

SOCIALISM AT A CROSSROADS

The Future of Capitalism

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We must remember that progress is no invariable rule.
Charles Darwin (1871: 145).

As a global economic crisis loomed in 2008, Nicolas Sarkozy, the French president, voiced anxiety. 'Self-regulation is finished. Laissez-faire is finished.' The days of Anglo-Saxon capitalism were numbered : the European capitalism would pick up the mantle, he assured. Europe demanded for the world a new form of capitalism, based on moral values, accompanied with effective regulation and supervision of all corners of financial markets. A new capitalism of quality would come to serve business and people, the French president reassured. Can a broken capitalism be re-fixed or replaced with another brand?

Communism is inevitable : "it *must* happen with all the inevitable force of a natural law' (Sweezy 1942: 190). And it is capitalism, according to Marx, that generates the necessary *material conditions* for the rise of communism. 'A communist society [is] not ...*developed* on its own foundation, but, on the contrary, ...it *emerges* from capitalist society' (Marx 1875). It follows that capitalism continues until its historical task of creating provisions for the new society of communism is completed. But, to some thinkers nowadays, the days of both Anglo-Saxon and European capitalisms seem numbered, prematurely.

A question of another category is as follows. Can the peasantry bypass capitalism and proceed direct to an intermediate stage between capitalism and communism called *socialism*? Narodniks, the Russian socially conscious members of the middle class in the late 19th century, encouraged direct approach to socialism by the peasantry, but in vain. Bolsheviks, the Russian nationalists led by Lenin, established socialism by revolution and followed it in practice, with some degree of success for a while, but only to reinstate capitalism within a few decades. Semi-feudal, semi-colonial China, after its 1949 revolution, adopted a form of socialism ('New Democracy', 'New Economy', and 'Cultural Revolution'); the outcome was mixed and capitalism returned.

Varieties of communist parties are everywhere around the world, all aspirant of communism. How are their prospects?

LITTLE CAPITALISM, BIG CAPITALISM

The works of Marx are two-fold: (a) universal and general ; and (b) particular and specific. The universal and general works of Marx are about all mankind across time, e.g. *Capital*: or *Critic of Political Economy*; or *Manifesto of the Communist Party*. On the other hand, the particular and specific ones are concerned with a given group of people at a given time, e.g. 'The Eighteenth Brumaire of Louis Bonaparte,' or 'The Class Struggles in France, 1848-1850'. In a sense, the former (a) is a genus, and the latter (b) its species. It was in the light of the *universal* form of the materialist conception of history

by Marx that Lenin comprehended the *specific* stage of Russia in particular, and developed ideology and strategy for revolution. That is to say, if Marxism were the genus, Leninism is a species of it. It is, therefore, inappropriate to say that the latter is the “higher stage” of the former. Because the two belong to separate, incommensurable dimensions, albeit mutually complementary. By the same token, to declare Maoism as the ‘higher stage’ of Marxism-Leninism is arguably controversial.

Seeking truth from facts is the essence, the root, and starting point of Maoism; it was the key ideology in Mao Zedong Thought. Seek truth from facts means you must proceed from reality and put theory into practice. In other words, you must integrate the universal aspect of Marxism-Leninism with your specific conditions.

That is to say, a revolutionary party in India must learn lessons from the practice of Marxism-Leninism-Maoism, as well as of other doctrines, while keeping in view the specific characteristics of the country. Only then the party would be equipped to conceive the ideology and strategy for India.

For study it is important to take the instance of the Communist Party of India (Maoist) (by acronym, CPIM).¹ The unified CPIM is now unanimous that Maoism is the ‘higher stage’ of the Marxist-Leninist (M-L) philosophy, just as Leninism is the ‘higher stage’ of Marxism.²

The five documents drafted by the CPIM Central Committee, announced in the web (see Note 2), outline the party’s ideology, objectives, programmes, strategy, and tactics. “The character of the Indian society is semi-colonial and semi-feudal [in that order]. This determines that the Indian revolution would have to pass through two stages,” viz. *socialism* and *communism*.³ The task of the first stage—socialism—is to usher in an “independent new democratic society,” replacing the extant semi-colonial, semi-feudal society. The second stage is, of course, communism.

