry, 60 percent of the book and paper industry, 62 percent of the food industry, 72 percent of the liquor industry, 77 percent of nonferrous metals, 81 percent of the chemical industries, and 84 percent of iron and steel.²⁹ These included companies such as the United States Steel Corporation, founded by J. P. Morgan and E. H. Gary, which

incorporated the Carnegie steel mills, and Standard Oil, founded in 1870 by J. D. Rockefeller, which in 1870 refined only 4 percent of American petroleum but by 1879 controlled 90 percent of the American refineries, and by 1904 controlled 85 percent of the domestic business and 90 percent of the export business as well.

In Germany the Krupp industrial empire employed 7,000 workers in 1873, and 78,000 in 1913; the AEG electrical industry, through an astonishing process of concentration, by 1911 controlled 175 to 200 companies, and employed more than 60,000 workers. After 1908 it cooperated with the other German company, Siemens, and divided up the world market with the U.S. company General Electric (Europe for the former and North America for the latter).³⁰ In Britain this movement was less marked, but even so there was a considerable degree of concentration within the banking world: 250 private banks in 1880 reduced to 48 in 1913; 120 Joint Stock Banks in 1880 went to 43 in 1913. The same process occurred in Germany: at the time of the crisis of 1873, 70 banks failed, and there was another round of bank failings during the 1890-91 crisis. The crisis of 1901 was a true "cleaning-up crisis": the Deutsche Bank absorbed 49 others, the Dresdner Bank absorbed 46, and the Diskonto Bank 28. Out of this there remained 5 or 6 very large banks, "each bank being the financial core for a set of companies. In order to share the risks, however, several banks associated to sponsor the same company."³¹ In the same way in the United States two "financial empires" were founded: one formed by the First National Bank (of Morgan), General Electric, Rubber Trust, U.S. Steel, Vanderbilt's railways, and various electrical companies; the other formed by Rockefeller's National City Bank, Standard Oil, the Tobacco Trust, the Ice Trust, Gould's railways, and telephone companies.³²

"The Concentration of production; the monopoly arising therefrom; the merging or coalescence of banking with industry—this is the history of the rise of finance capital and what gives the term 'finance capital' its content,"³³ wrote Lenin in *Imperialism: the Highest Stage of Capitalism*. Like Bukharin, he took up the concepts developed by Hilferding: "Finance capital signifies the unification of capital. The previously separate spheres of industrial, commercial and bank capital are now brought under the common direction of high finance, in which the masters of industry and of the banks are united in a close personal association."³⁴ And elsewhere:

Thus the specific character of capital is obliterated in finance capital. Capital now appears as a unitary power which exercises sovereign sway over the life process of society; a power which arises directly from ownership of the means of production, of natural resources, and of the whole accumulated labour of the past, and from command over living labour as a direct consequence of property relations. At the same time property, concentrated and centralized in the hands of a few giant capitalist groups, manifests itself in direct opposition to the mass of those who possess no capital.³⁵

Imperialism develops indissociably with finance capital, as Hilferding made clear:

The policy of finance capital has three objectives: (1) to establish the largest possible economic territory; (2) to close this territory to foreign competition by a wall of protective tariffs, and consequently (3) to reserve it as an area of exploitation for the national monopolistic combinations.³⁶

Bukharin made a similar observation: "The policy of finance capital is imperialism."³⁷

As exports increased from capitalist countries, international competition became still more severe; capital was exported and overseas holdings and affiliates were created. Within this same movement there was a second, powerful wave of colonizations, accompanied by rivalries, conflicts, and wars.

From 1875 to 1913, despite protectionism, German exports rose by a factor of four and U.S. exports by a factor close to five. British exports were multiplied by only 2.2, and French exports by 1.8, but in both these countries the effort to export increased: in Great Britain the percentage of the physical product exported, which had risen from 26 percent in 1851 to 46 percent in 1871 and had then fallen after 1881, rose again after 1900 to reach 50 percent in 1911. In France this figure advanced more gradually, from 17 percent in the last third of the nineteenth century to 21 percent in 1905-13.³⁸ Britain exported 13 percent of the coal it produced in 1870, but 21 percent in 1890 and 33 percent in 1913; it exported 35 to 40 percent of the cast iron and steel which it produced in the second half of the nineteenth century, and 50 percent of what it produced in 1905-07.³⁹ In this, British industry continued to benefit from an advantage present in its industrial structure, since the proportion of the production of the means of production increased still more, from 47 percent in 1881 to 58 percent in 1907.⁴⁰ Essential outlets for these exports were the new countries that were industrializing, urbanizing, and equipping themselves.

The export of capital was one of the means for making sure of these outlets, and it assumed a growing importance at the end of the nineteenth and the beginning of the twentieth century. Foreign investments, in annual flows, doubled in Britain from 1880-84 to 1890-94, and then quadrupled between 1890-94 and 1910-13. In Germany they doubled once between 1883 and 1893, and again between 1893 and 1914. In France they tripled between 1880 and 1914.⁴¹

These three countries together represented more than three-fourths of the capital invested abroad in 1914: 43 percent from Britain alone, 20 percent from France, 13 percent from Germany, 12 percent from the Belgian, Swiss, and Dutch investments together, only 7 percent from the United States, and 50 percent from all other sources.⁴²

As for the zones of "investment," Europe represented the largest share

(27 percent), followed by North America (24 percent), Latin America (19 percent), Asia (16 percent), Africa (9 percent), and Oceania (5 percent).⁴³ Britain was clearly the chief world investor, though the direction of its investments underwent a profound change, becoming oriented less toward Europe, the United States, and India, and more toward the rest of the Commonwealth and Latin America.

French assets remained principally in Europe (nearly three-fifths), with a strong orientation toward Eastern Europe and especially Russia. They were not yet strongly invested in the colonies. German capital was also mainly invested in European countries (especially Austria, Russia, Hungary, and Rumania), though it was also in some other countries, such as Japan, Mexico, and the Ottoman Empire. Capital from the United States stayed mainly in the Americas: Canada, Mexico, and Cuba.

These overseas assets assumed many different forms: subscriptions to public loans (of which French savers were very fond), government loans, loans to banks and companies, share holdings or purchases in the various sectors of activity, or, for the trusts and groups, the creation of foreign affiliates. Thus Westinghouse created an English affiliate in 1903, and before 1912 AEG had affiliates in London, Petrograd, Paris, Genoa, Stockholm, Brussels, Vienna, Milan, and many cities in America. The banks played a decisive role in this movement. In 1913 the assets of the Société Générale de Belgique were divided between national stocks (three-fifths) and foreign stocks (two-fifths), especially in Austria, Russia, Canada, Argentina, and New Caledonia. The Deutsche Bank had subsidiaries in South America (Argentina, Peru, Bolivia, Uruguay, and Brazil) and Spain; holdings in Switzerland, Iraq, and China; and interests in Austria, the Ottoman Empire, Central America, East Africa, and southern Africa. The Diskonto Bank had affiliates in Britain, Rumania, Bulgaria, Brazil, and China; holdings in Belgium, Italy, Argentina, Brazil, the Cameroons, Guinea, and Asia; and interests in Europe (Britain, Finland, Austria, Rumania, and Russia) and Africa. In 1910 British banks had more than 5,000 branch offices or agencies throughout the world, while French banks had 140, German banks had 70, and Dutch banks had 68.⁴⁴

The various national strivings for colonization of this period took place within this expansion of national capitalisms, as indicated by what Cecil Rhodes said in 1895:

I was in the East End of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for "bread," "bread," and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism. . . . My cherished idea is a solution for the social problem, *i.e.*, in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands for settling the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always

said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.⁴⁵

And Joseph Chamberlain, minister of the British colonies, in a speech before the Birmingham Chamber of Commerce in 1896, stated: "If we had remained passive . . . the largest part of the African continent would have been occupied by our commercial rivals. . . . Through our colonial policy, as soon as we acquire and develop a territory, we develop it as the agents of civilization, for the growth of world trade." And Jules Ferry: "Colonial policy is the daughter of industrial policy."

When Leroy-Beaulieu, a member of the Institute, a professor at the Collège de France, and director of *l'Economiste français*, published in 1891 his *De la colonisation chez les peuples modernes*, he placed this sentence from John Stuart Mill at the very beginning: "It can be affirmed, in the present state of the world, that the founding of colonies is the best business in which the capital of an old and rich country can be invested." Leroy-Beaulieu went on to write:

Colonization is the expansive force of a people; colonization is the reproductive power of a people it is the people's expansion and multiplication through space; it is the submission of the universe, or a large part of it, to this people's language, ideas, and laws. A people who colonize cast the foundations of their greatness and supremacy into the future. . . . It is impossible not to consider [colonization] as one of the tasks which is imposed on civilized States.⁴⁶

Here economic realism and racism support each other:

It is neither natural nor just that the civilized people of the West should be indefinitely crowded together and stifed in the restricted spaces that were their first homes, that they should accumulate there the wonders of science, art, and civilization, *that they should see, for lack of profitable jobs, the interest rate of capital fall further every day for them*, and that they should leave perhaps half the world to small groups of ignorant men, who are powerless, who are truly retarded children dispersed over boundless territories, or else to decrepit populations without energy and without direction, truly old men incapable of any effort, of any organized and far-seeing action.⁴⁷

The clear conscience of civilization or religion blessed this movement; racism and the certitude of superiority removed the last scruples; interests compelled; the mysticism of bright sun and open spaces was sometimes an inspiration; modern weapons gave the necessary courage. These were the colonial expeditions of Britain, France, Germany, Belgium, and Holland. When necessary, whole populations were massacred: the mad scramble was on.

On a smaller scale and in a different way, Russia and the United States took part in this movement as well⁴⁸ (see Table 4.7).

Friction arose between nations due to their expansionism, as did a hardening of economic and financial competition, national rivalries, alliances and the breaking of alliances. All these took place against a background of

Table 4.7
Colonial Expansion, 1876-1914

	Colonies				Mother countries	
	1876		1914		1914	
	Area, (million km ²)	Popu- lation (in millions)	Area (million km ²)	Popu- lation (in millions)	Area (million km ²)	Popu- lation (in millions)
Great Britain	22.5	251.9	33.5	393.5	0.3	46.5
Russia	17.0	15.9	17.4	33.2	5.4	136.2
France	0.9	6.0	10.6	55.5	0.5	39.6
Germany	—	—	2.9	12.3	0.5	64.9
United States	—	—	0.3	9.7	9.4	97.0
Japan	—	—	0.3	19.2	0.4	53.0
Total	40.4	273.8	65.0	523.4	16.5	437.2
Small states (Belgium, Holland, etc.)	—	—	9.9	45.3	—	—

Source: Nikolai Bukharin, *L'Economie mondiale et l'Impérialisme, 1915-1917* (Paris: Anthropos, 1969), p. 81.

nationalism, chauvinism, and racism, of military parades and universal expositions. Military spending increased, providing the industrialists of each country with enlarged markets, and the military with the means for new conquests (see Table 4.8). Military spending was particularly important among the four dominant capitalist countries of this period.

A "new capitalism," which many people called by the name of "imperialism," developed at the beginning of the twentieth century. It included many factors, among which the following were prominent: concentration of capital, cartels, trusts, and monopolies; interpenetration of industrial capital and banking capital within the new reality of finance capital; the renewed role of the state, through social legislation, its major role in large public works projects, territorial expansion, and militarism; export of capital, colonization, and the dividing up of the world. Thus Hobson wrote in 1902:

The new imperialism differs from the older, first in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motivated by similar lusts of political aggrandisement and commercial gain, secondly, in the dominance of financial, or investing, over mercantile interests.⁴⁹

Thanks to imperialism, finance capital was able for awhile to surpass the

Table 4.8
Military Spending Increase, Principle Capitalist Countries

	Per capita increase (in percent)		Percentage of state total	
	1875 to 1908 ^a	1908 to 1913-14	1875 ^a	1908
Great Britain	62	29	38.6	48.6
France	63	14	29.0	37.0
Germany	95	28	28.5	28.3 ^b
United States	67	n.a.	33.5	56.9

Sources: O. Schwarz, cited in Bukharin, *L'Economie mondiale*; W. Sombart, *Le Capitalisme moderne*.

^aFor Germany, 1881-82.

^bNot including "extraordinary temporary expenditures."

n.a. = not available.

contradictions inherent in the national framework. Hilferding wrote in 1910:

[The imperialist] observes with a cold and steady eye the medley of peoples and sees his own nation standing over all of them. For him this nation is real; it lives in the ever increasing power and greatness of the state, and its enhancement deserves every ounce of his effort. The subordination of individual interests to a higher general interest, which is a prerequisite for every vital social ideology, is thus achieved; and the state alien to its people is bound together with the nation in unity, while the national idea becomes the driving force of politics. Class antagonisms have disappeared and been transcended in the service of the collectivity. The common action of the nation, united by a common goal of national greatness, has taken the place of class struggle, so dangerous and fruitless for the possessing classes.⁵⁰

And Otto Bauer stated in 1913: "Imperialism is in fact a means for extending the limits of accumulation."⁵¹

If the world economy is a system of relations of production and corresponding relations of exchange encompassing the whole world, then imperialism is the widening onto a worldwide scale of capitalist relations of production and exchange. This widening of capitalist relations functioned at the beginning of the twentieth century under the domination of the capitalists and bourgeoisies of Britain, Germany, France, and the United States.

The "peace" which reigned at this time—some consider that the *pax germanica* succeeded the *pax britannica*—was an imperialist peace, already marred by outbursts of war. During this period there were many signs of imperialism, including colonial expeditions: the French in Dahomey, Madagascar, Chad, Morocco; the British in South Africa and the Sudan; the Italians in Abyssinia and Tripoli. The period also saw U.S. intervention in Hawaii, Puerto Rico, Samoa, the Philippines, and in

Panama; Japanese expansionism in China and Korea; and an international expedition to China. Rivalries led to explosive situations in Fachoda in 1898, in Morocco in 1905 and 1911, and to such wars as the Boer War (1899–1902), the Spanish-American War (1898), and a Russian-Japanese war (1904–05)—the first warnings of another forthcoming upset, since European powers were twice defeated by “overseas countries.” There were national wars between Greece and Turkey (1897) and in the Balkans (1912 and 1913), in which the interests of the great powers were not absent.

Rivalries, competition, friction, and confrontations, industrialist and financial interests, as well as patriotic spirit—while it was not the only cause, the imperialist expansion of national capitalisms at the end of the nineteenth century and beginning of the twentieth century was a fundamental cause of the Great War of 1914–18, a gigantic charnel made bearable only by the thought that it was “the war to end all wars.”

Summary

In every period of their formation and development, national capitalisms drew from foreign countries: gold from the Americas, pillage, forced labor, slavery, colonial levies, commercial profits. Imperialism is then characterized neither by the existence nor even by the importance of these foreign resources.

Imperialism is the functioning and the development of a national capitalism on a world scale. The extortion of value at the time of production, the realization of the produced value at the time of the sale of the commodities, and the development in the form of new capital of previously materialized profits: these are no longer conceived and organized on a strictly local and national level, but are considered from the start on a national and worldwide scale. This new attitude was due to capitalist entities of great size: oligopolies, taking many forms, large companies, trusts, groups. It depended increasingly upon the alliance and sometimes the interpenetration of industrial capital and banking capital in the form of finance capital; it was given life by fractions of the bourgeoisie who, overcoming local and national horizons, planned and gave impetus to projects on a national and worldwide scale, and who, within this dynamic, obtained the support, diplomacy, and weapons of the state. That is, with imperialism:

1. The contradictions pertaining to the movement of enlarged reproduction of capital develop henceforth in a national/worldwide framework.
2. New contradictions appeared and developed. For the period under consideration, these contradictions were principally related to realization of the produced value, and to control of various world regions.

We shall try to systematize these points as they affect the first third of the twentieth century (see chart). Broadly speaking, the crises at the end of the nineteenth century resulted primarily from the interaction of contradictions 1, 2, 3, and 5. Although these contradictions still acted essentially within each national framework, they intensified the search for foreign outlets, and for places to which capital could be exported, which in turn provoked and sharpened contradictions 4, 6, and 7. To reduce the effects of these contradictions, each great power sought to mark out for itself a power zone which, with the help of nationalism, racism, xenophobia, chauvinism, and proselytizing, contributed to gearing down economic antagonisms into national oppositions and thus political and military oppositions. These oppositions fed upon historical hatreds and bitterness, upon certitudes of superiority (British, French, or German), and upon myths of greatness and the civilizing mission (of the West).

These contradictions were largely sufficient to trigger the world war which at the time appeared as the bloodiest, most murderous, and most barbaric.

<i>Moments in the process of accumulation</i>	<i>Corresponding contradictions</i>
A. Real submission of the workers. Purchase of labor power, system of paying wages. Organization of labor, compulsion for surplus labor.	1. Contradiction between the working class and the bourgeoisie; this remained primarily on a national level.
B. Realization of the produced value. Sale of commodities: —for department I, sale of capital goods to companies in both sectors. —for department II, sale of consumer goods to workers in both sectors and to other classes. Search for foreign outlets; attempts by foreign capitalists to implant themselves within the national market.	2. Competition between national capitalists. 3. Forced equilibrium between production and outlets within each department, and between departments. 4. Competition between national capitalists and foreign capitalists.
C. Search after profitable investment opportunities for capital formed through previous profits.	5. Contradiction between the decline of old industries and the uncertainty of new ones. 6. Competition between national and foreign capital. 7. Contradiction between the degree of risk and the possibility for profit.

5

The Great Upheaval (1914–45)

Our century, hardly passed, will have seen two radically dissimilar eras succeed one another with no transition between them other than the war. Our contemporaries must try to imagine the years of the past: a time of stability, economies, prudence; a society of acquired rights, traditional politics, trustworthy businesses; a regime of fixed incomes, secure salaries, tightly calculated pensions; an era of the “3 percent,” old tools, and the standard dowry. Competition aided by technics chased away this wisdom and killed this quietness. . . . The war has enlarged the natural course of things into a torrent and has transformed the range of needs. In order to satisfy these needs as they are—diverse, imperious, and changing—the activity of men becomes multiplied and hurried. . . . Every day of machinery and the division of labor force the retreat of eclecticism and illusion.

—Charles de Gaulle¹

Carried away by the logic of accumulation and enlarged production, national capitalisms searched throughout the world for space in which to expand, confronting one another with increasing severity. National reactions became sharper, and with the spirit of conquest and revenge, nationalist feelings became more pronounced. The world war resolved noth-

ing, very much to the contrary. The need for expansion on a world scale endured, although the previously existing system of international payments had been destroyed. And during the 1920s this world which had been split apart experienced the coexistence of both prosperity and crisis, and after 1929 was dragged into a new huge crisis and then another huge war.

From War to Crisis

“Capitalism brings war, as the rain cloud brings the storm,” Jaurès had said. In fact, capitalism brings crisis above all and the imperious necessity to conquer new territory. What makes capitalism bring war is its concrete development in national social formations and the conflict of national capitalisms.

World War I turned Europe upside down, heightened the British decline, and strengthened the United States, without resolving the underlying contradictions present before 1914. And the war opened a long period of crisis, which, though masked and taking many forms during the 1920s, became general despite its diversity after 1929.

The Upheaval of the Great War

The broken spirit of the workers' movement, the aggravated decline of European capitalism, the hardening of nationalism—and yet, with World War I the great upheaval had only begun.

The beautiful myth of proletarian internationalism was shattered. The general strike should have prevented the war; the working classes should have refused to kill one another for the sake of the capitalists. The Confederation Generale de Travailleurs stated in 1910: “In every strike, the army is for the employers; in every European conflict, in every colonial war and every war between nations, the working class is duped and sacrificed to the profit of the parasitic and bourgeois possessing class. This is why the Congress of the CGT approves and recommends all antimilitaristic and antipatriotic propaganda action. . . .”² And again: “In the event of war between the European powers, the workers will respond to the declaration of war with the declaration of a revolutionary general strike.”³ After a two-year campaign the December 16, 1912, general strike against the war was a failure, despite its size and its moments of strength. Then in 1914, the July 29 Manifesto of the CGT stated: “The leaders . . . will have the French people with them, if, as is proclaimed, these leaders sincerely work for peace.”⁴

There were some who remained loyal to their pacifist convictions to the

end, but many were strongly divided within themselves. A few took up the struggle for peace in the midst of the conflict. Nevertheless, the proletarians of all the European countries killed each other by the millions, while the bitterness and harrowing divisions continued.

European workers suffered another defeat. Just before the war, workers opposed the introduction of new methods for organizing work, with strikes at Renault in 1912 and 1913, at de Dietrich in Argenteuil, and at Brasier in Ivry in 1913. The workers in these companies refused to be timed:

The application [of timed work] in the Renault factories clearly demonstrated the intolerable situation and the exhausting labor this system would bring to any workers naive enough to accept it. . . ; the worker is reduced to the position of a brute, in which he is forbidden to think or reflect; he is reduced to a machine without a soul, producing intensely and excessively, until his premature exhaustion, by turning him into a non-value, throws him out of the workshop. Taylorism is pitiless; it eliminates the non-values and those who have surpassed the age of full muscular strength.⁵

And Merrheim, in the *Vie Ouvrière* of March 31, 1913, wrote: "Intelligence is chased away from the workshops and factories. What remain are only arms without brains and robots of flesh adapted to the robots of iron and steel."⁶

But the war allowed for the implantation of scientific methods for organizing work. The army used these methods in its central automobile repair shop. Louis Renault emphasized in 1919, before the members of the automobile manufacturers trade association, that "the advantage of the scientific organization of labor is that it permits the most delicate fabrications to be carried out without a specialized labor force." In a memorandum to his engineers as early as 1918, Renault stressed that "almost all the necessary elements for a complete organization exist." At the same time, the *Bulletin des Usines Renault* warned the workers that their efforts, far from becoming lighter, had to continue and intensify: "You can be sure that when this war is over, the other war, the economic war, will begin. . . . In this other war, you will be the front-line soldiers."⁷ In the end, like the other classes, the working class was decimated: 10 percent of the men active in industry in 1913 were killed in World War I.⁸

We must note here the attempt at communist revolution in Germany, which was drowned in blood (January–March 1919); the crushed Hungarian revolution (July 1919); and then the break between communists and socialists at the Congress of Tours in France (1920). At the time when for innumerable workers the Soviet revolution had just given socialism a homeland, the workers' movement in the large capitalist countries of Western Europe found itself weakened, battered, and divided.

These countries themselves were lifeless and in ruins, though some industries did develop during and because of the war. The war caused approximately 8 million deaths: 2.7 million in Germany, 1.7 million in France,

1.7 million in Russia, 1.5 million in Austria-Hungary, 930,000 in Britain, and 150,000 in the United States. In Germany as in France, 10 percent of the men of active age were killed, and in Britain, 5 percent. The cost of the war for England represented 32 percent of its national wealth; for France, 30 percent; for Germany, 22 percent; and for the United States, only 9 percent. Each state involved in the war contracted an enormous public debt: the total public debt of all the belligerent countries rose from \$26 billion before the war to \$225 billion in 1920. This was in addition to foreign debts: Britain borrowed about \$4 billion from the United States, and France borrowed \$3 billion from the United States. In 1921 the Allied reparations commission exacted payments of \$33 billion from Germany.

Giving the value of 100 to the index of industrial production in 1913, the level of industrial production in 1920 was 141 in the United States, 100 in Britain, 62 in France, and 61 in Germany. The gold reserves of the United States more than quadrupled during the war, and in 1921 these reserves surpassed a value of \$2.5 billion, nearly 40 percent of all world reserves.

Besides this, the October revolution cut off the European powers for several decades from a promising market in which they had invested: the socialist ideal inspired the rupture with capitalism as well as the West. New national dynamics arose in Turkey after the Ottoman Empire was divided up. New movements began in Persia and Afghanistan too. In Egypt, which had been occupied since 1882 and had become a British protectorate in 1914, there were strikes, boycotts, and attacks on trains. These actions led the British government to proclaim Egypt's independence in 1922, an independence which the British hoped would remain quite theoretical. And during the war Japan greatly increased its industrial production, its foreign trade, and its foreign assets: a new industrial power was gaining strength in Asia.

It is impossible to dissociate the weakening of European capitalism and the "decline of Europe." The United States was from this time on the leading economic power; Germany rebuilt its industrial strength; the USSR and Japan both began tremendous efforts to industrialize though along different roads; Britain and France still retained great assets with their industrial apparatuses, their banking and financial networks, and their empires. As Louis Renault had foreseen, hardly had the peace treaties been signed than a formidable economic war began.

The Crisis of the 1920s

Traditionally, this period is divided into four phases: the boom immediately after the war, the reconversion crisis of 1921, the period of "prosperity," and then the crisis of 1929 and its continuation into the 1930s. Very often the monetary aspects (international debts, international payments,

inflation) are dissociated from the economic aspects (production, commercial exchanges).

I propose the contrary hypothesis that it was a single crisis which developed under different forms during the 1920s. While the fundamental contradictions did not disappear (is it necessary to say this?), with the working class on the one hand and the dominated social formations on the other, it was in fact the contradictions between national capitalisms which give the key to the great crisis of this period.

War damages? Huge public debts? Foreign debts toward the United States and Great Britain? In France the answer was always the same: "Germany will pay." France had "paid" enough after the defeat of 1871. But the reparations demanded from Germany forced the industrialists of that country to export increased quantities of goods, particularly of coal, steel, metallurgical products, and mechanical products, which stiffened competition between Germany and Britain.

During the war American economic power was strengthened, along with its financial power: American foreign investments rose from \$3.5 billion in 1913 to \$6.5 billion in 1919, while British foreign investments fell from \$18.3 billion to \$15.7 billion. At the same time American gold reserves greatly increased, from \$700 million in 1913 to \$2.5 billion in 1921, a far greater increase than occurred in Britain, where reserves rose from \$200 million to \$800 million. The exchange rate of the pound fell from \$4.78 in 1914, before the detachment of gold, to \$3.78 in January 1921. But the idea was deeply rooted that to be able to regain its status as international currency, the pound should be able "to look the dollar in the eye"—that is, regain prewar parity and return to gold convertibility. However, insofar as British industry did not achieve productivity increases greater than its competitors, this policy made its exports more costly, thus more difficult, and its commercial reestablishment more problematic. The choice though was between this policy or the reduction of domestic consumption, particularly the reduction of workers' buying power, leading to harsh social conflicts.

The payment of German reparations; the return to parity and to the gold convertibility of the pound, and more generally, the very widespread concern to return to an international monetary system founded on gold; the attempts to resolve the inextricable problem of international debts: all these monetary and financial problems which dominated the 1920s had an economic and social dimension.⁹ A prophet who at the time was not widely listened to, J. M. Keynes, understood this very well:

In truth, the gold standard is already a barbarous relic. All of us, from the Governor of the Bank of England downwards, are not primarily interested in preserving the stability of business, prices, and employment, and are not likely, when the choice is forced on us, deliberately to sacrifice these to the outworn dogma, which had its value once, of £3.17.10½ per ounce.¹⁰

Keynes wrote this in 1923 in *A Tract on Monetary Reform*. But in 1925, after five years of efforts in this direction, the pound regained its prewar parity and its convertibility was reestablished.

The price paid for this was heavy: the crisis of 1921 affected Britain with particular severity. Exports plummeted while unemployment rose sharply—there were 1 million unemployed workers in January 1921 but 2 million in June 1921. The fall in exports, at constant values, affected not only coal and steel but also the cotton and wool industries and machine manufacturing (while German exports by 1923 had regained their 1913 volume levels). Throughout the 1920s more than 1 million British workers remained unemployed. But the city of London had recovered its position.

It was only in 1928 that the French franc officially returned to gold convertibility, and at a fifth of its prewar value. As for the German mark, after the collapse of 1922–23, it was rebuilt with the help of foreign credits, especially from Britain, in the same movement which developed and modernized its industrial apparatus. During the period 1924–30, the foreign credits obtained by Germany had a value two and a half times greater than the reparations which it actually paid, which allowed Germany not only to supply itself with raw materials, but to restock its reserves of gold and foreign currencies, and to develop foreign investments.¹¹

The massive value of the international network of debts required a great expansion in production and international trade in order to be absorbed: these alone would allow the necessary balances to be established. But the choice of the persons responsible for the monetary system at the time was to return to a system based on gold, a decision which burdened the resumption of British trade and made vulnerable any country incapable of balancing its trade. At the same time, there was no one financial center which assumed responsibility for the whole: the American banks were not yet competent for the task, while the city of London, still preoccupied with rebuilding its leadership, did not at the time have the necessary power. On this point, C. P. Kindleberger's diagnosis is accurate:

The international economic system was rendered unstable by British inability and United States unwillingness to assume responsibility for stabilizing it in three particulars: a) maintaining a relatively open market for distress goods, b) providing counter-cyclical long-term lending, and c) discounting in crisis. . . . The world economic system was unstable unless some country stabilized it, as Britain had done in the 19th century and up to 1913. In 1929, the British couldn't and the United States wouldn't. When every country turned to protect its national private interest, the world public interest went down the drain, and with it the private interests of all.¹²

It was in this fragile international context that the different national capitalisms developed, each following its own path: British capitalism, caught between the combativity of a working class which refused the de-

Table 5.1
Share of Exports of Manufactured Goods
(in percent)

	1899	1913	1929	1937	1950	1967
United States	11.7	13.0	20.4	19.2	26.6	20.6
United Kingdom	33.2	30.2	22.4	20.9	24.6	11.9
Germany	22.4	26.6	20.5	21.8	7.0 ^a	19.7 ^a
France	14.4	12.1	10.9	5.8	9.6	8.5
Italy	3.6	3.3	3.7	3.5	3.6	6.0
Japan	1.5	2.3	3.9	6.9	3.4	9.9
Others	<u>13.2</u>	<u>12.5</u>	<u>18.2</u>	<u>21.9</u>	<u>25.2</u>	<u>22.4</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0

^a West Germany only. A comparable figure for West Germany in 1937 is estimated at 16.5 percent.

Sources: A. Maizels, *Industrial Growth and World Trade* (Cambridge: The University Press, 1963) except for the 1967 data (data for 1899 and 1913 exclude the Netherlands); 1967 data: National Institute, *Economic Review*, February 1968.

manded sacrifices and the pugnacity of its foreign industrial competitors; German capitalism, concentrated, dynamic, expansive, and supported by a national will to surmount humiliation; French capitalism, more disparate than ever, torn between large industry and craft work, between the calm of the provinces and the adventure of empire; American capitalism, carried away in a frenzy of mass production, mass consumption, blockages, and speculation; and then all the other capitalisms: the various European capitalisms, and Japanese capitalism, and new productions by the "new countries" for whom World War I gave initial opportunities.

