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Capitalism and Theory
Michael Kidron
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IN ORDER to kill the beast you have to understand its behaviour. That is why the history of the socialist movement has also been a history of theoretical disputes. The great Marxists recognised that without a clear understanding of the most recent developments within capitalism, it was impossible to fight it effectively.

The movement today requires the same determination to understand the system as well as struggle against it. All too many Marxists still walk round with pictures of capitalism in their head that might have corresponded to reality in 1848, 1916 or 1938, but hardly do so today. Part of the job of the International Socialists in building a new revolutionary movement has been to correct these deficiencies.

Over the last 20 years Michael Kidron has made some important contributions to this task. His latest book brings together many of the articles he has written over the years, most of which first appeared in this journal. Its appearance provides an opportunity both to appraise his ideas and to try to put some of them across in a language somewhat simpler than is sometimes used by Kidron himself.

Marx's View of Capitalism

> MANY MODERN Marxists still think of capitalism along basically the same lines that Marx described more than a hundred years ago. For them it is still a system based upon competition between large numbers of small capitalists, each of whom employs labour from a labour market over which he individually exercises no control, using the labour to turn out goods for a market which is equally beyond his control.

This 'anarchy of the market' forces all capitalists to behave in very much the same way, each cutting the wages he pays to his workers to a minimum, and each using as much of his profit as possible to expand the size and technological level of his enterprise. In this way, out of the 'anarchy' emerges a certain sort of order, the 'laws of capitalist production', which drive the system forward, but which also drive it into re-current and ever deepening crises.

For Marx, the crisis was the result of two things. The first was the unplanned nature of production, which meant that there was nothing to prevent the competitive expansion of rival capitalists getting out of hand. For a few short years they would respond to the pressure of the market by producing as many goods as possible as quickly as possible. But in the process they would force up raw material prices, interest, rates and wages, until they destroyed the industrial profits which were the motor of the system. Then boom would give way to slump and a period of factory closures and mass unemployment would follow, until the next boom began. Such was the history of capitalism between the 1820s and 1940, with slumps about every ten years.

But the slump and boom as such were not fatal to capitalism. In a certain sense they enabled the system to survive. Because of factory closures and the collapse of markets, the bigger capitalists were able to eat up the smaller ones, reorganising production on a more efficient basis than before. 'Survival of the fittest' kept the system as a whole in trim. And, what is more, unemployment was a very effective destroyer of working class organisations. As Trotsky put it in 1921,

> 'Capitalism lives by crises and booms, just as a human being lives by inhaling and exhaling.' [1]
>
> That is why, for Marx, the second factor behind the crisis, what he called the 'tendency of the rate of profit to fall', was in some ways more important. This long term factor was at work independently of the short term ups and downs of the system and had the effect of making each boom shorter than the previous one, each slump longer and deeper.

How did the falling rate of profit come about? This is one of the most difficult things in the whole of the Marxist canon to explain simply, yet it is vital to an understanding of the crisis.

Basically, the argument goes something like this.

As capitalism develops, ever greater quantities of surplus value are produced. The pressure of competition means that individual capitalists do not use most of this surplus value for their own individual consumption, but to expand production on an ever greater scale. Only by doing this, can they guarantee that it is they that survive the short term crises, not their rivals.

But the pressure of competition also has another effect. It means that each individual capitalist is also continually pushing up productivity and trimming the number of workers he employs on each piece of machinery.

The overall effect, Marx argued, must be that the amount of the surplus value that was invested in means of production (machines, factories, etc) would grow much faster than the amount of labour employed. Or, to use Marx's language, the 'organic composition of capital' (the value of means of production compared to the value of labour power employed) would grow ever greater.

In the process ever greater quantities of goods would be produced and the total amount of surplus value under the control of the capitalist class would grow. But for capitalism, neither of these facts could be decisive. What matters for the individual capitalist is not the total number of goods or the total amount of profit, but the total profit compared with his total investment. (Just as, if you are making a car journey, what matters is northe total amount of petrol in your tank, but the relation between that and the amount used by your engine.)

The individual industrialist will only invest if he feels sure of achieving a sizeable rate of profit – not just a large total profit.

This is especially true at the end of a boom, when sudden increases on interest rates, material prices and wages cut into his profits. Unless he makes a sizeable *rate of profit* he can easily find that by the time he has sold his goods he has actually made a loss.

But, if the total value of the means of production rises much faster than the total value of the labour power employed, then the *rate of profit* (as opposed to total profit) must tend to decline. For, it is labour power that is the source of value and surplus value, not the means of production.