The ruling classes have reduced India into ‘a prison-house of nationalities under the so-called slogan of unity and integrity of the country.’ The documents record ‘ongoing nationality struggles in various parts of the country today.’ The programme of CPIM ‘unequivocally supports these nationalities’ struggles’. It is, evidently, a programme of combined communism and nationalism.

Now, here is a hypothetical experiment : suppose, a revolutionary communist party is in power in a land, named Red Land. Intellectuals, activists, students, reporters among others visit the area and find that it is a habitat of tribal population in the main. India has a list of at least 6748 tribes, of which the scheduled tribes are only 461, i.e. less than seven percent of all tribes. Tribals, scheduled and non-scheduled together, constitute 15 percent of the population of India (Sau, 2009 : 159, 183-84).

These tribes are the most impoverished community in the country. They rank at the bottom of nearly every statistics: per capita income, employment, education, literacy, health-care, and so on. They use innumerable dialects, with neither mutual links nor a common language of communication. Far from being a single ethnic group, the tribes of India are divided into several thousand ethnic-dialect fragments. They live in a primitive environment, no doubt.

Can a hunter-pastoral community ascend straight to the stage of socialism without stepping in equivalents of feudalism and capitalism in the mid-way? Not-too-old experiences of Russia and China, cited at the outset, do not corroborate a skip-to-socialism aspiration. At any rate, a primitive society for its own development needs *external* elements to intervene—external in terms of geography, ideology, politics, or social ethos. ‘Does materialist dialectics exclude external causes? Not at all. It holds that external causes are the condition of change and internal causes are the basis of change, and that external causes become operative through internal causes’ (Mao 1937).

Red Land requires sizable amounts of external support for its economic and social uplift, in the shape of investment, technology, technicians, educators, scientists, investors among others. How long will this project in such circumstances, remain an ‘independent’ socialist society is a subject of speculation.

The draft *Constitution* of CPIM is based on the ‘Bolshevik principle of democratic centralism, with the core comprising of professional revolutionaries’. ‘A wide network of part-timers will facilitate the Party to exist deep within the masses. It will be underground for the entire period of the New Democratic Revolution and its members will comprise the cream of society—principled, selfless, courageous, dedicated, modest, hardworking and fully committed to the cause of Indian revolution and to socialism and communism’.

The production of ideas, of conceptions, of consciousness, is at first directly interwoven with the material activity and the material intercourse of men, the language of real life. Consciousness can never be anything else than conscious existence, and the existence of men is their actual life-process (Marx and Engels 1845 : 37).

On the way towards socialism from the traditional life process of the tribes in Red Land, their ideas, conceptions and consciousness are likely to mutate. The direction of their mutations is beyond anticipation, and it might deviate from the Party line.

It is capitalism, according to Marx, which produces the necessary *materialist conditions* for the rise of a new society, i.e. communism. In the absence of those essential requirements, an attempt to revolt against the existing society is futile (Marx 1857, 1875). For a direct tribe-to-socialism agenda, who else other than capitalism, would prepare the pre-conditions for communism? Too little a capitalism won’t do; the capitalism has to be large enough to meet the prior demands of the communism to come, in full. To Marx, the terms, socialism and communism, are synonymous; communism has a twin : ‘first phase’, and ‘higher phase’.

RICH CAPITALISM, POOR CAPITALISM

Economic ‘crises’ are common; ‘depressions’ are rare. Economic history records two depressions: the years of deflation (falling prices) and instability that followed the Panic of 1873, and the years of mass unemployment that followed the financial crisis of 1920-31. Neither the Long Depression of the 19th century nor the Great Depression of the 20th century was an era of nonstop decline: both included periods when the economy grew. But these episodes of improvement were never enough to undo the damage from initial slump. We are now in the early stages of a third depression. Crises of short-term business cycles are common and rather mild. Will economic failures, crises and depressions, eventually bring down capitalism?

The Great Depression was apparently a prelude to the nemesis of capitalism. Marx did not give any indication of how or when capitalism would reach its end. A view was expressed in the *Communist Manifesto*: Crises would become more and more severe 'putting the existence of the entire bourgeois society on trial, each time more threateningly;' the means adopted to overcome them achieve results only at the cost of 'paving the way for more expensive and more destructive crises, and diminishing the means whereby crises are prevented.'

