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FASCISM, THE TECHNOLOGICAL RATIONALITY AND MONOPOLY CAPITAL

By

Jan Konigsberg

B.A., Reed College, 1969

Presented in partial fulfillment of the requirements for the degree of

Master of Arts

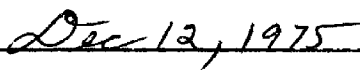
UNIVERSITY OF MONTANA

1975

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Fascism, the Technological Rationality and Monopoly Capital (99 pp.)

Director: Ronald F. Perrin



Fascism is often characterized as the totalitarian variant of the technological rationality. This study of "Fascism, the Technological Rationality and Monopoly Capital" is concerned to demonstrate that fascism as it emerged in Germany and Italy was a reaction against the technological rationality of monopoly capital. Fascism occurred in the context of European capitalist development and this suggests that fascism be investigated in the light of the uneven development of the European nation states. This study contends that due to the relatively slow transformation of the two economies of Germany and Italy as well as to the different rates of modernization of the sectors within these countries fascism was a consequence of the failure of the liberal state to mitigate the effects of the emergence of the monopoly capital sector. Rather than resurrect laissez-faire economic and political behavior as was its intention, fascism facilitated the hegemony of the technological rationality of monopoly capital.

In order to justify this juxtaposition of the technological rationality and monopoly capital, the thesis turns to a study of the dynamic of monopoly capital development in the United States. More than any other country the United States provided the conditions for rationalization and integration of all sectors of society. The primacy of the technological rationality is not the result of technological forces operating independently of social class but the consequence of the social practice of the bourgeoisie in relation to the advent of the consumer society. It is only in the context of the consummate development of monopoly capital in America that a viable explanation may be discovered for the absence of fascism in America as well as for failure of the modern working class to overcome alienation.

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## PREFACE

Although the emergence of socialist countries in Eastern Europe, Russia, China, Cuba, Indochina and other Third World countries can be regarded as the germ of a new world order, nonetheless humanity is still faced with the totalitarian implications of monopoly capital. A proletarian revolution does not seem at all imminent in the advanced industrial countries and there is no certainty that the present economic crisis will weaken the bourgeoisie and strengthen the proletariat. Moreover, there is also no guarantee that the axe of fascism will not again be raised on behalf of the capitalist class.

The present situation, at the very least, demands understanding--an understanding of the dynamics of capitalistic development, particularly with respect to the emergence of monopoly capital and its political ramifications upon everyday life. The works of the Frankfurt School and Antonio Gramsci provide an invaluable foundation for such an inquiry within a Marxist framework. The Frankfurt School and especially Marcuse have demonstrated the relationship between advanced capitalism and a one-dimensional technological rationality in fascist society. Gramsci has illustrated the political framework in which that relationship is nurtured.

However incomplete the analyses of Gramsci and the Frankfurt School may be for the project of drawing the relationship between the emergence of monopoly capital and the emergence of fascism in Germany and Italy, their studies are essential to such a task. The very inadequacies of their understanding of the nature of fascism can be overcome, in part, by integrating their various perspectives. Although I have no intention to present a

comprehensive picture of European fascism, I have attempted to distill what seems to be instructive in the fascist experience in Germany and Italy with respect to the totalitarian implications of modern development. Such a study provides further insight into the reasons for the absence thus far of a fascist regime in the United States. What I hope to make clear is that this absence of fascism in the world's most technologically replete country belies a more fundamental, totalitarian dimension of monopoly capital.

## CHAPTER I

### FASCISM AND TECHNOLOGICAL REALITY: DOES FASCISM MANIFEST THE TECHNOLOGICAL RATIONALITY OF ADVANCED CAPITALISM?

Marcuse's One-Dimensional Man characterizes the repression generated by advanced industrial society as one which is

so different from that which characterized the preceding, less developed stages of our society, operates today not from a position of natural and technical immaturity but rather from a position of strength. The capabilities (intellectual and material) of contemporary society are immeasurably greater than ever before. Our society distinguishes itself by conquering the centrifugal social forces with Technology rather than Terror, on the dual basis of an overwhelming efficiency and an increasing standard of living.<sup>1</sup>

The sophisticated and detailed critique provided by One-Dimensional Man is rooted in the early work of Marcuse and others of the Frankfurt School undertaken during the rise of fascism in Germany. The studies of Pollack, Newmann, Horkheimer, Kirchheimer and Marcuse offer divergent and often conflicting interpretations about the nature of fascism and yet they all agree that fascism ushered into being a new type of domination of the social order. Whereas the early form of domination, intrinsic to what they refer to as the competitive capitalist stage, had been mediated and buffered by the liberalistic dualisms of the individual and society, private and public life, law and morals, economy and politics, fascism achieved domination not only by the 'psychic compliance of the authoritarian personality, but also by the constant and unremitting application of terror and coercion.'<sup>2</sup>

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<sup>1</sup> Herbert Marcuse, One-Dimensional Man, Boston: Beacon Press, 1964, p. xii.

<sup>2</sup> Martin Jay, The Dialectical Imagination, Boston and Toronto: Little, Brown & Company, 1973, p. 157.



The critical school's investigation of fascism began with a concern to identify the social agencies responsible for the institution of the new form of domination under fascism. As the various investigations proceeded, some studies identified the state as the sector responsible for fascism, while other studies implicated the monopoly capital sector. A controversy ensued within the School as to whether or not fascism ushered in a new historical development of the "primacy of politics" in which economic conditions were no longer the determining conditions of social praxis. The controversy seems to have been resolved by suggesting that the traditional Marxist concepts were inadequate to a true understanding of the situation posed by Nazi Germany in which the proletariat not only had failed to make the revolution, but also had cast a substantial number of votes in support of National Socialism. Rather than conclude that either the state or the economy were responsible for the institution of totalitarian control, the theorists of the critical school argued that whatever the specific historical circumstances accounting for the emergence of fascism, the activity of administration and domination had assumed an importance and life independent of any particular relation to capitalist production, and independent of any class.

This conclusion that the activity of administration and domination achieves a definite autonomy under fascism did not lead the members of the Frankfurt School to repudiate Marxism. Their understanding of the historical process that culminated in European fascism was fundamentally Marxist. The concern for the historicity of all phenomena is central to Marxist thought. In Capital, Marx stresses the developmental character of the historical process. Moreover, there are laws of development for any given organization of productive forces as well as levels of development within an epoch. Capitalism developed out of feudalism and capitalism proceeds through various stages

of development which can be schematized by the move from competitive capitalism to monopoly capitalism. The Marxist conception of history provided the framework in which the Frankfurt School attempted to account for the emergence of fascism. Their concentration upon the phenomenon of domination and authority is a typically Marxist preoccupation and lends itself well to a study of fascism. During the earlier mode of industrial production which was characterized by many small firms engaged in a high degree of competition, capitalists were without the means (intellectual or material) to dominate and administer the spheres of social activity beyond the domain of their own factories. Although the various components of the social structure such as the economy, the state, the educational system, the family, the arts, etc., were products of the bourgeois era, they were relatively independent of one another. However, the Frankfurt School believed that the shift from competitive capitalism to monopoly capital established the necessary conditions for the emergence of fascism in which all social relations were transformed into authoritarian relations.<sup>3</sup>

According to the members of the Frankfurt School, such a transformation of social relations was the consequence of the technological rationality characterizing advanced capitalism in which social institutions became institutions for social control. Horkheimer saw Nazism as the "most extreme example of a general trend towards irrational domination in the West."<sup>4</sup> The emergence of Nazism represents the inevitable tendency of capitalism to impose the technological rationality upon the whole of society; thereby destroying

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<sup>3</sup>This is a conclusion I draw from a reading of the chapter entitled "The Institute's Analysis of Nazism" in the Dialectical Imagination. This conclusion reflects nothing more than the School's desire to approach fascism within a Marxist framework.