The struggle for foreign markets became fiercer: thus while the pound returned to gold convertibility, British exports fell in value from 1924 to 1926, and from 1927 to 1929 remained below the level they had reached in 1924. French exports had benefited from the devaluation of the franc during the first half of the 1920s, but with the financial stabilization of 1926 and the return to the gold standard in 1928, exports in numerous sectors fell after 1928. In this struggle the old capitalisms fell back before the rise of the new capitalisms.

Thus foreign outlets became increasingly closed off. But American capitalism had just experienced an exceptional period of expansion and accumulation, as had Japanese, German, and French capitalism. Besides this, the crisis that had been shaking world agriculture since the end of World War I—overproduction, falling prices, falling incomes for farmers—reduced another essential outlet for industrial products. It is by returning

to these fundamental economic realities, and not by being content to follow the ups and downs of stock market speculation, that the great crisis between the two wars can be understood.¹³

Crisis was chronic in Britain throughout the 1920s, and latent in most of the other capitalist countries, especially the United States and France, at the end of the decade. The speculation and the panic of Wall Street were the fascinating catalyst of the American economic crisis. The knowledge of this crisis, its banking and financial repercussions throughout the world, and the effects it had through the drop in American commercial trade: all these precipitated in each country crises which in fact were already at work or in gestation.

A World Split Apart

In 1929 in the United States the index of security prices stood in the neighborhood of 200–210. In 1932 it had fallen to 3–40. Commodity prices in general fell in the same period by 30 to 40 percent; the fall in particular commodity markets was even more catastrophic. Production in the chief manufacturing countries of the world shrank by anything from 30 to 50 percent: and the value of world trade in 1932 was only a third of what it was three years before. It has been calculated by the International Labour Office that in 1933, in the world at large, something like 30 million persons were out of work. There have been many depressions in modern economic history but it is safe to say that there has never been anything to compare with this. 1929 to 1933 are the years of the Great Depression.¹⁴

The potential for crisis was at work in the heart of each national capitalism in which the very model of postwar accumulation was being exhausted. This potential was aggravated by a situation in which protectionist pressures and the absence of an established system for international payments limited the expansion of trade. It was in the United States that the potential for crisis was definitively released and became a Great Crisis.

America First . . . ? Business First!

The United States was the world's leading economic power immediately after World War I. National income rose from \$33 billion in 1914 to \$61 billion in 1918. Industry was particularly strengthened, acquiring a worldwide predominance in most domains: 75 million long tons of iron ore and 555 million short tons of coal extracted in 1917; 60 million tons of oil extracted in 1920 (two-thirds of world production); electricity production equivalent to the whole of Europe; approximately 40 million tons of steel produced in 1920 (more than half of the world's production); and the ad-

vance of modern industries: automobile, electrical, chemical. Although in spite of its strong growth, the American fleet had not yet surpassed the British fleet, American commerce benefited from the needs and difficulties of other countries and attained record levels in 1920: \$5 million worth of imports, and \$8 million worth of exports. And though American foreign investments in 1919 were still less than half of Britain's (\$6.5 billion compared to \$15.7 billion), American gold reserves were worth \$2.5 billion in 1921, and the value for America of Allied war credits was on the order of \$12 billion.

Moreover, American military intervention had been decisive to the outcome of the war; the participation of President Wilson in the negotiations for peace, and the part which he played in these negotiations, confirmed the rise of the United States to the first rank of world powers.

But the U.S. Senate refused to ratify the Treaty of Versailles, and even rejected U.S. membership in the League of Nations, the organization to whose creation President Wilson had greatly contributed. In the 1918 elections the Republicans won a majority in the House of Representatives, and in 1920 it was a Republican, W. G. Harding, who was elected to the presidency. To the ideals of democracy and international cooperation which had inspired Wilson, Harding opposed his nationalist convictions: "I have confidence in our America that requires no council of foreign powers to point the way to American duty. . . . Call it the selfishness of nationality if you will, I think it an inspiration to patriotic devotion. To safeguard America first—to think of America first—to exalt America first."¹⁵

America first! From 1922–24 the United States protected itself against foreign commodities and—a people composed of immigrants—against immigration. Though the principal American banks had already begun to internationalize, banks in the United States felt neither obliged nor able to control a worldwide system of payments.¹⁶ And American growth during the 1920s was able to take place largely on the basis of American resources and for American markets.

America first! Although American capitalism was already an imperialism, its horizon for the most part was limited to the Americas. During the war the ties between British and Canadian capitalisms became slack and Canada fell under American influence: in 1904–14, eight times more Canadian debentures were placed in Britain than in the United States, but in the period 1921–30, twenty times more Canadian debentures were placed in the United States than in Britain.¹⁷

From this time on Canada and Latin America became the principal fields for the investment of American capital. And it was in Latin America that United States intervention and domination was most intense, with dollar diplomacy, the "big stick" policy, and the cover slogan of "America for Americans" (see Table 5.2).

America first! The United States experienced tremendous growth and

Table 5.2
U.S. Subsidiary Banks and Foreign Investments

	<i>Subsidiary banks</i>		<i>Foreign investments (billions \$)</i>		
	1918	1939		1924	1940
Latin America	31	47	Latin America	4.0	4.0
Overseas territories	4	8	Canada	2.5	3.8
Europe	26	16	Europe	1.9	2.0
Asia	0	18	Asia	0.7	0.6
Other	0	0	Other		
Total	61	89	Total	9.1	10.8

Sources: Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969), p. 72; Christian Palloix, *L'Economie mondiale capitaliste et les firmes multinationales* (Paris: Maspero, 1975), p. 126; Faulkner, *American Economic History*; Claude Julien, *America's Empire* (New York: Pantheon, 1971), pp. 125, 172.

astonishing prosperity during the 1920s. And for this the American working class bore the major part of the burden. During the war the number of American workers grew from 10 million to 13 million in 1920 (of whom 5.5 million were specialized workers), and by 1930 the number had reached 14 million (of whom 6.3 million were specialized workers). From 1913 to 1919 real wages declined, and though the principle of the eight-hour working day had been declared, it was still far from being universal. Organization of work, systems of remuneration which increased work speeds, fatigue, risks taken to save time: all these led to accidents—there were 2 million work-related accidents per year at the beginning of the 1920s, and 20,000 of these accidents each year were fatal.

Although before the war the American workers' movement had been the least structured of the major capitalist countries, it was subjected to systematic attack after the war. A federal injunction broke the miners' strike in 1919. The attorney general, A. Mitchell Palmer, acted against trade unionists and militant socialists and anarchists in 1920. Rulings by the courts, especially the Supreme Court, blocked the application of the few social laws which had been voted (among others, child labor laws). There were yellow unions, controlled by company management: in 1927 several hundred large companies resorted to these unions, which had 1.4 million "members." There was also the soft approach: workers' profit-sharing (more than 1 million shareholding workers) and paternalism (housing, school programs, canteens, medical assistance, vacations "granted" by the company, and always susceptible to "retraction"). A sign of the backward

step of the workers' movement, the American Federation of Labor membership fell from 4 million in 1920 to 3 million in 1929 and 2.5 million in 1932.

It was in this context that some employers developed the use of the scientific organization of work (Taylorism) and assembly-line work (Fordism). "Since 1921," wrote W. C. Mitchell, "Americans have applied intelligence to the day's work more effectively than ever before. . . . The whole process of putting science to industry has been followed more intensively than before; it has been supplemented by tentative efforts to put science into business management, trade-union policy and Government administration."¹⁸ Large concentrated companies, though they did not represent all of American industry, had a decisive impact on this development. The concentration of industry developed after World War I and continued throughout the 1920s: U. S. Steel, whose share in the production of steel "fell" in 1929 to 40 percent, because of the development of Bethlehem Steel and Republic Steel; the automobile industry, dominated by Ford, General Motors, and Chrysler; the electrical industry, dominated by General Electric and Westinghouse; the chemical industry, whose major companies were Du Pont and two "war babies," Allied Chemical & Dye and Union Carbide & Carbon. In 1929 1,245 mergers were recorded. Thus "by 1930 the 200 largest companies controlled nearly half of all non-banking corporate wealth (about 38 percent of all business wealth) received 43.2 percent of the income of all non-banking corporations, and were controlled by some 2,000 individuals."¹⁹ Three banks came to dominate at the end of this period: Chase National Bank, National City Bank of New York, and Guaranty Trust Co.

These were the large, concentrated companies which were the first to put to work on a large scale the different aspects of the rationalization of production:

Mechanization, and in particular, the replacement of human labor and work of the steam engine (which still required a certain quantity of manpower) by electric motors: in 1914 30 percent of the energy-consuming machines in industry were electrical machines whose total power was 9 million horse power; in 1929 70 percent of the production of energy was electrical in origin and represented 35 million horse power. *Standardization* of products into a small number of proven types: in 1900 there were 55,000 different types of electric lamps, but in 1923 there were only 342. *Work planning*: in all workshops, large or small, the purchase of raw materials, the rhythm of work, and the maximal exploitation of machine capacities were minutely arranged by a production plan. *Assembly-line manufacturing*, the method used in the Armour slaughterhouses in Chicago (which consisted in placing pork carcasses on a conveyor belt which delivered them one after the other to each worker), became widespread in the automobile industry, the electrical industry, the production of refrigerators and many others. *The organization of offices*: the same principles which were at the origin of the increase in factory productivity were applied in the offices and contributed to an increase in work efficiency there as well.²⁰

But it was not only a new means for organizing work that became estab-

lished with Fordism: it was, within a single movement, *a new model for producing the capitalist commodity* (with relatively high wages for a fraction of the working class, and a strong increase in productivity due to mass production and rationalization), *and a new model for realizing the value thus created* (with development of mass consumption, which spread to part of the working class, whose conditions of living approached those of the middle strata). It is interesting to follow the process by which this new model became established.²¹

Although the description of the Chicago slaughterhouses allowed for the exhibition of assembly-line work in a sensational manner, it was Henry Ford who put this new means for organizing production to work in the most systematic way. Each worker occupied a position from which he did not move, for "walking," Ford noted, "is not a remunerative activity." Instead, the pieces being assembled moved on a conveyor belt, and each worker carried out one operation, occasionally two or three: in the foundry workshops at Highland Park, 95 percent of the pattern makers and smelters were "unskilled, or to put it more accurately . . . skilled in exactly one operation which the most stupid man could learn within two days."²² In 1926, 79 percent of the workers employed in the Ford factories went through a training period of less than one week.

The assembly line, by dividing up work operations to the greatest possible extent and by imposing a uniform speed upon all the workers, produced considerable increases in productivity. For example, the assembly of a magnetic fly wheel, when carried out by one worker, required twenty-five minutes; with a conveyor belt and twenty-nine "specialized" workers, each one performing a single operation, this assembly took at first only thirteen minutes, then, with the conveyor belt speeded up, seven minutes, and finally, with yet another increase in both the speed of the belt and the tempo of the work, five minutes. Productivity increased by a factor of five. In order for this increase to take place, however, each worker had to repeat the same motion every ten seconds: in a working day of nine hours, this amounted to over 3,000 repetitions of the same movement, performed on an equal number of magnetic fly wheels.

Like Charlie Chaplin in "Modern Times," there were many who did not accept this, who could not bear it, and who refused it: absenteeism and turnover reached record levels. In 1913 "Ford required between 13,000 and 14,000 workers to run his plants at any one time, and in that year over 50,000 workers quit."²³ At the end of this same year, in order to add 100 persons to the work force in one factory, the company found it was necessary to hire 963 workers.²⁴ Moreover, the secretary of the Detroit Employers' Association was getting worried: "There is at this time more restlessness, more aggression among the workmen of Detroit and elsewhere than there has been for several years past. . . . There is a lot of

inflammable matter scattered about the plants and it is up to you . . . whether or not a spark ignites it, or it is cleared away before damage results."²⁵

Henry Ford had an idea of what this "something" might be, and it was somewhat audacious: while the wages in the automobile industry ranged from \$2 to \$3 per day, Ford decided to raise wages to \$5 per day on January 1, 1914. He moved also to reduce the working day from nine to eight hours. This was the "five-dollar day." Its effect was immediate: turnover fell to less than 5 percent and absenteeism followed suit. Long waiting lines formed in front of the Ford hiring offices. Production was able to rise rapidly: 200,000 cars in 1913, 500,000 in 1915, 1 million in 1919, 2 million in 1923, and more than 5 million in 1929. The production cost dropped and the base price of the famous Model T (produced until 1927) fell from \$1,950 to \$290. Ford wrote: "The payment of five dollars a day for an eight-hour day was one of the finest cost-cutting moves we ever made, and the six-dollar day wage is cheaper than the five."²⁶ And Ford did bring daily wages to \$6 on January 1, 1919, and to \$7 on December 1, 1929.

But it was not only a question, for Ford, of ensuring for himself a disciplined and loyal labor force. It was primarily a question of opening breaches in the midst of the working class and of widening the differences between the workers: between those who worked for Ford and those who worked for other employers; and among Ford's workers, between those who were able to benefit from the \$5 per day and those who were not (yet) worthy of it. For not all of Ford's workers received this wage; among those who did not have the right to the five-dollar day were (a) workers having less than six months' tenure, (b) young workers less than twenty-one years of age, and (c) women (since they were called upon to marry).

Moreover, "good morals" were necessary: "cleanliness and discretion," no smoking, no drinking, no gambling, no frequenting of the bars. The five-dollar day was thus an instrument of control and, in a way, of "breaking in" the workers.

But it was also a question of allowing these "good workers" to reach a "good level of consumption" (thus assuring market outlets for the Ford factories) and of creating "sturdy children" (thus assuring for the future a labor force in "good health" for the Ford factories). In Ford's words:

I believe in the first place that, all other considerations aside, our own sales depend in a measure upon the wages we pay. If we can distribute high wages, then that money is going to be spent and it will serve to make storekeepers and distributors and manufacturers and workers in other lines more prosperous and their prosperity will be reflected in our sales.²⁷

In 1929 a survey carried out in Detroit at the request of the Ford Company found that out of 100 working families, 98 owned an electric iron, 76 a sewing machine, 51 a washing machine, 49 a phonograph, 47 an automobile,

36 a radio, and 21 a vacuum cleaner. During this same year there were 23 million automobiles in circulation in the United States (19 for every 100 inhabitants, compared to 2 for every 100 persons in France and Britain at this date). More than 4 million jobs were linked to the automobile through tires, supplies, gasoline, repairs, and so on. In a parallel movement, the construction of roads and highways and the extraction of oil developed. Towns sprawled and housing construction progressed at an unprecedented speed. Electrical and telephone equipment advanced also, and the production of electricity doubled within ten years.

There was at this time then the exploitation of a part of the working class using pre-1914 methods (low wages, brutal methods of management and regimentation, the factory system and the sweating system); but there was also mass production, the rational organization of work, and a policy of high wages for a certain group among the workers, and consequently mass consumption reached by a fraction of the working class: these were the bases for the "prosperity" in the United States during the 1920s.

The years 1921 to 1929 saw the following developments:

- an increase of 90 percent in industrial production;
- a rate of investment which exceeded 20 percent of the GNP;
- an increase of 47 percent in the hourly productivity of labor (whereas during the first two decades of the century hourly productivity increased respectively 17 percent and 11 percent).

One of the slogans of Calvin Coolidge, the Republican president elected in 1924, was "the business of America, is business." But this model became exhausted toward the end of the decade. Although it had been accepted thanks to the "carrot" of high wages and access to certain consumption spending, assembly line work remained extremely fatiguing, and the effect of Ford's innovations became less pronounced. Productivity increases slowed down. Some segments of the market became saturated. Besides these factors, the agricultural crisis, which brought a reduction in prices and incomes, affected an important outlet. Foreign markets were bitterly disputed. During the second half of 1929 the profits of the automobile industry went down. Stock market speculation became feverish, and was inflamed by the thirst for gaining more and more. The infernal spiral began, and then came the crisis.

This was the crisis which in the euphoria of the 1920s the American economists were convinced could never happen again. For example, Irving Fisher, in 1928: "Nothing resembling a crash can occur." In 1929: "There may be a recession in the price of stocks, but nothing in the nature of a catastrophe." In 1930: "For the immediate future, at least, the perspective is brilliant." And the Harvard Economic Society, in November 1929: a "severe depression like that of 1920-21 is outside the range of probability." In January: "There are indications that the severest phase of the recession

is over." In November 1930: "We are now at the end of the declining phase of the depression." And in October 1931: "A stabilization at [present] levels is clearly possible."²⁸

Wholesale prices, which had been relatively stable after 1922, with a slight falling tendency after 1925, dropped by one-third between 1929 and 1932. The index of industrial production which, on the base of 100 for the period 1923–25, had reached 126 in May 1929, fell to 105 in May 1930, 89 in May 1931, and 61 in May 1932. The number of unemployed workers in all sectors of activity reached 3 million in 1930, surpassed 6 million in 1931, 10 million in 1932, and 13 million in 1933. Labor productivity continued to increase (by 23 percent between 1929 and 1933), but wages went down by one-third to one-fourth, depending on the source, from 1929 to 1933. Expressing the opinion of one part of U.S. employers, Treasury Secretary Mellon saw the "positive" aspects of this drama: "People will work harder, live a more moral life."²⁹ This was the same Mellon who, by caricaturing them, had recalled the chief components of the "purge" inherent in all capitalist crises: "Liquidate labor, liquidate stocks, liquidate the farmers."³⁰

It was also felt necessary to protect the country against foreign competition: this was done in 1930 with the Hawley-Smoot tariff. Imports fell from \$4.4 million in 1929 to \$1.3 million in 1932, and exports fell too, from \$5.2 million in 1929 to \$1.6 million in 1932. But the United States still held close to 40 percent of the world's gold reserves.³¹

In 1932 President Hoover was beaten by the Democratic candidate Franklin D. Roosevelt. Making wide use of the new radio audience, Roosevelt denounced "industrial dictatorship," the "kings of the economy," and the "new despotism." He criticized the Republican administration and announced a new policy: "Sacrificed by the political philosophies of the previous government, citizens from one end of the nation to the other are turning their hopes toward us. They want their fair share in the distribution of the national wealth. I pledge to give to the American people the New Deal, the new pact, the opportunity it has been waiting for." Elected thanks to a wide range of heterogeneous votes—conservative Democrats from the South, dissatisfied farmers, union workers, unemployed workers, blacks, ethnic and religious minorities—Roosevelt probably did not know exactly what this New Deal would be. He elaborated it little by little, with pragmatism and tenacity, relying on the social forces which were able to help its advance (especially the union movement), and confronting powerful opposition (which crystallized principally around certain Supreme Court rulings).³²

Looking back on the New Deal, three factors stand out.

1. The reorganization and the resurgence of fundamental sectors of economic activity. The banks were first, in the wake of the banking crisis at the

beginning of 1933, followed by industry, with the National Industrial Recovery Act (NIRA) of June 1933; agriculture, with the Agricultural Adjustment Act (AAA) of May 1933; electric energy, with the Tennessee Valley Act (TVA) of May 1933 and the Public Utilities Holding Company Act of 1935; and transportation, with the Railroad Emergency Act of 1933 and the Wheeler Lee Transportation Act of 1940.³³

2. A policy aimed at restoring the United States' favorable position on the world market. Measures included abandonment of the gold standard (April 19, 1933), progressive devaluation of the dollar in relation to gold, and a policy of commercial accord based upon the Reciprocal Trade Agreements Act of 1934.

3. Finally, and this is probably the essential aspect of the New Deal, a search for a new social compromise about which the principal social forces could agree. This was not, of course, a matter of overthrowing capitalism: "It is my administration," Roosevelt declared during his campaign of 1936, "which has saved the system of private profit and free enterprise." Rather this involved imposing a group of reforms upon the most reactionary forces and the most egoistic interests.

Thus, in liaison with the NIRA, the Democratic administration proposed to the employers a formula they could stick to: child labor was forbidden, the work week was set at forty hours in the offices and thirty-five hours in industry, and a minimum wage was established (40¢ per hour in industry, \$12 to \$15 per week in other jobs). The NIRA guaranteed to workers the right to organize themselves freely and to choose their representatives, which facilitated the development of unions.

In 1937 strikers resorted to the occupation of factories on a large scale. And after the Supreme Court declared the NIRA unconstitutional, Roosevelt reintroduced its main points in the Fair Labor Standards Act. On May 24, 1937, he addressed Congress on behalf of a quick passage:

The time has arrived for us to take further action to extend the frontiers of social progress. . . . The overwhelming majority of our population earns its daily bread either in agriculture or in industry. One-third of our population, the overwhelming majority of which is in agriculture or industry, is ill-nourished, ill-clad, and ill-housed. . . . A self-supporting and self-respecting democracy can plead no justification for the existence of child labor, no economic reason for chiseling workers' wages or stretching workers' hours.³⁴

In a related development Roosevelt launched great public works projects, created a system of "work exchange for certain unemployed workers, and promoted bonds for the construction of low-cost housing. For workers having a sufficiently long period of wage-earning employment, the Social Security Act of 1936 systematized their right to unemployment payments and retirement benefits.

Union membership increased during this period.³⁵ Many of these agreements were made collectively within a company, bringing to light the inadequacy of the old system of unions-by-trade on which the AFL was founded. The system of industrial unions continued to develop, and led to the creation of the Congress of Industrial Organizations (CIO) in 1935. In 1938 the CIO had 4 million members, more than the AFL. Some employers pursued a systematic fight against the unions, with private police, strike-breakers, infiltrators into the unions, intimidation of union workers (from clubbings to attacks to bombings of union halls and homes of union members), and the use of corrupt sheriffs or judges. But courage, resolution, and solidarity won decisive victories for collective trade-union action: in 1937, after the strike at General Motors and Chrysler, the CIO was recognized as a representative union and signed a collective contract with the automobile industry. Ford, however, did not give in until 1941. In the steel industry, U.S. Steel, reversing its traditional policy, signed collective contracts with the CIO, contracts which the "independent" producers continued to refuse for several more years.

American capitalism, this enormous mechanism for accumulation, could not be started up again by the New Deal: only the war could accomplish this task. Though unemployment did decline, the rate of unemployment was still 10 percent in 1940. But the average length of the working week was in fact reduced from around fifty hours to about forty hours, and real wages of employed workers rose. Collective contracts covered an increasing number of economic sectors. And finally, the decisive contribution of the New Deal to American capitalism lay in these tendencies:

—it led one segment of the employers to accept the concessions which would allow for the integration of the working class as a whole into the system of consumption;

—it marked a rupture with the old Republican principle: "Less government in business and more business in government," and opened the way for a "fruitful cooperation" between government and business.

For, from the moment when it came to be said that "What's good for General Motors is good for America," the slogan *America first!* could just as well be pronounced *Business first!*

Sterling First . . .

The corollary to the rise of American power was the decline of Europe, a decline which particularly affected the two oldest capitalisms: the British, which had dominated the world in the nineteenth century; and the French, which had never succeeded in breaking away completely from its provincial and rural roots. Both persisted unremittingly after World War I in restoring their currencies, which were both instruments and symbols of their

power. The price for accomplishing currency restoration was paid largely by the working classes and by drawing resources and wealth from overseas empires.

The British economy was engaged in the immediate postwar period in a policy of bringing the pound back to its former parity and to gold convertibility. Then it was profoundly affected by the crisis of 1920–21 and remained caught up in a masked crisis throughout the 1920s. Keynes had clearly criticized the implications of such monetary policies:

The policy of improving the foreign-exchange value of sterling up to its pre-war value in gold from being about 10 percent below it, means that, whenever we sell anything abroad, either the foreign buyer has to pay 10 percent *more in his money* or we have to accept 10 percent *less in our money*. That is to say, we have to reduce our sterling prices for coal or iron or shipping freights or whatever it may be, by 10 percent in order to be on a competitive level. . . . Thus, Mr. Churchill's policy of improving the exchange by 10 percent was, sooner or later, a policy of reducing everyone's wages by 2 Sh. in the £. . . . Deflation does not reduce wages "automatically." It reduces them by causing unemployment. . . . Woe to those whose faith leads them to use it to aggravate depression.³⁶

And Keynes proposed another policy: "What we need to restore prosperity to-day is an easy credit policy. We want to encourage business men to enter on new enterprises, not, as we are doing, to discourage them."³⁷

In 1925 the pound recovered its prewar parity and gold convertibility was reestablished. But at what price for the working class! Directly after the war the working class appeared to be at the height of its powers, with more than 8 million union members and a Labour Party which was winning votes from the Liberal Party with each election. But the employers were resolute and relied upon a powerful Conservative Party: faced with the railroad workers' strike in 1919, the *London Times* wrote: "as was the war with Germany, this must be a war to the end."

In 1920 the striking railroad workers did not obtain nationalization of the mines, but they did get a work week of forty-eight hours and wage increases. But the crisis of 1920–21 raised the number of unemployed workers: 1 million in January 1921, 2.5 million in July; unemployment hit one-half the workers in metallurgy, and one-third in naval construction. Mine owners tried to reduce wages, sometimes by as much as 35 percent. The workers' movement came up against the determination of the employers (who used lockouts) and the government which, resolved "to confront a situation analogous to civil war," sent in the armed forces. The workers were divided, suffered from the indecision of their leaders, and finally were defeated. The minority Labour government of 1924 was unable to begin the slightest social reform. And when, after the return of the pound to gold convertibility, the employers attempted a new reduction in wages, the miners went out on strike again (1926); the general Trades Union Council decided to support them with a general strike, but the Conservative gov-

ernment had the king decree a "state of exceptional circumstances" and declared the strike to be illegal. Once more the workers' movement was divided and was defeated. Confidence in the unions weakened and the number of union workers fell to less than 5 million.

After 1927 the Conservatives consolidated their advantage by passing a law which limited the rights of unions. Civil servants were forbidden to strike, and were no longer allowed to be members of the Trades Union Council. Solidarity strikes were prohibited, as were strikes aiming at bringing pressure to bear upon the government. The general strike was declared illegal, and the exercise of the right to strike was itself strictly controlled. In addition, the payment of membership fees to the Labour Party was made more difficult.

The working class was fundamentally weakened, most of all by unemployment, which throughout the 1920s was felt by more than 1 million British workers (12 percent of the active population) and which reached 3 million wage earners at the beginning of the 1930s. The working class was also weakened by its considerable heterogeneity, corresponding to the great diversity of British capitalism, its wage inequalities, status differences, and trade traditions. For example, in 1926 the majority of the railroad workers, the public service workers, and mine workers were paid by time, but half the textile workers (and two-thirds in the cotton industry) were paid by the piece, as were forty percent of the mine workers and the ready-made garment workers, and one-third of the workers in the mechanical, chemical, pottery, and glass-making industries. Moreover, multiple systems of regressive or progressive wages, of bonuses and penalties, worked to expand specificities and divisions to a very high degree.³⁸

This explains the strong drop in nominal wages from 1920 to 1922, and their quasi-stagnation from 1922 to 1929; and the parallel increase in productivity (12 percent from 1924 to 1930 and 10 percent from 1930 to 1934) and thus "the slow but constant reduction" in wages considered as a proportion of net production in the processing industries. But the reduction of wholesale prices, especially of food commodities, suggests that some wage earners were able to maintain their buying power; some even were able to improve their buying power: from 1924 to 1939, real wages rose by 15 percent. Besides, during the 1930s such measures as the eight-hour day and an annual week of holiday were accomplished and became widespread. The poorest citizens were able to receive something, though it was often very little: less than half the old people received a pension at all, and those who did found that it rarely assured a decent minimum; heads of households who became ill could receive slim compensation and the conditions for allocating unemployment benefits remained differentiated and restrictive throughout the 1930s. Out of this situation arose the hunger marches, particularly in 1932, which were put down harshly by the police.

Unemployment, pressure on buying power, increased productivity, mis-

ery for the weakest: the British working class paid heavily for the policy of restoring the pound during the 1920s, and they paid again for the effects on British capitalism of the world crisis of the 1930s.

It can be seen then, underlying the muffled debates of the British economists, what huge stakes were at issue for the ruling class. While Keynes and a few isolated thinkers called for an increase in public spending, less restrictive credit policies, and public works projects, and were opposed to the systematic attempt to reduce nominal wages, the economists in authority saw in this latter course the key solution. For example, A. C. Pigou, a student of Marshall and tutor of Keynes, wrote that "with perfectly free competition among work-people and labour perfectly mobile . . . there will always be at work a strong tendency for wage rates to be so related to demand that everybody is employed. Hence, in stable conditions everyone will actually be employed. Thus in a stable situation, everyone will in fact find employment."³⁹ And Robbins used even more explicit terms:

But in general it is true to say that a greater flexibility of wage rates would considerably reduce unemployment. . . . If it had not been for the prevalence of the view that wage rates must at all costs be maintained in order to maintain the purchasing power of the consumer, the violence of the present depression and the magnitude of the unemployment which has accompanied it would have been considerably less.⁴⁰

Keynes' *General Theory* was designed to refute and replace the classical vision:

I have criticised at length Professor Pigou's theory of unemployment not because he seems to me to be more open to criticism than other economists of the classical school; but because his is the only attempt with which I am acquainted to write down the classical theory of unemployment precisely. Thus it has become incumbent on me to raise my objections to this theory in the most formidable presentment in which it has been advanced.⁴¹

As an alternative to one capitalist solution to the crisis which forced huge sacrifices upon the working class and which thus ran the risk of leading to disquieting conflicts, Keynes proposed another capitalist solution which, through a resurgence of activity, would allow for the reduction of unemployment without cutting off workers' buying power. In this sense, and twenty years after Ford's five-dollar day, Keynes stated an economic theory which helped to justify new policies by means of which the integration of the working world into capitalist society would be sought and in part accomplished. This is already going on in the United States, but still appears largely unrealistic in Europe.

The lengthy crisis of the 1920s and 1930s struck particularly at the economic sectors of the first industrialization which had formed the strength of British capitalism in the nineteenth century: coal, metallurgy, and textiles. On the other hand, second generation industries were given impetus to

develop: the electrical industry (which doubled the number of its wage earners between 1924 and 1937), the automobile industry (which doubled its production between 1929 and 1937), highway transportation, artificial silk, and food industries. This restructuring was strengthened by considerable operations of sectorial organization and concentration: the coal industry included more than 1,000 companies; after 1930 a Reorganization Commission was given control over production and exportation and a central Council of Coal Mines facilitated reorganizations and mergers. In the steel industry the Reorganization Committee provided the merger of 2,000 companies into the one British Iron and Steel in 1932. The textile industry remained dispersed and inefficient: for example, in 1927 there were 57 million spindles in Britain compared to 38 million in the United States and 6 million in Japan. Yet British production was only half that of the United States, and Japan was on the way to equaling their British competitors. In the modern industries, powerful companies were formed: in chemistry, the Imperial Chemical Industries (ICI), with the participation of the English Nobel Company; in the automobile industry, Rootes Motor Ltd. was created in 1932 from the merger of eight companies; Courtauld dominated rayon; and Lever (soap) in 1929 linked with the Dutch company United Margarine to form the Unilever group, of which Unilever Ltd. (British) held 46 percent of the capital and Unilever NV (Dutch) 54 percent.