Capital tends to become centralized in fewer and fewer hands. From this tendency another aspect of capitalism appears. "The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. The integument is burst asunder. The knell of private property sounds. The expropriators are expropriated" (Marx 1867:763). This is, however, not so much a prediction as a vivid description of a tendency.

Marx did not concern himself with the penultimate position of capitalism. Instead, he analyzed the actual trends of capitalist development rather than to construct theories about hypothetical outcome [communism] *which would in any case never be achieved*, (Sweezy 1942: 216; emphasis added). In order to understand Marx's crises theory, in a 1902 article Kautsky asked the question, whether in the long run crises tend to become more and more severe. They did turn more severe over time, he concluded, so much so that a period of 'chronic depression' must sooner or later set in unless the victory of socialism should intervene.

A few years later, in his polemic against Bernstein, Kautsky vigorously denied that there were any traces of a breakdown theory in his earlier essay. Whether or not Kautsky's theory of 'chronic depression' is a test of the 'breakdown theory' is debatable. The question about the end of capitalism remains *unresolved*.

Technology is a powerful element that takes capitalism forward. The accumulation of capital is accompanied by a progressive mechanization of the process of production. The same amount of labour, working with more elaborate and more effective equipment, is able to process more materials and turn out an ever increasing volume of finished goods. Economy has three branches of production. At the top is the branch of consumer goods (food, clothing, entertainment, medicine), followed by that of capital goods (machines and equipment going into the production of goods). At the foundational level there is the most vital workshop, the third branch, the one that produces new knowledge for technological advancement—the mother-engine of all production, the fountainhead of economic advancement (Romer 1990). Progress is induced by technological advance that flows from intentional investment decisions made by profit maximizing agents. Unlike the markets of consumer goods or capital goods, the market of knowledge products has monopolistic competition, not perfect competition, in that the knowledge firms have a certain degree of influence on the pricing of their wares. Stocks of human capital (people's knowledge and expertise) influence the rate of economic growth. Advanced capitalist countries—alias *rich capitalism*— have set up the most expensive third branch of the economy that invents science and technology. The countries which import products from them enjoy certain advantage: with relatively little investment they can innovate and improve the imported products and capture global markets. This way

the centre of gravity of world capitalism shifted in course of time from one region to another.

Rich capitalism takes big risks and bears heavy costs of ambitious scientific research and technological innovation, which *poor capitalism* cannot afford. Poor capitalism is thoroughly dominated by rich capitalism in this field and exploited. Gap between rich and poor capitalisms is widening: another instant of development-of-underdevelopment.

NATURE AND HUMAN NATURE

A glimpse of the idea of communism, in the works of young Marx, can be traced in the *German Ideology* (1845-46) : 'In communist society... nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes.' 'Society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize [e.g. literature, art] after dinner, just as I have a mind, without ever becoming hunter, fisherman, shepherd, or critic' (emphasis added). Here is a figurative epitome of free individual in communism. But how does *society* regulate the 'general production' in communism?

Marx considered nature to be the primary source of all instruments and objects of labour. The human life-process, even when understood and controlled, remains in a natural environment. Human labour-power is only the manifestation of a force of nature. 'Man is a species' (Marx 1844: 74). "By acting on the external world and changing it, he at the same time changes his own nature' (Marx 1867: 177).

The idea of human nature, in Marx, is present in his concept of the forces of production, more precisely, in the labour-process. What distinguishes the worst of architects from the best of bees is this : the architect *raises his structure in imagination before he erects it in reality* (Marx 1867 : 178; emphasis added).

At the end of every labour-process, one gets a result that already existed in the *imagination* of the labourer at its commencement. This creative intelligence, the anticipative-productive consciousness of the labourer is the essence of human nature.⁴ He not only effects a change of form in the material on which he works, but also he realizes a *purpose* of his own that gives the law to his modus operandi, and to which he must subordinate his will. At this subordination of the bodily organs, the process demands that, during the whole operation, the worker's will be steadily in consonance with his purpose.

The concept of nature is, in Marx, socio-historical. The mutual inter-penetration of nature and society takes place within nature, conceived in its widest sense as the total reality comprising both moments. Marx deals with man's nature in both its general and historical aspects : 'human nature in general' and 'human nature in each historical epoch.'⁵

"Man is born free; and everywhere he is chained," laments Rousseau (1762). 'One thinks himself the master of others, and still remains a greater slave than they.' "What can make it [this society] legitimate?" He envisages redemption by "the social contract," to be regulated by the *general will*: 'the general will is always right and tends to the public advantage'. But the general will is hard to ascertain, if not impossible to fathom.