<sup>4</sup>Ibid., p. 166.

all liberal dualisms and negating whatever relative independence existed among the various spheres of social practice. The transition from a liberal social order to a totalitarian one can be linked to the essential character of capitalism to dominate and administer the relations between capital and labor in all stages of development. In so far as the domination by capital is considered to be a law of capitalist development, it operates independently of human will. The Frankfurt School takes this law of development to mean that capitalism creates the material conditions which effectively destroy the play of the human will in all the arenas of human activity and, thus imputes to capitalism the progressive unfolding of the irrational in human affairs at the very moment in history when production becomes increasingly rationalized.<sup>5</sup>

One-Dimensional Man goes further with the same analysis to indicate that the use of terror and force under fascism secures a position of strength for the instrumentalist world view of advanced capitalism. As the various spheres of social activity lose their liberalistic diversity by virtue of their incorporation in the technological ethos, they facilitate the creation of a monolithic, homogenous society which increasingly deprives individuals of any basis upon which critical thought can be nurtured. Critical thought is subversive thought; it is not enclosed "within the established universe of discourse and behavior--thereby precluding a priori a rational evaluation of the alternatives."<sup>6</sup> In turn, this absence of critical thought eliminates

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<sup>5</sup>Although Horkheimer was the one to explicitly associate fascism with irrational domination, I believe that it is an association implicit even in the analyses of those members of the school who sought a more materialist explanation.

<sup>6</sup>Herbert Marcuse, "Repressive Tolerance," Wolff, Moore, Marcuse, A Critique of Pure Tolerance, Boston: Beacon Press, 1969, p. 101.

the need for reliance upon external force to achieve the effective administration of society as a whole. The historical outcome of capitalism is, therefore, a one-dimensional society in which the administrative role of the bourgeoisie has been transcended by social mechanisms which apparently operate without conscious direction. This clarifies Horkheimer's concept of irrational domination as the domination of both the proletariat and the bourgeoisie by a disembodied technological rationality. As a result, the possibility of revolution becomes virtually non-existent since the class struggle has been defused by the development of monopoly capital.

One-Dimensional Man turns Marxism-Leninism on its head, denying that as capital develops it promotes a revolutionary proletariat consciousness, arguing instead that advanced capitalism has created the material conditions that preclude the formation of critical thought. The very success of the bourgeoisie in respect to organizing and continually revolutionizing the mode of production results in the hegemony of technological, instrumentalist reason which sets the stage for the transition of reason as an instrument of that class to a force independent of class. The categories of domination and administration no longer proceed from human behavior but rather compel all behavior and thought. In the context of Marcuse's analysis, these categories are deigned to have a life of their own over which the bourgeoisie has no real control. Even with respect to the operation of the means of production the capitalists do not make the essential decisions since only the technocratic managerial class is capable of responding to the imperatives of the technical processes. Marcuse's position is one of technological determinism in which the technological matrix dictates the form and content of social construction.

It would appear as if Marcuse has effectively and irrevocably

interwoven the two strands of fascism and modern technological society in which modern man is entwined. The endeavor begun by the Frankfurt School seems to have been consummated in the recent work of Herbert Marcuse. However, the original endeavor to interrelate fascism with advanced capitalism contains a flaw which this study shall attempt to overcome.

Before accepting the Frankfurt School's interpretation as comprehensive, some consideration of other responses to the emergence of monopoly capital (e.g., the American response) must be undertaken. If fascism is not the response of some nation to the emergence of monopoly capitalism, then this is evidence that goes against the grain of the various studies of the Frankfurt School. Thus, the School's identification of fascism with an unfolding technological rationality must also be scrutinized for any errors that might be concealed by the apparent logic of the equation. It is not a question, then, of what constitutes fascism but rather what may be attributed to fascism. In other words, while no one can deny that fascism in Europe had certain political, economic, sociological and ideological characteristics which are manifest in the social and psychological organization of the masses, the praxis of fascism, its underlying mode of being, remains very much open to discussion and investigation. The intent of this paper is not to take issue with the characteristics commonly ascribed to fascism in political science textbooks, but to uncover the process that led to a totalitarian social order.

To begin with, the initial identification of fascism with the growth of monopoly capital tends to be ahistorical in so far as it does not account for the emergence of fascism as an oppositional movement within the capitalist order. Fascism derived support on the basis of its anti-capitalist posture. Furthermore, the ideology and practice of fascism did not proceed from a

technological rationality embodied in a technocratic social structure in which the imagination and will no longer determine behavior. Fascism exists to command the will and to punish or reward the individual on the basis of his willingness to obey authority. Whereas the technocratic society destroys the conditions which permit real choices the fascist organization of society depends ultimately upon the individual to initiate action and, therefore, recognizes the supremacy of the will. The ideology and practice of fascism preserves the bourgeois concept of free will. In this respect, fascism reflects the rationality of the early period of liberalism in which individuals were free to dispose of themselves as they will, to be rewarded or punished as a consequence of their choice. At its core, the totalitarian vision of Germany and Italy was not that of a brave new world but the resurrection of Hobbesian society. To this extent, fascism certainly appears antithetical to the technological rationality of advanced capitalism.

Certainly the categories of administration and domination as modes of technological rationality have gained a singular importance with the advent of modern, advanced capitalism, which relies upon highly complex techniques in its mode of production. Marcuse is especially correct to insist that the outcome of this type of rationality is to effectively suppress the formation of a critical consciousness by depriving many of the necessary training, structures and language for the development of effective opposition. However, these insights do not demonstrate that fascism is the inevitable form of the irrationality of capitalism nor that advanced capitalist society is inherently fascist. Instead the emergence of fascism and the roots of the technological rationality of modern society may best be examined by an analysis of the genesis of the monopoly capital mode of production in the context of the

nation state.<sup>7</sup>

Much of the analysis of fascism proffered by the critical theorists is insightful and cannot be cast aside. However, the conclusions that they draw to encapsulate their analysis to arrive at a definitive statement of the nature of fascism are invalidated by their internal contradictions and vagueness. In addition, there is an inherent weakness in any attempt to universalize the concept of fascism. To conclude that fascism is the "primacy of politics" or that it is instead the irrational embodiment of the technological rationality is to argue that fascism can be posed as a law of social development--a unique historical epoch that is neither capitalistic nor socialistic. Any attempt to generate a concept of fascism with a sufficient level of generality suitable for methodological application as a law of social development must find evidence of the universality supposedly inherent in fascist society.

The tendency of many researchers into the nature of fascism is the construction of a model of fascism that can identify and explain modern fascist movements and regimes. Yet to call Spain, Chile, or South Africa fascist does not yield much knowledge of the actual conditions of those nations. There is the additional danger that a model of fascist society constructed from the German or Italian experience can readily distort our perception of modern social processes. Although the Frankfurt School was not concerned with model building, it conceptualized fascism as the type of society generated by advanced capitalism, thereby providing the theoretical justification for model building. At the same time, there was a willingness among members of the Frankfurt School to identify fascism as a particular

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<sup>7</sup>It is at this juncture that Gramsci's perspective is important to an understanding of the historical relation of nation state to the development of monopoly capital.

regime which has seized power in a capitalist society without transforming the mode of production.

To avoid the problems associated with this posture of the Frankfurt School, it may be more fruitful for an understanding of fascism to regard it principally as a particular development within capitalism. This paper then does not envision its purpose as providing a concept of fascism that promises to explain all types of fascist regimes. To judge fascism to be a particular structure within capitalism denies the validity of granting fascism the status of a law of social development. Since this paper will be concerned with locating the emergence of fascism in the framework of capitalist development, the ensuing investigation of European fascism will deny that capitalism is monolithic. The process of capitalist development has meant uneven development among nations. These uneven developments have to do with particular conditions of a geographic region subject to the capitalist mode of production which result in divergent and even conflicting responses to capitalist progress. It is in the context of an understanding of uneven development that the emergence of fascism may be best understood. To situate fascism in this context means to conceptualize fascism as a particular response by a nation to its own development within a capitalist world system. This paper will treat fascism with respect to its particularity by focusing on the fascism of Germany and Italy as response to the internal fetters upon the development of monopoly capital within those countries. Only in this framework which emphasizes the singularity of fascism rather than its universality and makes the matter of uneven development central can the question of why America did not have a fascist regime during the Depression and World War II era be posed in a way which will bear fruit.