Marx recognised that there were certain mitigating factors that could, for a time, prevent the fatal impact of this equation. But he was convinced that in the long term it was bound to operate. And so it seemed to, until the Second World War, with each slump in fact tending to be deeper and longer than its predecessors.

Capitalism Since the War

BECAUSE THE tendency of the rate of profit to fall plays such a crucial part in justifying Marx's view that capitalism must enter into ever worse crises, it has always been one of the elements in Marxist theory which has been attacked by reformists.

When Bernstein, for instance, broke with Marxism in the 1890s, he attacked this part of the theory, as part of his attempt to portray capitalism as a system becoming less anarchic and destructive.

In the period after the Second World War, the task of defending the theory became much more difficult than ever before. For, superficially, there seemed no evidence to back up Marx's main contentions. Despite massive expansion of industry in Europe, Japan and America, profit rates did not slump in most countries between 1945 and about 1970 (there were small cyclical variations, but that is a different question to the long term tendency predicted by Marx).

Far from it being the case that each slump was longer and deeper than the one before, and each boom shorter and smaller, what actually took place was the longest boom in the history bf the system, interspersed with only minor recessions (usually invoking a fall in growth rates, not a decline in total production).

Under such circumstances, Marxists were faced with three alternatives. The first, was to insist that the theory was correct and simply to ignore what was happening in the real world. Inevitably the result was a sterile politics, which failed utterly to relate to the lived experience of most workers, which included full employment and annual improvements in living standards.

The second alternative was to abandon the Marxist position on the tendencies of the system. Sometimes this was done explicitly (as, for instance, by the French writer Cardan, who attacked Marx's formulation about the rate of profit with classical revisionist arguments). More recently a number of would-be Marxists on the left of the Labour Party and in the Communist Party have been denying that any tendency for the rate of profit to fall need exist. More often it was done in practice, while paying lip service to Marx's formulations (see, for instance, the writings of the mid-sixties by the Belgian Marxist Mandel, who argued that 'innovation' could stabilise the system – even though Marx himself thought otherwise and Lenin insisted that

> ‘the extremely rapid rate of technical progress gives rise more and more to elements of contradiction between the various elements of national economy, to a state of chaos and crisis.’ [2]
>
> In either case, the effect was disastrous for revolutionary practice. It left socialists with no way of understanding the trends *in* the development of the system, the tempo of the objective factors influencing the class struggle. And it opened up the possibility of succumbing to reformist pressures (whether in relation to the ‘left’ trade union leaders in the west, the dissident bureaucrats in the East, or the leaders of nationalist movements in the Third World). Without a theoretical compass, revolutionaries could wander in almost any direction.

With the breakdown of the post war stability of the system, it might seem that these confusions are no longer important. But that would be a mistaken view. They may not lead socialists to abandon the working class as the agent of socialist revolution, as they did in the past, now that the struggle is under everyone’s nose to see. But they still prevent any clarity as to the nature of the present crisis – its depth, its duration, whether it represents the death throes of the system or a mere breathing space after which capitalism will recommence its long boom.

There was always a third alternative, which was to recognise the changes that were taking place in capitalism, and to use Marxist theory to understand them. This was the alternative which the founders of IS opted for; it is the alternative which Kidron attempts to formulate in his book.

Much of the book is devoted to the question: What actually happened to the tendency of the rate of profit to fall in post-war capitalism? Is it possible to explain the facts as we can see them, without abandoning the theory? And, if so, what implications does this have for the future of the system?

Kidron answers the question by developing the points made by Marxist thinkers such as Lenin and Bukharin during the first world war. These argued that the tendency was for each capitalist country to be dominated by a few giant firms which were increasingly interlocked with each other and with the capitalist state.

> ‘There is no longer the old type of free competition between manufacturers scattered and uninformed about one another and producing for an unknown market. Concentration has reached the point where it is possible to make an approximate survey of all sources of raw material of a country and even of several countries or the whole world. Not only are ths.se surveys made, but these sources are seized by gigantic monopolist associations. An approximate estimate of the capacity of the market is made and these associations divide it up between themselves by contractual agreement … Capitalism in its imperialist stage arrives at the threshold of the widest socialisation of production …’ [3]

> ‘Various spheres of the concentration and organisation process stimulate one another, creating a very strong tendency towards transforming the entire national economy into one gigantic combined enterprise under the tutelage of the financial kings and the capitalist state …’ [4]