But it does not follow that the opinions of the people are always correct. Our will is always for our good. Rousseau continues, but we do not always see what that is. The people is never corrupt, but it is often deceived, and at such occasions only does it seem to will what is bad.

The creative intelligence, the anticipatory-productive, consciousness is not uniform for all individuals, but variable across them. To take a vivid example, 'India is a country of long survivals. People of the atomic age rub elbows with those of cholcolithic' (Kosambi 1975:8). 'Imagination is the goad that forces human beings into relentless exertion after their primary needs have been satisfied. — Of the infinite desires of man, the chief are the desires for power and glory' (Russell 1938 : 2, 3). Men engage their creative intelligence in pursuit of their diverse preferred objectives.

In a given society, suppose, the people value certain items of individual's welfare; and each person ranks those items according to his preference. The 'general will' of society envisaged by Rousseau is essentially a collective choice rule derived on the basis of individuals' ordering of the welfare items. Now the question is: how can the collective social choice rule be determined — the rule that is adopted in communism in particular, or in any other society.⁶

The method of determining the collective choice rule has eluded the thinkers and theoreticians so far; and now, after due research, it seems to be indeterminate, under reasonable conditions (Arrow 1951 : Sen 1970, 2002). Communism has a 'social plan' (Engels 1847). But how that social plan is worked out 'with the participation of all members of society' is not yet clear.

'In a *higher phase* of communist society,—after the productive forces have also increased with the all-round development of the individual, and all the springs of *co-operative* wealth flows more abundantly—society inscribes on its banners : From each according to his ability, to each according to his needs!' (Marx 1875; emphasis added).

Consider two kinds of income distribution to labour in a cooperative enterprise : 'to each according to his work' and 'to each according to his needs'. Member families of the cooperative *like* more and more income and *dislike* more and more work. Income gives to a family a positive benefit and work a negative benefit.

The net benefit of a family, after counting both positive and negative benefits, is considered as its welfare. The sum of welfares of all members is a measure of the *social welfare*. The quantum of social welfare depends upon the number of workers, the amount of their work, and the system of income distribution to labour.

The objective is to maximize social welfare. Under certain simplifying assumptions, one can show two conclusions. (1) The policy of purely 'to each according to his needs' tends to result in an under-allocation of labour in the cooperative, whereas that of purely 'to each according to work' leads to over-allocation of labour. (2) Maximization of social welfare requires a *mixed* system of distribution according to work and needs (Sen 1966).⁷

CONCLUDING REMARKS

Germinated at the womb of feudalism in a country, a capitalist society emerges, rises, and declines due to several factors. Marx (1867:593-94) outlines a process of capitalist

slow-down, namely, the expensive expenditure on luxury by the capitalist that weakens the momentum of accumulation. Every capitalist upstart goes through this historical stage—avarice, and desire to get rich, as ‘ruling passions’. Luxury enters into capital’s expenses. The capitalist prodigality has always lurking behind it the most sordid avarice and the most anxious calculation, yet his own expenditure erodes accumulation. But along with his extravagance, there is at the same time developed in his breast, a Faustian conflict between the passion of accumulation, and the desire for enjoyment.

Capitalist’s prodigality may come to a stage where the *rate* of accumulation in the country diminishes to the point of stagnation of capitalist production. The recent economic experience of the United States as well as certain European countries is a historical evidence of growth-less capitalism (Sau 2009 a.b).⁸

World capitalism is split into two parts, viz. the centre, and its periphery. As the former moves periodically from one geographical region to another, some countries are adversely affected as a result. England was the centre of world capitalism in the 19th century; America had come to occupy that position thereafter. The centre seems to be on transit again, this time in the direction of Asia, possibly leaving behind a reduced capitalism in America and Europe. Capitalism is dynamic; its territorial movement won’t stop. The concomitant phenomenon of this *development of capitalist underdevelopment* in this country or that would persist. Affected parts of the domain can hardly ever aspire for communism. For a long haul, world would stay as a complex of big and rich capitalism side by side with its counterpart little and poor capitalism.