The argument will be made that the German and Italian states retarded



the development of monopoly capital, leading to the emergence of fascism as a reaction to capitalism in general and to the liberal state in particular. This situation stands in marked contrast to the American nation state which hastened rather than impeded the formation of monopoly capital. The conditions within Italy and Germany which fettered the development of monopoly capital mitigated against the creation of a capitalist class consciousness and, yet, fostered a proletariat class consciousness. The conditions which led to the rapid and consummate development of advanced capitalism in the United States engendered a class conscious capitalist class and mitigated against the development of a class conscious proletariat. The techniques that were developed to integrate and rationalize production within the U.S. economy were modified and extended by the bourgeoisie to administer and rationalize all spheres of social activity in order to provide the necessary stability required by advanced industrial society. In this light, technological rationality comprises a set of techniques under the direction and in the service of the capitalist class which increasingly promotes the self-consciousness of that class with the state increasingly functioning as a class-conscious political directorate. Hence, the one-dimensional society which Marcuse describes was first born in the United States and not under fascism. World War II established the United States as the leading world economic power, resulting in the hegemony of the technological rationality in the world capitalist system. This hegemony not only put an end to fascism but reconstructed the German and Italian nations within the framework of monopoly capital.

## CHAPTER II

### THE GENESIS AND ESSENCE OF CAPITALIST PRODUCTION

It is important to begin with the fact that fascism is a modern phenomenon of which Hitler's Germany, Mussolini's Italy, and Franco's Spain are the earliest and most classic examples. No one considers Napoleon's France to have been a fascist society. Even under Napoleon, France remained a liberal society. Fascism seems much more monstrous and diabolical than the ancient dictatorships. Fascism is frightening to contemplate because its control over society is so complete that there seems to be no space for rebellion. Equally ominous is the fact that fascist regimes receive popular support. Why did Germany and Italy become fascist while countries like Britain and the United States did not? Any argument to the effect that the German and Italian people were authoritarian, whereas the American and British people were libertarian begs the question. Nonetheless, both German fascism and Italian fascism had the support of a great number of people. The attraction of fascism must be examined and the process uncovered that makes such a repressive society attractive. It may have been the case that the Germans and Italians mistook fascism for liberation because they desperately wished for social change in the midst of intolerable conditions. Rather than claim that the German and Italian personality differs drastically from the American personality, it may instead be wise to consider the differences in each nation's response to the crisis of depression and the structures through which the responses were mediated.

That the United States, Germany and Italy were disrupted by a

worldwide depression attests to their existence as capitalist countries reciprocally affected in the international market. Yet, production within each country was carried on by political and economic infrastructures that differed in fundamental ways. These differences must be specified and identified and in so far as the infrastructures can be examined within the framework of capitalist production, they can be compared to one another. These infrastructures are historical developments in the capitalist mode of production, which reflect changes in the mode of production itself. Differences between a nation's political and economic structures would then arise from substantial differences in capitalist development within the countries. If dissimilarities as well as similarities between infrastructures are to be pinpointed and compared in order to account for the emergence of fascism in some countries and not in other countries, then the basis of uneven capitalist development must first be explained. The logical beginning of such an explanation would be an account of the transformation of feudalism into capitalism.

Throughout Volume I of Capital, Marx underlines that for capitalist production to occur certain conditions must be met. He groups these conditions under the heading of primitive accumulation.

The capitalist system presupposes the complete separation of the labourers from all property in the means by which they can realise their labour. . . . The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a process that transforms on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage labourers. The so called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production.<sup>1</sup>

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<sup>1</sup>Karl Marx, Capital, Vol. I, New York: International Publishers, 1967, p. 714.

Marx employs the concept of primitive accumulation to explain the transformation of feudalism into capitalism. Many Marxists have taken Marx to mean that until a country has transformed all labor into wage labor it is pre-capitalist--in between feudalism and capitalism.<sup>2</sup> This interpretation suggests that an economy can contain feudal sectors and capitalist sectors depending on the absence or the presence of wage-labor in a given sector. Although Marx is unusually vague on the matter, it does not seem at all appropriate to suppose that his discussion of the move from primitive accumulation to capitalist production implies that all labor within a given system of production must be disposed of its property and transformed into wage labor. Rather what is required in the move from primitive accumulation, which is a process catalyzed under feudalism, to capitalistic production is that what capital exists (i.e., the transformed means of social subsistence and production) coalesce with a sufficient number of free, wage laborers. The further development of capitalism would then entail the steady proletarianization of labor resulting in an absolute increase in the volume of free labor-power and an increase in the rate of production of surplus value. Capital accumulation which begins with capital production not only maintains the separation of the laborers from the means of production, "but reproduces it in a continually extending scale."<sup>3</sup> Marx is arguing that capital accumulation speeds the process of primitive accumulation. Although primitive accumulation precedes capitalist production, it does not end with the beginning of capitalism even though the means by which labor is proletarianized

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<sup>2</sup>A more complete discussion of this interpretation and its practical application can be found in Wallerstein (see note 5), pp. 388-399.

<sup>3</sup>Marx, op. cit., p. 417.

changes with capitalist development.

Capitalist production is the process whereby all labor eventually becomes wage labor and all means of production becomes capital. Therefore, the interpretation which maintains that a country remains "pre-capitalist" until the separation of labor from the means of production is complete in all sectors of the economy is in error. Such an interpretation would have to deny that the process which achieves such a transformation is capitalistic; but this is the claim that must be made, otherwise capitalism could not be judged to have overcome the fetters of feudalism.

The process by which the separation of laborers from the means of production and the accumulation of capital takes place on an expanding scale is the production of commodities for profit. Profit can be made only from the sale of these commodities in a market. The larger the market the greater the profit that can accrue. The expansion of capital is a direct result of the expanding domination of the bourgeoisie throughout the world. In the Manifesto, Marx remarks that the

bourgeoisie has subjected the country to the rule of the towns. . . . The bourgeoisie keeps more and more doing away with the scattered state of the population, of the means of production, and of property. . . . The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. . . . The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must get a footing everywhere, settle everywhere, establish connections everywhere.<sup>4</sup>

If capitalism is a mode of production, production for profit in a market then we ought, I should have thought, to look to whether or not such production was occurring during the so called period of transition [from feudalism to capitalism] from the 16th to 18th century. What was happening in Europe from the sixteenth to the eighteenth century is that over a large geographical area going from Poland in the northeast westwards and southwards throughout

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<sup>4</sup>Ernest Mandel, The Formation of the Economic Thought of Karl Marx, New York and London: Monthly Review Press, 1971, pp. 56-57.

Europe and including large parts of the Western Hemisphere there grew up a world economy with a single division of labor within which there was a world market, for which men produced largely agricultural products for sale and profit. I would think the simplest thing to do would be to call this agricultural capitalism.<sup>5</sup>

The existence of a world market meant that all the regions encompassed by this market producing goods for sale in that market are to be considered capitalistic. These countries are engaged in capitalist production even though they differ drastically in the scale of capitalist production due to the differences in the level of primitive accumulation. The birth of capitalism was not a regional affair but a world affair. From the start capitalism has been characterized by the uneven development between one region and another. Those countries which began with a minimum of primitive accumulation were to encounter substantial difficulty increasing the rate of capital accumulation. Indeed the initial difficulty some countries encountered in their primitive accumulation continued to fetter their internal economic development. It is apparent that the process of primitive accumulation which Marx describes was undertaken in different regions in different ways during different periods which accounts for the differences between nations' developments.

Given their particular position within a world agricultural market, various regions came to specialize in certain agricultural products. Wallerstein distinguishes this specialization in the following way:

By a series of accidents--historical, ecological, geographic--northwest Europe was better situated in the sixteenth century to diversify its agricultural specialization and add to it certain industries (such as textiles, shipbuilding, and metal wares) than were other parts of Europe. Northwest Europe emerged as the core

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<sup>5</sup>Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," Comparative Studies in Society and History, Vol. 16, No. 4, September, 1974, p. 399.

area of this world-economy, specializing in agricultural production of higher skill levels, which favored (again for reasons too complex to develop) tenancy and wage labor as the modes of labor control. Eastern Europe and the Western Hemisphere became peripheral areas specializing in the export of grains, bouillon, wood, cotton, sugar--all of which favored the use of slavery and coerced cash-crop labor as the modes of labor control. Mediterranean Europe emerged as the semi-peripheral area of the world-economy specializing in high-cost industrial products (for example, silks) and credit and specie transactions, which had as a consequence in the agricultural arena share-cropping as the mode of labor control and little export to other areas.