In 1935 the three leading companies in each sector controlled, respectively, 83 percent of the railroads, 82 percent of the oil industry, 71 percent of steel piping, 71 percent of sugar, 48 percent of the chemical industry, 43 percent of mechanical industries, and 43 percent of the automobile industry, but only 23 percent of the textile industry. At the same time, 30,000 companies employed between ten and one hundred persons (one-fifth of industrial workers), while 130,000 companies employed less than ten workers. The heritage of a prestigious past weighed heavily on the destiny of British capitalism.

This heritage contained also an important asset: the empire of colonies and dominions, which was enlarged after World War I by authority over German East Africa and by a sphere of influence in the Middle East. Each dominion had a vote in the League of Nations, which assured Anglo-Saxon predominance. At the Imperial Conference of 1926, equality was affirmed between Britain and its dominions in matters of foreign policy, though Britain assumed "special responsibilities" for defense. Britain's commercial trade with its empire better resisted the crisis than its other foreign trade. And when in September 1931 the pound was detached from gold, a protectionist tariff was immediately put into effect. At the Ottawa Conference in 1932 the empire was renamed the British Commonwealth of Nations, and an agreement of "reciprocal preference" was concluded: Britain gave tax immunity to most Commonwealth products, while Australia, New Zealand,

India, Canada, Newfoundland, the Union of South Africa, and Rhodesia granted considerable preferential tariffs to English products. Britain in 1939 received 38 percent of its imports from the Commonwealth countries (against 26 percent in 1929), and sold 45 percent of its exports to these countries (against 40 percent in 1929).

In a parallel movement, British foreign investments, which declined in the United States and stagnated in Canada, progressed in Europe, Argentina, Mexico, and above all in the Commonwealth countries: Australia, New Zealand, and India, particularly.⁴² The income from these investments formed an essential resource for Britain's foreign accounts throughout the period between the two wars (see Table 3.10).

Besides this, the terms of exchange improved, in large part because of the large drop in the relative prices of base products, particularly agricultural products from the "new countries": for Britain, the relation of export prices to import prices rose from an index of 60 in 1881–85 to 82 in 1926–30 and to 100 in 1931–35.⁴³

Hidden levies by means of unequal exchange accentuated by this improvement in the terms of exchange and levies by means of income from foreign investments both signified a widening and an intensification of exploitation on a world scale. In forms adapted to each production, to each social formation, and to each type of presence in the mother country, the compulsion to extract surplus labor was at work more and more on all five continents. New forms of misery and new injustices sprung up. There were also new movements toward liberation and independence: often the spokespeople for these movements came from the well-off strata of society and from among the intellectuals, and sometimes from the clergy and the religious orders. At the same time that the empire was becoming more necessary than ever for British capitalism, it was already marked by innumerable rifts.

The Franc First?

Certain fractions of French capitalism had also favored the "development" of the empire in the 1920s: thus the Sarraut plan of 1921, the creation of the Bank of Syria and Lebanon (1919), the State Bank of the Afrique occidentale française (1925), and the Bank of Madagascar (1925). In the face of sharpened competition for the world market, a customs law in 1928 organized imperial preference, and essentially suppressed tariffs between the mother country and the colonies. In 1931 the colonial Exposition of Vincennes was arranged. In 1934–35 the imperial conference barely succeeded in proposing that the word "overseas" be used instead of "colonies" and "colonial."

Table 5.3
Foreign Investments of Leading
Capital-Exporting Countries
(as percent of total)

	1914	1930	1960
United Kingdom	50.3	43.8	24.5
France	22.2	8.4	4.7 ^a
Germany	17.3	2.6	1.1
Netherlands	3.1	5.5	4.2 ^a
Sweden	.3	1.3	.9 ^a
United States	6.3	35.3	59.1
Canada	.5	3.1	5.5
Total	100.0	100.0	100.0

Source: Calculated from data in William Woodruff, *Impact of Western Man* (New York: St. Martin's, 1966), p. 150, except for with ^a.

^aThe data for 1960 are very broad estimates.

It was during the crises of the 1930s that the innermost recesses of the French empire appeared most clearly: trade with the colonies represented only 12 percent of French imports and 19 percent of exports in 1928–30, but these figures grew to 27 percent and 30 percent, respectively, in 1936–38. In 1913 only one-tenth of French capital invested abroad was invested in the empire; this proportion did not change a great deal between the two wars, despite the active presence of a few large financial groups, such as the *Companie Française de l'Afrique de l'Ouest* (a capital group principally from Marseilles), the *Société Coloniale de l'Ouest Africain* (a capital group from Lyons, linked to the Demachy bank), the Parisian Union Bank (associated with capital from Bordeaux), the Bank of Indochina, and the Bank of Paris and the Netherlands. Expressive of the state of mind of French capitalists, investments in the empire were made primarily in commerce (39 percent) and banking and real estate (10 percent), but relatively little in industry (10 percent) and mining (7 percent). This investment in the colonies ultimately had little impact, for from this period onward France's foreign investments declined.

Cracks had already appeared in the French empire—though it is easier to understand their importance in retrospect. There were troubles in Tunisia in 1920–21, a revolt by Abd El Krim in Morocco (1925–26), an uprising at Yen Bay and peasant revolts in Indochina (1930–31), and movements, again put down, in Tunisia and Morocco in 1937–38. These movements were not tolerable, not only because they conflicted with colonial interests, but because French opinion to a high degree mixed colonial ideas with ideas of

legitimate government in a way which today may appear strange. The following remark by a high official offers an example:

It is the Republic which in less than 40 years has restored colonial France and which has spread the ideas of liberation and social progress over the French world. . . . This colonial policy has a double task . . . : to create the rights of colonial populations, and to develop and encourage the social and economic evolution of indigenous peoples. . . . [Thus] the indigenous peoples which France rules and instructs could become partners in her life, freed from their customs and evolution, but federated as a part of Overseas France.⁴⁴

Although the empire allowed for the partial absorption of the effects of the 1930s' crisis, the expansion which French capitalism enjoyed during the 1920s was not based primarily upon exploitation of the empire. This expansion was indeed undeniable: on the base of 100 in 1913, industrial production was 57 in 1919, 55 in 1921, because of that year's crisis, 109 in 1924, and 127 in 1928. Between 1922 and 1929, the rate of growth of production was 5.8 percent per year, a rate comparable to that of Germany (5.7 percent), inferior only to that of Japan (6.8 percent), and greater than the growth rates of the United States (4.8 percent), Great Britain (2.7 percent), and Italy (2.3 percent). This growth was stronger for capital goods industries (which surpassed their prewar levels by 50 percent) than for consumer goods industries (which rose above their prewar levels by only 10 percent).

Thus while the place occupied by the sector of the means of production was strengthened in French industry, a movement in the opposite direction took place in British industry, which had been very much ahead in this sector before World War I (see Table 5.4). This growth was above all due to second-generation industries. The production of electricity quadrupled between 1920 and 1928; Ernest Mercier, supported by the Rothschilds, re-

Table 5.4
Industrial Production in Britain and France
(percent of total)

<i>Great Britain</i>			<i>France</i>		
	<i>Consumer goods^a</i>	<i>Means of production</i>		<i>Consumer goods^a</i>	<i>Means of production</i>
1881	53	47	1875-84	78	22
1907	42	58	1905-13	72	27
1924	47	53	1920-24	66	34
			1935-38	59	41

Source: T. K. Markovitch, *Cahiers de l'ISEA*, November 1966, p. 287.

^aIncludes construction and public works.

grouped the companies in the Parisian region into an electrical union and strengthened the bonds with companies which manufactured electrical matériel: between the general company of electricity and Alsthom (formed in 1928 from the merger of the mechanical construction Alsatian Company with Thomson-Houston, affiliated with the American General Electric). The automobile industry built 250,000 vehicles in 1928, which was a large number for Europe, though small in comparison to the United States; more than half of these automobiles were built by Renault, Peugeot, and Citroën. The rubber industry, whose production in 1929 was eight and a half times greater than in 1913, was dominated by Michelin. There were important advances also in the chemical industry, which was dominated by Kuhlmann, but several newcomers arose as a result of "reparations": the National Office of Nitrogen (public capital), the Rhône Company (Swiss capital), and Progil (textile capital from Lyons—Gillet—and from the department of Nord—Motte). There was rapid progress in aluminum and electro-metallurgy, with Pechiney and Ugine. Even the production of iron and steel products, always dominated by Schneider and Wendel, increased during this period.⁴⁵

This growth was stimulated by a strong rise in exports, encouraged by the devaluation of the franc until 1926–28: the percentage of manufacturing production exported stood at 7 percent at the end of the nineteenth century and at 8 percent in 1905–13, rising to 10 percent in 1920–24, and falling back to 4 percent in 1935–38. In 1930, 10 percent of France's coal production was exported, with the following percentages for other industries: rubber, 15 percent; automobiles, 17 percent; chemical industries, 25 percent; and steel products, 29 percent. Exports were more important still for the traditional industries: leather and hides, 30 percent; cotton fabrics, 32 percent; wool fabrics, 38 percent; ready-made clothing and lingerie, 50 percent; pharmaceutical products, 50 percent; musical instruments, 50 percent; perfumes, 60 percent; clocks and jewellery, 60 percent; fine leather goods, 60 percent and silk and rayon fabrics, 65 percent.⁴⁶ This growth was then partially supported by a relative devaluation of French labor in relation to American or British labor. This devaluation occurred through a relative fall in the franc, which encouraged the maintenance or development of exports.

Such growth was supported also by considerable increases in productivity. In 1905–13 francs, the value of production per worker grew from about 2,500 F (the same level as in 1905–13) to 3,500 F in 1925–34 and to 4,250 F in 1935–38. The increase in productivity was particularly strong during the period 1925–35 (37 percent). While productivity per worker in industry declined from 1913 to 1920 at an average rate of 1.8 percent per year, productivity increased at a very fast pace during the 1920s (5.8 percent per year), and continued to increase from 1930 to 1937 (2.8 percent per year). On the basis of 100 in 1913–14, industrial productivity had fallen to 84 in

1920, but rose to 136 by 1929. Taking into consideration the fact that during this period the length of the work week was reduced, and annual vacations became widespread, the increase in hourly productivity was even greater: it nearly doubled between 1920 and 1938.⁴⁷

The increase in productivity was linked to an accentuation of mechanization and motorization, and of modernization and rationalization of the industrial apparatus: the rate of investment rose from 15 percent in 1896–1913 to 19 percent in 1928–31. At the same time various methods for the intensification of labor were developed in different sectors, and measures leading to a greater stability of the working class were taken by the directors of large companies. For example, in steelmaking: “The reduction in the number of workers due to war losses and the rise in wages,” wrote Eugene Schneider in 1931, “forced the development and the perfecting of tools by substituting them for the former manpower in manufacturing as well as in handling.” The number of blast furnaces rose from 73 in 1921 to 154 in 1929; at Wendel as well as at Schneider, it was already a tradition to insert part of the labor force into cities or towns where everything, from housing to cemeteries, and from stores to schools to clinics, belonged to the factory.

In the coal mines the number of jack hammers grew from 1,400 in 1913 to 13,300 in 1925. At the same time the “Bedeaux system,” which defined labor norms, was established: workers were penalized if they did not attain the norm, and rewarded if they exceeded it. From time to time the norms were raised; here again, a policy of stabilization and integration was followed, supported by “the pride of being a miner.” The neighborhoods of the miners’ row houses included schools and churches, and coal was provided free.⁴⁸ In the automobile and other mechanical industries, assembly line work served as the basis for increases in productivity: at Renault the number of machine tools rose from 2,250 in 1914 to 5,210 in 1920, and at Citroën from 3,450 in 1919 to 12,260 in 1927. The number of work days required for the manufacture of one car fell from 563 in 1920 to 129 in 1929 (160 days at Renault where the models were more varied and the organization “more flexible,” but 100 days at Citroën).⁴⁹ At Pechiney, before World War II approximately 40 percent of the workers lived in “Pechiney housing,” and often in towns where everything was controlled by the company.

Progress in productivity between the two wars resulted then from mechanization/motorization/rationalization of production as well as from an intensification of labor. This intensification took place under the pressure of various methods of organization and remuneration which in the large companies often included a paternalistic policy aiming at the stabilization and integration of the workers. But large companies remained an island within French capitalism: companies employing more than 500 wage earners represented only 20 percent of French workers in 1926 and 1936, while companies employing less than 10 workers still accounted for 40 percent of the

workforce. Within the small companies, traditional methods for extracting surplus labor continued.

By 1926 this phase of accumulation began to encounter its own limits: disposing of what was produced became increasingly difficult. This was due on the one hand to divergences in sectorial growth, and on the other hand to weakness of worker and peasant buying power. Moreover, competition on the world market became more difficult, and hardened still further with the financial stabilization of 1926 and the reattachment of the franc to gold in 1928. Wholesale prices began to fall in 1926: on the base of 100 in 1913, for 94 industrial materials, they fell from 793 in 1926 to 697 in 1928 to 579 in 1939, the year in which the "American crisis" is supposed to have begun to affect France. This fall in wholesale prices was especially marked in minerals and metals, textiles and leather, chemical products, and rubber. In a parallel movement, the value of exports began to decline: for wool and silk fabrics, lingerie and clothing, automobiles and metal tools, this decline had begun by 1926. For cotton fabrics and wool yarn, it began in 1927. And in 1926 profit rates for all sectors climbed to levels which would not be reached again for the next fifteen years.⁵⁰

A crisis then was already very much at work in France by the time the French economy felt the after-effects of the American crisis. The stubborn policy of maintaining the gold convertibility of the franc and of attempted deflation contributed to making the crisis a lengthy one. The maximum number of unemployed workers receiving aid was attained in 1935-36 (more than 400,000). There was a slight but constant lowering of nominal wages until 1936, and prices fell until 1935 (more among wholesale prices than for retail prices). There was a continuing stagnation of industrial production at levels 10 to 25 percent less than those of 1928, and exports also dropped, in volume until 1932, and in value until 1936.⁵¹ With these came protectionism, Malthusianism, the rise of the Right 1934—and then, in the face of the mounting fascist movement, came the Popular Front.

Twice during this period the French workers' movement found itself in a position of strength: first, directly after the war (1919-20), when the Confederation Generale de Travailleurs (CGT) recovered its 1913 membership levels (900,000 workers) and the working class proved to be combative; and again at the time of the Popular Front, with the great movement of 1936, and the unprecedented pressure for unionization (800,000 union members in 1935, 4 million in 1937). But by 1919 serious differences at the heart of the workers' movement came to light: some workers struck basically for the eight-hour day, while others struck for a radical change in society. Another breach developed between those who saw the USSR as the homeland of socialism (the victory of socialism throughout the world being from then on conditioned by Soviet successes) and those who saw the matter differently. These divergent views led to a break within the French Section of the

Workers' International (SFIO), and then within the CGT, and a subsequent long period of conflicts and weakening of the workers' movement. This division continued to be an important part of the difficulties encountered by the Popular Front as World War II approached.

However, as a whole, the French working class (and more generally, the wage earning world) during this period succeeded in maintaining a balance of power which enabled them to benefit in part from the productivity increases they endured. This occurred in two forms: (a) as a reduction in the length of the working day, and (b) as a defense and advance of real wages.

In 1919 the law on the eight-hour working day was passed, leading to a distinct drop in the length of the working day in 1920 and 1921. The slowdown in economic activity brought a new and noticeable reduction in the annual duration of labor after 1929. The forty-hour work week and the annual week's vacation in 1936 caused still another reduction. Compared to the slow diminution of the period between 1896 and 1913, and the grudging reductions (after a clear rise) in the 1960s, the reductions of the 1930s were marked. One can imagine the satisfaction that might have been experienced by the workers (except the unemployed) when they recovered "some time in which to live."

Between 1920 and 1930 real wages per worker increased by 2.2 percent per year, and between 1930 and 1937 they increased by 1.5 percent per year. In 1930 the buying power of different categories of workers had advanced from 14 percent to 50 percent over 1914; the structure of food consumption among working families changed: the percentage of cereal-based products went down from 19 percent in 1905 to 12 percent in 1930, while the share of poultry and pork products increased from 9 percent to 10 percent, and the percentage of fruits and vegetables rose from 10 percent to 16 percent. The percentage of egg, dairy, and fat products remained the same (19 percent), as did the percentage of beverages (13 percent).⁵² In the industrial towns, the ladies of the house among the middle bourgeoisie were offended: imagine that—workers' wives are beginning to buy chickens!

The 1919 law on collective bargaining hardly applied for long. The 1928 law on social insurance led to an initial enlargement of indirect wages which represented one-fourth of the mass of wages in 1937. In 1936, besides the rise in wages, the forty-hour week, and paid vacations, the rights of unions became broader and stronger, the system of collective bargaining became generalized, and company delegates were created.

Thus, for the period as a whole, the working class managed to obtain the institutionalization of important "gains" at the same time as it benefited (in the form of a reduction in the length of work and an increase in buying power) from one part of the increase in production which this class sustained. As for the employers, although they had to make these concessions, they also obtained an intensification of labor within the framework of mod-

ernization and rationalization. Besides this, their paternalistic policies enabled them to insert—though not integrate—fractions of the working class in numerous regions or industrial zones. Although everyone in France rejected social democracy, those on the Left as well as those on the Right, the bases for a social democratic compromise were in fact established between the two wars. Such a compromise was not achieved at this time in Germany, the cradle of social democracy.

Deutschland Über Alles!

An amputated imperialism blocked in its expansion; a mutilated capitalism, heavily penalized to the profit of its rivals. Indeed. However, not everything can be reduced to capitalism, to its manifestations and jolts. There was a defeated army and its military caste. There was a humiliated people and there was nationalism. The uncontrollable ferment of racism mixed with chauvinism and xenophobia. And then there was the encounter of an uncommon demagogue with this wounded people and these greedy interests—and their enchantment through radio, propaganda, monumental staging, and mass violence. Ideology had its impact: for men, “*Arbeit macht frei*” (“Work makes you free”—and how could it be denied when one has experienced unemployment?)—and for women, “*Kinder, Küche, Kirche*” (“children, kitchen, church”—and what could the Church have to say against such healthy ideas?). There were fierce attacks, strokes of luck, unrestrained and threatening violence, and various different factions.

On the other side there were errors of judgment, a succession of cowardly acts, and poor calculations. But wasn't there also a large share of complicity on the part of the ruling classes as a whole? From the moment when evil became synonymus with the USSR, communism, the Reds—couldn't Nazi Germany serve as a useful counter? Wouldn't Germany find useful compensations for a new thrust toward the East? For a time, the German-Soviet pack broke that dream—and the conflagration set the world on fire.

The program of the National-Socialist Party in 1920 had certain distinctly anticapitalist features. It recommended the nationalization of stockholding companies, which would become “goods of the national community.” Gregor Strasser, who inspired this line of thinking, wrote:

To see German industry and the German economy in the hands of international finance capital is the end of any possibility of social revolution, the end of a socialist Germany. . . . We, the young Germans of the war generation, we national-socialist revolutionaries, will engage in the struggle against capitalism incarnate in the Peace of Versailles.⁵³

The Nazi hymns kept traces of this thinking:

We are the army of the swastika;
 Raise the red flags,
 For the German workers, we want
 To smooth the paths of freedom.

And Hitler, in *Mein Kampf* (1925–27):

As National Socialists we see our program in our flag. In the *red* we see the social idea of the movement, in the *white* the national idea, in the *swastika* the mission of the fight for the victory of Aryan man, and at the same time also the victory of the idea of creative work which in itself is and will always be anti-Semitic.⁵⁴

And Goebbels, in *Revolution of the Germans*:

What is the aim of the German Socialist? He wants the future Germany to have no proletariat. What is the aim of the German Nationalist? He wants the future Germany no longer to be the proletarian of the universe. National Socialism is nothing but the synthesis of these two concepts.⁵⁵

The national-socialist movement took root in the middle and petty bourgeoisie, and among the middle and petty "bureoisie."⁵⁶ As it approached closer to large financial and industrial capital, the Nazi movement moderated the anticapitalist dimension (1927), and the supporters of that tendency were eliminated by the time power was seized (1933–34).

From then on the mysticism of nation, race, blood, and force prevailed. Hitler: "It is not hair-splitting intelligence which has pulled Germany from its distress, but our faith. . . . Reason would have advised you against coming to me, and only faith commanded you."⁵⁷ And Goebbels to Hitler: "In our profound despair, we have found in you the one who showed the road of faith. . . . You were for us the fulfillment of a mysterious desire. You addressed to our anguish words of deliverance. You forged our confidence in the miracle to come."⁵⁸ Hysteria was inflamed with the words: "Germany, wake up!"—"Deutschland über alles!" ("Germany above all!"). "A people who give up maintaining the purity of their race give up, by the same token, the unity of their soul." "The role of the strongest is to dominate and not to blend in with the weakest."⁵⁹

These were simple ideas, shock formulas—hammered at and repeated again and again by the propaganda. Hitler: "I have always been extraordinarily interested in the activity of propaganda, an art which has remained almost unknown among the bourgeois parties." And again: "Propaganda must be maintained at the level of the masses, and one must not measure its value except through the results obtained." And Goebbels, "Propaganda has only one goal: the conquest of the masses. And all means which serve this goal are good." There was violence—organized, systematized, and programmed—by the SA, the SS: persecutions and then attacks against the Jews, attacks against union workers, against the (evil) Reds. The SS eliminated the SA, and then arrived the SS state . . .

One must of course consider Germany's defeat, and its humiliation: there were war debts, the occupation of the Ruhr, absolute inflation which destroyed the currency, the burden of reparations, the austerity efforts. And the crisis in the United States struck directly at Germany's extremely fragile economic revival, domestically as well as in its foreign relations: the gold reserves of the Reichbank melted away, and industrial production, on the base of 100 in 1928, fell to 59 in August 1932. The number of unemployed workers rose from 2.5 million to 6 million in 1932. The workers' movement was weakened by its failures at the beginning of the 1920s, and by the deep division which opposed the German Communist Party, strictly linked to the USSR, as an irreducible adversary of the social democrats.

The ruling class was itself divided, with the industrial and financial employers opposed to the landed property owners, the manufacturing industries opposed to heavy industry, and the middle employers (wanting to negotiate a compromise with the working class) opposed to the large employers (anxious to revenge themselves against the workers' movement and to regain absolute power). As early as 1919, Stinnes, an industrial magnate, foresaw a moment to come: "One day the great industrialists and all the leaders of economic life will recover their influence and their power. They will be called back by a sobered, half-starved people, who will need bread and not words." And Fritz Thyssen, in 1924: "Democracy, for us, represents nothing." In 1929 the German National Party and the *Stahlhelm* steel helmets (movements inspired by Hugenberg, president of Krupp's administrative council and a press magnate) joined together in a "united national front" with the pan-Germanist League and the National Socialist Party.

The middle classes—entrepreneurs and individual employers of the petty and middle bourgeoisie—and civil servants and employees of the petty and middle "bureoisie": these groups were traumatized and suffered in the crisis. The buying power of the farmers was decreased. Among the working class, as Reich emphasized, certain strata "became bourgeois" and the women of the working class remained for the most part obedient to the Catholic church. Nazi party membership in the early thirties was drawn from the following sections of the German population: 21–26 percent from the salaried workers (12 percent of the total); 13 percent from the civil servants (5 percent of the total); 20 percent from shopkeepers and artisans (9 percent of the total); but "only" 11 percent from the farmers (23 percent of the total); and 28–32 percent from the working class (45 percent of the total). In 1940, one-third of the SS cadres came from "intellectual" milieu: school teachers, professors, and graduate students (see Table 5.5).⁶⁰

The social base for the rise of national-socialism was then principally the petty and middle "bureoisie"; but the alliance with large capital was the necessary condition for the accession of power. The organized workers' movement was very quickly broken by violence and by sending those who

Table 5.5
Class Structure and Ideological Structure in Germany, 1928-30
(in millions of people)

Class	Ideology		
	Proletarians (14.4)	Petty bourgeoisie (20.1)	Bourgeoisie (0.7)
Proletariat (21.8)	Workers in industry, transport, trade, etc.	11.8	Housework 0.1 Domestic servants 1.3
	Farm workers	2.6	Pensioners 1.7
	<i>Total</i>	<i>14.4</i>	Junior employees (less than 250 marks/mo.) 2.8 Junior civil servants and pensioners 1.4 <i>Total</i> 7.4
			<i>Urban:</i> 6.2
			Small employers (2 or less employees) 1.9
			Small employers (3 or more employees) 1.4
			Clerks or middle-level officials 1.8
			Professionals & students 0.4
			Small property owners & people living off fixed income 0.6
			<i>Rural:</i> 6.6
Middle classes (12.8)			Small peasants and farmers (up to 5 has.) 2.4
			Middle farmers (5 to 50 has.) 4.2
			<i>Bourgeoisie:</i> large farmers and land-owners) 0.7
Bourgeoisie (0.7)			

Source: Derived from W. Reich, *Psychologie du fascisme* (Paris, 1933), pp. 10-11.

resisted to the camps. But after power was seized the buying power of the working class seemed to be maintained, and even seemed to increase for some categories—while buying power decreased for civil servants, the small shopkeepers, and artisans, a number of whom had to close their shops and become wage earners. The great strength of Hitlerian power came from the reduction of unemployment, the totalitarian state, and the affirmation of a Great Germany.

There were 5.5 million unemployed workers in 1933, 2 million in 1935, less than 1 million in 1937, and a few tens of thousands in 1939. Production more than doubled between 1933 and 1939, at which time it had surpassed its record level of 1929 by 26 percent. There was a policy of large public works projects—highways, railways, airports (all of which entailed strategic considerations)—as well as such urban projects as constructing prestigious buildings for the regime. Armaments were emphasized: by 1935 German armaments spending surpassed French armaments spending by 50 percent, and the Krupp factories were working at the limit of their capacities. Between 1935 and 1939 armament production capacity was multiplied by a factor of six. A policy of ersatz manufactures stimulated the chemical, metallurgical, textile, and food industries. All this took place within the framework of a rigorous policy of price and credit control and neutralization of excess buying power. Nazi Germany's foreign trade strategy was based upon bilateral accords and mechanism for payment by compensation, which allowed for a strengthening of trade, especially with Latin American countries and countries in central and Mediterranean Europe.

But the resurgence and the policy of state control relied upon and reinforced the powerful industrial and banking groups within German capitalism. Even foreign companies—General Motors (Opel), Ford, Unilever, Shell, Schroeder—were respected: they simply had to reinvest all of their profits in Germany. Participation by the state in banking, steel production, and naval construction was transferred to private interests, and municipal control of electrical production was discouraged to the benefit of private industry. And though Hermann Goering Reichswerke joined public capital together with private capital, this was because public support was necessary to develop marginally profitable production from poor iron ores.

Above all, the process of cartel formation within German capitalism was strengthened still further. The number of cartels grew from 1,500 in 1923–24 to 2,100 in 1930; IG Farben dominated the chemical industry after 1926; by 1926–27 the Vereinigte Stahlwerke had reassembled the four largest steel producers; and after the merger in 1929 of the Deutsche Bank with the Diskonto Gesellschaft, three banks dominated the entire banking system. A 1933 law systematized this "organization" of German capitalism by requiring companies to participate in the cartel of their sector, reflecting a concern for simultaneous horizontal and vertical rationalization. Thus the

industrial effort necessary to the Reich became organized and systematized.

Powerfully supported and strongly structured by the state, German capitalism was reinforced in a form which was without doubt the most extreme ever assumed by state capitalism. This development took place at the heart of a society caught in the tight grip of an intricate network woven by the state and the party. Goebbels had announced: "The state will be the leading organization of public and private life. . . . All the forces of the nation will be subject to the state, in such a way that it will be impossible for them to exercise any activity outside the state. The state will put into effect the totalitarian principle." The spearhead and organ of surveillance, control, and state repression was the police. After 1933 all local police were unified; in 1934 the Gestapo (the political police) were joined with the SS under the direction of Himmler; in 1936 all police units became subject to the Gestapo-SS apparatus. From 1933 to 1938 more than 400,000 Germans were arrested and many of them were put into the camps. All aspects of life became ensnared together. Workers were organized into a Labor Front created in May 1933, at the same time as the trade unions were dissolved. For leisure there was *Kraft durch Freude* (strength through joy). For everything, for everyone, there were organizations: for young people, students, teachers, artists, women, parents. Radio, the press, cinema, and schooling were totally at the service of the national-socialist ideology and propaganda.

Hitler offered to the humiliated Germans the possibility of a triumphant Germany. In *Mein Kampf* he wrote that all men "of the same blood should belong to the same Reich." Once united, what can be done with a "people without space"? The national-socialist movement must "find the courage to gather together our people and their power in order to launch them on the road which will lead them out of their present narrow habitat toward new territories." Of course, it was necessary to annihilate France: "Never allow the formation in Europe of two continental powers. In any attempt to organize a second military power on German borders, you must see an attack against Germany." The Reich had to expand in Europe toward the East; "Be careful that the source of our country's power is not in the colonies, but in Europe, in the soil of the homeland. . . . The gigantic state of the East is ripe for collapse." And finally, why be limited to Europe? "A state which, in a time of racial contamination, jealously watches over the preservation of the best elements in its own race, must one day become the master of the earth. May the members of our movement never forget this."

The year 1935 saw the reestablishment of military service in Germany; the following year reoccupation of the Rhine. In 1938 Hitler became commander-in-chief of the Reichswehr; the same year saw the occupation of Austria, the Prague ultimatum, the Munich accords; 1939 saw the occupa-

tion of Czechoslovakia, the capture of Klaipeda (Memel), the Italian-German military alliance, the German-Soviet nonaggression pact, and the invasion and then the division of Poland with the USSR, which occupied Finland. The inferno of World War II was then lit. Germany dominated Europe. But the attack by the USSR and the U.S. entry into the war (1941) reversed the balance of forces. But three more years of pitiless war and mass destruction (the military continuation of mass production and mass consumption) and 50 million deaths (six times more than in World War I) were required before the German capitulation, and the use of the first atomic bomb before the Japanese capitulation.

From then on two great powers dominated a devastated world: the United States, leader of the capitalist camp; and the USSR, at the center of a new bloc which invoked the name of socialism.

Summary

The crisis of the 1920s and 1930s resulted from the same combination of contradictions that essentially led to the 1914–18 war: the loss of energy in industries of the first industrialization; accentuation of competition between national capitalisms; pressures by the workers' movement to obtain a less unequal division of produced values. These contradictions acted within a world which had been divided up between the zone of American influence, the British Commonwealth, the French, Dutch, and Belgian empires, and—both surrounded and turned back upon itself—the USSR.

But industries of the second generation were at this time in full development. And, in a striking dialectical reversal, the rise in buying power of some fractions of the working class, which in the eyes of most capitalists should have ruined the system, revealed itself to be an element of economic dynamism and social integration: on the whole, the length of the working day was reduced and real wages increased for workers in the leading industrial countries. But unemployment remained an unrelenting burden, especially at times of crisis.