The *national* economy is more and more dominated by a few giant firms or trusts, and these increasingly work with the state to ‘plan’its internal organisation. But this does not mean that capitalism has overcome its own anarchic tendencies. ‘Planning’ within the national state is accompanied by ever more bitter competition between states. But this competition is no longer purely economic competition:

‘Friction and conflicts between “national’, groups of the bourgeoisie inevitably arising inside of present day society lead in their further development to war as the only solution to the problem.’ [5]

> ‘When competition has finally reached the highest stage, when it has become competition between state capitalist trusts, then the use of state power and the possibilities connected with it, begin to play a very large part ... With the formation of state capitalist trusts, competition is almost entirely shifted to foreign countries; obviously the organs of the struggle that is to be waged abroad, primarily against state power, must grow tremendously.’ [6]

But this means that it is no longer chiefly the cheapness of goods on the market that determines who is the successful capitalist and who is the unsuccessful one. Armaments now play a key role.

‘The struggle between the state capitalist trusts is decided in the first place by the relation between their military forces, for the military power of the country is the last resort of the struggling “national” groups of capitalists. The immensely growing state budget devotes an ever larger share to “defence purposes”, as militarism is euphemistically called.’ [7]

Since the time of Lenin and Bukharin there has been a massive increase in the tendency for the state and industry to merge within each country and for competition to take the form of organised violence or preparation for organised violence, between countries. Military force was not just ‘a means of competition’ between Britain and Germany in the period 1940-45,

> supplementing price competition; it was the almost exclusive form of competition between them.

In the same way, the 'cold war' brought Russia and America into continued military competition with one another. This competition played a role in determining the internal organisation of the US economy: as much has been spent each year in expanding the means of destruction for military competition with the Russians as US capitalists have spent on expanding the means of production for price-competition with each other and with foreign capitalists. Even in Britain – for a long time a pygmy in the cold war – arms spending is greater than investment in manufacturing industry.

In other words, you cannot understand the forces driving modern capitalism forward without recognising that industry is dominated by two forms of competition – not just one as in Marx's day. In some respects these two forms of competition have similar effects. Both drive the 'national' capitalist class to accumulate, knowing that if it does not grow faster than its rivals it will not be able to survive in either form of competition. Both therefore, serve to link the capitalists in control of any one country to a world system which is beyond the control of any single national capitalist class.

But the two forms of competition also contradict one another in certain important ways. A national capitalist class which chooses to devote large resources to its arms build-up necessarily has to cut back on the amount it devotes to expansion of those industries that are devoted to old style competition for markets.

This has immensely important consequences. Its long term rate of accumulation must be less than usual. For there is an important difference between goods that are sold on the market and goods which are used for military purposes. When goods are sold, the producer gets in exchange other resources which he can then use to expand production. For instance someone who processes cotton and sells it gets in return a certain amount of money, which he can then use to buy machines or take on more workers to produce even more cotton.

But when a state (or a 'state capitalist trust') produces arms, there is *no* such exchange at? the end of the day, (unless, of course, the arms are sold to some other state and only about 10 per cent of arms are sold in that way). The resources devoted to producing the arms are expended once and for all, and that is the end of the matter. From the point of view of continued accumulation they are *wasted*. They do not contribute to the further expansion of the economy.

That is why those states which have spent most on arms in the last 25 years (the US, then Britain and France) have had much slower rates of economic growth than those that have spent least (in particular Japan). The Japanese have been able to sell televisions and cars to those employed in the US arms factories and in return get dollars they can use for investment: the Americans have not been able to sell their arms output to those employed in the Japanese car and television factories, and so have not got yens they could use for investment.

In one of his essays in the book, *Waste US 1970*, Kidron calculates the extent of waste involved. The conclusions are astonishing – no less than three fifths of the output of the US economy was *waste*. [See *Note of qualification*.]

The Basis of the Long Boom

> ACCORDING TO Kidron it is the sheer scale of this waste which explains the peculiar behaviour of the rate of profit in the post war period. For value that is expended on arms, or advertising, or the luxury consumption of the ruling class itself, is value that is not available for further expansion of the means of production. If half the investible surplus in the US is used up on arms, then the amount of remaining for investment in industry is half what it would otherwise be.

Now this cannot immediately affect the rate of profit, however ahnoying it may be to the individual capitalist to have to give up a proportion of his profit to the state in taxes to pay for arms. The overall amount of surplus value that has been created in relation to the total size of industrial investment remains the same as if all the surplus was going into further expansion of means of production. All that has happened is that the state on behalf of the national capitalist class as a whole has chosen to spend some instead on arms. (And those capitalists who make arms are rewarded for doing so by being given some of the profit already made by other capitalists.)