The three structural positions in a world-economy--core, periphery, and semi-periphery--had become stabilized by about 1640. How certain areas became one and not the other is a long story. The key fact is that given slightly different starting points, the interest of various local groups converged in northwest Europe, leading to the development of strong state mechanisms, and diverged sharply in the peripheral areas, leading to very weak ones. Once we get a difference in the strength of the state-machineries, we get the operation of "unequal exchange" which is enforced by strong states on weak ones, by core states on peripheral areas. Thus capitalism involves not only the appropriation of surplus value by an owner from a laborer, but an appropriation of surplus of the whole world-economy by core areas. And this was as true in the stage of agricultural capitalism as it is in the stage of industrial capitalism. . . . Capitalism was from the beginning an affair of the world-economy and not of nation states.<sup>6</sup>

National boundaries were not the natural boundaries of capitalist exchange, as has often been supposed, but political artifacts designed to control international exchange. The existence of the capitalist mode of production was a pre-condition for the emergence of nation states and not vice versa. As regions produced products for a world market, profit became the overriding consideration. At first agricultural production became increasingly specialized as the producers attempted to avoid the normal operations of the market. Gradually, the local capitalist classes throughout Europe--cash crop landowners and merchants--turned to the state not only to free themselves from the non-market constraints but also to "create new constraints on the new market, the market of the European world-economy."<sup>7</sup> The nation

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<sup>6</sup> Ibid., p. 401.

<sup>7</sup> Ibid., p. 400.

states did not spring into existence simultaneously but were erected when various countries arrived at a point just below the high point of strength in the world economy. The creation of national boundaries strengthened their position by accelerating the development of their economic infrastructure. However, the strength of the state machineries of the various nations varied according to their position in the world economy. The state machinery in the core countries was bolstered to meet the congruent needs of the land-owning class who favored free trade and the commercial bourgeoisie who favored restrictions on the import of manufactured goods against which they could not compete. With the more dynamic state bureaucracies, the core countries were thus able to expand their world market and stifle the development of the national economies of the peripheral and semi-peripheral countries.

It was not until the system-wide recession of 1650-1730 that mercantilism became the dominant mode of political-economic behavior. According to Wallerstein, the recession forced the existing nations to withdraw large areas from world trade and to engage in a battle of attrition. England succeeded in disposing of the Netherlands as the primary commercial power and then resisted France's attempts to catch up. England hastened its process of industrialization after 1760 continuing to maintain its hegemony in the European world market despite Napoleon's attempt to destroy this hegemony during the Continental blockade.<sup>8</sup> From this point onward industrial production becomes the primary mode of capitalist production and, at this point as well, the European economic system becomes world-wide. The initial impetus for the geographical expansion of the capitalist system did not stem from the need for new markets nearly as much as from the need for raw materials.

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<sup>8</sup>ibid.



This drive for new sources of raw materials led to the creation of new peripheral and semi-peripheral areas. This development made it possible for formerly peripheral and semi-peripheral regions to attempt to become core countries as market demand expanded. The United States and Germany (as it came into being) adopted mercantilist policies in their quest for economic dominance. In each country the manufacturing sector gained political ascendancy, but the struggle of these countries to industrialize varied in degree of success prior to World War I--totally successful in the United States and only partially successful in Germany.<sup>9</sup>

At first under industrial capitalism, the core exchanged manufactured products against the periphery's agricultural products--hence, Britain from 1815 to 1873 as the "workshop of the world." Even to those semi-peripheral countries that had some manufacture (France, Germany, Belgium, the U.S.), Britain in this period supplied about half their needs in manufactured goods. As, however, the mercantilist practices of this latter group both cut Britain off from outlets and even created competition for Britain in sales to peripheral areas, a competition which led to the late nineteenth century "scramble for Africa," the world division of labor was re-allocated to ensure a new special role for the core: less the provision of the manufactures, more the provision of the machines to make the manufactures as well as the provision of infra-structure (especially, in this period, railroads).<sup>10</sup>

It should be amply clear that the specialized roles of the countries of the world capitalist system in the production of goods for profit in a world market manifests the considerable difference between regions with respect to the development of their internal economies. The difference in the process of primitive accumulation between countries is evidenced by the transition from agricultural to industrial capitalism in general and from competitive to monopoly capitalism in particular. Thus far attention has been focused upon the external factors that speed the transition from agricultural capitalism to industrial capitalism in some regions and hinder it

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<sup>9</sup>Ibid., p. 409.

<sup>10</sup>Ibid., p. 410.

in others. The uneven development of the European countries was insured by the operation of the world market and the creation of the nation state as a constraint on the operation of the market. The play of the world market not only influenced the nature of a country's economic structure but also the relative strength of its political structure vis a vis other nations.

If the unequal exchange between nations is attributed initially to the regional differences in the process of primitive accumulation which imposes parameters on the type of goods produced for the world market, what is the relation of the interactions between a country's political and economic infrastructure to changes in the capitalist mode of production within the country? Although "the bourgeoisie cannot exist without constantly revolutionizing the instruments of production and with them the whole relations of society," thereby leading to the "uninterrupted disturbance of all social conditions, [and] everlasting uncertainty and agitation;"<sup>11</sup> the changes in the mode of production occur at different periods and after different struggles in different countries. This suggests that the longer the transition from one mode of capitalist production to another is delayed the more the political and economic infrastructures resist such a transition. Conversely, the more rapid the transformation in the capitalist mode of production the more flexible the infrastructures will be.

It therefore seems appropriate to examine the role of the state in the progress of capital development within a country to determine under what conditions the transition from agricultural to industrial capitalism and from competitive to monopoly capitalism is hindered or hastened when compared to the economic development of other countries. During any period, each capitalist country can be analyzed to determine whether it is engaged primarily

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<sup>11</sup>Mandel, op. cit., p. 56.

in agricultural production or in industrial production. Industrial production always represents a more advanced level of capitalist production, because it entails a greater degree of integration and rationalization of the components of production. It is precisely this integration and rationalization of the components of production that the political and economic infrastructures of a nation may either resist or encourage. Moreover, each sector of a nation's economy--the agricultural, the industrial, the manufacturing and the service sectors--may manifest different degrees of integration and rationalization of the production process. Thus, one sector may be competitive and another may be monopolistic, although competitive capitalism always precedes monopoly capitalism and is a precondition for its genesis. Monopoly capital is characterized by a highly complex and interconnected infrastructure which progressively eliminates the anarchical character of economic production and social relations characteristic of competitive capitalism. Monopoly capital transforms the functions of rationalization and integration of the production process which had operated haphazardly and independently of the will of individual capitalists during the period of competitive capitalism into a science of organization and administration under the control of the capitalist class. Monopoly capital first emerges in the industrial sector of the economy because it is in this sector that the conditions of accumulation of capital, proletarianization of labor and the cumulative integration and rationalization of production are most concentrated.

The rapidity with which the monopoly mode of capital emerges in the industrial sector and the rate at which the other sectors of the economy follow suit, seems to be mediated by the relation between the state and the existing economic system. As a law of development within capitalism, the emergence of monopoly capital cannot be prevented; it can be delayed, however.

Those countries in which the transition from agricultural to industrial capitalism and from competitive to monopoly capitalism was prolonged and which were, therefore, slow to accomplish the process of primitive accumulation will incur a different social and political order than those in which the transitions from one mode of production to another were more rapid. The uneven development of capitalist countries would then impose certain internal, structural limitations which would result in diverse national responses to the world economic crisis of the 1930's.

The above considerations suggest the hypothesis that the emergence of fascism in Germany and Italy may be attributed to their roles in the world market, their comparative economic underdevelopment and, most decisively, to the relation between their political and economic systems which fettered the development of monopoly capital. In this context fascism can be seen as an appropriate response to the difficulties of the world depression by Germany and Italy vis a vis the other capitalist countries for which fascism was not an appropriate response. To call fascism an appropriate response means that the limitations imposed by the unequal exchange between countries and their uneven development also created specific social and psychological inclinations that made fascism attractive to the masses of German and Italian people enduring the conditions of these countries.