Through foreign investments, unequal exchange, and price scissoring and improvement in the terms of exchange, a considerable transfer of values occurred from the colonies—as well as from the new countries, producers of minerals and agricultural products—toward the large, industrialized capitalist countries.⁶¹ Thus, the relative improvement in the buying power of the European and American working classes was in part provided from or compensated by, from the point of view of capital, a levy upon the peasantries of the entire world.

During this period industrial concentration increased in many forms: large companies, groups, combines, and cartels. Industrial plants making use of several thousand workers were no longer rare, and some employed tens of thousands. The role of the state widened and deepened, especially in times of war, as well as for large public works projects and the development of indirect wages.⁶² More generally, duties of direction, organization, and administration increased. Alongside the peasantry, the petty and middle bourgeoisie, and the working class, a new class was developing: the "techno-bureoisie"; though it was essentially a wage-earning class like the working class, it did not directly confront material production like the peasantry and the working class; and in its way of life it was often closer to the petty and middle bourgeoisie.⁶³

These evolutions took place in a world split apart. It was split primarily because state collectivism in the USSR was developing as a wedge firmly sunk within the world market.⁶⁴ Moreover, the previously dominant imperialism of Great Britain no longer had the means for regulating a system of world payments, while the leading economic power, the United States, did not take charge of this task. Each great power was focused upon a national objective: American prosperity, the pound, the franc, the recovery of German power. Finally, during the difficulties of the crisis each great power withdrew into its own cocoon (the Commonwealth for Britain, the empire for France) or its own project (the American New Deal), while Hitler's Germany was mobilizing for national greatness, rearmament, conquest, and the mastery of Europe and the world.

	Decolonization	Capitalist bloc	East-West relations	Socialist bloc
1943	Independence of Korea guaranteed by the United States, Britain, and China.	Keynes' plan; White's plan. Allied landing in Sicily and Italy.		Dissolution of the Comintern.
1944	Conference of Brazzaville. Manifesto of Istiqlal.	Allied landing in France. Bretton Woods Conference.		Russian troops in Bulgaria and Hungary.
1945	Independence proclaimed in Indonesia, Laos, Cambodia, and Vietnam; French interventions. Uprisings in Constantine and Sétif (Algeria); repression. Creation of the new State of Libya. Independence of Syria and Lebanon. Creation of the Arab League in Cairo.	Advance of Allied troops in Western Europe.	Yalta conference. Russian troops in North Korea. U.S. troops in South Korea. Meeting of Russian and U.S. troops in Germany. U.S. atomic bomb exploded on Hiroshima. Charter of the United Nations.	Advance of Russian troops in Western Europe. Republics proclaimed in Yugoslavia and Bulgaria.
1946	French troops in Tonkin. English troops in Indonesia. Independence of Transjordan recognized by Britain. Independence of the Philippines. Failure of negotiations between France and Vietnam. General insurrection of Tonkin. Dutch-Indonesian accords.	Beginning of civil war in Greece.	U.S. atomic testing on Bikini.	Popular Republic of Albania. Favorable elections for the Communist Party in Czechoslovakia.

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- 1947 Insurrection in Madagascar. Dutch military operations in Java. Independence of India and Pakistan; war in Kashmir. French offensive at Tonkin. Independence of Burma. Continuation of Indochina war. Marshall Plan. Communists are no longer in the governments of Belgium, France, and Austria. The Communist Party is forbidden in the state of New York, in Brazil, and in Greece. U.S. aid pact with Greece and Turkey. Anti-strike laws in the United States. Inter-American defense pact in Rio. Split between the CGT and the Force Ouvrière (FO). Communist electoral defeats in Finland and Norway. Truman doctrine. Refusal by the USSR and Czechoslovakia to participate in the Marshall plan. Failure of the Conference on Korea. Popular Republic of Rumania; dissolution of the peasant party. Prohibition of the agrarian party in Bulgaria. Constitution of the Cominform. Strengthening of the economic ties between the USSR and the popular democracies.
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- 1948 Dutch-Indonesian truce. Assassination of Gandhi. Ceylon receives the status of a dominion. First Israeli-Arab war. New Dutch intervention in Indonesia. Continuation of the Indochina war. Split in the Italian CGT. Dissolution of the Communist Party in Chile. Beginning of the Soviet blockade of Berlin. Resignation of non-Communist ministers in Czechoslovakia. Conflict between Tito and the Cominform; Yugoslavia excluded from the Cominform. East Berlin riot; Russian tanks shoot into the crowd. Arrest of Cardinal Mindszenky in Hungary. Advance by the Communists in China.
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- 1949 Evacuation of Djakarta by the Dutch. Formation of the states of Jordan and Israel. Vote by the U.N. on the independence of Libya. Continuation of Indochina war; accords on the "independence" of Laos and Cambodia; creation of the "state" of Vietnam (Bao Dai). North-Atlantic treaty at Washington; NATO. Constitution of West Germany. Excommunication of communist, and communist-inspired, Catholics. Fight against Communist activities in the United States. Nationalist Chinese in Taiwan. End of the Berlin blockade. Russian atomic explosion. Trial condemning Rajk in Hungary. Popular Republic in China. A Russian marshal becomes chief of staff in Poland.
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	Decolonization	Capitalist bloc	East-West relations	Socialist bloc
1950	Uprisings in the Ivory Coast. Continuation of the Indochina war.	Institution of the European payments union. U.S. laws regarding anti-American activities; beginning of McCarthyism. End of the civil war in Greece.	U.S. decision to manufacture the H-bomb. Beginning of the Korean War.	East German-Polish accords on the Oder-Neisse border. Russian generals are chiefs of staff in Czechoslovakia & Hungary.
1951	Nationalization of oil in Iran; Mossadegh government. Riots in Casablanca. Anti-English riots in the Suez Canal zone; British military intervention. Independence of Libya. Continuation of the Indochina war.	European community of coal and steel. Peace treaty and alliance between Japan and the United States. Invitation to Greece and Turkey to join NATO.	Continuation of the Korean War.	Arrest of Slansky in Prague. Chinese intervention in Tibet.
1952	Riots and strikes in Tunisia; arrests of the neo-destourian and Communist leaders. Bloody riots in Cairo. Neguib takes power. State of alert against the Mau-Mau in Kenya. Rupture of diplomatic relations between Iraq and Britain. Riot in Casablanca. Continuation of the Indochina war.	Bonn accords between the Allies and West Germany. First British atomic bomb.	Continuation of the Korean War.	
1953	Deposition of the sultan of Morocco. Fall of Mossadegh; U.S. aid to Iran. Grave attacks in Casablanca. Continuation of Indochina war.		First U.S. atomic artillery shell. Korean armistice. The USSR declares itself to possess the H-bomb. Refusal of the UN to admit Communist China.	Death of Stalin. Nagy replaces Rakosi in Hungary. Strikes and demonstrations in East Germany.

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- 1954 Dien Bien Phu; Conference in Geneva on Indochina. Nasser president of the cabinet in Egypt; removal from office of Neguib. Principle of internal autonomy of Tunisia. Abolition of the Dutch-Indonesian Union. Insurrection of Aures; beginning of the Algerian war. Revolt of the Mau-Mau in Kenya. U.S. military accords with Japan, Pakistan, and nationalist China; Conference in Manila; establishment of SEATO. Failure of the European Defense Community. Membership of West Germany in NATO. First H-bomb explosion.
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- 1955 Attacks in Casablanca; Return of the sultan to Morocco. Continuation of the Algerian war. Afro-Asian conference in Bandung. Conference of the four great powers in Geneva.
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- 1956 Independence of Morocco, Tunisia, the Sudan, Malaysia, and Ghana. Nationalization of the Suez Canal; French-British intervention. Second Israeli-Arab war. Continuation of the Algerian war. U.S. pressure on France and Britain to impose a ceasefire. Report by Khrushchev; the 20th Congress, CPSU. Russian tanks shoot into the crowd in Poland; the return of Gomulka. Rehabilitation of Rajk; uprising in Hungary; Russian tanks in Budapest.
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6

Capitalism's Great Leap Forward *(1945–80)*

Whatever those who see in each war, in each crisis and hint of crisis, a new aggravation of the “general crisis of capitalism” may think, what has been accomplished in the present period is in fact capitalism’s new “leap forward.” Of course, in a considerable part of the world capitalism reigns no longer; a new mode of accumulation and industrialization, another class society, and a tremendous concentration of state power have brought to these regions new means for production and resource appropriation. But World War II, the reconstruction and the period of prosperity which followed, decolonization, the internationalization of capital, and new industrialization in the third world all testify to a new thrust by capitalism on a world scale. And the crisis of the 1970s was in some ways the means by which this new expansion of capitalism and its accompanying mutations were carried out.

From War to Crisis

Faced by a considerably enlarged state collectivist bloc, and within a world context marked by the historic movement of decolonization, the developed capitalist countries, once they had arisen from the ruins of the war, experienced a period of exceptional prosperity. But the seeds of the present crisis were already developing in the very conditions of this prosperity.

The Three Worlds

Directly following the first victory by a new country (the United States) over an old country of Europe (Spain), Jaurès foresaw in 1898: “The United States will have an increasingly large impact on the destiny of the world. . . . The wealth and power of the United States are one-fourth of the wealth and power of the globe.” At the end of World War I, the United

States was the leading power in the world, although the expansion of American territory took place on American soil and the extension of American power within the Americas. At the end of World War II the United States was a great industrial, monetary, and military power: U.S. industrial production in 1945 was more than double that of annual production between 1935 and 1939; in 1945 the country produced half the world's coal, two-thirds of the oil, and more than half of the electricity. That year, U.S. production capacities reached 95 million tons for steel, 1 million tons for aluminum, and 1.2 million tons for synthetic rubber. The United States was able to produce great quantities of ships, airplanes, land vehicles, armaments, machine tools, chemical products, and so on. It held 80 percent of the world's gold reserves and had not only a powerful army but also the atomic bomb.

Facing the USSR, whose power had also strengthened and whose territorial influence had expanded, the United States assumed the role of leader of the capitalist camp. After 1943 U.S. representatives studied with their British counterparts the reconstitution of what had been so cruelly lacking between the two wars: a system of international payments which would allow for the simultaneous imposition of the necessary equilibria and the possible expansion of exchange and payments. In 1944 at Bretton Woods a system was established based upon the definition of each currency in relation to gold and fixed exchange parities; known as the gold exchange standard, this system used the dollar as its keystone for at least its first fifteen years. In 1945 Roosevelt and Churchill prepared the postwar era by negotiating with Stalin at Yalta about respective zones of influence; this same year American and Russian troops joined together in Germany and confronted one another in Korea.

Once Germany and Japan were defeated, two movements developed and came to dominate the immediate postwar period; for the period as a whole; they were to determine (a) the division of the world into two blocs, one dominated by the United States, the other dominated by the USSR, and (b) decolonization.

Through Stalin's industrialization effort before and during the war, the USSR had become a great industrial power; the sacrifices and destruction of the war were enormous (perhaps 20 million deaths, some 10 percent of the population), but in 1950, at the end of the fourth five-year plan, the index of industrial production surpassed by 71 percent that of 1940 (by 60 percent for machines and equipment and by 80 percent for chemical products). Coal production reached 250 million tons, and steel production reached 25 million tons. The Red Army was large, powerful, and well-equipped; the first Russian atomic bomb was exploded in 1949. Through its army, the USSR was present in all the central European countries, and the United States was afraid that Russian influence would extend into Turkey

and European countries where communist parties were powerful (Greece, Italy, and France). A planetary chess game then began, with each of the two superpowers placing their pawns, reinforcing the zones in which they dominated, and threatening those in which the other appeared weak. Exceptional periods of tension established the points which were not to be surpassed. In 1947 the Marshall Plan was launched and the Cominform was established; in 1948–49 the Americans organized the “air bridge” in response to the Soviet blockade of Berlin. In the West communists were expelled from the governments they participated in, communist parties were sometimes forbidden, and a terrible civil war led to the crushing of the partisans in Greece. In the East communists took absolute control over state apparatuses and Soviet generals were named commanders in Poland, Czechoslovakia, and Hungary. The Korean war demonstrated each side’s desire for victory as well as their shared interest in avoiding widening the conflict, which would bring the risk of a new world war. The United States institutionalized its military alliances in the Americas (1947), the North Atlantic (1949), and Southeast Asia (1954); while the Soviet Union had established solid political, economic, and military ties with the popular democracies of Europe by the end of the 1940s. Thus two worlds face to face became organized economically, monetarily, and in matters of defense: the capitalist world, yesterday hegemonic, discovered today that the earth belonged to it no longer, that some raw materials and markets were no longer accessible to it, and that another mode of accumulation and industrialization also existed, founded upon the collective appropriation of the means of production, central planning, state direction, and state force.

At the same time the third world was being born. It arose principally through the powerful decolonization movement which had been engendered during the war by the strengthening of new bourgeoisies and intelligentsia, by the awareness of the unbearable and avoidable character of colonial domination, and by the desire for independence (which most often took the form of national independence). The weakening of the European mother countries, the Japanese occupation of Asia, the participation by third world peoples in the battles of the European mother countries, the influence of Marxist analyses and perspectives opened by the Soviet revolution, and liberation movements growing out of specific national and religious situations—all these, under different forms and following various pathways, presented an alternative: the possibility of liberation from colonial domination, administration, and exploitation, from paternalism, racism, persecution, or oppression. Independence was achieved in Syria, Lebanon, the Phillippines, India, Pakistan, Burma. The independence process in Indonesia was strewn with pitfalls, there was war in Indochina, and riots accompanied movements of the people in North Africa and Black Africa. Even before political decolonization was achieved throughout the world,

the new independent states sought to recover control over their natural wealth (nationalization of Iranian oil in 1951) or their economic assets (nationalization of the Suez Canal by Egypt in 1956). Third world chiefs of state met and attempted to organize into a force which would weigh in the destiny of the planet. In 1955 an Afro-Asian Conference was held at Bandung; over thirty countries representing more than half the earth's population voiced with new power a language which until then had been stifled by Western domination. Typical was the statement by C. P. Romulo: "We have experienced, and some among us experience still, the stigma of being belittled in one's own country, of being systematically reduced to an inferior condition, not only politically, economically, and militarily, but racially as well. . . . In order to fortify his power, in order to justify himself in his own eyes, the Western white man considered as an established fact that his superiority resided in his genes themselves, in the color of his skin." Indonesia's President Sukarno echoed the same feeling: "For generations our peoples have been without a voice in the world. . . . We have been those to whom no attention was granted, those whose fate was decided by others according to their own interests which overwhelmed ours and made us live in poverty and humiliation." He asked: "How can one say that colonialism is dead so long as vast regions of Asia and Africa are not liberated?" And India's Nehru stated: "Asia wishes to help Africa."

It was in this world context that the reconstruction of the capitalist countries devastated by the war took place, and in this context that an exceptional period of prosperity flourished.

An Exceptional Prosperity

After reconstruction the capitalist countries as a whole went through a remarkable period of growth. Never had the world experienced such a simultaneous advance in industrial production and world trade.

The war effort, the widened mobilization of workers for production, the systematization of methods for organizing work, and advances in productivity were such that, whatever had been the extent of destruction in World War II, the rate of industrial growth during the ten-year period from 1938 to 1948 equaled the highest growth rates attained since the middle of the nineteenth century, that is, during the period from 1900 to 1913. And on this already high base, a new and exceptional phase of growth began. For nearly a quarter of a century growth rates averaged 5.6 percent per year for industrial production and 7.3 percent for commercial trade (see Table 6.1).

Within this general movement the developed capitalist world remained predominant: three-fifths of industrial production and two-thirds of world

Table 6.1
Average Annual Growth Rates in World Industry and Trade

Period	World industry	World trade
1860-70	2.9	5.5
1870-1900	3.7	3.2
1900-13	4.2	3.7
1913-29	2.7	0.7
1929-38	2.0	-1.15
1938-48	4.1	0.0
1948-71	5.6	7.3

Source: Rostow, *The World Economy*, pp. 49, 67.

trade originated here. The United States dominated even further; one-third of world industrial production came from this country. Nevertheless another mode of accumulation and industrialization was at work, effective in its own way, in the socialist countries. And a trend toward industrialization arose in the third world countries, in part as an effect of the internationalization of industrial groups in the developed capitalist countries, and in part as the result of initiatives—private or state—in these countries themselves.

In this period of general growth, inequality on a world scale increased;

Table 6.2
Share of World Industrial Production and Trade
(in percent)

	Capitalist world		Socialist world		Third world
	Total	U.S.	Total	USSR	
Industrial production					
1936-38	76	(32)	19	(19)	5
1963	62	(32)	29	(19)	9
1971	61	(33)	26	(16)	13
World trade					
1938	64	(10)	1	(1)	35
1948	59	(16)	5	(2)	36
1963	63	(11)	12	(5)	25
1971	68	(13)	10	(5)	22

Source: Rostow, *The World Economy*, pp. 52-53, 72-73.

Table 6.3
Per Capita Gross National Product in the Developed
and Underdeveloped Countries

<i>Region</i>	<i>1975 population (in millions)</i>	<i>Per capita GNP</i>		
		<i>Growth rate</i>		<i>Value in \$U.S.</i>
		<i>1950-75 (in percent)</i>	<i>1950</i>	
South Asia	830	1.7	85	132
Africa	384	2.4	170	308
Latin America	304	2.6	495	944
East Asia	312	3.9	130	341
People's Republic of China	820	4.2	113	320
Middle East	81	5.2	460	1,660
Developing countries	1,912	3.0	187	400
Developed countries (OECD countries except Portugal and Turkey)	654	3.2	2,378	5,238

Source: D. Morawetz, *Vingt-cinq années de développement économiques*, p. 13.

even when higher growth rates seem to indicate that the third world was beginning to catch up, in absolute values the gap widened between per capita production in the developed capitalist countries compared to third world countries (see Table 6.3).

Postwar growth was the greatest that had ever been experienced by the capitalist countries as a whole. Slower in Britain, appreciable in the United States (taking into account the high level of production at the end of the 1940s), this growth was especially marked in France and Germany, and still more so in Japan. It was based relatively little on an increase in labor power, and much more on a rise in labor productivity, which itself depended on an increase in the means of production put at the disposal of each worker, and which called for an intensification of individual labor.

The rise in productivity was obtained by using the various means for pumping out surplus labor which capitalism had perfected during its development:

1. Various pressures were exercised through the indirect submission to capital of farmers, "independent" transporters, and an increasing number

of artisans and small shopkeepers; thus the farmers were "caught" between the price of what they bought from industry and the price of their own sales. Added to this was the burden of indebtedness; they were obliged each year to sell more and more.

2. When automation was impracticable, the old methods of piece work, work in the home, the sweating system, and so on were employed. These methods have been used for example in the ready-made garment trade which employs women, recent immigrants, and even illegal immigrants (Mexicans in Los Angeles, Turks in Paris).

3. Subcontracting, which enables a large company wanting to retain its brand name to demand low cost prices from a small entrepreneur, was also utilized. The small entrepreneur is forced to require high productivity from his own workers and from those he employs as temporary workers.

4. New equipment, with greater capacities, higher speeds, and benefiting from advances in automation, has changed the nature of work (less physical fatigue and confrontation with materials, more nervous tension, monotony—and responsibility in case something happens), especially in the metallurgical, chemical, and textile industries.

5. The "classic" methods for organizing labor were put in effect anywhere possible. This occurred in places where these methods had been only slightly developed, particularly in Europe and Japan. In this way Taylorism, Fordism, and wage systems which spurred productivity became more

Table 6.4
Economic Growth in the Developed Countries
(average annual rates 1950-75, in percent)

	<i>United States</i>	<i>Great Britain</i>	<i>France</i>	<i>West Germany</i>	<i>Japan</i>
Gross domestic product (by volume)	3.3	2.5		5.5	8.6
Employment	0.9 ^a	0.3 ^b		0.7	1.2 ^c
Labor productivity	1.5 ^a	2.3 ^b		4.7	8.6 ^c
Capital (per capita)	2.7 ^a	3.1 ^b		5.2	9.0 ^c

Sources: Statistiques et Etudes financières, 1980, p. 30; J. H. Lorenzi et al., La Crise du XX^e siècle (Paris: Economica, 1980), pp. 104, 327, 330, 332, 334; J. J. Carré et al., La Croissance française (Paris: Ed. Seuil, 1980), pp. 104, 115, 211.

^a1952-75.

^b1949-76.

^c1955-75.

widespread (in France in 1973, 6.5 percent of the workers worked on an assembly line).

6. In order to extract more profits from increasingly costly equipment, continuous labor was utilized, using shift work, which permitted production to be carried on for fourteen, sixteen, or twenty-four hours in a day. This system, which in prewar France was limited to production which the technology required to be unceasing (continuous fire processes), developed particularly after 1957: the percentage of shift workers among the working population grew from 14 percent in 1957 to 31 percent in 1974.

7. Finally, labor was intensified in offices, banks, insurance companies, the post office, and so on. Advances in calculating instruments and then computers produced an intensification of labor and an increase in the pace of work in these fields as well.

The increase in productivity of the decade of the 1950s, then, occurred through forced surplus labor, and on the basis of a considerable accumulation effort that allowed the use of modern equipment. In some cases this meant a longer working day, with or without an intensification of labor (farmers, truck drivers, workers in the home); in other cases it meant principally intensification of labor (assembly-line work, Taylorism, wages based upon productivity). Sometimes it implied a disqualification/intensification of labor, and sometimes a degradation in living conditions (night work, shift work), including all possible combinations.

For two decades this effort has been generally accepted. It has been accepted in Europe and Japan by a generation of workers who lived through the war and who experienced privation and destruction. Through increased buying power these workers have been offered entry to the "consumer society," and to the "mass consumption" which the United States had experienced between the two wars. And workers in the United States have accepted this effort because the choice remained between an always very "energetic" repression and access (through credit) to still greater consumption.

Studs Terkel records the words of some American workers. Phil Stallings, a welder at Ford:

I stand in one spot, about two- or three-foot area, all night. The only time a person stops is when the line stops. We do about thirty-two jobs per car, per unit. Forty-eight units an hour, eight hours a day. Thirty-two times forty-eight times eight. Figure it out. That's how many times I push that button. The noise, oh it's tremendous. You open your mouth and you're liable to get a mouthful of sparks. (Shows his arms) That's a burn, these are burns. You don't compete against the noise. You go to yell and at the same time you're straining to maneuver the gun to where you have to weld. . . . You *have* to have pride. So you throw it off to something else. And that's my stamp collection.¹

Hobart Foote, a utility man at Ford:

Phil Stallings. He's grown to hate the company. Not me. The company puts bread and butter on the table. I feed the family and with two teen-aged kids, there's a lot of wants. And we're payin' for two cars. And I have brought home a forty-hour paycheck for Lord knows how long. And that's why I work. . . . Thirteen more years with the company, it'll be thirty and out. When I retire, I'm gonna have me a little garden. A place down South. Do a little fishin', huntin'. Sit back, watch the sun come up, the sun go down. Keep my mind occupied.²

Gary Bryner, president of Local 1112 of the UAW, whose members are employed at the General Motors assembly plant in Lordstown, Ohio:

My dad was a foreman in a plant. His job was to push people, to produce. He quit that job and went back into a steel mill. He worked on the incentive. The harder you work, the more he made. So his knowledge of work was work hard, make money. . . . My father wasn't a strong union advocate. He didn't talk management, he was just a working-man. He was there to make money. . . . I took on a foreman's job, some six or seven weeks and decided that was not my cup of tea. . . . I went back as an assembly inspector—utility. . . . I don't give a shit what anybody says, it was boring, monotonous work. I was an inspector and I didn't actually shoot the screws or tighten the bolts or anything like that. A guy could be there eight hours and there was some other body doing the same job over and over, all day long, all week long, all year long. Years. If you thought about it, you'd go stir. People are unique animals. They are able to adjust.³

And Mike LeFevre, a steelworker: "Who you gonna sock? . . . You can't sock a system."⁴

Always more. Always faster. Non-stop. All day long. For the whole week. For the whole year. For years. Workers as a whole benefited in part from the additional production they had been induced to provide. Per-capita hourly wages rose by 7.9 percent per year in Japan between 1955 and 1975, by 6 percent per year in West Germany during the 1950s, by 2.8 percent per year in Britain between 1949 and 1971, while the rise in hourly real wages in the United States was 2.5 percent per year between 1948 and 1970. In France, weekly real wages increased on the average by 4 percent per year between 1949 and 1973, while in the most "favorable" periods of the past (between 1870 and 1895 and between 1920 and 1930) this wage rose on the average by 2 percent per year.⁵ After this time consumption levels rose; the structure of consumption changed; the purchase of new durable goods, symbols of the "consumer society," became widespread.

This growth was expressed by an increase in housing construction, a new thrust of urbanization, development of road and highway networks, an increasing number of weekend outings and annual vacation trips, an increase in health expenses, a generalization of credit use, not only for home mortgages, but for buying cars and durable goods. Though the "more"—the

Table 6.5
Automobiles in Circulation in the Major Capitalist Countries

	<i>United States</i>	<i>Great Britain</i>	<i>France</i>	<i>West Germany</i>	<i>Japan</i>
Total number (in millions)					
1947	30.7	1.9	1.5	0.2	0.03
1957	55.7	4.2	4.0	2.4	0.2
1975	106.8	14.2	15.3	17.9	17.2
Number per 1,000 people					
1975	500.0	255.0	290.0	289.0	154.0

Source: W. W. Rostow, *Stages of Economic Growth* (New York and Cambridge: Cambridge University Press, 1960), pp. 109–10, 202–3; *Annuaire statistique de la France*, 1979.

growth—was undeniable, the “better”—the improvement—was less easy to grasp. For example, the car became a necessity for commuting to work, and it often became a burden and a worry. Leisure, vacation, and health expenses were also made necessary by a more intense rhythm of living and working.

Once again, however, the conviction arose that an era of plenty had finally arrived.⁶ Economists worked at establishing growth as a model, either in a Keynesian perspective, (transposing the equilibrium between savings and investment into a dynamic), or in a neoclassical perspective (systematizing the relations between the product and the factors in production).⁷ Some of them, notably W. W. Rostow and W. A. Lewis, established chronologies and extrapolations.⁸ And while a few obstinate Marxists saw in each downturn in the economic situation signs of the fulfillment of the inexorable general crisis of capitalism, economists for the most part conferred with one another in an atmosphere of reassuring euphoria. Paul Samuelson, for example, has been declaring since the late sixties that the post-Keynesian era has developed currency and taxation policies which can create the necessary buying power for avoiding great crises as well as chronic recession.⁹

A New Great Crisis

The 1960s: crisis appeared inconceivable. The 1970s: crisis had arrived, with its accompanying consequences, uncontrollable and ungovernable.

There was a slowdown in growth, a rise in unemployment, an increase in inflation, a fall in workers' buying power; uncertainty, disquiet, latent anxiety; and an advance by the Right in Europe and the United States. World War I had followed the first "great depression" and World War II was engendered by the second "great world crisis": there are fears that this third "great crisis" may result in a third world war.

How have we arrived at this point? The logic of capitalist growth implies it: the very movement of accumulation produced the obstacles which accumulation encountered. The seeds of the crisis of the 1970s were present in the prosperity of the 1960s.

Depending on which indicators and methods of calculation are used, disparities may appear. But it is clear that the rates of profit of the chief capitalist countries began to decrease during the 1960s. In Britain, profit rates went down throughout the 1960s until 1975; in Germany, profit rates stagnated, with a slight decline after 1960 and a fall from 1968-69 to 1975; in France, the rate of profit declined after 1968-69, and fell from 1973 to 1975; in the United States, the rate of profit fell from 1965-66 until 1974. It was only in Japan that the rate of profit increased throughout the 1960s, with a

Table 6.6
Growth, Inflation, and Unemployment in the Major Capitalist Countries

	United States	Great Britain	France	West Germany	Japan
Gross domestic product (annual growth rate by vol.)					
1960-70	3.8	2.8	5.6	4.7	11.2
1970-73	4.7	4.3	5.6	3.9	8.1
1973-78	2.4	0.9	2.9	2.0	3.7
Consumer price index (base 1970 = 100)					
1973	114	128	120	119	124
1977	156	249	183	146	204
Unemployed (in millions)					
1968	2.8	0.6	0.3	0.3	0.6
1973	4.3	0.6	0.4	0.3	0.7
1977	6.8	1.5	1.1	1.0	1.1
1979	6.2	1.3	1.2	0.8	1.1

Sources: *Economie prospective internationale*, January 1980; *Annuaire statistique de la France*, 1979; United Nations, *Statistical Directory*, 1978; ILO, *Directory of Labor Statistics*, 1979.

downturn which occurred, depending on the sources, in 1970, 1971, or 1973.¹⁰

In fact, from the point of view of capital, the conditions for the production and realization of value and surplus value were eroding. On the production side, there was first of all the pressure by the workers' movement for higher wages; this permitted a clear rise in real wages for workers as a whole throughout this period. In accordance with the deep intuition that Henry Ford had had several decades earlier, this rise in wage earners' buying power facilitated the sale of commodities in the consumption goods sector. This helped to sustain growth, but nonetheless, for some sectors and some companies, the rise in buying power impeded the sharing of the added value and contributed to a fall in capital profitability.

Within production itself there was a growing refusal of certain forms of work organization: a refusal of fragmented, repetitive work; revolts against "infernal work rhythms" and the speed of assembly line work which tires the nerves and causes accidents. There were explosive strikes by specialized workers, especially in the automobile industry (at Renault in France); there were also strikes by white collar workers, who have been, in their turn, affected by automation, disqualification, and mandatory work speeds (in post offices, banks, insurance companies, etc.). There was a movement toward self-organized control of work speeds within the workshop as in Italy. There was also a simple refusal to work: absenteeism rates grew in German industry as a whole from 4 percent to 11 percent between 1966 and 1972; they grew from 6.5 percent to 9.5 percent between 1964 and 1973 in French mining and metallurgical industries. Absenteeism grew from 4 percent to 8.5 percent between 1961 and 1974 at Renault and from 7.6 percent to 9.7 percent between 1970 and 1975 at Chrysler. Turnover exceeded 100 percent at the Fiat works in Italy, stood at 40 percent at Ford in Britain, 25 percent at Ford in the United States, and grew from 40 percent to 60 percent in eight American processing industries between 1966 and 1972. Lack of interest in work, carelessness, manufacturing defects: as Gary Bryner, an American union worker, told Studs Terkel, monotony, boredom, and fatigue combine to the point where a worker says: "Aw, fuck it. It's only a car . . . he'll let a car go by. If something's loose or didn't get installed, somebody'll catch it, somebody'll repair it, hopefully."¹¹

Finally, the development of mass production has led to worsening pollution; the first to be affected—farmers, fishers, nature lovers, locals—have protested, organized, and increasingly succeeded in getting antipollution devices installed. Sometimes the workers, fearful of losing their jobs, have been distrustful or hostile to the ecologists; sometimes they have realized that they are first to be polluted, and have obtained both an improvement in hygiene and in their conditions of work. In any case, these devices are extra expenses for businesses.