Endowed with the faculty of creative intelligence which activates people’s capacity of *imagination*, human beings have speculated that capitalism paves the way for communist society and that communism is about their complete self-realization. Human knowledge about the structure and modus operandi of communism is, however, extremely limited as of now. Investigation of the formation of communist ‘social plan’ and optimization of ‘social welfare’, for example, has yielded little, so far. This field of knowledge calls for intensive study with creative intelligence. And intellectual debate is most welcome. This challenge is worthy of scientific analysis and resolution.

NOTES

1. Communist Party of India (Marxist-Leninist), in short CPI(ML) was organized in 1968 at a remote village Naxalbari in West Bengal; hence the appellation, Naxal. Several leftist groups including CPI (ML) and the Maoist Communist Centre of India among others merged in 2004 into a new entity, namely, Communist Party of India-Maoist (CPI-Maoist, in short), or by its acronym, CPIM.
2. Communist Party of India-Maoist (CPIM), ‘Leftwing Extremist Group’, www.satp.org/satporutp/countries/india/terroristoutfits/CPI-M.htm, downloaded on 13.05.2010.
3. In late 19th century, the terms ‘socialism’ and ‘communism’ were often used interchangeably. Marx and Engels argued that communism would not emerge from capitalism in a fully developed state, but would pass through a ‘first phase’ in which most productive property was owned in common, but with some class differences remaining. The ‘first phase’ would eventually evolve into a ‘higher phase’ in which class differences were eliminated, and a state was no longer needed. The terms ‘socialism’ and ‘communism’ in the language of Lenin and Mao refer to what Marx and Engels call respectively ‘first phase’, and ‘higher phase’ of communism. (Marx and Engels 1845-46; Marx 1875; Lenin 1917; Mao 1940).
4. In the Paris manuscripts of 1844 as well as the 1845-46 text, Marx tells us that men can be distinguished from animals by virtue of their ‘consciousness’, their ‘religion’, or ‘anything else you like’. But, he goes on to say, man actually rises himself above the animals only when he

- starts to produce his own means of staying alive: 'They distinguish themselves from animals as soon as they begin to produce their means of subsistence.' For Marx, the differentia specifica for human behavior is that man alone produces his means of life. It follows that he construed the special capacity enabling such productiveness is the distinguishing feature of man's nature. Later in his 1867 text Marx clearly states what this specific capacity is: it is man's *creative intelligence*. It underlies the production of his means of subsistence.
5. Human nature in *general* refers to the properties of man conceived generally and independently of particular historical form (i.e. man's need for food and nutrition). Human nature in *historical* aspects is the same properties, but conceived in a definite historical context (i.e. the 19th-century Bengali gentleman's (*bhadraloke*) cultural need for food and nutrition that lives up to the specific established standard of his society). The former is 'general' and 'constant,' whereas the latter is 'particular' and 'changing' (McMurty 1978: 20)
 6. The question of social decisions involving divergent interests and concerns was explored by Aristotle in ancient Greece and by Kautilya in ancient India in the 4th century BC. It was revived with a systematic approach at the time of the French Revolution in the late 18th century, by French mathematicians such as J C Borda and Marquis de Condorcet. By the mid-20th century, Kenneth Arrow (1951) proved a startling 'Impossibility Theorem': it is impossible to determine a social choice rule under four mild conditions. Those conditions are: (a) non-dictatorship; (b) independence, i.e. social choice over any set of alternatives must depend on preferences *only* over those alternatives; (c) unrestricted domain, i.e. social preference must be a complete ordering, with full transitivity, and must work for every set of individual preferences; and (d) if every one prefers *x* to *y*, then society must also prefer *x* to *y*.
 7. The result that there is *too little* work done in a system of distribution according to needs is easier to see intuitively. The outcome of *too much* work done in a system of distribution according to *work* is due to the following reasons. When an individual contributes an additional unit of labour, he receives two compensations for his labour which is disliked. First, the income of the cooperative rises, and he gets an extra income benefit. Second, he gets an enlarged share of the *total* income because his share of total labour contributed is larger.
 8. Overbearing greed and fabulous luxury are not unknown in capitalism, rich or poor. Six centuries ago Ibn Khaldun (1370) observed how dynasty after dynasty fell in Arabia at the hand of extravagant luxury.

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