## CHAPTER III

### THE FAILURE OF THE LIBERAL STATE AND THE EMERGENCE OF FASCISM

In the history of primitive accumulation, all revolutions are epoch-making that act as levers for the capitalist class in the course of its formation; but, above all, those moments when great masses of men are suddenly and forcibly torn from their means of subsistence, and hurled as free and "unattached" proletarians on the labour-market. The expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole process. The history of this expropriation, in different countries, assumes different aspects, and runs through its various phases in different orders of succession, and at different periods. In England alone . . . has it the classic form.<sup>1</sup>

The shift in the capitalist mode of production from agricultural to industrial capitalism in the core countries meant that the mercantilist policies of the nation state, which had insured the dominance of these countries in the international capitalist system, had become a fetter on the further development of industrial production. Industrialization, if it is to proceed as rapidly as possible, must transform agricultural production in its own image. Politically this implies that the state, which had sustained the primacy of agricultural production, must come to minimize it. For such state intervention to occur, the political power of the agricultural producers must be overthrown and assumed by the industrial capitalists. This transformation of the state occurred first in England and represents the emergence of liberalism.

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<sup>1</sup>Marx, Capital, Vol. I, op. cit., p. 716.

The triumph of liberalism and bourgeois democracy inaugurated new budgetary principles: The ordinary operating expenses of the state were kept to an absolute minimum to prevent the state from re-extending its mercantilist sway over the economy as well as to insure that the state could pay its creditors--the bourgeoisie. Taxation was kept indirect to conceal tax exploitation and to prevent state investigation into personal wealth which could result in state control of that wealth. Loan finance was restricted mainly to warfare. The state was authorized to create money only as a temporary measure. Finally, under these new budgetary policies, the state had to maintain a balanced budget to restrict state economic activity to expenditures that could be financed by tax revenues.<sup>2</sup> These new budgetary principles meant that the operation of the state would no longer be financed by the capitalist class as it had been during mercantilism.

Within the framework of these budgetary principles, the state was financed through the taxation of the working class and by loans from the bourgeoisie to cover any deficits. The state was thus prevented not only from siphoning the wealth of the capitalist class to pay state debts and operating expenses but also it was prevented from becoming economically competitive with industrial capital. The financial requirements of the state coupled with the political power of the industrialists hastened the decline of agricultural production and the growth of industrial production, because the capital produced as a result of agricultural production was transferred to the industrial sector as a consequence of taxation.

During this period in which England's state machinery had been revolutionized with the inception of the new budgetary principles, Italy's and Germany's productive activity was predominantly agricultural with some small-

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<sup>2</sup>James O'Connor, The Fiscal Crisis of the State, New York: St. Martin's Press, 1973, pp. 71-72.

scale manufacturing. Although the success of agricultural production in these countries gradually resulted in the expansion of the manufacturing sector, economic development had not reached the point at which the capitalist manufacturers perceived the dominance of the agricultural mode of production as a fetter upon their own development. Manufacturing still depended upon the flow of capital from the agricultural sector rather than from internally generated capital. Although the nineteenth century democratic movements sought to increase the political power of the urban capitalists commensurate with the increase in their economic activity, the capitalist manufacturers continued to desire the maintenance of agricultural production.

The nation states of Italy and Germany operated in an essentially mercantilist fashion long after the English state had ceased to do so. (Of course this mercantilist orientation was largely a product of Germany's and Italy's position in the world economic system.) Internally, the state not only restricted the flow of capital to the industrial sector but also siphoned a portion of industrial capital to the agricultural sector and to the state bureaucracy which employed one-tenth of the labor force in Italy in civil service jobs or with pensions. Gramsci deprecates this mode of circulation of capital in Italy when he writes that the past history of Italy

. . . has left behind a heap of passive sedimentations reduced by the phenomenon of the saturation and fossilisation of civil service personnel and intellectuals, of clergy and landowner, piratical commerce and the professional [army]. . . . This means enormous bulk of petty and middle bourgeoisie living on "pensions" and "rents," which has created . . . an economically unproductive stratum which not only extracts its own sustenance from the primitive labour of a specific number of peasants, but also manages to save.<sup>3</sup>

The economic and political organization of Italy and Germany hindered the

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<sup>3</sup>Antonio Gramsci, Prison Notebooks, New York: International Publishers, 1971, pp. 281-283.

accumulation and consolidation of capital within the industrial sector.<sup>4</sup>

The German and Italian state slowed the transition of capitalism to the industrial mode, but it could not prevent it. Independent of the desires of the capitalist class to stabilize the agricultural mode of production, industrial production continued to increase in the nineteenth and early twentieth centuries in Germany and Italy. The growth of the industrial sector meant that elements of the commercial bourgeoisie became increasingly independent of capital generated in agricultural production. By the beginning of the twentieth century the modern industrial sector of the German and Italian economies had developed to the point where its further expansion was at the expense of the rural, agricultural areas. The rural areas paid for modernization not only economically in terms of loss of manpower to wage labor and the inexorable increases in taxes and tariff restrictions (initiated by the progressive elements within the state bureaucracy) to promote capitalization but also psychologically in terms of new and threatening attitudes and politically in terms of loss of power and prestige of the traditional elites.<sup>5</sup> Gramsci quotes from those who responded to the growing disjuncture between city and town by proclaiming the superiority of the country with its "old" ways and traditions:

All cities are sterile. Proportionately few children are born there, and genius almost never. In the city there is enjoyment but no creation; there is love but no generation, consumption

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<sup>4</sup>Throughout my presentation of the conditions leading to fascism I have extracted what seems to be general and similar patterns of development in Germany and Italy, realizing that there are specific differences in their national experiences. In general, however, I will use Germany rather than Italy as the specific concern of my study, bringing Gramsci's insights into the political make-up of Italy to bear on the German experience as well.

<sup>5</sup> A.F.K. Organski, "Fascism and Modernization," in S.J. Woolf, ed., The Nature of Fascism, New York: Random House, 1969, pp. 24-25.



but no production . . . [there is an antithesis] between voluntarism, pragmatism and activism, identifiable in Supercity, enlightenment, rationalism, and historicism identifiable in Supercountry.<sup>6</sup>

In a sense, these proclamations were also moral exhortations to the mass of peasants to stay put and not to abandon the country for the city. Of course these exhortations had little impact and the migration from the country to the city rapidly increased the size of the urban proletariat and disrupted the social and political life of the rural peasantry.

Saddled with a still pervasive mercantilist orientation, the state was not willing to abandon the country to the town nor was the competitive industrial class powerful enough to transform the state to serve its interest by implementing new, anti-mercantilist budgetary principles. The nation state in Germany and Italy became the major but totally insufficient link between the two worlds of town and country. Unwilling to transform its mercantilist functions, the state bureaucracy in these countries was increasingly occupied with the attempt to maintain social harmony and prevent social disintegration. Not only was there a growing conflict within the capitalist class between the agricultural and industrial producers, but conflict was also generated as the economic, social and political mobilization of large sectors of the population created pressure to expand the system from an elitist to a mass state. Although the state clung to its backward economic policy, the parliamentary structure of the state was generally able to contain political conflict within legitimated channels by increasing social services to the masses.

The disruptive process of social mobilization was further spurred as a result of World War I.

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<sup>6</sup>Gramsci, op. cit., pp. 288-289.

Unionization in the (CGL) jumped from the approximate level of 200,000 to 300,000 (in the period 1911-1917) to 1,159,000 in 1919 and 2,200,000 in 1920. Another large mass (1,125,000) was concentrated in the Catholic trade union federation. Italy had passed from a regime of "limited" to one of "enlarged" participation in 1913. From some 1,800,000 voters in 1908 it passed to over 5,000,000 in 1913.<sup>7</sup>

The rapid growth of the industrial proletariat after World War I in Germany and Italy mirrored a growth in industrial production. In turn, this growth was due to the monopolization of the key industries, and the creation of international cartels. As a consequence of the process of industrialization, the purchasing power of the proletariat increased and helped to defuse the class struggle fueled by the fires of social dislocation.

Wilhelm Dittman, one of the leaders of the German Social Democratic Party (SPD), said at the Magdeburg Congress in 1920 that

While we had an autocratic state we characterized the government as representative of the ruling classes: . . . today, in the democratic republic, the power comes from the grass roots, from the people. . . . This is why today we can prevent the state from representing solely the interests of the possessing classes, as was the case before the war. This consideration for the workers' interest must increase to the extent that their influence on the government becomes stronger. Through social security, health services, and schools, the workers are on the point of transforming the bourgeois class state into a democratic "social state."<sup>8</sup> The party has an obligation to pursue this development. . . .<sup>8</sup>

The SPD pursued its goal of a democratic social state by advocating that workers should avoid strikes as much as possible and that they should demand, in return, a part in the management of the big companies.