The reduction in yields and the increase in costs have taken place at a

time when competition is stiffening and the consumption model of the 1950s and 1960s has largely disintegrated. The great wave of reconstruction and the surge in the construction of new housing have begun to be absorbed; equipping the "nonequipped" households has become a saturated market. Of course, after the refrigerator there is the freezer, and after the black-and-white television there is color television. But a certain stage has been reached.

Moreover, consumers' movements denounce products which wear out too quickly; many buyers carefully consider the quality and product life of their prospective purchases. At this point, only a massive and lasting rise in the buying power of the most disadvantaged strata could give new impetus to consumption. But inequality appears inherent in capitalist society. In the United States, even according to United States administration measures, there are 35 million poor people, one-fifth of the population; in France in 1970, 10 million people, one-fifth of the French population, were caught in the vicious circle of poverty. In the United States in 1966, the richest tenth of the population had an income twenty-nine times greater than the poorest tenth; in France this same year the corresponding figure was eighteen times.¹² Thus the capitalist development of the economy, which produces and sustains this inequality, once more stumbles under the weight of inequality.

Within each of the chief capitalist countries, the general trend is toward heavier costs, market saturation, and increased competition: these explain the tendency toward lower profitability observable during the 1960s. Foreign markets, of course, still remained. For each national capitalism, the effort to export appeared at least to be able to palliate the progressive saturation of domestic markets: from 1967 to 1971, exports increased at an annual rate of 9 percent for the United States, 12 percent for Britain, 16 percent for both France and West Germany, and 23 percent for Japan. For the mechanical and metallurgical industries, the percentage of business devoted to exports rose from 1960 to 1970 from 18 percent to 25 percent in France, 31 percent to 37 percent in West Germany, and 41 percent to 76 percent in Italy. In France from 1963 to 1973 the percentage of production which was exported rose from 16 percent to 23 percent for industry as a whole, and from 22 percent to 33 percent for capital goods industries.¹³ Thus competition pitting industrial producers in one country against foreign producers became more intense, not only for national markets, but for foreign markets as well. The French manufacturers of electrical appliances complain about the Italians, and then about the Japanese; the American automobile manufacturers complain about the Europeans and the Japanese, and Europeans complain about the Americans and the Japanese. Buy American! *Achetez français!* The Japanese have no need to say it: the Japanese buy Japanese.

In order to sell, it appeared more and more that it was necessary to be

present in the country: to do product assembly there, and even production. Thus there developed what had until then been only an exceptional form of the internationalization of capital: the implantation of affiliated companies or taking control of foreign companies. From 1967 to 1971 foreign investment rose at an annual rate of 8 percent for Great Britain, 10 percent for the United States, 12 percent for France, 24.5 percent for West Germany, and 32 percent for Japan. During this same period, capital invested abroad grew from \$108 million to \$165 million (see Table 6.7).

As can be seen, the American, German, Swiss, and Japanese groups invested mainly in other capitalist countries, while the "old" French and

Table 6.7
Invested Capital and Foreign Subsidiaries,
by Country of Origin

	<i>United States</i>	<i>Great Britain</i>	<i>France</i>	<i>West Germany</i>	<i>Switzerland</i>	<i>Japan</i>
Percent of total capital invested abroad						
1976	55.0	16.2	5.5	2.8	3.9	1.3
1971	52.0	14.5	5.8	4.4	4.1	2.7
Number of foreign subsidiaries,						
1969	9,691	7,116	2,023	2,916	1,456	n.a.
Distribution of subsidiaries (in percent)						
Other capitalist countries	74.7	68.2	59.7	82.2	85.7	n.a.
Third world	25.3	31.6	40.3	17.8	14.4	n.a.
Distribution of subsidiaries within third world						
Africa	8.3	40.0	66.6	21.8	15.8	
Asia	18.8	31.5	9.2	28.3	23.9	
Latin America	72.8	28.5	24.1	49.9	60.3	

Sources: C. A. Michalet, *Le Capitalisme mondiale* (Paris: PUF, 1976), p. 30; Christian Palloix, in *La France et le Tiers Monde*, ed. M. Beaud et al. (Grenoble: PUG, 1979).

n.a. = not available

Table 6.8
Foreign Branch Offices of U.S. Banks

	1950	1960	1969	1975
Latin America	49	55	235	419
Overseas territories	12	22	38	—
Europe	15	19	103	166
Asia	19	23	77	125
Middle East	0	4	6	17
Africa	0	1	1	5
Total	95	124	460	732

Sources: Magdoff, *Age of Imperialism*, p. 74; Palloix, *L'Economie mondiale*, p. 126; O. Pastré, *La Strategie internationale des groupes financiers américains* (Paris: Economica, 1979), p. 280.

British capitalisms kept a larger part of their assets in the third world. If one considers investments in the dominated countries, Great Britain is present in the three large zones of influence, but the United States, Switzerland, and West Germany preferred Latin America, and France preferred Africa. The American banks strengthened their foreign presence simultaneously, in Latin America first of all, but in Europe and Asia as well (see Table 6.8).

The establishment of more effective technology and the use of more costly tools, the accentuation of competition, the search after and the conquest of foreign market outlets, the internationalization of production: these related processes accompanied a strengthening of concentration. In the United States, after the waves of concentration in 1897–1903 and during the 1920s, a new great period of concentration occurred during the 1950s. At the beginning of the 1960s there were around 1,000 mergers per year. In 1929 the 100 largest companies controlled 44 percent of U.S. industrial assets; in 1962 the figure was 58 percent. Huge U.S. financial and industrial powers dominated the production and commercialization of oil (Standard Oil, Mobil, Texaco, Gulf), the automobile industry (General Motors, Ford, Chrysler), electrical construction (General Electric, Western Electric), computers (IBM), and teletransmissions (ITT).

In France the number of mergers increased after 1960 and particularly after 1963: there were 850 mergers between 1950 and 1960, but more than 2,000 between 1961 and 1971. Toward the end of the 1970s, many mergers of French companies took place: Saint-Gobain with Pont à Mousson, Pechiney with Ugine Kuhlmann, Wendel with Marine Firminy, BSN with Gervais Danone, Empain with Schneider, Mallet with Neuflyze Schlumberger, as well as the strengthening of two large financial groups, Suez and

Paribus.¹⁴ In West Germany, concentration strictly speaking was doubled by the "strong concentration of powers within the administrative boards of large companies and banks"; thus in 1973, 35 representatives of the 3 great banks held no less than 324 mandates in the supervisory councils of German companies.¹⁵

Throughout the world, the powerful industrial and financial groups observe, coexist, confront, and ally themselves with one another.

Crisis of the International Monetary System and Pressure from the Third World

In this combat among Titans, U.S. groups had an advantage which considerably influenced the game: the U.S. currency, the dollar, was in fact the world currency. What had been established at Bretton Woods was of course in principle a gold exchange standard, with each currency defined in relation to gold and fixed parities of exchange; but what in fact functioned throughout the 1950s was a system of payments based on the dollar, in which all currencies were defined in relation to the dollar, itself convertible into gold, and above all, "as good as gold."

For in the immediate postwar period and the 1950s the dollar "shortage" and the dollar "famine" dominated the economic and monetary relations of the capitalist countries. From 1946 to 1955 there was a surplus of \$38 billion in the U.S. balance of current payments (total world gold reserves in 1951 were \$34 billion, of which \$24 billion were held by the United States). From this time onward, "U.S. aid" was necessary not only to reconstruct and restart activity by U.S. partners but to maintain U.S. exports as well. From 1945 to 1952 U.S. aid reached \$38 billion (\$26.5 billion in gifts and \$11.5 billion in loans; \$33.5 billion in economic aid and \$4.5 billion in military aid), divided between \$29 billion for Europe and \$7 billion for the countries in Asia and the Pacific.

But as the economies of the chief capitalist countries were rebuilt and became modernized, their commercial trade picked up, their currencies became stronger, their account balances improved, and their relative importance compared to the United States increased. The U.S. share of production within the capitalist world as a whole fell from 70 percent in 1950 to less than 66 percent at the beginning of the 1960s and less than 50 percent at the beginning of the 1970s. During the same period the share of the United States within "Western" trade fell from one-half to one-third to one-fourth. Overall, the American economy benefited abroad from two major assets: (a) its trade surplus (greater than \$70 billion for the period 1950-70); and (b) the net income of its foreign assets (around \$36 billion from 1950 to 1970).¹⁶

To this must be added the fact that the dollar was the world currency, which gave any U.S. investor, trader, or speculator the means for purchasing throughout the world, with no impediments other than those established by the U.S. banking and monetary authorities. Professor James Tobin acknowledged this with great simplicity before a congressional committee in 1963:

Under the reserve currency system properly functioning, the initial beneficiary of an increase in the supply of international money is obviously the reserve currency itself. It is pleasant to have a mint or printing press in one's backyard, and the gold exchange standard gave us, no less than South Africa, this privilege. We were able to run deficits in our balance of payments for 10 years because our IOU'S were generally acceptable as money.¹⁷

And the financial secretary, C. D. Dillon, stated that

we have a very real benefit in that we have been allowed to finance our deficits through increased foreign holdings of dollars. If we had not been a reserve currency, if we had not been a world banker, this would not have happened. It would have been the same situation as other countries face; as soon as we got into deficit we would have had to balance our accounts one way or another even though it meant restricting imports, as Canada had to do last year, or cutting back our military expenditures much more drastically than our security would warrant. . . . I would say that is the chief area of benefit although there is one other very important one and that is that somebody had to be the world banker and provide this extra international liquidity. It has been the United States, which is proper, because we are the most powerful financial country and we had the most powerful currency.¹⁸

During the 1960s, in fact, U.S. expenses overseas became heavier: there were governmental expenses, military expenses (particularly with the increasing burden of the Vietnam war, military spending reached some \$35 billion between 1961 and 1970), and economic and military aid to regimes which the United States chose to support (\$56 billion between 1957 and 1967). Moreover, the commercial surplus dwindled in the late 1960s (with the accentuation of international competition), and commercial deficits appeared for the first time since 1935: \$2.7 billion in 1971, and \$6.9 billion in 1972. Thus assets in dollars overseas grew tremendously, and some governments preferred to convert them into gold—sometimes spectacularly, as in the case of General de Gaulle's government. The crisis of the dollar then issued from a two-sided movement: (a) the rise in assets in dollars belonging to partners of the United States; and (b) the fall in U.S. gold reserves.

Assets in dollars outside the United States surpassed American gold reserves after 1960; by 1968 they were three times greater in value than the U.S. gold reserves, and by 1972, eight times greater (see Table 6.9). Possessing dollars, the European banks opened credit accounts in dollars: this mass of "Eurodollars" approached 100 billion at the end of 1971. The United States suspended the convertibility of the dollar on August 15, 1971; the

Table 6.9
U.S. Gold Reserves vs. Dollar Liabilities to Foreigners
(billion \$)

<i>Year</i>	<i>U.S. gold reserves</i>	<i>Assets held by foreigners</i>
1955	22	12
1960	18	19
1965	15	25
1968	11	32
1972	10	82

Sources: Magdoff, *Age of Imperialism*, p. 108; Beaud et al., *Lire le capitalism* (Paris: Anthropos, 1976), p. 177; Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974), p. 461.

dollar was devalued by 8 percent in relation to gold in December 1971, and devalued again in 1973. This improved the situation of American industrialists in relation to their European and Japanese competition. Strong, the dollar had been the means for domination; once devalued, it facilitated commercial competition. All the more so since American prices, which had risen very little at the beginning of the 1960s (2 percent per year approximately until 1965), began after 1965 to rise more quickly (approximately 5 percent per year).

But oil, especially from the Middle East, was paid for in dollars, at prices fixed in dollars. The devalorization, and then devaluation, of the dollar crystallized the uneasiness of the oligarchies in the producing countries who saw the wealth under their lands being reduced and their assets growing in a currency which appeared suddenly to be no longer "as good as gold." More deeply, a new stage appeared to have been reached in the long struggle for the control of national resources and for a more favorable sharing of the value these resources contain. Recall a few dates:

1938: nationalization of Mexican oil; boycott by the American companies.

1948: 50/50 sharing of profits by the Venezuelan government, which was then overthrown by a coup d'état.

1951: nationalization of Iranian oil by the Mossadegh government; boycott of Iranian oil, followed by the fall of the Mossadegh government.

1950s: the producing countries gradually obtain a 50/50 division of profits.

1960: creation of the Organization of Petroleum Exporting Countries (OPEC).

1960s: creation of national companies (Venezuela, Kuwait, Saudi Arabia, Algeria, Iraq, Libya).

1970: Syria, by blocking the Tapline, prevents the transport of part of the oil from Saudi Arabia; Libya reduces its deliveries and increases its extractions.

When the fourth Israeli-Arab war broke out in October 1973, the decision to reduce deliveries and raise oil prices joined the unceasing pressure to lessen the advantages of imperialism. And the rise in the price of oil in 1973 compensated in large part for the fall in its relative price: at the beginning of the 1970s a barrel of oil allowed the importation of only two-thirds of the amount it had allowed in 1949.¹⁹

But paradoxically, the interests of the American companies at this time converged with the interests of the oil producing countries. American oil companies had an interest in raising oil prices, on the one hand because they were increasingly led to make use of more costly wells (offshore oil wells, Alaskan oil), and on the other hand because the oil companies were in the midst of becoming energy companies: a clear rise in energy prices was needed to ensure the profitability of new energy forms (especially nuclear). Similarly, American industrialists had an interest in this price rise: 80 percent of their oil supply in fact came from American crude oil at \$3 per barrel, while the Europeans and the Japanese were 100 percent supplied with crude oil bought at \$2 per barrel; in addition to the devaluation of the dollar, the rise in world oil prices contributed still more to improving the position of American industrialists in relation to their European and Japanese competitors.

Secondarily, then, the rise in oil prices strengthened the United States in relation to its principal capitalist competitors. Primarily, however, the rise in oil prices considerably increased export revenues for the oil producing countries.

The capitalist countries reacted in various ways, according to specific social tensions and political situations. West Germany chose to reflect back the effects of the oil price rise in a rough manner: the cure was harsh (a sudden rise in unemployment, hundreds of thousands of foreign workers sent back to their countries, forceful pressure on buying power); but the rise in prices remained moderate, the Deutschemerk remained solid, and the balance of trade quickly became positive. On the contrary, in France, Italy, and Great Britain (which nevertheless was benefiting from the development of its own oil resources), the choices were different, and the pressure on workers' buying power was exercised largely through inflation and unemployment.

Those who thought they could "make up for" the rise in oil prices with a subsequent rise in the price of industrial prices for the most part lost their

money: from 1974 to 1978 the price of oil roughly followed industrial prices, and in 1979–80, oil prices increased still more (the price of oil rose from \$2 per barrel in 1973 to \$10 in 1974, to \$13 at the end of 1978, and to \$30 in 1980). Rise in the prices of oil and gold; disorder in the international monetary system leading to adoption of floating rates of exchange; weakening of the dollar, whose principal strength lay in the fact that no other currency was able to replace it as a world currency; a great flood of monetary creation, as each great multinational bank was in a position to grant credits in different currencies and thus to contribute to the creation of these currencies on a world scale; international speculation; national and world inflation; companies or whole sectors caught in the whirlwind of crisis; unemployment, anxiety, fear for the future—in short, crisis.²⁰

The essential outlines of the crisis may be summarized in the following:

1. Exhaustion of the models for accumulation of the 1950s within each capitalist country (saturation of markets and resistance by workers), and a fall in the rate of profit during the 1960s.
2. An intensified search for foreign outlets; the development of exports and foreign investments; and increased intercapitalist competition.
3. The increasing burden of U.S. imperialism on the third world; the gradual questioning of the dollar and the international monetary system; and then the crisis of the dollar, which had to be detached from gold (1971).
4. The U.S. response to European and Japanese competition through devaluation of the dollar (1971 and 1973), and the rise in the price of oil.
5. Within the dynamic opened by the postwar process of decolonization, the successful attempt by the oil producing countries to obtain a more favorable sharing of produced value (1973).
6. The attempt to make up for the effects of the oil price rise, either by recycling the capital of the oil countries or by raising industrial prices; moderate indexation (1974–78) and then a strong rise in the price of petroleum products (1979–80).
7. A demand by the other (non-oil producing) third world countries for a “new international economic order”; and especially the determination of the third world to industrialize, which conflicted with the interests of some industrial sectors in the developed capitalist countries.

Thus the current crisis results simultaneously from (a) internal contradictions inherent in the process of capitalist accumulation, which develop differently within the different national capitalisms; (b) competition and rivalries which oppose the principal developed capitalist countries; and

(c) conflicts of interest, even antagonisms, between the developed capitalist countries as a whole (with each country taking part in specific ways, according to its resources and its history) and the countries of the third world as a whole, as well as conflicts which oppose the capitalist countries against those countries producing oil and other raw materials, those in the midst of industrialization, and those with strategic importance. The succession of these different contradictions and their constant interaction result in the particular seriousness of the present crisis.

The New Mutation of Capitalism

There is nothing to prevent the hope that socialism may be born out of a crisis of capitalism. To think that this may yet be possible requires—for anyone who does not identify concrete socialism with the countries having collective appropriation of the means of production and centralized planning, such as they have developed—taking up once again a radical reflection on socialism.²¹ Is a considerable rate of accumulation compatible with the journey toward socialism? Who will decide the scope and application of accumulation? Who will support the burden of accumulation? How can the attitudes of fear, dependence, and submission, present from time immemorial, be pushed back? How can the perpetuation or restoration of class domination be avoided? All these problems are posed in different ways according to the history, nature, and current situation of each national social formation.

There is nothing to prevent the fear that the present crisis may give rise to the worst: to absolute modern tyrannies, to a multiplication of conflicts and even a World War III with the risk of total destruction of our planet. What is most probable is that in this as in other crises, capitalism will undergo profound mutations and achieve new advances. This future is already here: in current trends one can see the main lines of change as well as the zones of uncertainty.

The East and the West

Let us begin with a certainty—which will open out into several major questions. The world increasingly tends to be divided in two: the capitalist camp and the socialist camp, with two superpowers—the United States and the USSR—two groups of intermediate powers, and two groups of slightly developed and dominated countries.

Since the beginning of the 1950s, the socialist camp has been expanding; although in Europe the borders appear to have stabilized following the line defined at Yalta, the USSR now has strongholds in Asia, the Middle East, Africa, and even in Latin America. In order to extend its influence it has three assets at its disposal: (a) the real determination on the part of countries dominated by Western imperialism to free themselves of this domination and to achieve national independence; (b) a mode of accumulation which has proved itself in the slightly developed countries, most precisely called state collectivism (not yet socialism); and (c) a mode of political organization (state, party, mass organizations) and ideological mobilization (making large use of socialist themes) which has also proved itself.

In the face of this advance the United States has generally, and especially in Latin America and Asia, relied upon dictatorial regimes dominated by narrow oligarchies supported by the army: police states having recourse to a greater or lesser degree to police terror, torture, and murder. These apparently strong states can suddenly reveal themselves to be extremely fragile, as in the case of the shah's regime in Iran or the Somoza dictatorship in Nicaragua.

Beyond these few observations, a series of questions appears. Will the socialist camp continue to advance during the crisis? Will it not also find itself in difficulty in certain countries, involving the necessity for direct military intervention, as in Afghanistan in 1980? Will localized wars burst out again? Will a country or group of countries be able to succeed for long in belonging to neither of the two camps—and if so, what means might they have to avoid being at the mercy of an eventual “new dividing-up of the world”? For won't the United States and the USSR reach a point where a new worldwide Yalta will appear to them preferable—an “acceptable” equilibrium having been achieved—to pursuit of an endless conflict?

There are other uncertainties. Will relations between the two camps tend to harden—with localized military confrontations—or relax—with a development of commercial and technological trade? In a sense, the socialist camp, with its immense equipment and consumption needs, could constitute an enormous market for the large industrial groups of the West.²² But with borrowed technology and a relatively underpaid working class, this camp could also be a formidable competitor, as has begun to occur for the Western automobile market.

Thus two main questions remain open and decisive. Will one camp expand to the detriment of the other? Will the principal tendency between the two camps be toward conflict or toward the development of exchange?

The interrelation between the two great productive systems—capitalist and state-collectivist—will depend on answers to these questions. But the answers themselves depend on the history of the coming decades, and on the bonds which will be formed between these two peoples, these two

nations, these two social systems, these two superpowers, the USSR and the United States.

The Break-up of the Third World

During the period of prosperity the development of the industrialized countries resulted in "the development of underdevelopment" in the dominated countries.²³ In the course of the crisis, disparities and inequalities increased on a worldwide scale, but also within the third world itself.

First of all a rift has deepened between the oil exporting countries with small populations and the rest of the countries of the third world; through the "oil crises" the oil-producing countries have obtained a new share in the value of their now strategic commodity. These oil countries have become in a way the *nouveaux riches* of the planet: the average income per person in these countries has surpassed that of the industrialized countries. Fabulous fortunes are amassed and handled by the oligarchies in power; on the whole the populations benefit from wealth which filters down, and these countries use immigrant laborers who have come from neighboring countries and from Europe.

The inequalities are huge: the inhabitants of the developed capitalist countries and of the oil-producing countries (16.5 percent of the world population) dispose of two-thirds of the world's production, while the countries of the third world (more than half the population) dispose of only 15 percent of the world's production; among the latter, the poor countries of Africa and Asia (nearly 30 percent of the world population) dispose of only 2.4 percent of world production—an "other world," crushed and doomed to misery and famine. This world inequality, already distinguishable when one examines averages, is widened and multiplied still further by national inequalities (see Tables 6.10 and 6.11).

Between the richest and the poorest countries emerge groups of countries or countries where the average income is rising—in southern Europe, Latin America, Africa, and Asia. A new wave of industrialization is forming and becoming larger.

At the end of the nineteenth century and the beginning of the twentieth century, capitalist industrialization extended mainly across Europe and North America. Between 1914 and 1945, capitalist industrialization intensified, while the Soviet Union instituted the new methods of state-socialism. Capitalist industrialization spread into Mediterranean Europe, Australia, and Latin America. Since 1950 industrialization has progressed through the methods of state collectivism in Eastern Europe and China, and through capitalist methods of accumulation in southern Europe and Latin America. Since the end of decolonization, new zones of industrializa-

Table 6.10
Worldwide Growth and Production

	<i>Annual growth GDP</i>		<i>Per capita GNP (\$US)</i>		<i>Percent of total</i>	
	<i>1960-76</i>		<i>1976</i>		<i>1976</i>	
			<i>Pop.</i>	<i>Prod.</i>	<i>Exports</i>	
Oil-exporting countries	9.5	6,691	0.3	1.1	5.7	
Other third world countries	5.7	538	52.2	15.3	22.6	
Developed capitalist countries	4.3 ^a	6,414	16.2	64.6	63.9	
Socialist countries	5.0 ^a	1,061	31.3	19.0	7.8	

Source: World Bank, *Report on World Development*, 1979, pp. 4, 14, 16, 144-45.
^a1960-77.

Table 6.11
Third World Growth and Production

	<i>Annual growth GDP</i>		<i>Per capita GNP (\$US)</i>		<i>Percent of total</i>	
	<i>1965-74</i>	<i>1974-77</i>	<i>1976</i>		<i>1976</i>	
			<i>Pop.</i>	<i>Prod.</i>	<i>Exports</i>	
Oil-exporting countries	(9.5)		6,691	0.3	1.1	5.7
Low-income countries						
in Africa	4.1	2.4	157	3.8	0.3	0.5
in Asia	3.9	5.5	158	25.5	2.1	1.4
Middle-income countries						
Subsaharan Africa	5.9	1.6	523	4.6	1.5	2.9
Latin America and the Antilles (West Indies)	6.5	4.0	1,159	7.8	5.0	5.7
East Asia and the Pacific	8.3	8.0	671	4.0	1.4	4.3
Southern Europe	6.9	4.0	1,948	3.0	3.2	3.4
Middle East and North Africa	7.0	7.5	989	3.5	1.8	4.4

Source: World Bank, *Report on World Development*, 1979, pp. 12, 13.
^a1960-76.

tion, capitalist or state-collectivist, have formed in East and South Asia, around the Mediterranean basin, and in some countries in Africa. And the industrialization of these countries has continued, and even increased, during the current crisis period—for one aspect of the current crisis is the redistribution of industries on a world scale (see Table 6.12).

From 1970 to 1977 annual rates of industrial growth were particularly high in the countries of East and South Asia: South Korea (17 percent), Indonesia (13 percent), Taiwan (12 percent), Thailand (10 percent), the Philippines, Singapore, and Malaysia (9 percent), and Hong Kong (7 percent). Of course, high growth rates must be considered in their actual dimensions when the point of departure is low. Besides, these growths are known to be determined by establishment of, or orders from, large Western (and Japanese) industrial groups. Nevertheless, new bourgeoisies and new "techno-bureoisies" have formed in these countries, and along with them, new working classes; authoritarian and dictatorial states may hold these countries, but they too must take into account that the balance of power and the relations of force in a society are never fixed and settled once and for all.

During the same period (1970–77) industrial growth has also been high in various Latin American countries: the Dominican Republic (14 percent), Ecuador (13 percent), Brazil (11 percent), Paraguay (8 percent), Guatemala, Nicaragua, and El Salvador (7 percent), Mexico (6 percent). This is a continent oppressed by U.S. domination; the countries here are already rich in revolutions, peasant and worker struggles, popular conquests, and breakthroughs of democracy. It is a continent holding many promises which in recent times has been especially battered, crushed, and

Table 6.12
Worldwide Growth of Production and Employment
(base index 100 = 1977)

	World ^a	Soviet bloc	West Europe	North America	Latin America	Middle East, Asia, S.E. Asia
Production						
1960	52	42	60	62	54	51
1977	142	174	122	129	151	170
Employment						
1960	79	72	92	87	73	73
1977	112	112	97	102	139 ^b	138 ^b

Source: United Nations, *Statistical Directory*, 1978.

^aNot including Albania, Mongolia, China, Vietnam, and North Korea.

^b1976 figures.

ravaged by bloody repressions. These countries bear many hopes and much mourning.

During the whole period from 1970 to 1977, there were high rates of industrial growth in a few countries in Africa (Nigeria, 10 percent; Ivory Coast, 8 percent), North Africa (Tunisia, 9 percent; Morocco, 8 percent; Algeria, 6 percent), the Middle East (Iraq, 12 percent; Syria, 11 percent), and Mediterranean Europe (Yugoslavia and Turkey, 9 percent). The rate of industrial growth in Iran, which had been 13 percent during the 1960s, fell to 3 percent from 1970 to 1977; similarly, the growth rates of Greece, Spain, and Portugal, which had been 9 percent during the 1960s, fell to 5 percent after 1970.

Thus from the point of view of the leaders of the capitalist West, one of the more interesting aspects of recent history—and the crisis in various ways has contributed to this—is that the third world has been fractured and split apart. Henceforth there are countries “attached” by their regimes to the capitalist camp, countries “attached” to the socialist camp, and countries which attempt—the expression has already aged—to remain “nonaligned.” There are cultural and religious differences which stand out more now than they did at the time when the colonizer and colonization were an obvious target and permitted the formation of a united front. From an economic point of view, there are now (a) the oil-producing countries; (b) the mineral-producing countries; (c) the countries which are mainly islets of welcome for the Western industrial groups; (d) the countries which are beginning the second stage of their industrialization; (e) the countries which are beginning to industrialize; and (f) the poor, agricultural countries of Asia and Africa.

Besides, there is a great variety in the political regimes and in the class alliances they rest upon—a diversification which crosses the lines of the previous division. Thus third world countries are characterized by (a) domination by a traditional oligarchy supported by the army; (b) a military dictatorship (whose relations may be more or less good with the various parts of the possessing classes); (c) domination by a “techno-bourgeoisie” of the state supported by the army; (d) an alliance of a “techno-bourgeoisie” of the state with, for example, the petty bourgeoisie, a part of the peasantry, or a budding bourgeoisie; or (e) a populist regime (of progressive or religious character). And in each case the types of relations that the capitalist countries can establish, and the points of support they can find, are extraordinarily various.

A Multipolar Center?

In the present crisis, the rivalry between the chief capitalist countries has played its part: international competition has intensified with the pro-

gressive saturation of national markets; exports and foreign investments have increased, in large part reciprocally; there has been a refusal of the absolute leadership defended by the United States after the war; an international monetary system founded on the dollar has been called into question, and so on.

But no other country wishes or is able to take over this role. Europe, forever divided, cannot be a power, and probably will never be one, so long as it remains split by the division decided at Yalta. Japan moderates its ambitions, and for the moment keeps principally to Asia—somewhat as the United States kept mainly to the Americas after 1918. The only rival of the United States is the USSR; its ambition today is to push back, and gnaw away at, the American sphere of influence.

Thus the capitalist camp will remain dominated by the United States; but the United States has had to make concessions and compromises with the other capitalist powers: by recognizing their “particular zones of influence” (though nonexclusive) in the world; by accepting (out of realism or weakness?) that each of these other countries may have the potential for greater autonomy in defining its positions, especially toward the USSR; by gradually establishing a monetary system in which each strong currency can be better acknowledged and have a greater impact.

As a counterpart, the United States finds allies and assistance among the industrialized capitalist countries. For example, it is through IBM-France that IBM is present in many of the countries of Africa and Latin America; in 1975 U.S. banks held only 5 affiliates or branch offices in Africa directly, but they held 500 through their own European affiliates. The American financial group, Morgan, is tied in many ways to the French financial group, Suez; and its British affiliate Morgan Grenfeld together with Suez has created subsidiaries in Hong Kong and Singapore. Thus within the banking and industrial domain a hierarchical system has been established, such as has already been functioning in the political and military domain, principally by means of state relations. It is a supple hierarchy, multiform and shifting, in which one can observe four main levels:

1. Dominant Imperialism:
the United States
2. Ancillary Imperialisms:
Britain, France, West Germany, Japan, others
3. Privileged Supporting Countries:

—for the U.S.	(around the	(in the			
—for each	Mediterranean)	Middle East)	(in	(in Latin	(in
ancillary imperialism			Asia)	America)	Africa)
4. Other Countries

	(around the	(in the	(in	(in Latin	(in
	Mediterranean)	Middle East)	Asia)	America)	Africa)

Membership in the "corps" of ancillary imperialisms implies not only sufficient economic power (at once banking, industrial, commercial) but also a capacity to exert force and intervene, both politically and militarily. Ideological or cultural influence and scientific or technical prestige are also important.