However, in the long term waste production will affect the rate of profit. Because it reduces the overall surplus available for expanding production, it reduces the rate at which industry expands. There is a relaxation of the pressure for the means of production to expand compared with the expansion of the total labour power. By the same token, there is a reduction in the long term tendency for the rate of profit to decline.

In other words, once you recognise the key role of waste production and the arms economy, you can explain the behaviour of the rate of profit without jettisoning Marx's theory.

The scale of arms spending also had other effects. It has provided a market for goods which do not go up and down in the short term, even if the civilian economy is subject to cyclical fluctuations and therefore served to prevent the reoccurence of the classical slump-boom pattern for many years. It also has provided continual innovations and new technology for the civilian economy, so off-setting tendencies to inflation there.

However, the arms economy always had built into it various contradictions. We have already pointed to one: not all the western economies devoted the same proportion of their resources to arms. Some were less wasteful than others and over time this showed in terms of their enhanced economic compatibility. The very fact that those with a small scale of arms spending grew more quickly than those with a great scale of arms spending grew more quickly than those with a great scale of arms spending meant that the proportion of the total world product going on arms declined. In other words, the clash between the needs of the two different forms of competition, economic and military, led to a long term decline in the stabilising factor.

There were other, subordinate contradictions also at work. As economic competition with Japan, West Germany and so on grew, the US military was under considerable pressure to make its own spending more effective than in the past. It did so by massive technological specialisation. But the more successful it was in this, the less could innovations in military production be of benefit to the civil economy. Improvements in the performance of jet bombers naturally lead to improvements in the design of airliners; advances in missile technology have no such automatic application in the civilian economy.

Finally, the relative growth of the Japanese and European economies compared with the US economy upset the delicate international financial arrangements that had developed at the end of the Second World War. The world was thrown into currency crisis after currency crisis which, while not preventing overall economic growth, did serve to cause all sorts of complications for the system.

The Present Crisis

> TODAY, ACCORDING to Kidron, all these chickens are beginning to come home to roost. The decline in arms spending has permitted the re-emergence of the classical cyclical crisis. The rate of profit is once again undergoing a long term decline, so we can expect each recession to be worse than the one before. And the break up of the postwar international monetary system has produced huge inflationary pressures on top of this.

Paradoxically, the very waste that enabled the system to expand for so long without crises, makes the problems caused by the present crisis even worse. For it checks the present recession from turning into an all-out slump of the prewar kind. And because of that, it prevents the system dealing with any of the problems that arose during the boom – in particular, it means that firms are not under pressure to go in for an orgy of price-cutting, so that the inflationary pressures associated with a boom persist even though there is recession.

Finally, there is one other factor which, for Kidron, is the final nail in the coffin of the system. The 25 years of arms induced boom saw a massive concentration of capital through mergers and take-overs, until a few massive firms dominate each of the national economies. If any of them goes bankrupt it represents not just devastation for their workers or their shareholders, but devastation of the whole of the national economy. The capitalist state cannot just sit back and watch this happen. It is forced to intervene to prop up the lame-ducks, however much this might seem to contradict ruling class ideology. The trend is not only to state monopoly capitalism, but also to a powerful bureaucratic state capitalist sector.

But this prevents the slump fulfilling the beneficial role it used to play for the system in the long term. If firms are kept in business, then the organisation and rationalisation of the system is vastly more difficult. There can be no talk of the survival of the fittest if the state is compelled to prevent the destruction of the unfit. The more efficient firms solve their problems by cannibalising the less efficient. In short: none of the problems that gave rise to the crisis are solved by its effects. So large are its individual units, that the system no longer has the flexibility needed to deal with its own problems.

The present crisis is not just a passing accident due to the oil crisis following the Middle East War in 1973. It is the first of a long series of crises, the sign that after 25 years during which the curve of capitalist development was upwards, it is now entering a downward phase, its final downward phase, in which growth is replaced by ever worsening, stagflation. That does not, by any means, rule out cyclical shortlived upturns. But it means that the system will never again return to the optimism of the 1950s.

The Advanced and the Backward Countries

> THE CRISIS of the system does not only affect its advanced parts: its' greatest impact is on the less industrially developed countries of the so-called Third World. The result over the last year has been a spate of working class militancy – in India, Ethiopia, Egypt, Thailand, Burma … to name but a tew. But their failure to develop Marxist theory has left many revolutionaries unable to understand its impact in the third world.