The party traced the healthy economic life of the German people to the transition within the key industrial sector from laissez-faire capitalism to monopoly capitalism. The Party believed that the development of monopoly capitalism meant the end of frequent crises that were endemic to the epoch

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<sup>7</sup>G. Germani, "Fascism and Class," in Woolf, *op. cit.*, p. 87.

<sup>8</sup>Ernest Mandel, Fifty Years of World Revolution, New York: Pathfinder Press, 1968, pp. 118-119.

of competitive capitalism. As the SPD economist Rudolf Hilferding, who had written Finance Capital, explained, "In reality, organized capitalism means then that the capitalist principle of free competition is replaced by the socialist principle of planned production."<sup>9</sup> Socialism would not be the result of the catastrophic collapse of capitalism through revolutionary struggle, but rather a natural consequence of monopoly capital.

However reformist the Social Democratic Party might have been it recognized the progressive function of the monopoly capital mode of production. Monopoly capital achieved far higher levels of production than conceivable under a highly competitive mode because of its rationalization and integration of the components of production. The strength of the social-democratic movement attests to the recognition by the industrial proletariat itself of the extremely positive elements inherent in the transition to monopoly capital. Gramsci writes that the Italian industrial working class never as

individuals or through union organizations, actively or passively opposed innovation leading toward the lowering of costs, rationalisation of work or the introduction of more perfect forms of automation and more perfect technical organization of the complex of the enterprise. . . . A careful analysis of Italian history before 1922, or even up to 1926 . . . must objectively come to the conclusion that it was precisely the workers who brought into being newer and more modern industrial requirements and in their own way upheld these strenuously.<sup>10</sup>

During the post World War I period monopoly capital had established hegemony only in the production of basic industrial goods in Germany and Italy. The durable goods manufacturing sector, as well as the distributing and retailing sectors of the economy, remained highly competitive. The SPD

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<sup>9</sup>Mandel, op. cit., p. 118.

<sup>10</sup>Gramsci, op. cit., p. 292.

program sought to establish the hegemony of monopoly capital over the whole of the economy in order to establish a well-planned, well-organized and efficient productive apparatus. Various elements in Italy also urged the same course of action as well.

Gramsci refers to the thesis of Fovel, an Italian intellectual, that the corporation, as an industrial bloc, is the only mode of organization capable to resolving the problem of the further development of the Italian economy. To accomplish such a resolution would mean altering the flow of capital to the agricultural sector through massive investment within the industrial sector. As Gramsci notes,

The production of savings should become an internal (more economical) function of the productive bloc itself, with the help of a development of production at diminishing costs which would allow, in addition to an increase of surplus value higher salaries as well. The result of this would be a larger internal market, a certain level of working class savings and higher profits. In this way one should get a more rapid rhythm of capital accumulation within the enterprise rather than through the intermediary of the "producers of savings" who are really nothing other than predators of surplus value. Within the industrial-productive bloc, the technical element, management and workers, should be more important than the "capitalistic" element in the petty sense of the word. The alliance of captains of industry and petit-bourgeois savers should be replaced by a bloc consisting of all the elements which are directly operative in production and which are the only ones capable of combining in a union and thus constituting the productive corporation.<sup>11</sup>

The only agency Gramsci believed could achieve the necessary alteration in the flow of capital was the state by ". . . the amortisation of the national debt, compulsory registration of shares, and by giving a greater weight to direct rather than indirect taxation in the governmental budget."<sup>12</sup> Of course these changes in the budget that Gramsci advocates are not the same as those inaugurated with the triumph of liberalism in England at the

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<sup>11</sup> ibid., p. 291.

<sup>12</sup> ibid., p. 293.

beginning of the nineteenth century, necessary for the development of the competitive mode of capitalist production, but rather those necessary for the development of the monopoly mode. Although the industrial development in all the European countries had resulted in some form of state welfarism and, thus, had caused an expansion of the state bureaucracy, the coming of monopoly capital brings far greater pressure to bear on the state to expand its social service role.

As Horkheimer had noted in his investigation of fascism,

The growth of the monopoly sector is irrational in the sense that it is accompanied by unemployment, poverty, economic stagnation and so on. To insure mass loyalty and maintain its legitimacy, the state must meet the various demands of those who suffer the 'costs' of economic growth. The growth of monopoly capital generates increased expansion of social expenses. In sum, the greater the growth of social capital the greater the growth of the monopoly sector and the greater the state's expenditures on social expenses of production.<sup>13</sup>

Although the emergence of a monopoly capital sector inevitably generates increased social expenses and social capital, the rate of growth of the monopoly sector as well as its rate of expansion into non-monopoly industries is determined by the state's fiscal policy in terms of social capital--the expenditures required for profitable private accumulation--and social expenses--projects and services which are required to maintain social harmony. Gramsci advocates transforming the Italian state's fiscal policy precisely because the existing policy provides only the minimum of social expenses and generates no social capital, thereby impeding the development of the monopoly capital mode of production.

The Italian state did not take Gramsci's measures to heart. Its response to the problems of the day was to formulate a negativistic policy of economic policing rather than initiate a radically new economic policy.

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<sup>13</sup>Connor, op. cit., pp. 8-9.

Such a course of action was to be expected from a nation state where political power rested mainly in the hands of the traditional elites. The policy of economic policing was the only option open to these elites in order to prevent the integration and rationalization of the entire economy by monopoly capital, which would then undermine their political power.

The situation in Germany was much the same as that in Italy. A basic contradiction had come to be institutionalized in the structure of the Weimar Republic where the working classes had the possibility of gaining political power, but no social guarantees, and the propertied classes possessed social power but no political guarantees.<sup>14</sup> Of greatest political significance was the fact that the propertied classes were not united among themselves and became even less so during the second decade of this century. The political power of the traditional elites was especially challenged when the government of Herman Muller, a social democrat, brought the German People's Party, the party of the big industrialists, into the government.<sup>15</sup> At the same time, the petit bourgeoisie was threatened by the rising proletarian egalitarianism and by a loss in real economic power and wealth due to rising unemployment, and to inflation brought on by the growth of monopoly capital. Unable to go beyond the limits of their liberal political tradition, the traditional elites could only respond by initiating stop gap measures rather than structural change.

The onslaught of the world-wide economic crisis of 1929 further implicated monopoly capital as a destructive force. The depression further intensified the fears of the urban middle class and the rural peasantry, both

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<sup>14</sup>T. W. Mason, "The Primacy of Politics: Politics and Economics in National Socialist Germany," in Woolf, op. cit., pp. 168-169.

<sup>15</sup>Mandel, op. cit., p. 119.

of whom feared the mobilization of a revolutionary proletariat movement. The middle class and peasantry were the first to be attracted to the fascist movements in Italy and Germany. During the rapid decline of the German economy between 1929-1932 the votes going to the Nationalist Socialist Party jumped from 800,000 in 1928 to 6,400,000 in 1930, to 13,000,000 in the summer of 1932 and 17,000,000 in January of 1933.<sup>16</sup> During this period, the German government was ruling by decrees, cutting employment benefits, increasing taxes and tariffs and abolishing freedom of the press and assembly. "The social democrats tolerated these decrees and saw to it that the unions bowed to December 1931 decrees ordering wage cuts of 10 to 15 per cent. They justified this toleration by explaining that the Republic had to be defended against fascism."<sup>17</sup> Social democracy feared revolutionary activity and fascism equally and surrendered to bourgeois reaction as a last ditch effort to remain in control of the situation.

The Nazi Party had a million members by 1933. A study by Theodor Abel to assess the motivations of party members revealed that its membership was attracted to the national chauvinism of the Party. The German people were particularly bitter about the countries that had managed to secure colonies and were, therefore, not so affected by the present economic crisis.<sup>18</sup> The fascists' rise to power in both Germany and Italy depended upon their anti-capitalist stance which made them appealing to the peasantry, the urban middle class constituting the petit-bourgeoisie, the traditional elites and members of the working class. Even the major industrialists, who realized

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<sup>16</sup>Wilhelm Reich, The Mass Psychology of Fascism, New York: Farrar, Strauss & Giroux, 1970, p. 13.