Membership is furthermore never acquired once for all time. The force exerted depends on the balance of power, and this is forever shifting. One more aspect of what is at stake in the crisis is found here. Each developed capitalism, if it wishes to remain within the dominant group, must not let itself be overtaken within this group, and in certain domains, must take the lead. For those in charge, publicly or privately, within each national capitalism it is a question of (1) "managing" the decline of activities judged to be unprofitable and unnecessary; (2) maintaining and modernizing agricultural potential, which will be an element in the balance of power in coming decades; (3) modernizing and adapting second generation industries—fabricating consumption goods as much as equipment goods—to their new possibilities (at a slow pace in the developed countries and more quickly in the countries undergoing industrialization); and (4) giving a good start to the technical and industrial development of third generation industries, for these industries will be the basis for the new model of accumulation which is being established.

In the eyes of the ruling classes of the imperialist countries, a condition for this new model of accumulation is the restructuring of productive activities to ensure greater competitiveness and thus the closing of some companies and the total or partial liquidation of some productive sectors. The new model of accumulation may also involve increased pressure on workers to help companies recover their profitability: inflation and unemployment may be means to this end (they are not, then, signs of this policy's failure, but rather characterize it). The many efforts to limit wage increases and, more generally, the questioning or restriction of workers' gains—social security, public services, the nationalized sector, the right to strike and the rights of unions—may also be a means of recovering profitability. Movement in this direction has been particularly strong in Mrs. Thatcher's Britain and in the France of Giscard d'Estaing. More fundamentally still, there are the ceaseless efforts by the employers to bring the workers to the breaking point, either through the development of precarious job forms (time-limited contracts, use of substitute workers, part-time work, temporary work, subcontracting, use of homeworkers, etc.) or through calling into question the acquisitions which "unify" workers (minimum wage, normal work week of forty hours, guaranteed unemployment compensation, etc.). Through these means the decline in the share of company revenues within the total national value added may be progressively slowed down.²⁴ These measures also reestablish improved profit conditions for the most

successful companies and help create a favorable context for the workings of a new model of accumulation.²⁵

A New Model of Accumulation

Already, the chief components of this new model of accumulation can be perceived. They include (a) new leading industries; (b) new mutations in the work process; (c) a considerable upheaval in the way of life which will give impetus to a "new mass consumption"; and (d) a still greater diversification in the forms of worker mobilization. The new leading industries will be new energy forms (nuclear, solar) and new technologies which enable the saving of energy in transportation, production, and habitation; new techniques for the fabrication of materials, substances, and elements (biochemistry and bio-industries, new syntheses); and above all, the application of electronics (computers, teletransmissions, or, to use recent terms, telemation, techtronics).

Electronics particularly will cause profound changes in the process of production, the organization of work, daily life, and the model of consumption. The level of research, the efficiency of production, and thus the place of each country in the "international hierarchy" will largely depend on the mastery of electronics.

With these new technologies, especially teletransmissions and electronics, the direct process of production and the work process will be deeply transformed, in industry, of course, but also in offices, post offices, banks, educational and health systems, and agriculture. In effect, the following will become increasingly possible: (a) storage of and access to necessary information; (b) teletransmission of information, orders, and images; (c) treatment of complex problems involving large quantities of information, limits, and factors; and (d) command over complex productive systems and their simultaneous coordination in space, between themselves, and according to customers' orders and available stocks.

In these areas France is clearly behind the United States and Japan. For instance, in 1979 there were nearly 10,000 industrial robots in the world, compared to 4,000 in 1975. Three thousand of these were in the United States, several thousand were in Japan (the estimate varies according to the definition used), and five hundred were in France. These devices have been in use for several years in the automobile industry. For example, at General Motors:

When they took the unimates on, we were building sixty an hour. When we came back to work, with the unimates, we were building a hundred cars an hour. A unimate is a welding robot. It looks just like a praying mantis. It goes from spot to spot to spot. It releases that thing and it jumps back into position,

ready for the next car. They go by them about 110 an hour. They never tire, they never complain, they never miss work. Of course, they don't buy cars. I guess General Motors doesn't understand that argument.²⁶

Any repetitive work—so denounced through strikes by specialized workers during the 1960s—and systems of assembly line work can be replaced during the next two decades with robots. Robots will certainly be used in places where the cost of labor power or the attitudes of workers render the use of living laborers unsuitable or unprofitable, although this will not prevent the development of Taylorized work and assembly line production in other zones of the world. Moreover, robotization will most often be used for one part of productive procedures, with disqualified jobs subsisting, or developing, upstream or downstream.

With computers, telecommunication, and the automation of large productive procedures will come the development of work by "autonomous teams" and "autonomous workshops," which will be described by some people as "self-managed." In cases where industrial robots will be unsuitable or too costly, workers will be able to organize themselves in an autonomous way—provided they respect the objectives, norms, and limits transmitted to them by computer. In some cases they will be able to discuss and to express objections, but it is probable that the mass of available information and the combination of constraints will leave a very small "margin of freedom."

Moreover—the psychosociologists have approached the new perspectives thus opened—the individuals and the teams will be put into competition against each other.

The authoritarian organization based on relations of superior to subordinate must disappear. . . . In the new model, no individual would depend on a superior. He would quite freely negotiate his concurrence with a continually changing structure of reciprocal relations between himself and those with whom he exchanges goods and services. . . . A nonauthoritarian structure implies the exercise of internal competition. . . . Each individual would then be in a situation identical to that of an owner managing his own business.²⁸

In the same way, new forms of subcontracting will develop (with teletransmission of orders and technical information provided by the computer of the "main client"). There will also emerge new forms of dispersed workshops, workshops in the countryside, and work in the home (already going on in France for telephone information workers). In group work situations, flexible scheduling will be able to develop, with a computer helping to indicate the limits (thus a greater or smaller margin of choice), and to coordinate and carry out controls. These new technologies and this new organization of work will develop a new way of life and new mass consumption.

Let us caricature things, starting only from what already exists. Nurseries are functioning where the children are under electronic surveillance

(Japan); schools are multiplying where each child, instead of a wooden table and a blackboard, has in front of him a video screen and a keyboard to question the computer (Japan and the United States); an "electronic house" has been conceived and built which wakes up the occupants (after having prepared coffee and toast), controls the level of food supplies, can heat up meals, answer the phone, record television programs on demand, "watch" and deter unexpected or undesirable visitors (United States). A system for the individual programming of an "optimal urban path" is being developed which would allow each driver, after having indicated his destination, to have his itinerary programmed and his driving guided—take the right lane, turn right, slow down (Japan); soon an "electronic guardian angel" will give advice to the driver (be careful; you're not driving smoothly; you're driving too fast; you're being "energy-greedy"). United States firms are researching an electronic driving system which would permit each vehicle to enter individually onto the highway, after which the cars would form into "automobile trains," so that each car would restart its engine only when leaving the highway.

Electronic games multiply and diversify. Experiments with the first newspaper on an electronic screen have just occurred in the United States. Electronics and telecommunications will profoundly change modes of access to various sorts of information: telephone (railroad, weather, tourist), daily news (general or specialized), scientific or technical data, mail order catalogues, and even mail.

A profound change in the way of life will thus occur, followed by the gradual and then massive diffusion of electronic products. This will be accompanied by a renewal of the stock of traditional second-generation goods (automobiles, telephones, televisions, stereos); and a diffusion of new goods (surveillance and remote control systems, individual terminals with video screens, individual computers).

There will be new technologies, a new organization of work, new consumption, and new ways of living. One may imagine that this could lead to the establishment of a permanent control over each worker whose training, work, and leisure would be systematically analyzed and programmed. Most probably, there will be an extreme split in the way workers are mobilized, with at one pole, the strata and the categories who are perfectly integrated, totally at ease in a universe of programs, keyboards, screens, synthetic voices, and robots, and at the other pole, the groups and strata who refuse and reject this world, becoming quite totally marginal. Between the two will remain the traditional modes of work mobilization, joined for the most part to the dominant pole: work in the home, work at the craft level, dependent individual businesses, small subcontracting companies, new forms of piece work, substitute work, temporary work, and contractual work.

If one considers that through multinational industrial and financial groups, this system will function on the five continents, at the four levels of the imperialist hierarchy, and in over one hundred countries (each one having its own laws, traditions, and balance of power), one realizes that there will be a whole range of situations, diversified still further by national, cultural, and religious specificities: a capitalism multiple *and* unique, deformed *and* coherent, split apart *and* structured.²⁸

A Diversified and Hierarchical Multinational System

John F. Kennedy stated in 1962: "Foreign aid is a method by which the United States maintains a position of influence and control around the world, and sustains a good many countries which otherwise would definitely collapse, or pass into the Communist bloc."²⁹ The essential has been spoken. Economic, military, food aid; loans; gifts; industrial and commercial investments; exchange of goods; cultural and military presence: there are so many bonds which reinforce dependence. And in addition to the directly established bonds, there are those which go through the secondary imperialist countries and continental points of support.

The system first of all serves to prevent too many countries from turning to the socialist camp. It also forms a tremendous system for draining off produced value on a world scale. This draining of value is carried out in a perceptible and measurable way through income from foreign investments. For example, from 1970 to 1976, American industrial and financial groups made \$67 billion worth of foreign investments, of which \$27 billion came out of the United States. At the same time these groups received \$99 billion in income from these investments (of which \$42 billion were reused outside the United States, and \$57 billion returned to the United States): this represents a net excess of \$32 billion for these groups and a net return of \$30 billion for American foreign accounts.³⁰

The draining of value occurs first through the payment of interest and the burden of foreign debt. The indebtedness of the dominated countries has in fact become massive during the recent period, and constitutes a new "bondage," a new form of dependence. The current debts of the developing countries rose from \$40 billion in 1965 to \$70 billion in 1970 and to \$260 billion in 1977; it has been forecast that they will rise to \$740 billion by 1985.

Indebtedness represents four to five times the currency reserves of the "low income" countries, and two to two and a half times the currency reserves of the "middle income" countries. Debt servicing represents, on the average, one-tenth of export revenues; in 1977 this proportion reached higher levels for some countries: more than 20 percent for Bolivia, Mauritania, and Egypt; 28 percent for Uruguay; 30 percent for Peru; 32

Table 6.13
Debt Burden of Dominated Countries

	Total	"Low-income" countries	"Middle-income" countries
Current; middle, and long-term debt (\$ billions)			
1965 ^a	38 ^a	11 ^a	27 ^a
1970	68	17	51
1977	260	49	211
(Forecast 1985)	(740)	(124)	(616)
Debt service- export ratio			
1970	—	13 ^b	10.2
1977	11.8	{ 9.6—Africa	11.8
		{ 13.5—Asia	
(Forecast 1985)	(18.1)	{ (11.6—Africa)	(18.3)
		{ (17.0—Asia)	

Sources: Fitt et al., *La Crise de l'impérialisme et la troisième guerre mondiale* (Paris: Maspero, 1976); World Bank, *Report on World Development*, p. 83.

^a1965 figures were obtained from a different series than the others, but the orders of magnitude remain significant.

^bEstimated.

percent for Chile; 43 percent for Guinea; and 48 percent for Mexico; up to one-third, even one-half, of export revenues are devoted to debt servicing (see Table 6.13).

The draining of value also occurs through the international exchange of goods and services. A major aspect of diversified capitalism on a worldwide scale, of "deformed capitalism," is an extreme disparity in labor costs. Between the cost of labor power of an American or European worker which includes—taking into account urbanization, a generalized wage-paying system, and separation from the rural world—an equipped house, a car, the costs of health, leisure, training of children, and so on, and the cost of labor power of a worker in Southeast Asia, living at the limits of the biological minimum, or of a worker in the third world, still attached for the most part to a rural community (in which a large portion of the production/reproduction of labor power is ensured by non-commodity production and by self-subsistence), the separation is very great. Differences in wages serve as indicators of this (see Table 6.14).

The range goes from 1 to 9 for the third indicator (cost of a working hour

Table 6.14
Wages in the Developed and Underdeveloped Worlds

	Imperialist countries		Support countries		Dominated countries	
Monthly wages (in \$US)	USA		Mexico		S. Korea	
	1972	500	1972	157	1972	50
	W. Ger.		Brazil		Ghana	
	1972	400	1970	87	1971	39
			India		Philippines	
			1970	30	1971	38
Average hourly rate (in \$US) by level						
Electronics	USA	3.13			Hong Kong	0.27
	USA	2.3-2.6	Mexico	0.53	Taiwan	0.14
Office equipment manufacturing	USA	3.67			Taiwan	0.38
	USA	2.9-3.0	Mexico	0.48	Hong Kong	0.30
Semi-conductor manufacturing	USA	3.36			S. Korea	0.33
	USA	3.32			Jamaica	0.30
	USA	2.23			Trinidad	0.40
Textile industry	USA	2.49				
	USA	2.28	Mexico	0.53	Honduras	0.45
	USA	2.11			Costa Rica	0.34
	USA	2.11			Br. Honduras	0.28
Hourly per worker wage index (Philips Industries, 1979) (base 100 = France)						
	W. Ger.	144	Australia	97	S. Korea	21
	Belgium	143	Austria	95	Hong Kong	19
	Sweden	142	Italy	93	Singapore	16
	Neth.	139	Finland	87	Taiwan	15
	Denmark	136	Spain	79		
	Switz.	129	Ireland	67		
	Norway	127	Greece	42		
	USA	118	Brazil	40		
	Canada	110	Mexico	33		
	Japan	103	Portugal	26		
	France	100				
	Britain	74				

Sources: Michalet, *Le Capitalisme mondiale*, p. 144; Fitt et al., *La Crise de l'impérialisme*, p. 215; *L'Expansion*, July 4, 1980.

to a company in 1979, including indirect costs), from 1 to 16 for the first indicator; for the second indicator, the separation often exceeds 1 to 10 and once reaches 1 to 17. Since these are averages, these indices are sufficient to illustrate the gap: we know that the difference is enormous between a well-paid technician in an imperialist country and a laborer in Africa or Asia—or a child living on one of these continents (for currently there are about 100 million children throughout the world working in conditions comparable to those of nineteenth-century Europe in the course of industrialization, and sometimes worse).³¹

The present world capitalist system operates on a scale never attained before, at once *unique* (the world market, the multinationalization of production) and *heterogeneous* (disparity in the costs of labor power, a wide range of "national values" for the same commodity). It is then unimportant whether we think in terms of average world values and "extra profits," or in terms of unequal national values—the fundamental phenomenon is this: just as low-priced oil from the third world allows the capitalist countries to benefit from part of the oil income, in the same way the labor power of the third world, bought at a low price and put to work in productive segments integrated within a multinational productive process dominated by industrial and financial groups, allows the capitalist countries to benefit from part of the value produced in the third world. This may occur either through the multinational groups and their price transfers, or through the world market and the system of world prices (the variation in the terms of exchange being only the sign of an improved or deteriorated division).

This phenomenon is not marginal or limited; it is massive. There were 35 to 40 million workers in the world just before World War I; today there are more than 160 million in the capitalist world: around 110 million in the imperialist and developed capitalist countries, and 50 million in the countries of the third world.³² And several hundred million peasants are becoming proletarians: chased from their lands and villages and forced to sell their labor power in order to live, these people live in *barriadas* and *favellas* of Latin America, the shantytowns throughout the third world, and the overcrowded cities of Asia. These are the "free workers" unconditionally available for new industrializations.

And one must insist that the imperialist system be grasped and understood as simultaneously unique (the principal domination of the United States, with the dollar as the world currency; the world market and world prices of basic products and major manufactured products) and diversified (a great variety in situations on the five continents; an extreme diversity in national and local situations; the coexistence of very different modes of utilizing labor power, since this labor power is reproduced under varying conditions). It is a hierarchical system with the United States as the domi-

nant imperialism in the economic, monetary, technical, military, political, and ideological domains, as well as in its way of life and diffusion of information.

This system also includes the ancillary imperialisms—former colonial powers (Britain and France) and more recent powers (West Germany and Japan)—which have their own specificities, assets, weaknesses, and particular zones of influence. These are threatened powers whose rank in the hierarchy of nations in the twenty-first century—a rise, preservation of their current position, or a decline—is at stake in the crisis. Within this system there are also “support countries,” which are not imperialisms (though they might become imperialisms in the future), but which, through their geopolitical situation, their impact (demographic, economic, military, ideological, political), and their capacity for influence and intervention, constitute key elements within a world region. Among these support countries, the oil countries will occupy a special position for at least the next few decades. This system includes finally the “dominated countries”—the most numerous, the most disparate in their impact and potential, and whose importance may depend on the mineral wealth they conceal, on a particular strategic or political situation, or on their populations, among whom are found the most disinherited and forgotten people of the earth.

The hierarchical character of this system is extremely supple, which makes it both vulnerable and adaptable. Beyond the diversity of peoples, cultures, languages, religions, and ways of living and dying, what creates the system’s unity is a complex network of bonds: economic bonds (commercial exchanges, loans, gifts, and various forms of “aid” and “assistance”), as well as class alliances on a world scale in which the ruling classes of the imperialist countries rely upon classes or organized forces (the army, the police) in the support countries and dominated countries (from which comes the importance of military aid, police assistance, and the presence and intervention of secret services). At the limit, countries may be wholly created, with artificially supported regimes and strata or ruling groups “fabricated” by the intervention of industrial and financial groups, states, and special services of the dominant countries (see Table 6.15).³³

And this unifying network of bonds creates new inequalities and new disparities: the prior deduction of value occurring from production in support countries and dominated countries increases the power of industrial and financial groups, and the enrichment of the dominating classes, in the imperialist countries. At the same time this process increases the poverty of the poorest people in the poorest countries. The support given to ruling classes in the third world have allowed for the creation of fabulous fortunes, as well as for the development of new strata linked to the apparatus of the state or multinational capital.³⁴ New inequalities have developed and added to the earlier inequalities. Thus the richest 10 percent of the population in

Table 6.15
Occupational Structure in the Imperialist Countries
(in percent)

<i>Category</i>	<i>Dominant imperialist country</i>		<i>Ancillary imperialist countries</i>				<i>Support countries</i>		<i>Dominated countries</i>	
	<i>USA 1978</i>	<i>France 1975</i>	<i>W. Ger. 1978</i>	<i>Japan 1978</i>	<i>Brazil 1970</i>	<i>Egypt 1977</i>	<i>India 1971</i>	<i>Bolivia 1976</i>	<i>Thailand 1976</i>	<i>Cameroon 1976</i>
Scientific, technical and social science professional personnel	14.3	15.5	12.8	7.2	6.4	7.7	2.8	5.7	2.6	2.4
Directors and upper administrative staff	10.1	3.3	3.1	3.7	1.1	1.4	0.9	0.6	1.1	0.1
Administrative and comparable personnel	17.3	14.0	18.9	15.7	4.7	6.6	2.9	4.0	1.6	1.9
Tradespeople, shopkeepers, salespeople	6.1	7.3	8.5	14.3	7.5	7.4	4.2	6.1	10.4	3.2
Service workers	13.5	8.0	10.8	8.8	7.7	8.9	3.3	8.6	2.9	2.0
Farmers, ranchers, forestry, fishing, and hunting workers	2.8	9.6	5.7	11.3	43.7	41.9	72.1	46.4	62.1	73.7
Workers, laborers, transport workers	33.0	36.0	35.3	36.6	19.4	21.7	13.4	24.7	18.7	11.3
Others	2.1 ^a	1.1 ^a			1.5					
Not classified	0.8	5.2 ^b	4.9 ^b	2.4 ^b	8.0	4.4	0.4	3.9	0.6	5.4
Total (in millions)	102.5	21.8	27.0	55.3	29.6	9.5	180.5	1.5	13.9	2.8

Source: ILO, Directory of Labor Statistics, 1979.

^aMembers of the armed forces.

^bIncludes the unemployed.

Table 6.16
Socioeconomic Indicators in the Imperialist Countries

	<i>Dominant imperialist country</i>		<i>Ancillary imperialist countries</i>			<i>Support countries</i>		<i>Dominated countries</i>		
	<i>USA</i>	<i>France</i>	<i>W. Ger.</i>	<i>Japan</i>	<i>Brazil</i>	<i>Egypt</i>	<i>India</i>	<i>Bolivia</i>	<i>Thailand</i>	<i>Cameroon</i>
Population (in millions of inhabitants), 1977	220	53	61	113	116	38	632	5	44	8
Per capita GNP (in \$US), 1977	8,520	7,290	8,160	5,670	1,360	320	150	630	420	340
Per capita energy consumption, 1976 (kilos of coal equivalent)	11,554	4,380	5,922	3,679	731	473	218	318	308	98
Percent of income of richest 10 percent	26.6 ^a	30.4 ^b	30.3 ^c	27.2 ^d	50.6 ^a	n.a.	35.2 ^e	n.a.	n.a.	n.a.

Percent of income of poorest 20 percent	4.5 ^a	4.3 ^b	6.5 ^c	7.9 ^d	2.0 ^a	n.a.	6.7 ^e	n.a.	n.a.	n.a.
Adult literacy rate, 1975	99	99	99	99	76	44	36	63	82	n.a.
Number of inhabitants: one doctor, 1976	600	680	500	920	3,600	1,190	3,140	2,120	8,460	13,980
Life expect- ancy at birth, 1977	73	73	72	76	62	54	51	52	61	46

Source: World Bank, *Report on World Development*, 1979, p. 142.

^a1972.

^b1970.

^c1973.

^d1969.

^e1964-65.

n.a. = not available.

the developed capitalist countries disposes of 25 to 30 percent of national income, but in countries of the third world this percentage rises to 35 percent (India, Venezuela, Mexico, Argentina) and even to 50 percent (Brazil, Honduras).³⁵

And these disparities create new "solidarities." The ruling families of the third world place their wealth in "safe" countries of the imperialist sphere (the United States, Switzerland, fiscal paradises), buy shares and interests in the industrial and banking groups of the dominant countries, and consume the highly sophisticated and luxury products produced by the dominant countries.³⁶ The industries of many dominated countries have not the slightest autonomy, integrated as they are into the productive processes established and coordinated by powerful industrial groups. The transformation of national productive structures must henceforth be analyzed in relation to the world imperialist system. For example, consider the development of the "tertiary" sector in the United States.³⁷ In part this corresponds to productivity gains in agriculture and industry and an increase in the division of labor (into management, forecasting, planning, information, coordination, research, education, control, surveillance) which partially supports these productivity gains. But in part the development of the tertiary sector corresponds to the fact that material production is now growing more quickly in the supporting and dominated countries. This process in turn develops the working classes in these countries (see Table 6.16).

Finally, this unity of the imperialist system is undermined by conflicts, rivalries, and relations of force. This is not merely a question of interventions by the armies, police, secret services, private militia, and mercenaries of the dominating countries. It is also a question of new rivalries, new hatreds, and new expansionism: not only national, but religious, ethnic, and clan related. One can count 130 civil or regional wars since 1945, in which eighty-one countries, almost all of them belonging to the third world, have participated. In real terms the military budgets of third world countries have quadrupled in the last twenty years (see Table 6.17). And already some third world countries (India, Pakistan, the Philippines, Brazil, Argentina) are equipping themselves with an armaments industry.

In the last analysis, the unity of the imperialist system is based largely on the rivalry and tension with the socialist bloc dominated by the USSR. More than \$400 billion were spent throughout the world in 1978 for armaments, and nearly \$500 billion were spent for this purpose in 1980. This is around 6 percent of gross world product, while the modest objective of allotting "1 percent" of the gross national product of the rich countries to the aid of the poor countries is not attained in most of the richer countries.³⁸ In 1968 and 1978 world military spending was distributed in the following way (in percent):

	NATO	Warsaw Pact	China	Third world	Others
1968	56	25	9	6	4
1978	43	29	10	14	4

In 1978 world arms exports were 47 percent from the United States, 27 percent from the USSR, 11 percent from France, 4 percent from Italy, 4 percent from Britain, and 2 percent from West Germany.³⁹ Forty percent of world research is organized within the perspective of "national defense" and war. Some 400,000 high-ranking scientists work on armaments research, two-fifths of all scientists in the world. Since 1950 "the total destructive power of world arsenals has been multiplied several million times. . . . The present increase in military spending occurs at a time when 1.5 billion people do not have access to adequate medical service, 570 million people are seriously undernourished, and 3 billion people lack healthful drinking water."⁴⁰

Thus the world is caught in a spiral of terror and devastation: on the one hand the means of destruction accumulate, enough to destroy the planet several times over, while on the other hand, 500 million human beings are threatened with death from hunger during the 1980s.⁴¹ There is an economic crisis which—because of huge international indebtedness, speculation, and the seriousness of what is at stake for each nation—no one is able to master. And new technological advances further strengthen the power of the powerful and the crushing of the weak.

And how can one help thinking that the worst is possible: that the great

Table 6.17
Third World Military Expenditure

<i>Region</i>	<i>Annual growth rate</i>		<i>Percent of total third world arms imports</i>
	<i>1968-75</i>	<i>1973-78</i>	<i>1950-78</i>
Middle East	+ 25	+ 4	43
Far East ^a	+ 8	+ 8	22
South Asia	+ 5	+ 4	10
Central America	+ 2	+ 4	2
South America	+ 8	+ 3	9
North Africa			6
Sub-Saharan Africa	+ 8	+ 15	8

Source: P. Fabre, in *L'Economiste du Tiers Monde*, December 1979.

^aNot including China, Laos, Cambodia, Vietnam.

depression at the end of the nineteenth century opened the way for World War I, that the crisis of the 1920 led to another world war, and that this third great crisis is still far from being overcome? At the same time, there are many possibilities developing which could be progressive factors.

Summary

*And then I told myself that all this
unorganized violence was like a
blind man armed with a pistol.
—Chester Himes*

Manufacture of cotton cloth in the sixteenth–eighteenth centuries; large metallurgical companies and then steel companies in the nineteenth century; automobile and electricity companies, and then computer and teletransmission groups—through these, the same logic is always at work: forced surplus labor, realization of produced value and surplus value, enlarged capital leading to increased production; more commodities and more surplus value. This is a logic, then, of growth, but it is also a logic of crisis; for the increased production leads in one way or another toward saturation (taking into account distributed buying power), toward a stiffening of competition, and toward a decline in profitability. Crisis, available capital, a larger reserve of labor power: these also signify the search for new markets, new processes, and new production.

How can one deny the fascinating creativity of this system which in a few centuries has passed from mechanical looms powered by running water or steam to industrial robots capable of carrying out a series of complex operations; from printing to teletransmissions; from the discovery of America to the exploration of space? And how can one not be haunted by the destructive capacity of this dynamic at work (often intermingling with others: cupidity, religious faith, national sentiment, the “civilizing mission,” racism, etc.)? Its work has included the massacre of the Indians of the Americas and pillage of their treasures; destruction of the traditional rural way of life and the proletarianization of poor peasants, beginning in England; the wasteful use of such nonrenewable resources as coal, oil, and minerals; the degradation of the environment and the earth’s biological cycles, especially through air and water pollution; the risk of damages from nuclear power which will be a burden for generations to come; the unbounded use of labor power, both muscular and nervous, leading to fatigue, premature exhaustion, and accidents.

Creation and destruction of resources, people, and landscapes. Creation and destruction of societies as well. A few centuries ago rural societies were ruled by narrow aristocracies and the absolute power of the princes: in their midst were formed the embryos of the bourgeoisies and the working classes which developed with industrialization. Today in the United States a narrow oligarchy of powerful industrial and financial groups is linked to a diversified range of the high, middle, and petty bourgeoisies (industrialists, businesspeople, workers in the liberal professions, individual entrepreneurs), as well as to the higher strata of the salaried "techno-bureoisie" (directors and high technicians of the apparatus of capital and administration, "directors" of research, education, health). Urbanization and the establishment of a system of wage payments have been largely accomplished, and the working class and the "petty bureoisie" have been for the most part integrated into the cycle of consumption through credit. And this U.S. oligarchy is tied to the ruling classes of the other capitalist countries, either through international proceedings by which governments agree to act together, through alliances and controls established between industrial and financial groups, or finally, through such authorities as the Trilateral Commission in which high private or public leaders meet and agree to act together. This oligarchy has woven or allowed the establishment of multiple ties between the United States and the ruling classes or strata (including the armed forces, the police, and the special services) of the support countries and dominated countries.

Against this logic, the idea of socialism was given life in the nineteenth century by indignation at injustice, by generosity and obstinate hope. This was the hope that the ideas of solidarity, fraternity, equity or equality, social justice, security, and democracy might be realized on this earth. All of the early ruptures with capitalism were made in the name of socialism.

Today, against the capitalist logic, against imperialism, an alternative mode of production and accumulation exists and functions: state collectivism. For in the countries where a revolution which could be thought of as socialist was carried out, the economic and social constraints and the necessity to industrialize—and therefore to extract a surplus, force surplus labor, and transform former rural inhabitants into workers—were determining: it was by seizing the state apparatus that the core of the new ruling class asserted itself. And it was through the use of state force that the new ruling class imposed both work discipline and social discipline upon the productive classes.

State collectivism, like capitalism, encountered the national reality and combined with it: the Russian power, exalted by socialist ideology and sustained by the vigor of anti-imperialist struggles, managed to attain through state collectivism the economic and military apparatus which makes it the second power in the world. And in third world countries an

alliance of classes has enabled former oligarchies to be overthrown and provided the means for emancipation from imperialism: these countries find in state collectivism the possibilities for developing equipment and industry.⁴²

In each epoch, capitalism has functioned simultaneously on a national/regional/local scale *and* on a worldwide scale. This is particularly true at the present time, with a hierarchical system which covers the five continents, a world market, multinational groups, and international indebtedness.

In each epoch capitalism has been both a factor for unification, even standardization, *and* a factor for accentuating differences, disparities, and inequalities. This is particularly so today, with the colossal strengthening of the means of transport, exchange, communication, and information. Capitalism has brought proletarianization, the wage payment system, urbanization, and the unification of consumption objects with productive processes and ways of living. Yet century after century, the most varied ways of mobilizing labor power and of extracting surplus labor have been superimposed upon one another in infinitely diverse social contexts.

In each epoch, capitalism has been both creative *and* destructive, but today it is the very existence of humanity and the planet which are at stake. In the imperialist countries the workers have succeeded in organizing themselves. Partly because of the advantages the ruling classes drew from imperialism, workers have obtained important concessions and reductions in the rigor of capitalist logic. They now have effective ways of influencing decisions and a more favorable sharing of produced wealth. Henceforth—this must be said and all of its implications must be considered—the working classes and, more widely, the working world of the dominant countries, are simultaneously in solidarity with the peoples and countries of the third world, for both groups are subject to the logic of production for profit, and dependent, for employment, for their standard of living, and for life itself, on the production of “their” national capitalism, sharing in this a common interest with “their” ruling class.