Here too, Kidron has much to contribute to a proper understanding of what is happening.

He begins by arguing against the views of the relationship between the advanced countries and the Third World which are still very prevalent on the left.

The first holds, basically, that the workers of the advanced countries benefit materially from the exploitation of the Third World. The world market has been rigged by the advanced countries (including the workers of the advanced countries) in such a way as to cut the prices which the backward countries get for their goods. Workers in the Third World get paid appalling wages and the beneficiaries are workers (as well as capitalists) in the advanced countries, who get a cut from the exploitation of the Third World.

People who hold this view can easily see the solution to the problems of the Third World as something separate from (and in many ways opposed to) the struggle of the working class in the advanced countries. The key thing is seen as being to take action to end the 'unequal exchange' and the low prices for Third World goods. The way to do this is through the establishment of strong nationalist (or state capitalist) governments in Third World countries which will use their control over state power to push up the prices at which they sell goods to the advanced countries. And it does not matter whether it is the workers, sections of the bourgeoisie or the military which establish this strong government.

Kidron denounces this view as reformism of a peculiar variety – 'Black' reformism (black in a double sense as being concerned with the Third World and as being a peculiarly sick form of evasion of the real problems facing the Third World). It is reformist because it tinkers with odd bits of the system leaving untouched the real cause of the poverty of the Third World – the massive concentrations of wealth in the hands of the capitalist class internationally.

Kidron produces very strong factual evidence. He shows, firstly, that the difference in wages between, say, India and Britain is not nearly as great as is often claimed, and secondly that the difference that does exist is more than compensated for by the much greater efficiency of labour in the advanced countries. Because a worker in Britain is better fed, enjoys better health facilities and has a higher average level of education than a worker in India, he is also more productive. Workers in the advanced countries are, says Kidron, 'richer but more exploited.' They do not in any sense benefit from the exploitation of the Third World. Their economic fight against capitalism cannot be construed as a fight to maintain the exploitation of the Third World; it is, in fact, a struggle against the same exploiters who have reduced the Third World to poverty.

Kidron also argues against another view of the relationship between the advanced countries and the Third World. This is a view based upon a certain interpretation of Lenin's **Imperialism**, and basically holds that imperialism today is the same as in 1916 when Lenin wrote his book. People who accept this standpoint then argue, as Lenin did, that the key to understanding modern capitalism is an understanding of the dominance in the advanced countries of ‘finance capital’ (the banks and the stock exchange) over industrial capital, with finance capital using its control of the state to physically seize ever greater proportions of the globe for markets, raw materials and above all, outlets for investment.

The trouble with this view, is that it ignores the most important conclusion Lenin himself drew from his theory. This was that the rival western capitalisms were inexorably forced towards war with one another to ‘partition and repartition the world’. For Lenin, there was no other way in which the finance capitalists who dominated each country could overcome the shortage of outlets for investment at home.

‘This conclusion was not a minor part of his theory: it was the centre of it. He was writing in the middle of the First World War, trying to explain its origins and why, without a socialist revolution, any peace made between the different advanced capitalist powers could only be the prelude for yet another war between them.

So what concerned Lenin was not just the fact that the ruling classes of the advanced economies exploited the Third World, but that they did so in bitter competition with one another, establishing colonies to keep each other out as much as to exploit the local population. He bitterly attacked the notion that somehow the different capitalist powers could peacefully work together to exploit the Third World jointly.

> ‘“Inter-imperialist”, or “ultra-imperialist” alliances, no matter in what form these alliances be concluded … inevitably can only be breathing spaces between wars.’ [8]

> And there is little doubt that he was right as regards the history of capitalism until the 1940s. The First Imperialist War was followed by the Second Imperialist War.

However, since 1945, things have been rather different. The major western capitalisms have been prepared to accept the dismantling of their colonial empires. They have not been driven to ‘partition and repartition’ of the world between them. There may be friction between Europe and America – but it has not led to a third imperialist war. The drive towards war since 1945 has involved the western bloc in conflict with the Russian bloc, and, more recently, Russia in conflict with China. As Kidron puts it, taking Lenin’s ‘last stage’ literally, colonial independence and the continuation of capitalism are incompatible. And yet we have both. The explanation is that international capitalism has changed considerably since Lenin’s day. The factors which Lenin stressed – the merger of the state and industry, the drive towards military as well as market competition – have given rise to a stage in the system’s life rather different to that which Lenin himself described. The drive towards war produced the permanent arms economy.