<sup>17</sup>Mandel, op. cit., p. 121.

<sup>18</sup>Woolf, op. cit., p. 112.

that they were too weak to maintain any position of political power in the deteriorating social order, believed that fascism would fulfill their needs. Despite its anti-capitalist posture, fascism and the support it received from the industrialists was in effect a counter-revolutionary movement to smash the revolutionary proletarian implications of the economic crisis.



## CHAPTER IV

### THE COMPATIBILITY OF FASCISM AND MONOPOLY CAPITAL

On the one hand, fascism was sufficiently ambiguous to attract mass support, catering to often contradictory fears and hopes and, on the other hand, fascism articulated a particularly lucid vision of the primacy of politics in which the state was offered as the solution to omnipresent social problems. Of all the organized political groups, the fascists were the ones to emphasize the crucial role the state ought to play. Particularly during this period of international economic crisis the national political system offered the only apparent mechanism for redressing social injustice and stabilizing the economy. The social democrats and the communists failed to recognize the objective importance of the nation state during this period of chaos, believing that the state, as a mere appendage of the capitalist order, could not be a source of fundamental change. They did not recognize that the state was not only out of the hands of the ruling class, but also that no particular group of capitalists was in a position to seize state power. The fascists' instrumentalist vision of the state attracted the masses by appealing to their profoundly felt need for political participation in the social order.

Essential to the creation of the fascist, communal society was a self-sufficient national economy no longer subject to the vagaries of a world capitalist market. Although the ideology of the "primacy of politics" meant that social relations were to be determined by Will and not by

material economic conditions, this cannot be taken to mean that the fascists were therefore unconcerned with economic production. However, given the belief in the priority of Will, the particular mode of production as well as the mode of social relations were simply to be commanded into existence. Under fascism, the essence of political power is the power to command, to evoke order out of chaos. The fascists proceeded to create a self-sufficient national economy by instituting a totalitarian order.

Although the fascist program was overtly hostile to capitalism, the state did not move to nationalize the key industries, which was regarded as the Marxist solution and thus, to be avoided. Nor did fascism seek to overthrow the industrial mode of production; on the contrary, one of the first concerns of the German and Italian fascist parties was to stimulate industrial productivity. In both Germany and Italy the state provided capital in those areas in which the large corporations were unwilling or unable to take the financial risks.

State subsidy of the industrial sector was considered to be a rational political response to meet the needs of the people. This is precisely the type of response Gramsci believed was necessary to rationalize and integrate the entire economic system to best meet the needs of the masses. However, Gramsci advocated state subsidy of the monopoly capital sector to destroy the retrograde social order nurtured by a mercantile economy which stressed agricultural production and a highly competitive mode of industrial production. Moreover, the measure of state subsidy was only one in a program Gramsci advocated. Concerning this political program he wrote that for the state

. . . to impose an economic direction by which production of savings ceased to be a "function" of a parasitic class and became a function of the productive organism itself, such a hypothetical

development would be progressive, and could have its part in a vast design of integral rationalisation. But for that it would be necessary to promote both agrarian reform (involving the abolition of landed income of a non-working class, and its incorporation into the productive organism in the form of collective savings to be dedicated to reconstruction and further progress), and an industrial reform. One could thus reduce all income to the status of technic-industrial functional necessities and no longer keep them as the juridical consequence of pure property rights.<sup>1</sup>

The fascist regimes, however, were opposed to instituting the necessary agrarian reforms in order to channel capital and marginally productive labor to the industrial sector. The regimes chose instead to adopt a policy of protectionism for the products most easily produced within the traditional system of agriculture. Since agricultural capital was not put to the service of industry, the fascists were forced to cut the wages of the urban working class to generate investment capital within the industrial sector. The emphasis on the production of key industrial goods resulted in a decrease in the manufacture of consumer goods whose distribution came under state control. The fascists were also forced to control the internal migration of labor to prevent workers from leaving jobs because of low wages to look for work in the more productive sector of the economy. Consequently the burden for the cost of development of industry fell upon the working class and the petit-bourgeoisie.

As industrial productivity increased, the flow of essential economic goods was increasingly diverted to the monopoly capital sector. The increased demand for these goods, particularly imports, drove up prices. Under the axe of higher prices, many small firms collapsed contributing to the consolidation and accumulation of capital within the monopoly sector. Wage differentials spread wider and wider between monopoly sector workers,

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<sup>1</sup>Gramsci, op. cit., p. 315.

competitive sector workers and agricultural sector workers as productivity increased in the monopoly sector and decreased in all other sectors. The fascist regimes were unable to reverse this trend in wages which meant increasing control over the working class, the petit-bourgeoisie and the peasantry as the political and economic power of the big industrialists increased. The industrial capitalists applied pressure upon the government to adopt policies, such as wage cuts and a protectionist foreign policy, to strengthen the position of industry. Government economic policy focused more and more upon expanding the industrial sector. It soon became apparent that the expansion of industry could not be sustained without imperial conquest. Imperial expansion meant guns before butter. The consequence of rearmament was to further intensify the process of monopolization since those industries most essential to the production of military goods were given priority to the supplies of necessary production factors. Once Germany and Italy had entered into the war the requirements of monopoly capital production totally overshadowed the needs of the other productive sectors. The desire of the fascists to develop a self-sufficient national economy served the interests of monopoly capital in spite of the fascist commitment to a new anti-capitalist social order.

The fascists had promised to forge the new folk community on the anvil of the nation state. Initially, totalitarianism was a human response to the breakdown of old parliamentary political order and to the chaos of an apparently decaying world capitalist economic order. Fascism sought to restore order by creating a state apparatus which would be the locus of control over society, integrating and rationalizing the various spheres of praxis into a cohesive whole. To the degree that fascism portrayed the state as the embodiment of will, it appealed to the masses who were struggling

for meaningful political participation and who were subsequently content with the illusion of such participation. Nonetheless, for the German and Italian people, only the state seemed to offer salvation from their common plight. The belief in the state as the agency through which people could exercise control over the social structure is a progressive one. Superficially, at least, the belief in the "primacy of politics" and the "primacy of will" promised to make reason more instrumental in the shaping of history than the impersonal forces of the market.

However the reality of the new social order with its inherited antagonism insured that the primacy of politics, the state, could only be sustained by force and terror. Backed up by the conviction of the "primacy of the will," the fascists responded to situations as if they could change them on command. Fascist society became a command society in which the utterance of words justified the subsequent use of force and in which all relations were converted to authoritarian relations. To the extent that fascism was successful in maintaining authoritarian relations throughout society, it fed upon itself in an ever upward spiral of repressive measures transfixed by fantastic hopes of the future. Although the state could maintain its monopoly on terror and coercion, it was unable to achieve its avowed goals. While the dialectical impact of fascism upon social relations was to intensify fear and terror, the dialectical impact upon the economy was to weaken the very mode of mercantile production the fascists sought to restore and to strengthen the monopoly capitalist mode it sought to destroy.

Fascism was simply unable to escape the parameters of capitalist development. Moreover, since the totalitarian organization of society by the fascist party denied the existence of limits imposed by the forces and relations of production, it was altogether impossible for the state to plot

a rational course for economic well-being. Rather than seize upon the historical moment in which the state could oversee production to meet the needs of the people, fascism was increasingly at the mercy of monopoly capital. The fascist emphasis upon industrial production and rearmament to create a self-sufficient national economy promoted the consolidation of firms in the key industries, the declining productivity of the competitive sector, the declining importance of the agricultural sector and the emasculation of the working class. Fascism, inadvertently, freed monopoly capital from the fetters of the old order.

Fascism emerged in two countries which had yet to complete the transformation from agricultural to industrial capitalism by the time of the world wide economic depression of the 1930's. The economic impact of this prolonged period of transformation in the mode of production curtailed the rate of capital accumulation slowing the expansion of capitalist production and leaving the process of primitive accumulation unfinished. Moreover the political system had a stake in maintaining the relative backwardness of the country's economy. The emergence of monopoly capital in the industrial sector threatened to revolutionize the political and economic relations throughout society. To meet this threat the nation states of Germany and Italy moved to confine monopoly capital to the industrial sector by depriving it of the revenue necessary for expansion. Ironically, the state and the economy were unprepared to cope with profound social disruption catalyzed by the transition to monopoly capital. Ultimately unable to provide the necessary social services, the Italian and German states could no longer govern delegitimizing liberalism and opening the door to fascism.