Were the working classes to liberate themselves from “their” capitalist bourgeoisie, what is most probable—taking into account precedents and inertia—is the passage to a new class society, dominated by a “new ruling class” (constituted in part from the high “techno-bureoisie” and the managements of party and union apparatuses), with the establishment of a system combining state collectivism and a market economy. It is not that the advance toward socialism is impossible, but that it is more complex than the great visionaries of the nineteenth century ever imagined; it involves not only the socialization of the means of production, but also liberation from the millenia-long habits of dependence and submission. In a positive sense, it involves the invention of relations and pathways which will permit the collective mastery of crucial decisions.

And here democracy is a fundamental achievement. A victory against the bourgeoisie insofar as the bourgeoisie would have preferred democracy to remain the affair of a narrow minority of owners and experts, democracy is the fundamental condition for any advance toward socialism. The history of the last century has taught us this. Democracy, individual freedoms, and human rights are essential achievements that we have the responsibility to protect, and if possible, to widen, strengthen, and deepen.

In the third world countries, the dominated countries, everything remains to be done. There must be a fight against the overlapping dominations of imperialism, of old exploiting classes and new exploiting classes—nascent bourgeoisies and “techno-bureoisies.” At the same time there must be a fight against the effects of having been crushed for a thousand years and against the effects of modern pillage: poor production, nourishment, and health; mortality and illiteracy. The recovery of independence—national or “continental”—appears necessary; and this is not a matter of becoming liberated from one domination in order to fall under another: the formation of a large group of nonaligned countries is here fundamental.

In this framework, the methods of state collectivism may be efficient for developing certain types of production and carrying out certain processes. Perhaps new forms of production will be invented that will permit productive forces to be developed at the same time that social relations are transformed in the direction of socialism. Here we may hope that in their traditions of village community or popular solidarity, their wisdom of life, and their philosophical and religious traditions, some of the peoples who are today crushed may be able to invent a new art of producing, living, working, and deciding which will bring to light what the young people of so many countries understood in 1968: the absurd and slimy bloatedness of modern capitalist society.

Notes

1. *The Long Journey Toward Capitalism*

1. See for example, Herbert Heaton, *Histoire économique de l'Europe* (Paris: Armand Colin, 1952), Vol. 1, p. 194. Heaton dates at 1450 the beginning of what he calls the "economic renewal."
2. "The rich man with his reserves, by keeping the poor man from starving without himself being put out, could he demand as reimbursement more than he had advanced? This would be making time pay, which, as opposed to space, was said to be the thing of God and not of men." (Georges Bataille, *La Part maudite, précédé de la notion de dépense* [Paris: Minuit, 1967], p. 166.)
3. Henri Denis, *Histoire de la pensée économique* (Paris: PAF, 1966), p. 82.
4. Adam Smith, *An Enquiry into the Nature and Causes of the Wealth of Nations* (1776; New York: Random House, 1937), pp. 528-29, cited in Andre Gunder Frank, *World Accumulation, 1492-1789* (New York: Monthly Review Press, 1978), p. 41.
5. Heaton, *Histoire économique*, pp. 197, 208. Using terms such as "the European expansion" or "the economic effects of the discoveries," Heaton brings together some useful material.
6. *The Log of Christopher Columbus' First Voyage to America the Year 1492*, quoted in Eduardo Galeano, *Open Veins of Latin America* (New York: Monthly Review Press, 1973), p. 24.
7. Cited in Frank, *World Accumulation*, p. 42.
8. Ramón Carande, a witness of this time, wrote: "Spain is like the mouth that receives the food and chews it only to send it immediately to the other organs, without retaining more than a passing taste or a few crumbs that accidentally stick to its teeth. . . ." Cited in Frank, *World Accumulation*, p. 51.
9. This was the first surge of peasants driven off of their land, of whom Thomas More wrote in *Utopia* (1516): "They leave their familiar hearths and can find no place where they may settle down. They sell their household goods, which would not bring much even if they could wait for a buyer, for little or nothing. When that little money is gone (and it will soon be spent), what is left for them to do but steal and so be hanged, doubtless justly, or to go about begging? And if they beg, they are thrown into prison as idle vagabonds. They would willingly work, but can find no one who will hire them." (Thomas More, *Utopia*, trans. H. V. S. Ogden [New York: Appleton-Century-Crofts, 1949], p. 10).
10. J. Bodin, *Response to the Paradoxes of M. de Malestroit, Regarding the Increasing Expense of Everything*, 1568.
11. See P. Deyon, *Le Mercantilisme* (Paris: Flammarion, 1969), pp. 19ff.
12. *A Compendious, or Brief Examination of Certain Ordinary Complaints*, written in 1549 and published in 1581, no author given, cited in J.-Y. Le Branchu,

- Écrits notable sur la monnaie* (Paris: Alcan, 1934), vol. II, p. 188. The British gentleman John Hales expressed similar ideas in his *Discourse of the Commonweal of this Realm of England*, also written in 1549 and first published in 1581 (Cambridge: The University Press, 1929).
13. More, *Utopia*, p. 25.
 14. In tributary modes of production the subjection of a large productive mass of peasants or craftsmen allows for the imposition of a tribute, thanks to which an oligarchy possessing arms and controlling religion is able to live in ease, sometimes even in luxury; this is the case in slave, feudal, Asiatic, and African modes of production. See for example, Samir Amin, *Class and Nation, Historically and in the Current Crisis* (New York: Monthly Review Press, 1980).
 15. Fernand Braudel, *Civilisation matérielle. Economie et Capitalisme* (Paris: Armand Colin, 1980), vol. III, *Le Temps du monde*, p. 18.
 16. Immanuel Wallerstein and Andre Gunder Frank, among others, take this position, referring to Marx's statements in *Capital* that "the modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market" (Moscow: Progress Publishers, 1954, p. 146) and that "although we come across the first beginnings of capitalist production as early as the 14th or 15th century, sporadically, in certain towns of the Mediterranean, the capitalist era dates from the 16th century" (*ibid.*, p. 715). See, for example, Frank, *World Accumulation*, p. 256.
 17. Cited in *Histoire générale des civilisations*, 7 vols. (Paris: PUF, 1953-56), vol. IV, p. 153.
 18. Annual averages; Pierre and H. Chaunu, *Seville et l'Atlantique*, 1959, cited in Pierre Léon, *Economie et Sociétés pré-industrielles* (Paris: Armand Colin, 1970), vol. II, p. 32.
 19. Artistic production flourished at the beginning of the century, however, with Cervantes (*Don Quixote*, 1605, and *New Examples*, 1613) and El Greco (Assumption of the Virgin, 1614) and later on with Lope de Vega and Calderón, Velasquez, and Murillo.
 20. *Histoire générale des civilisations*, vol. III, p. 245.
 21. Amsterdam largely profited from the destruction and decline of Antwerp, taken by the Spanish in 1585. The bourgeois of Amsterdam chose not to take back Belgium for fear of the competition Antwerp would give them once it was Dutch. See Heaton, *Histoire économique* and Violet Barbour, *Capitalism in Amsterdam in the Seventeenth Century* (Baltimore: Johns Hopkins Press, 1950). Information on the Bank of Amsterdam is taken from *Histoire universelle*, 3 vols. (Paris: Pléiade, 1958), vol. III, pp. 133-34.
 22. Heaton, *Histoire économique*. The reader may imagine from Heaton's very "proper" expressions what the situation of these crews must have been.
 23. As cited in Deyon, *Le mercantilisme*, pp. 93-94.
 24. Roland Marx, *L'Angleterre des révolutions* (Paris: Armand Colin, 1971), p. 87. Against these privileges and regulations, protests soon were raised; thus at the Long Parliament, Sir John Colepepper became indignant: "It is a pack of vermin which is crawling over the country. I mean the monopolists. . . ." (cited in *Histoire générale des civilisations*, vol. IV, p. 298).
 25. Thomas Mun, *England's Treasure by Foreign Trade* (London, 1664), pp. 88, 71-72.
 26. Hales, *Discourse of the Commonweal*, p. 15.
 27. Barrington Moore, *The Social Origins of Dictatorship and Democracy* (Boston: Beacon, 1966), p. 23.
 28. *The Leveller Tracts, 1647-1653*, ed. William Haller and Godfrey Davies (New York: Columbia University Press, 1944), pp. 151-53.

29. *La Lumière brillant dans le Buckinghamshire*, cited in *Histoire générale du socialisme*, 3 vols. (Paris: PUF, 1972), vol. 1, p. 98.
30. "The Clothier's Delight, or the rich Men's Joy, and the poor Men's Sorrow, wherein is exprest the Craftiness and Subtility of many Clothiers in England, by beating down their Workmen's Wages," in P. Mantoux, *The Industrial Revolution in the 18th Century* (London, 1928), pp. 76–78.
31. John Locke, *Two Treatises of Government*, ed. Peter Laslett (Cambridge: The University Press, 1967), p. 430.
32. *Ibid.*, pp. 351, 354.
33. *Ibid.*, pp. 430, 433.
34. Sir Dudley North, *Difcourfes upon Trade, Principally Directed to the Cases of the Interest, Coynage, Clipping, Increase of Money*, 1691, in J. R. McCulloch, ed., *A Selected Collection of Early English Tracts on Commerce* (London, 1856), pp. 513, 514, 537, 540.
35. *Histoire générale des civilisations*, vol. IV.
36. He is quite explicit about the unity of economics and politics: "We can strongly affirm, against the opinion of Aristotle and Xenophon, that one cannot divide economics from politics without dismembering the principal part of the Whole, and that the science of acquiring goods, as they called it, is common to republics as well as to families." See Denis, *Histoire de la pensée économique*, p. 89.
37. Richelieu, *Memoirs* (1627), cited in Deyon, *Le Mercantilisme*, pp. 94–95.
38. Architectural signs of the period were the "arcs de triomphe" of the gate of Saint-Denis (1673) and the gate of Saint-Martin (1674), the colonnade of the Louvre (1667–74), and the Place des Victoires with the statue of Louis XIV (1686).
39. Jean-Baptiste Colbert, *Lettres, mémoires, et instructions*, cited in Deyon, *Le Mercantilisme*, pp. 100, 101.
40. *Histoire universelle*, vol. III, p. 142.
41. "Commerce," wrote Colbert, "is the source of finances, and finances are the sinews of war."
42. Cited in Deyon, *Le Mercantilisme*, pp. 102–3.
43. Boisguilbert, *Le Factum de la France*, 1707, cited in Denis, *Histoire de la pensée économique*, pp. 135–36.
44. Strong and conquering, Dutch capitalism was worldwide and followed free trade doctrines. Forced to affirm itself, English capitalism was nationalist and protectionist; once allied, the monarchy and the bourgeoisie instituted mercantilist policies; after having obtained the first important successes, the free-trade and liberal ideas emerged. A sequence of the same kind occurred in France a half century later.

2. The Century of the Three Revolutions (Eighteenth Century)

1. The value of French foreign trade grew by a factor of 3.2 between the first five-year period following the death of Louis XIV (1716–20) and that of 1751–55; then it doubled between the latter period and 1778–89. The share of foreign trade within market production as a whole grew from 10 percent to 20 or 25 percent (J. Marczewski, "Some aspects of economic growth," *Economic Development and Cultural Change* 8, no. 3, p. 372). English foreign trade doubled between 1700–09 and 1750–59, and then multiplied 2.6 times between the latter period and 1795–1804 (Phyllis Deane and William A. Cole, *British Economic Growth 1688–1959* [New York: Cambridge University Press, 1969], p. 48.) France saw a two-

thirds increase in market production between 1701-10 and 1781-90, while considered at constant prices, the English national revenue went from £50 million in 1688 to £134 million in 1770, and £139 million in 1798 (Paul Bairoch, *Révolution industrielle et Sous-Développement* [Paris: CEDES, 1964], p. 271). Price rises were particularly noticeable in European agricultural products, and less so for "colonial products" and industrial products. See Camille E. Labrousse, *Esquisse du mouvement des prix et des revenus en France au XVIII^e siècle* (Paris: Dalloz, 1932) and William Beveridge, *Causes and Cures of Unemployment* (1931; New York: AMS Press, 1976).

2. European population grew from 120 million at the beginning of the century to around 190 million at the end of the century (*Histoire universelle*, 3 vols. [Paris: Pléiade, 1958], vol. III, p. 234). Wealth in circulation grew in France from 731 million francs in 1715 to 2 billion francs in 1788 (Pierre Léon, *Économies et Sociétés pré-industrielles* [Paris: Armand Colin, 1970], vol. II, p. 202).
3. Of all legal sugar imports to the mother countries these three countries enjoyed the following (annual averages in thousands of tons):

	France	England	Portugal	Total
1741-45	65	41	34	150
1766-70	78	74	20	193

(Richard Sheridan, *The Development of the Plantations to 1950: An Era of West Indian Prosperity* [London: Ginn, 1970], pp. 22-23, cited in Andre Gunder Frank, *World Accumulation, 1492-1789* [New York: Monthly Review Press, 1978], p. 121.)

4. According to Simonson, 7 million slaves were transported to Brazil alone between 1700 and 1850; according to Frank Pitman, 2.1 million Africans were imported to the British colonies of America (the thirteen colonies and the Antilles) between 1680 and 1786. (See R. Simonson, *Historia econômica do Brasil, 1500-1820* [São Paulo, 1962], p. 154, cited in Frank, *World Accumulation*, p. 91; and F. Pitman, *The Development of the British West Indies, 1700-1763* [New Haven, 1917], p. 67, cited in Eric Williams, *Capitalism and Slavery* [New York: Russell and Russell, 1961], p. 33).
5. Samir Amin, *Impérialisme et sous-développement en Afrique* (Paris: Anthropos, 1976).
6. Between 1700 and 1790 the production of export industries in England grew by a factor of 3.8, while national industries grew by a factor of only 1.4 (Deane and Cole, *British Economic Growth*, p. 59).
7. As tea drinking became popular in England in the eighteenth century tea imports multiplied by seventy in volume, though only by sixteen in value, because of the fall in price (Léon, *Économies et sociétés*, p. 186).
8. Quoted by Henri Sée, *Modern Capitalism, Its Origin and Evolution* (New York, 1928), p. 28, cited in Williams, *Capitalism and Slavery*, p. 55.
9. L. A. Harper, "The Effect of the Navigation Acts on the Thirteen Colonies," cited in Frank, *World Accumulation*.
10. M. Vauban, *An Essay for a General Tax, or a Project for a Royal Tythe*, 1710, pp. iii-iv.
11. The entire nobility was estimated by Father Coyer in 1756 at 80,000 families, that is, around 400,000 persons. The major portion of them lived in ease on their estates, though some of them lived in poverty (Henri Sée, *La France économique et sociale au XVIII^e siècle* [Paris: Armand Colin, 1925]). Depending on the region, they owned between 11 percent and 40 percent of the land.

12. Sée, *La France*, pp. 36–37. See also *Histoire générale des civilisations*, 7 vols. (Paris: PUF, 1953–56), vol. V, p. 132 and *Histoire universelle*, 3 vols. (Paris: Pléiade, 1958), vol. III.
13. Cited by Sée, *La France*, p. 139.
14. *Registre paroissial de Lain* (Yonne), cited in *Les écrivains témoins du peuple* (Paris: Ed. j'ai lu, 1964), p. 67.
15. Cited in *ibid.*, p. 89.
16. *Histoire générale des civilisations*, vol. V, p. 11.
17. Some of these were materialists and atheists: La Mettrie, *L'Homme machine* (1747), Helvétius, *De l'esprit* (1758); Baron d'Holbach, *Système de la nature* (1770); Diderot, *Pensées philosophiques* (1746), *Lettre sur les aveugles* (1758). Other points of reference: Voltaire, *Histoire de Charles XII* (1731); *Lettres anglaises* (1734), *Le Siècle de Louis XIV* (1751), *Essai sur les moeurs* (1756), *Dictionnaire philosophique* (1764); Rousseau, *Discours sur les sciences et les arts* (1750), *Discours sur l'origine de l'inégalité* (1754), *Lettre a d'Alembert* (1758), *Le Contrat social* (1762).
18. From Turgot (*Discours sur l'histoire universelle*, 1750) to Condorcet (*Esquisse du tableau des progrès de l'esprit humain*).
19. *Histoire générale des civilisations*, vol. V, p. 75.
20. Montesquieu, *L'Esprit des lois* (1768; Paris: Ed. Garnier, 1949), vol. I, pp. 11–13.
21. Cited in Maxime Leroy, *Histoire des idées sociales en France* (Paris: Gallimard, 1946), vol. I, pp. 127–28.
22. Jean-Jacques Rousseau, *On the Social Contract*, ed. R. D. Masters (New York: St. Martin's, 1978), pp. 46, 50, 53, 56. Rousseau also made a remark upon which our leaders should meditate: "If I were a prince or a legislator, I would not waste my time saying what had to be done, I would do it, or keep silent" (p. 46).
23. *Ibid.*, p. 79.
24. *Ibid.*, p. 85.
25. "The larger the State grows, the less freedom there is" (*ibid.*, p. 80).
26. Cited by Jean-Jacques Chevalier, *Les Grandes Oeuvres politiques de Machiavel à nos jours* (Paris: Armand Colin, 1949), pp. 92–93.
27. The first group includes Morelly, *La Basiliade*, 1753; *Le Code de la Nature*, 1775. As for the second, hasn't it been established for centuries that "God gives life to everyone, and 'the rich gives the poor his living'?" This idea survives today since the rich "give work" and "create employment."
28. Cited in A. Chabert, "Rousseau économiste," *Revue d'histoire économique et sociale*, no. 3, 1964, p. 349.
29. Cited by A. Lichtenberger, *Le socialisme au XVIII^e siècle* (Paris: Alcan, 1895), p. 147.
30. Jean-Jacques Rousseau, "Discourse on the Origin and Foundation of Inequality," in *The First & Second Discourses*, ed. Roger D. Masters (New York: St. Martin's, 1964), p. 181.
31. *Ibid.*, p. 66.
32. Rousseau, article on "political economy" for *l'Encyclopédie*, cited by Henri Denis, *Histoire de la pensée économique* (Paris: PUF, 1966), p. 233.
33. Father Mably, *Des droits et des devoirs des citoyens*, 1758, cited in *Histoire générale du socialisme*, 3 vols. (Paris: PUF, 1972), vol. I, p. 243.
34. Father Mably, *Doutes proposés aux philosophes économistes sur l'ordre naturel et essentiel de sociétés politiques*, 1768, cited by Denis, *Histoire de la pensée économique*, p. 237.
35. *Ibid.*, cited by Lichtenberger, *Le socialisme*, p. 229.
36. Diderot, *Principes de la philosophie morale*, cited in *Histoire générale du socialisme*, vol. I, p. 159.

37. Helvétius, *De l'homme*, 1772, cited in *Histoire générale du socialisme*, vol. 1, p. 161.
38. Holbach, *Ethnocratie, ou le gouvernement fonde sur la morale*, cited by Lichtenberger, *Le socialisme*, p. 267.
39. *Histoire philosophique de deux Indes*, 1770, cited by Leroy, *Histoire des idées*, p. 236.
40. Linguet, *Théorie des lois civiles*, Amsterdam, 1767, cited by Lichtenberger, *Le socialisme*, pp. 291–96, 303.
41. Linguet, *Lettre sur la théorie des lois civiles*, Amsterdam, 1770, cited by Lichtenberger, *Le socialisme*, p. 293.
42. Linguet, *Réponse aux docteurs modernes*, London, 1771, cited by Lichtenberger, *Le socialisme*, pp. 296–99.
43. Linguet, *Du pain et du blé*, London, 1774, cited by Lichtenberger, *Le socialisme*, p. 300.
44. *Annales*, vol. XIII, 1788, cited by Lichtenberger, *Le socialisme*, pp. 297, 302.
45. Voltaire, cited in Michel Foucault, *Madness and Civilization* (New York: Random House, 1964).
46. Rousseau, "Discourse on the Origin and Foundation of Inequality," p. 154.
47. Sée, *La France*, pp. 34–35.
48. Quesnay, "Grains," 1757, in *François Quesnay et la Physiocratie* (Paris: INED, 1958), vol. II, 1958, p. 484.
49. "Homme," in *ibid.*, p. 559.
50. Quesnay, *l'Analyse de la formule arithmétique du tableau économique*, 1766, in *ibid.*, pp. 793–94.
51. M. Turgot, *Reflections on the Formation and Distribution of Wealth* (London, 1795), p. 55.
52. M. Turgot, "Questions importantes sur le commerce," 1775, in Turgot, *Textes choisis* (Paris: Dalloz, 1947), p. 106.
53. Turgot, *Reflections*, pp. 63–65.
54. *Ibid.*, p. 65.
55. *Ibid.*, p. 70.
56. *Ibid.*, p. 73.
57. *Ibid.*, p. 106.
58. Turgot, "Fondation," *Encyclopédie*, 1757, reproduced in Turgot, *Textes choisis*, p. 177.
59. Turgot, "Eloge de Vincent de Gournay," 1759, in *ibid.*, p. 147.
60. They were represented by, among others, Mercier de la Rivière, *L'Ordre naturel et essentiel des sociétés politiques*, 1767; Dupont de Nemours, *De l'origine et des progrès d'une science nouvelle*; and Bigot de Sante-Croix, *Essai sur la liberté du commerce et de l'industrie*, 1775.
61. Cited in Emile Levasseur, *Histoire des classes ouvrières et de l'industrie en France avant 1789* (Paris: A. Rousseau, 1900–01), vol. II, p. 855.
62. Cited in *Histoire économique et sociale de la France*, 6 vols. (Paris: PUF, 1976–80), vol. III, book I, p. 12.
63. Cited in Paul Mantoux, *La Révolution industrielle au XVIII^e siècle* (Paris: Génin, 1969), pp. 123–25. See also, T. S. Ashton, *The Industrial Revolution, 1760–1830* (New York: Oxford University Press, 1948).
64. Mantoux, *La Révolution industrielle*, pp. 83–84.
65. *Ibid.*, p. 81.
66. Ashton, *The Industrial Revolution*, p. 131.
67. Eric Williams, *Capitalism and Slavery* (New York: Russell & Russell, 1961), pp. 60–68.

68. Ibid., p. 82, cited in Frank, *World Accumulation*, p. 230.
69. Oliver Goldsmith, *The Deserted Village* (London, 1770), p. 15.
70. Mantoux, *La Révolution industrielle*, pp. 55–56.
71. Ashton, *The Industrial Revolution*, pp. 41–42.
72. Mantoux, *La Révolution industrielle*, p. 430.
73. Ibid., pp. 391–92.
74. The Darbys produced 500–600 tons per year around 1717, and 10,000 to 14,000 tons per year around 1790. Raw imported cotton, for the most part processed in England, rose from 5 million pounds in 1781 to 33 million tons in 1781 and 60 million tons in 1802.
75. Mantoux, *La Révolution industrielle*, pp. 419, 468.
76. David Hume, “Essays on Economics,” in *Writings on Economics*, ed. E. Rotwein (Madison: University of Wisconsin Press, 1955), p. 13.
77. Adam Smith, *Theory of Moral Sentiments* (London, 1853), pp. 263–64.
78. Ibid., pp. 264–65.
79. Ibid., p. 265.
80. Adam Smith, *The Wealth of Nations* (New York: Modern Library, 1937), p. 651.
81. Ibid.
82. Ibid., p. 341.
83. Ibid., p. 344. When he speaks of the capital of the farmer, he expresses physiocratic ideas, which he criticizes later on: “No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring servants, but his labouring cattle, are productive labourers. In agriculture too nature labours along with man; and though her labour costs no expence, its produce has its value, as well as that of the most expensive workman” (ibid.).
84. Ibid., p. 464.
85. Ibid., p. 347.
86. Ibid., p. 360.
87. Ibid., p. 128.
88. Ibid., p. 122.
89. Ibid., p. 674.
90. Thomas Paine, *Common Sense* (Philadelphia, 1776), p. 1.
91. Thomas Paine, *The Rights of Man*, Pt. II (London, 1792), pp. 7, 10.

3. *The Irresistible Rise of Industrial Capitalism (1800–70)*

1. William Godwin, *Enquiry Concerning Political Justice* (1793; Harmondsworth, Middlesex: Penguin, 1976), pp. 711–12.
2. Ibid., p. 716. The word “industry” is used here in the wide sense, current at the time, of activity or work.
3. Ibid., p. 732.
4. Thomas Robert Malthus, *Population: The First Essay* (Ann Arbor: University of Michigan Press, 1959), pp. 4–5.
5. Thomas Robert Malthus, *Essay on the Principle of Population* (London: John Murray, 1826), pp. 339, 343.
6. Ibid., 1803 ed., pp. 531–32.
7. Jean-Baptiste Say, *Cours complet d'économie politique, 1828–29*, cited by Henri Denis, *Histoire de la pensée économique* (Paris: PUF, 1966), p. 295.
8. David Ricardo, *On the Principles of Political Economy and Taxation*, vol. I,

- The Works and Correspondence of David Ricardo*, ed. Piero Sraffa (Cambridge: The University Press, 1951), pp. 105–6.
9. Say, *Cours complet*, in J. B. Say, *Textes choisis* (Paris: Dalloz, 1953), p. 195.
 10. *Ibid.*, p. 194.
 11. Frédéric Bastiat, preface to *Harmonies économiques*, 1845, cited in Louis Baudin, *Frédéric Bastiat* (Paris: Dalloz, 1962), p. 24.
 12. Frédéric Bastiat, *Jacques Bonhomme*, no. 1 (June 1948), in *ibid.*, p. 161.
 13. Bastiat, preface to *Harmonies économiques*, in *ibid.*, p. 19.
 14. The *Manifesto of the Equals* was not published at the same time because of two phrases that the Equals as a whole could not agree to: "Let all the arts perish, if necessary, so long as there remains to us real equality"; and "Let them disappear finally, these revolting distinctions between . . . governors and governed." Cited in G. M. Braro, *Les socialistes avant Marx*, vol. I (Paris: Maspéro, 1970), pp. 65–68.
 15. Henri Saint-Simon, *Lettre d'un habitant de Genève à ses contemporains*, 1803.
 16. Saint-Simon, *L'Industrie*, 1817–18; *Du système industriel*, 1821; *Henri de Saint-Simon à Messieurs les ouvriers*, 1821; *Nouveau Christianisme*, 1825.
 17. See F. Fourier, *Traite de l'association domestique et agricole*, 1822; *Le nouveau monde industrielle et societaire*, 1829; and *La Fausse industrie morcelée, repugnante, mensongère, et l'antidote, l'industrie naturelle, attrayante, veridique*, 1835–36.
 18. See Michel Beaud, *Socialisme, a l'épreuve de l'histoire, 1800–1981* (Paris: Ed. Seuil, 1980), ch. 7.
 19. See L. Le Van-Lemesle, "Les Methodes de promotion de l'économie politique en France au XIX^e siècle," *Recherches et Travaux*, UER d'histoire de Paris I, December 1977.
 20. Jean-Baptiste Say, *Catechisme d'économie politique* (1817; Paris: Mame, 1970), pp. 37, 41, 118.
 21. David Ricardo, *Letters 1810–15*; vol. VI, *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa, pp. 247–48.
 22. Ricardo, *Principles*, pp. 93, 110.
 23. Say, *Catechisme*, p. 75.
 24. David Ricardo, *Letters 1819–1921*, vol. VIII, *The Works and Correspondence of David Ricardo*, ed. Piero Sraffa, p. 171.
 25. Ricardo, *Principles*, p. 388.
 26. *Ibid.*, p. 396.
 27. See J. Marczewski, *Cahiers de l'ISEA*, no. 163 (July 1965), p. xlviii.
 28. See T. J. Markovitch, *Cahiers de l'ISEA*, no. 179 (November 1966), p. 287.
 29. *The Cambridge Economic History of Europe* (New York and Cambridge: Cambridge University Press, 1965), vol. VII, p. 141; and Phyllis Deane and William A. Cole, *British Economic Growth, 1688–1959* (New York and Cambridge: Cambridge University Press, 1969), pp. 106, 145.
 30. A. G. Kenwood and A. L. Lougheed, *The Growth of the International Economy, 1820–1960* (Albany: State University of New York Press, 1971), p. 60.
 31. Fourier, *Le Nouveau Monde industriel et societaire*, 1829, in E. Poisson, *Fourier* (Paris: Alcan, 1932), pp. 58–59.
 32. Friedrich Engels, *The Condition of the Working Class in England* (London: Allen & Unwin, 1892), p. 21.
 33. *Ibid.*, pp. 24–25.
 34. Maurice Levy-Leboyer, *Les Banques européennes et l'Industrialisation internationale dans la première moitié XIX^e siècle* (Paris: PUF, 1964), pp. 33–34.
 35. J. Marchal and J. Lecaillon, *La Répartition du revenu national*, vol. I (Paris: Génin, 1958), pp. 81–82.

36. Engels, *Condition of the Working Class*, pp. 79–80.
37. In *Past and Present*, Carlyle speaks of 1.4 million indigents and of 2 million persons forced to work in the workhouses.
38. Andrew Ure, *The Philosophy of Manufactures* (London, 1835), pp. 20–21.
39. Jean-Pierre Rioux, *La révolution industrielle, 1780–1880* (Paris: Ed. Seuil, 1971), p. 170.
40. *Histoire générale du travail* (Paris: NLF, 1962–), vol. III, p. 83.
41. *Ibid.*, pp. 78, 137.
42. Rioux, *La révolution industrielle*, pp. 162, 163.
43. A. Guépin, *Nantes au XIX^e siècle, 1825*, cited in Edouard Dolléans, *Histoire du mouvement ouvrier*, 3 vols. (Paris: Armand Colin, 1936–53), vol. I, pp. 16, 17.
44. See particularly Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon, 1966).
45. We will use the term “bureoisie” to identify the social layers of office workers: administrative and employed staff and, within the apparatus of the state, high officials and functionaries. When these layers are technically specialized, we will speak of the “techno-bureoisie.” If their function is tied to their function in the state, we will use the term “bureoisie of the state.”
46. Duvergier de Hauranne, cited in *Histoire universelle*, 3 vols. (Paris: Pléiade, 1958), vol. III, p. 517.
47. Jean Lhomme, *La Grande Bourgeoisie au pouvoir, 1830–1880* (Paris: PUF, 1964), p. 71.
48. Nicos Poulantzas, *Political Power and Social Classes* (London: NLB and Sheed and Ward, 1973), p. 180.
49. See Marianne Debouzy, *Le Capitalisme sauvage aux Etats-Unis, 1860–1900* (Paris: Ed. Seuil, 1972), p. 32.
50. Bastiat, *Cobden et la Ligue, 1846*, in Baudin, *Frédéric Bastiat*, p. 58.
51. Rioux, *La révolution industrielle*.
52. European trade partners included Great Britain, first, and Germany, Belgium, Switzerland, Italy, and Spain. See *Histoire économique et sociale de la France*, 6 vols. (Paris: PUF, 1976–80), vol. III, p. 345.
53. R. E. Cameron, *France and the Economic Development of Europe, 1800–1914* (Princeton: Princeton University Press, 1961), p. 92.
54. Frédéric Mauro, *Histoire de l'économie mondiale* (Paris: Sirey, 1971), p. 13.
55. Cited in *Histoire générale des civilisations*, 7 vols. (Paris: PUF, 1953–56), vol. VI, p. 181.
56. Cited by Rioux, *La révolution industrielle*, p. 176.
57. Cited by J. Chatelain and J. Bacot, *Développement du capitalisme et alliances de classes en France* (Grenoble: Ther, 1978), p. 55.
58. *The Extinction of Pauperism, 1844*, cited in *ibid.*, p. 86. Napoleon III made concessions to the working class, but from 1853 on, he let Haussmann open large avenues in Paris where army troops could maneuver.
59. Both cited in *Historie générale des civilisations*, vol. VI, p. 78 and vol. I, p. 507.
60. The number of voters in France grew from 90,000 to 166,000 in the period following 1830, and to 247,000 in 1846.
61. Marx, letter to Weydemeyer, March 5, 1852, in Karl Marx and Friedrich Engels, *Selected Works* (Moscow: Progress Publishers, 1969), p. 528.
62. Karl Marx and Friedrich Engels, *The Communist Manifesto* (New York: Monthly Review Press, 1949), p. 2.
63. Karl Marx, “The German Ideology,” in L. D. Easton and C. H. Guddat, eds., *Writings of the Young Marx on Philosophy and Society* (Garden City, N.Y.: Doubleday, 1967), p. 414.