But the arms economy in turn led to 25 years of expansion of the system, with plenty of opportunities for investment in the economies of the advanced countries.

The main areas of economic growth associated with the arms economy demanded a highly skilled labour force, which only the advanced countries could supply, so investment in the colonies became less and less central to the system and even the search for raw materials (with the all-important exception of oil) became less important as synthetic products arrived on the scene. Finance capital itself was increasingly overshadowed by the giant, often multi-national, industrial firms that fed off the arms boom.

At the end of this process, the Third World is no longer central in understanding the dynamics of the system. The western capitalist powers are no longer fighting one another for control over Bangladesh, or Uganda or Chad. The boom of the last 25 years left these countries more or less stagnating, while the real wealth developed elsewhere – by and large in the old established metropolitan countries.

That does not mean that the Third World is no longer exploited. Its very economic weakness leaves it with less protection than ever. But the relationship between it and the different advanced countries is now different from that described by Lenin. It is that which makes conceding political independence possible to the western powers – and, also, next to useless *by itself* in solving the problem of the peoples of the Third World.

For, Kidron, does not only criticise the theories of ‘black reformism’ or of the epigones of Lenin – he also provides an account of the conditions of the Third World himself which is much more damning to world capitalism.

This focuses on the way in which the concentration of capital into fewer and fewer, larger and larger units, has taken place. These giant firms are based upon the advanced industrial countries and attached to one or other of the advanced capitalist states, but their tentacles stretch out and dominate the Third World as well. The local capitalists or state capitalists of the Third World are incapable of generating the scale or the technological level of operations needed to stand up to competition from the giants.

The firms and state capitalist concerns of the Third World tend, instead, to become affiliates of one or other of the giants; the funds generated in the Third World tend to flow towards the giants (witness the way in which the sudden wealth of the oil sheiks is invested in western industry or banks); even the skilled labour generated in the Third World is sucked into the metropolitan countries – at immense cost to the Third World itself.

The results for the Third World are catastrophic. They suffer from the impact of capitalism in destroying completely pre-capitalist structures in the countryside, 'feudalism' for instance is no longer a meaningful description of any part of the Third World. The market economy penetrates into the smallest village wreaking havoc, driving millions of people into the towns. But in the towns industrial development does not keep rise with the growing population. Poverty, unemployment and homelessness abound. Every hiccup in the system internationally threatens to drive the poor beyond starvation point. The ruling class knows of no way out of the impasse: it engages in rhetorical denunciation of imperialism while strengthening its own ties with the international giants and arming itself to the teeth, at enormous cost, to protect itself against the local population and to prepare itself for military conflict with its neighbours. And even complete state ownership of industry – as in China – is no protection against the massive military burden, the competitive world order imposes on its most impoverished members.

Against such a system, Kidron argues, reformism, even in its 'black' version, cannot enjoy more than transitory successes. Nationalising the poverty on the edge of the system is no good, unless you also confront those who control the massive concentrations of wealth at the centre. What is needed is a revolutionary perspective, which sees the working class of all three worlds as playing the key role.

That does not mean ignoring the important contribution to the world wide struggle made by national liberation movements, peasant uprisings or guerrilla struggles (although Kidron on occasions does downplay these): it does mean recognising that these can at best weaken the system temporarily, mobilise a few million people against it. They *cannot* break it where it matters, where its wealth is concentrated. That demands a different sort of movement, a working class movement with world wide perspective.

When most of the essays in Kidron's book were written, this was a very distant prospect indeed. The immediate path of state capitalism and black reformism seemed much more realistic to most radicals in the Third World. That path has led to the current impasse, to economic development becoming little more than a 'memory' in most of the world. Yet it is precisely at this point that out of the debris, the real alternative is beginning to emerge, in the form of a working class that in virtually every country is responding to the crisis with unparalleled militancy. The job is not to look for magic ways of cutting particular countries off from the world and its crisis, but to build inside the working class internationally, with the perspective of breaking the weak links as the prelude for an assault upon the strong ones.

Notes

1. L. Trotsky, **First Five Years of the Comintern**, 1, p.200.
2. V.I. Lenin, **Imperialism**, London 1933, p.28
3. Lenin, **op. cit.**, p.25.
4. N. Bukharin, **Imperialism and World Economy**, p.73.
5. Bukharin, **op. cit.**, p.104.
6. Lenin, **op. cit.**, p.108.
7. Bukharin, **op. cit.**, p.195.
8. Lenin, **op. cit.**, p.108.