64. Karl Marx, *Preface to A Contribution to the Critique of Political Economy* (Chicago: Charles Kerr, 1904), p. 13.
65. Marx and Engels, *Communist Manifesto*, p. 3.
66. *Ibid.*, p. 14.
67. *Ibid.*, p. 11.
68. Marx, "A Contribution to the Critique of Hegel's Philosophy of Right," in *Karl Marx: Early Writings* (New York: Vintage, 1975), p. 256.
69. *Ibid.*, p. 254.
70. Karl Marx, "The Holy Family," in Easton and Guddat, eds., *Writings*, p. 368.
71. Marx and Engels, *Communist Manifesto*, p. 22.
72. *Ibid.*, pp. 38–39.
73. *Ibid.*, p. 41.
74. Marx, *A Contribution to the Critique of Political Economy*, pp. 11–12.
75. Karl Marx, *Capital*, vol. I (Moscow: Progress Publishers, 1954), p. 43.
76. *Ibid.*, p. 181.
77. *Ibid.*, p. 224.
78. On this point, see the very interesting thesis of H. Nadel, *Genèse de la conception marxienne du salariat* (Paris: VIII-Vincennes, 1979).
79. Marx, *Capital*, vol. III, p. 232.
80. Marx, *Capital*, vol. I, p. 542.
81. *Ibid.*, p. 1592.
82. *Ibid.*, p. 1604.
83. *Ibid.*, p. 715.
84. Marx, *Capital*, vol. III, p. 1250.
85. Friedrich Engels, *Socialism, Utopian and Scientific* (New York: International Publishers, 1935), p. 53.

4. *From the Great Depression to the Great War (1873–1914)*

1. Works on this period include Clément Juglar, *Des crises commerciales et de leur retour périodique* (Paris: Guillaumin, 1889); Albert Aftalion, *Les crises périodiques de surproduction* (Paris: M. Rivière, 1913); M. Tugan-Baranowsky, *Les Crises industrielles en Angleterre* (Paris: Giard, 1913); J. Lescure, *Des crises générales et périodiques de surproduction* (Paris: Sirey, 1923); W. C. Mitchell, ed., *Business Cycles* (New York, 1913); A. C. Pigou, *Industrial Fluctuations* (London: Macmillan, 1929).
2. Oppenheim, cited in Charles P. Kindleberger, *Manias, Panics and Crashes* (New York: Basic Books, 1978), pp. 216, 251. See also M. Flamant and J. Singer-Kerel, *Crises et Récessions économiques* (Paris: PUF, 1968), p. 38, and Henri Heaton, *Histoire économique de l'Europe* (Paris: Armand Colin, 1952), vol. II, p. 241.
3. Cited in J. Bouvier, *Le Krach de l'Union générale* (Paris: PUF, 1960), p. 145.
4. Tugan-Baranowsky, *Les Crises industrielles en Angleterre*, p. 139.
5. Lescure, *Des crises générales*, p. 474.
6. From Pigou, *Industrial Fluctuations*, p. 385.
7. J. Lhomme, "Le pouvoir d'achat de l'ouvrier français au cours d'un siècle: 1840–1940," *Le Mouvement social* (April–June 1968).
8. Cepremap, "Approches de l'inflation: l'exemple français," 1977, mimeo.
9. Roland Marx, *Le déclin de l'économie britannique (1870–1929)* (Paris: PUF, 1972), p. 8.

10. Dan Clawson, *Bureaucracy and the Labor Process* (New York: Monthly Review Press, 1980), p. 211.
11. Frederick W. Taylor, "Testimony Before the Special House Committee to Investigate Taylor and Other Systems of Management," pp. 79–80, cited in Clawson, *Bureaucracy*, p. 212.
12. Frederick W. Taylor, *The Principles of Scientific Management* (New York: Norton, 1967), pp. 13–14.
13. See C. Kuczynski, *Die Geschichte der Lage der Arbeiter*, cited in J.-A. Lesourd and C. Gerard, *Histoire économique, XIX^e—XX^e siècles* (Paris: Armand Colin, 1963), vol. 1, p. 103. More recent national evaluations confirm these estimates, which in any case can only indicate tendencies.
14. *Encyclopedies et messages sociaux*, presented by H. Guitton (Paris: Dalloz, 1948), p. 64.
15. *Ibid.*, p. 36.
16. See *Histoire générale du socialisme*, 3 vols. (Paris: PUF, 1972), vol. II, and Eduard Dolléans, *Histoire du mouvement ouvrier*, 3 vols. (Paris: Armand Colin, 1936–53), vol. II, pp. 16–17.
17. Cited in Jean Bron, *Histoire du mouvement ouvrier français*, 3 vols. (Paris: Ed. ouvrières, 1970), vol. II, p. 43.
18. Jay Gould claimed "I can hire half of the working class to kill the other half," cited in Marianne Debouzy, *Le Capitalisme sauvage aux Etats-Unis, 1860–1900* (Paris: Ed. Seuil, 1970), p. 149.
19. Bernard Edelman, *La Législation de la classe ouvrière* (Paris: Bourgois, 1978), p. 33.
20. P. Leroy-Beaulieu, *Traite d'économie politique*, cited in B. Mottez, *Système des salaires et Politique patronale* (Paris: CNRS, 1966), p. 122.
21. P. Leroy-Beaulieu, *La question ouvrière au XIX^e siècle*, cited in *ibid.*, p. 121.
22. Taylor, *Principles of Scientific Management*, pp. 23–24.
23. Cited in Mottez, *Système des salaires*, p. 125.
24. Taylor, *Principles of Scientific Management*, pp. 117–18.
25. *Ibid.*, p. 43.
26. Nikolai Bukharin, *L'Economie mondiale et l'Impérialisme, 1915–1917* (Paris: Anthropos, 1969), p. 22.
27. L. Hannah, cited in *The Cambridge Economic History of Europe* (New York and Cambridge: Cambridge University Press, 1965), vol. VII, p. 207.
28. Cited in Bukharin, *L'Economie mondiale*, p. 58.
29. Cited in *ibid.*, p. 59.
30. Lenin, *Imperialism, The Highest Stage of Capitalism* (New York: International Publishers, n.d.), p. 63.
31. Frédéric Mauro, *Histoire de l'économie mondiale* (Paris: Sirey, 1971), p. 212.
32. In France, business banks participated in the industrial development (Bank of Paris and the Netherlands, French Bank for Trade and Industry), and Schneider got hold of the Parisian Union Bank when it was created. But the large deposit banks do not belie the wisdom of Henry Germain, director of the Credit Lyonnais: "Industrial companies, even the most carefully administered, carry risks incompatible with the security indispensable in the investments of a deposit bank." Cited in M. Reberieux, *La République radicale?* (Paris: Ed. Seuil, 1975), p. 120.
33. Lenin, *Imperialism*, p. 121.
34. Rudolf Hilferding, *Finance Capital*, ed. T. Bottomore (London: Routledge & Kegan Paul, 1981), p. 301.
35. *Ibid.*, p. 235.
36. *Ibid.*, p. 326.

37. Bukharin, *L'Economie mondiale*, p. 105.
38. J. Marczewski, *Cahiers de l'ISEA*, no. 163 (July 1963), p. cxi.
39. Phyllis Deane and William A. Cole, *British Economic Growth* (New York and Cambridge: Cambridge University Press, 1969), pp. 216, 225.
40. T. J. Markovitch, *Cahiers de l'ISEA*, no. 179 (November 1966).
41. See Herbert Feis, *Europe, the World's Banker, 1870-1914* (1930; New York: Kelley, 1961).
42. A. G. Kenwood and A. L. Lougheed, *The Growth of the International Economy* (London: George Allen and Unwin, 1971), p. 41.
43. *Ibid.*, p. 42.
44. Bukharin, *L'Economie mondiale*, p. 40.
45. Cecil Rhodes, cited by Lenin, *Imperialism*, p. 72.
46. P. Leroy-Beaulieu, *De la colonisation chez les peuples modernes* (Paris: Guillaumin, 1891), pp. 839, 841.
47. *Ibid.*, author's emphasis. But Leroy-Beaulieu insists in a note: "Colonization is one of the ways of preventing a quick decline in interest, by opening new uses for capital, and this is not the least of its advantages, although no other writer had mentioned it before."
48. See especially Claude Julien, *America's Empire* (New York: Pantheon, 1971).
49. Hobson, *Imperialism* (New York: James Pott, 1902), cited by Lenin, *Imperialism*, p. 84.
50. Hilferding, *Finance Capital*, p. 336.
51. Otto Bauer, *Neue Zeit* 24 (1913), p. 873, cited in P.-P. Rey, *Les Alliances de classes* (Paris: Maspéro, 1973).

5. *The Great Upheaval (1914-45)*

1. Charles de Gaulle, *Le Fil de l'épée* (Paris: Berger-Levrault, 1954), pp. 54, 90.
2. Cited in Eduard Dolléans, *Histoire du mouvement ouvrier*, 3 vols. (Paris: Armand Colin, 1936-53), vol. II, p. 192.
3. *Ibid.*, p. 195.
4. Cited in Jean Bron, *Histoire du mouvement ouvrier français*, 3 vols. (Paris: Ed. ouvrières, 1970), vol. II, p. 146.
5. Confederation Générale du Travailleurs pamphlet, 1913, reproduced in *Histoire économique et sociale de la France*, 6 vols. (Paris: PUF, 1976-80), vol. IV, p. 528.
6. Cited in Dolléans, *Histoire du mouvement ouvrier*, vol. III, p. 264.
7. See P. Fridenson, *Histoire des Usines Renault* (Paris: Ed. Seuil, 1972), p. 76.
8. Because of their mobilization within the home country, the proportion is slightly lower for industry workers (8.8 percent) or transport workers (8.1 percent) than for farmers (10 percent) or liberal professions (10.7 percent). Alfred Sauvy, *Histoire économique de la France entre les deux guerres*, 3 vols. (Paris: Fayard, 1965-72), vol. I, p. 442.
9. Attempts to resolve the international debt problem included the Conferences of Paris and London in 1921, the Conference of Genoa in 1922, the occupation of the Ruhr by the French and the Belgians, and Anglo-American accords on allied debts (1923); the Dawes Commission in 1923; the Dawes Plan in 1924, the Mellon-Beranger and Churchill-Caillaux accords in 1926, the Young Commission in 1928 and the Young Plan in 1929, and so on until the Hoover moratorium in 1931 and the Conference of Lausanne.

10. J. M. Keynes, *Monetary Reform* (1924; New York: St. Martin's, 1972), p. 187.
11. On this point, see Johan Akerman, *Structures et Cycles économiques*, 2 vols. (Paris: PUF, 1957), vol. 2, p. 509.
12. Charles P. Kindleberger, *The World Depression 1929-1939* (Berkeley: University of California Press, 1973), p. 292.
13. An example of the latter approach is John K. Galbraith, *The Great Crash 1929* (Boston: Houghton Mifflin, 1972).
14. L. Robbins, *The Great Depression, 1929-1934* (New York: Macmillan, 1934), p. 11.
15. W. G. Harding, cited in Claude Julien, *America's Empire* (New York: Pantheon, 1971), p. 173.
16. In 1914 the largest U.S. banks had twenty-six branch offices outside the United States; in 1918, these numbered sixty-one, of which thirty-one were in Latin America and twenty-six in Europe (see Olivier Pastré, *La Stratégie internationale des groupes financiers américains* [Paris: Economica, 1979], p. 169).
17. J. Niosi, *La Bourgeoisie canadienne* (Montreal: Bonâl Express, 1980), p. 59.
18. H. U. Faulkner, *American Economic History* (New York: Harper & Row, 1960), p. 607. To this corresponds a tremendous concentration of private property: the richest 1 percent of the population owned 61.5 percent of the shares in 1922, 69 percent in 1939, 76 percent in 1953 (Jean-Marie Chevalier, *La structure financière de l'industrie américaine* (Paris: Cujas, 1970), p. 29, citing K. J. Lampman, *Review of Economics and Statistics*, November 1979).
19. Faulkner, *American Economic History*, p. 613.
20. Akerman, *Structures et Cycles*, vol. 2, p. 484.
21. See J. H. Lorenzi, O. Pastré, and J. Toledano, *La Crise du XX^e siècle* (Paris: Economica, 1980).
22. Henry Ford, *My Life and Work* (New York, 1922), p. 87.
23. H. Beynon, *Working for Ford* (Harmondsworth, Middlesex: Penguin, 1973), p. 19.
24. Keith Sward, *The Legend of Henry Ford* (New York: Atheneum, 1948), p. 49.
25. Allan Nevins, *Ford: The Times, the Man, the Company* (New York: Scribners, 1954), p. 518.
26. Ford, *My Life and Work*, p. 147.
27. *Ibid.*, p. 124. Elsewhere he states: "By underpaying the men, we will produce a generation of both physically and morally underfed and underdeveloped children; we will be left with a generation of physically and morally feeble workers who, for this very reason, will prove ineffective once they enter industry. In the end, it will be industry that pays the price." Cited in Benjamin Coriat, *L'Atelier et le Chronomètre* (Paris: Bourgeois, 1978), p. 101.
28. All cited in Galbraith, *The Great Crash*, pp. 76, 150.
29. Cited by Julien, *America's Empire*, p. 206.
30. Cited in John K. Galbraith, *The Age of Uncertainty* (Boston: Houghton Mifflin, 1977), p. 213.
31. About the crisis, see the statistical series published in Robbins, *The Great Depression*, p. 235, and the previously cited works of Faulkner, Dobb, and Julien.
32. See especially A. M. Schlesinger, *The Age of Roosevelt*, 3 vols. (Boston: Houghton Mifflin, 1957-60).
33. See Louis R. Franck, *L'expérience Roosevelt et le milieu social américain* (Paris: Alcan 1937), and Mario Einaudi, *The Roosevelt Revolution* (New York: Harcourt Brace, 1959).
34. *The Public Papers and Addresses of Franklin D. Roosevelt* (1937) (New York: Macmillan, 1941), pp. 209-11. In his second inaugural address, January 20, 1937, Roosevelt said, "I see one-third of a nation ill-housed, ill-clad, ill-nourished," a

phrase he echoed often in his efforts to pass minimum wages and hours legislation.

35. The number of union workers went from 3 million in 1933 to 4.7 million in 1936, 8.2 million in 1939, and 13.5 million in 1943.
36. John M. Keynes, "The Economic Consequences of Mr. Churchill" (1925), in *Essays in Persuasion* (New York: Harcourt, Brace, 1932), pp. 244, 259.
37. *Ibid.*, p. 259.
38. Werner Sombart, *Der Moderne Kapitalismus* (Munich, 1928).
39. A. C. Pigou, *The Theory of Unemployment* (London: Franklin Cass, 1968), p. 252.
40. Robbins, *The Great Depression* p. 186.
41. John M. Keynes, *General Theory of Employment, Interest & Money* (London: Macmillan, 1973), p. 279.
42. Distribution, by regions, of British foreign investments (in millions of dollars):

	1914	1938
Europe.....	1,050	1,750
United States.....	4,250	2,750
Canada.....	2,800	2,700
Latin America.....	3,700	4,900
Oceania.....	2,200	3,350
Asia.....	3,550	5,250
Africa.....	2,450	2,150
World total.....	20,000	22,850

Source: Peter Mathias, *The First Industrial Nation* (New York: Scribners, 1970), p. 469.

43. Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974), p. 71.
44. Cited in C. Coquery-Vidrovitch, ed., *Connaissance du Tiers-Monde*, (Paris: 10/18, 1978), p. 231.
45. See Philippe Bernard, *La Fin d'un monde: 1914-1929* (Paris: Ed. Seuil, 1975), and Michel Beaud, P. Danjou, and J. David, *Une multinationale française: Pechiney Ugine Kuhlmann* (Paris: Ed. Seuil, 1975).
46. See the article by T. J. Markovitch in *Cahiers de l'ISEA*, no. 179 (November 1966).
47. *Ibid.*; J.-J. Carre, P. Dubois, E. Malinvaud, *La croissance française* (Paris: Ed. Seuil, 1972); Alfred Sauvy, *Histoire économique de la France entre les deux guerres*, 3 vols. (Paris: Fayard, 1965-72), vol. I; Cepremap, "Approches de l'inflation: l'exemple français," 1977, mimeo.
48. Louis Lengrand, *Louis Lengrand: Mineur du Nord* (Paris: Ed. Seuil, 1974), and Daniel Bertaux, *Destins personnels et structure de classe* (Paris: PUF, 1977).
49. Fridenson, *Histoire des Usines Renault*, and Michel Freyssenet, *La Division capitaliste du travail* (Paris: Savelli, 1977), p. 45.
50. Sauvy, *Histoire économique*, vol. I; "Croissance sectorielle et accumulation en longue période," *Statistiques et Etudes financières* 40; R. Boyer, "La crise actuelle: Une mise en perspective historique," Cepremap, mimeo.
51. Sauvy, *Histoire économique*, vol. II.
52. J. Lhomme, "Le pouvoir d'achat de l'ouvrier français," *Le mouvement social* (April-June 1968); Sauvy, *Histoire économique*, vol. III. In periods of deflation the workers' buying power progresses through a stronger resistance to the reduction of nominal wages.

53. Cited by Nicos Poulantzas, *Facism and Dictatorship* (London: NLB, 1974), p. 190–91.
54. Hitler, *Mein Kampf*, trans. Raynal and Hitchcock (New York, 1940), p. 737.
55. Cited in D. Guerin, *Facism: Big Business* (New York: Pathfinder, 1973), p. 79.
56. This is the strata of civil servants, clerks, and wage earners in offices and various administrations.
57. Cited in, *Histoire générale du civilisations*, 7 vols. (Paris, PUF, 1953–56), vol. VII, p. 193.
58. Cited by Guerin, *Facism*, p. 67.
59. Cited by J. J. Chevallier, *Les grandes oeuvres politiques, de Machiavel à nos jours* (Paris: Armand Colin, 1949), p. 369.
60. Poulantzas, *Facism and Dictatorship*, pp. 189–90, 287, 260–61, 342.
61. Terms of exchange of industrial Europe (including nine countries: Great Britain, Germany, France, Italy, Belgium, Luxemburg, Holland, Sweden, Switzerland) were as follows: the ratio of export to import prices, on the base 1913 = 100, rose from 96 in 1920 to 109 in 1929, 138 in 1933, and fell to 124 in 1937 (C. P. Kindleberger, "Industrial Europe's Terms of Trade on Current Account, 1870–1953," *The Economic Journal*, March 1955).
62. In France the share of public expenditures in the gross domestic product went from 11 percent in 1872 to 33 percent in 1920; it fell to 27 percent in 1932, but climbed back up to 41 percent in 1947 and 49 percent in 1953. Cepremap, "L'Evolution des dépenses publiques en France (1872–1971)", mimeo.
63. In the United States, the percentage of employees in the active population went from 10 percent in 1910 to 14 percent in 1920 and 17 percent in 1940 (L. G. Reynolds, *Labor Economics and Labor Relations* [New York: Prentice Hall, 1949], p. 27).
64. See Michel Beaud, *Socialisme a l'épreuve de l'histoire* (Paris: Ed. Seuil, 1980), chs. 4, 5, 6, 7.

6. *Capitalism's Great Leap Forward (1945–80)*

1. Studs Terkel, *Working* (New York: Pantheon, 1972), pp. 221, 225.
2. *Ibid.*, pp. 235, 239.
3. *Ibid.*, pp. 259, 257, 258.
4. *Ibid.*, pp. 2, 3.
5. Cepremap, "Approches de l'inflation: l'exemple français," 1977, mimeo, p. 106a; J. H. Lorenzi, O. Pastré, and J. Toledano, *La Crise du XX^e siècle* (Paris: Economica, 1980), p. 205. *Economie prospective internationale* 2 (April 1980); "La spécificité du modèle allemand," *Statistiques et Etudes financières*, 1980, p. 9.
6. Colin Clark's work (*The Conditions of Economic Progress*, 1940, 2nd ed. 1951,) was popularized in France by Jean Fourastié, *Le Grand Espoir du XX^e siècle* (Paris: PUF, 1980); John Kenneth Galbraith, *The Affluent Society* (Boston: Houghton Mifflin, 1959); Ludwig Erhard, *Prosperity Through Competition* (New York: Praeger, 1958).
7. R. F. Harrod had opened the way in 1939 in the *Economic Journal* with "An Essay in Dynamic Theory," then in 1948, *Toward a Dynamic Economy*; William Fellner, *Trends and Cycles in Economic Activity* (New York: Holt Rinehart, 1956); E. D. Domar, *Essays in the Theory of Economic Growth* (New York and London: Oxford University Press, 1957); N. Kaldor, "A Model of Economic

- Growth," *Economic Journal* (December 1957). The neoclassical perspective was articulated by R. M. Solow in articles in *The Quarterly Journal of Economics*, 1957, and *Growth Theory: an Exposition*, 1970.
8. W. A. Lewis, *The Theory of Economic Growth* (London: Allan & Unwin, 1955); W. W. Rostow, *The Process of Economic Growth* (New York: Norton, 1953), and *The Stages of Economic Growth* (New York: Cambridge University Press, 1960).
 9. See, for example, *Newsweek*, November 4, 1968.
 10. Sources and indicators used include: Loiseau, Mazier, and Winter, cited in R. Boyer and J. Mistral, *Accumulation, Inflation, Crises* (Paris: PUF, 1978), p. 241 (gross excess of exploitation/gross capital stocks at the beginning of a period); Andre Gunder Frank (gross profit rates); *Economie prospective internationale* (January 1980), pp. 78-79 (gross marginal rates of the manufacturing sector); *Economie prospective internationale* 2 (April 1980), pp. 74, 76 (profitability before taxation of fixed capital; non-financial companies); Cepremap, "Approches de l'inflation: l'exemple français," 1977, mimeo, p. 364 (gross economic profitability).
 11. Terkel, *Working*, p. 265. See also Andre Gorz, ed., *The Division of Labor* (Atlantic Highlands, N.J.: Humanities Press, 1976).
 12. See Bernard Rosier, *Croissance et Crises capitalistes* (Paris: PUF, 1975); Jean-Marie Chevalier, *La Pauvreté aux États-Unis* (Paris: PUF, 1971); Maurice Parodi, *L'Économie et la Société française de 1945-1970* (Paris: Armand Colin, 1971).
 13. Charles A. Michalet, *Le Capitalisme mondial* (Paris: PUF, 1976); Christian Palloix, *L'Internationalisation du capital* (Paris: Maspéro, 1973).
 14. See Chevalier, *La Pauvreté*; Pierre Dockes, *L'Internationale du capital* (Paris: PUF, 1975); P. Allard, M. Beaud, B. Bellon, A. M. Lévy, S. Liénart, *Dictionnaire des groupes industriels et financiers en France* (Paris: Ed. Seuil, 1978); B. Bellon, *Le Pouvoir financier et l'Industrie en France* (Paris: Ed. Seuil, 1980).
 15. "La spécificité du modèle allemand," *Statistiques et Études financières*, 1980.
 16. We can compile the following table (in millions of dollars):

	Total	Factors affecting the U.S. external balance
U.S. investments abroad	115	
—capital investments originating in U.S.	(42)	(- 42)
—reinvested profits or local loans	(73)	
Revenues from foreign investments	90	
—repatriated to U.S.	(63)	(+ 63)
—reinvested locally	(27)	
Monies from sale of licenses, etc.	15	(+ 15)
Total revenue from foreign holdings		(+ 36)

Source: M. Beaud, B. Bellon, P. Francois, *Lire le Capitalisme* (Paris: Anthropos, 1976), p. 176; C. Goux, in *Critique de l'économie politique*, no. 2, and *Le Monde diplomatique*, March 1973.

17. Cited in Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969), p. 104.
18. Cited in *ibid.*, pp. 104-5.
19. Beaud et al., *Lire le Capitalisme*; Jean-Marie Chevalier, *Le Nouvel Enjeu pétrolier* (Paris: Calmann-Lévy, 1973). See also Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974); Samir Amin, A. Faire, M. Hussein, and G. Massiah, *La Crise de l'impérialisme* (Paris: Ed. Minit, 1973).

- 1975); Y. Fitt, A. Fahri, J.-P. Vigier, *La Crise de l'impérialisme et la Troisième Guerre mondiale* (Paris: Maspéro, 1976).
20. While dollars in circulation in the United States (notes and bank deposits) rose from \$220 billion in 1970 to \$360 billion in 1979, dollar assets in banks outside the United States rose from \$100 billion in 1970 to \$660 billion in 1979. One must add to these figures the more than \$200 billion in marks, Swiss francs, etc., deposited outside their countries.
21. Michael Beaud, *Socialisme à l'épreuve de l'histoire* (Paris: Ed. Seuil, 1980).
22. The state-collectivist countries in 1960 absorbed only 3 percent, and in 1977 only 4 percent, of the commodity exports of the developed capitalist countries as a whole. But the developed capitalist countries in 1976 absorbed 14 percent of the exports of manufactured goods of the state-collectivist countries (World Bank, *Report on World Development*, 1979, pp. 163, 165). And the indebtedness of the socialist bloc toward the capitalist countries reached \$78 billion in 1980.
23. See Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America* (New York: Monthly Review Press, 1962) and *Lumpenbourgeoisie; Lumpen-development* (New York: Monthly Review Press, 1972); Samir Amin, *Unequal Development* (New York: Monthly Review Press, 1976) and *Accumulation on a World Scale*.
24. Relative weight of "gross excesses of exploitation" by percentage of the mass of wage payments:

Year	U.S.	Britain	France	West	
				Germany	Japan
1960	37.0	36.2	71.0	66.9	100.3
1965	40.0	33.2	61.2	53.6	79.5
1972	30.2	30.6	56.9	43.8	73.0
1978	28.2	24.8	41.3	40.5	49.9

25. In 1979 seventeen industrial and energy groups realized profits declared to be greater than \$1 billion: eleven oil groups, with Royal Dutch Shell (\$6.7 billion) and Exxon (\$4.3 billion) leading; six industrial groups: ATT (\$5.7 billion), telecommunications; IBM (\$3.0 billion), computers; General Motors (\$2.9 billion) and Ford (\$1.2 billion), automobiles; General Electric (\$1.4 billion), electrical construction; Kodak (\$1 billion), photography. Of the eleven oil groups, seven are North American, as are all six of the industrial groups (*Le Monde*, July 19, 1980).
26. Terkel, *Working*, p. 261.
27. J. W. Forrester, a professor at MIT, cited by D. Pignon and J. Querzola, in *Critique de la division du travail* (Paris: Ed. Seuil, 1973), p. 158.
28. See Kostos Vergopoulos, *Le Capitalisme difforme* (Paris: Anthropos, 1974), for the working of distorted capitalism.
29. Cited in Magdoff, *The Age of Imperialism*, p. 117.
30. Figures from *Survey of Current Business*, in Serge Latouche, *Critique de l'impérialisme* (Paris: Anthropos, 1979), p. 209.
31. Report of the International Labour Office, Geneva, 1979. A recent report of the U.N. working group on slavery has particularly denounced the trade in children in Thailand, and the exploitation of 500,000 children in Italy. (*Le Monde*, August 12 and 13, 1980).
32. From Samir Amin, *Class and Nation, Historically and in the Current Crisis* (New York: Monthly Review Press, 1980), p. 151. S. Rubak (*La Classe ouvrière est en expansion permanente* [Paris: Spartacus, 1972]) had established concurring figures for the whole of the world (in millions of workers):

	c. 1950	c. 1960
Europe (without the USSR)	54.2	69.5
North America	23.1	24.2
South America	10.5	12.3
Africa	2.0	2.0
Asia	29.6	47.0
USSR	30.6	32.0
Total	150.0	187.0

33. See the notion of "protonations" advanced by Jean Ziegler, in *Main basse sur l'Afrique* (Paris: Ed. Seuil, 1978).
34. Without speaking of the wealth of the emirs or the oil princes, one could mention the fortunes accumulated by the former shah of Iran and his family and by the clans or families in power in South America.
35. World Bank, *Report on World Development*, 1979, p. 188.
36. See Jean Ziegler, *Une Suisse au-dessus de tout soupçon* (Paris: Ed. Seuil, 1976).
37. According to L. Gerardin, the percentage of the active U.S. population employed in agriculture fell from 45 percent in 1870 to 2 percent in 1980; the percentage employed in industry strictly speaking rose from 17 percent in 1860 to around 35–40 percent from 1914 to 1950, and then fell again to 23 percent in 1980; the percentage employed in "material services" rose irregularly from 17 percent in 1860 to 28 percent in 1980; the percentage employed in information trades rose from 5 percent in 1870 to 47 percent in 1980 (*Le Monde*, June 6, 1979).
38. In 1978 West Germany, France, and Sweden designated around 3.3 percent of their GNP to military expenditures, while for other countries the figures were Britain, 4.7 percent, United States, 5 percent, China, 10 percent, USSR, 11–14 percent, Saudi Arabia, 15 percent (J. Isnard and M. Tatu, in *Le Monde*, February 19, 1980 and P. Lefournier, in *L'Expansion*, March 21, 1980).
39. P. Fabre, in *L'Économiste du Tiers Monde*, December 1979, and P. Lefournier, in *L'Expansion*, March 21, 1980.
40. M. K. Tolba, cited in *Le Monde*, June 8–9, 1980.
41. Report of the World Food Council, presented to UNESCO (*Le Monde*, July 18, 1980).
42. See Beaud, *Le Socialisme*.

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