Rather than a general trend in all capitalist countries, fascism was a particular historic response to deteriorating conditions in Italy and

Germany which had been subject to an extremely uneven economic development both externally with respect to other capitalist countries and internally with respect to the competitive capitalism of the agricultural sector, on the one hand, and to the monopoly capitalism of the industrial sector, on the other. Unwittingly, perhaps, and as a consequence of World War II, fascism actually facilitated the final transformation from agricultural to industrial capitalism, virtually completing the process of primitive accumulation and removed the obstacles which had prevented monopoly capital from extending its hegemony beyond the key industries to the rest of the economy.

The major impact of fascism and of World War II upon the world capitalist system was to further integrate and rationalize that system by speeding the transition to monopoly capitalism in Germany and Italy and throughout the whole of Europe under the leadership of a victorious United States. The Marshall Plan broadened the market available to the United States attracting U.S. technology and organizational knowledge. The presence of U.S. corporations and executive management in Europe directly contributed to the construction of the political and economic infrastructure appropriate to and necessary for the maintenance and further development of capitalism within those countries. The social order which emerged from fascism in the post war period of reconstruction was not the result of the implementation of fascist ideology but rather the result of the technological rationality of monopoly capital which first brings about the integration and rationalization of all economic production and in the process creates a social structure which dominates and administers all social relations. The hegemony of monopoly capitalism does not stem from a technological determinism but rather from the creation of a class conscious capitalist class that is able to create techniques to secure a stable political order.

## CHAPTER V

### THE SINGULAR CHARACTER OF AMERICAN DEVELOPMENT

Where the conditions of uneven development hold within an economy in which the political system strives to maintain the competitive and agricultural sectors at the expense of the development of monopoly capital, fascism is a likely response to any major social crisis. The conditions that might precipitate a fascist regime have never been present in America. It is the absence of such conditions that underscores the American experience and offers an explanation for the failure of a strong fascist movement to materialize in the United States during the Great Depression. In spite of the conflict and struggle which marked the development of capitalism in America, these conflicts were neither as prolonged nor as intense as those which marked the transformations in the mode of capitalist production in Europe. Revolutionary America like the European countries was an agricultural nation, but the relationship between agriculture and industry was quite unlike that in Europe. American agriculture hastened rather than hindered industrial development. Prior to the Civil War, agriculture consumed the lion's share of iron production in the form of farm implements. After 1860 "the cash crops of tobacco and cotton and the tremendous wheat production of the central plains region constituted the base of the industrialization process; wheat was both a valuable export crop as well as a cheap food for a growing industrial force."<sup>1</sup> This growing industrial work force was recruited from

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<sup>1</sup> Stanley Aronowitz, False Promises, New York: McGraw-Hill Book Company, 1973, p. 145.



the ranks of immigrants who had already been expropriated from the means of production. America did not have to endure the long process of expropriation of the land from the agricultural workers which marked the course of European development. It was America's good fortune to reap the fruits of the European proletarianization of the peasantry. With the influx of immigrants and because of the absence of an American feudal experience, the process of primitive accumulation in America was accomplished with a rapidity unknown anywhere else in the capitalist world system. Moreover, the state did not interfere with this process in order to extract capital to maintain a large bureaucracy. Although the federal budget initially expressed the particular interests of the farmers, planters, and merchants, it was always a source of private profit.<sup>2</sup> The nation state was committed to capital accumulation, not to a particular class of capitalists. Thus, the conditions that gave rise to prolonged struggles between capitalists for control of the state and of the economy in Europe were absent in America. The absence of such struggles insured a flexible political structure responsive to new economic developments.

Moreover, American economic development did not follow the route taken in Europe to eliminate the bulk of agricultural production to make room for industry. The westward expansion of the American nation guaranteed that agricultural production would not take place at the expense of industrial production, and immigration guaranteed that the expanding economy would have a supply of labor. What labor did emigrate from the American farm to the factory was the result of industrializing agricultural production rather than eliminating it. Favored by such conditions and mediated by the ideology

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<sup>2</sup>O'Connor, *op. cit.*, p. 72.

of Manifest Destiny, American industrial capital rapidly took on a regional and then a national character.

The ascendancy of national capital increased the importance of the federal government. The political activity of business before the formation of large regional and national enterprises took place mainly at a local level. During this period, the federal government was not hamstrung by business interests so much as ignored. It was not so difficult, then, for the federal state to respond readily to the requirements of the new economic developments. The impact of the development of national capital was to drive a wedge between "the power of local or particular interests and the legislative and executive branches. The latter finally became the representative of national capital."<sup>3</sup> Within such a pluralistic framework, conflict could be peacefully administered without posing serious obstacles to the growth of industry. The American political structure was therefore more resilient than that of any European country. Local capital was never powerful enough to impose its interest upon the larger capital enterprises. The resolution of political conflicts favored the development of national capital. The American nation state accommodated the growth of national capital by assisting in the planning and construction of a national infrastructure (railroads, forts, territorial governments, regulatory agencies, etc.).

Increasingly, the political economy of the key industries relegated competitive capital to a secondary and even tertiary function within the system of production. Not only did these key industries impose business restraints upon the competitive manufacturing sector by controlling the supply of raw goods and by setting the terms upon which these goods were made available, they eventually came to control the very activities of

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<sup>3</sup>ibid., p. 72.

manufacturing and retailing, a phenomenon Gramsci called Fordism.

Thorstein Veblen was also very much aware of this development when he wrote that

In coal, oil, steel and transportation e.g., the business concerns interested have been reaching out among the manufacturing industries which draw on them for service and materials, and have been acquiring an interest also in the business of distribution.<sup>4</sup>

This tendency of the large firms to extend their control in a vertical as well as horizontal manner also applies to those

industrial business concerns that have to do with manufacturing and that would have to be classed as manufacturers in the technological respect, . . . such are e.g., the meat packers and the flour-millers; and there are other concerns interested in sugar, gas, electricity, telephones, trolley lanes and the like, that fall more or less patently in the same doubtful or ambiguous class.<sup>5</sup>

The rationalization and integration of production are the two guiding principles behind the eventual hegemony of these various businesses. The essence of monopolization is the "continual reduction of the economic function of transport and trade to the level of a genuinely subaltern activity of production. Indeed it has led to the attempt to absorb these activities into productive activity."<sup>6</sup> The expansion of monopoly capital is a result of the "hegemony born in the factory and requires for its exercise only a minute quantity of professional political and ideological intermediaries."<sup>7</sup> Not only does the expansion of monopoly capital transform the political system from an archaic, immense bureaucracy to a streamlined administration, it ultimately reduces all areas of activity to sets of techniques in which the "'structure' dominates the superstructures more immediately and

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<sup>4</sup>Thorstein Veblen, Absentee Ownership, Boston: Beacon Press, 1967, p. 239.

<sup>5</sup>Ibid.

<sup>6</sup>Gramsci, op. cit., p. 285.

<sup>7</sup>Ibid.

in which the latter are also 'rationalized' (simplified and reduced in number).<sup>8</sup>

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<sup>8</sup>ibid.

## CHAPTER VI

### THE RATIONALIZATION OF THE WORK PROCESS

The revolution in the system of production brought on by the formation of the trusts as institutions of regional and national capital not only simplified and integrated the technical composition of production, but rationalized the relations between the employer and the employee as well. The revolution in the means of production proceeds to the degree that the integration and simplification of the production process becomes a function of consciousness. As the degree of competition is minimized in the key industries, the industrialists find they are no longer the unwitting "victims" of impersonal market forces, but the perpetrators. As monopolies extended their sway over the national economy, overpowering the competition, the risks of the marketplace are decreased. Fewer risks encourage larger investments in the infrastructure to meet the technical and organizational requirements of advanced industrial production. To protect such investments, the capitalists become increasingly concerned to eliminate the risks attendant upon economic activity. As the system of production becomes highly interrelated and interdependent, the more severe the disruption if any subaltern activity is left to chance. If chance is to be overcome, it must be consciously organized out of existence.

Although capitalist production has always depended upon the ability and the capacity of the bourgeoisie to generate innovative methods of producing, distributing, and marketing goods, such innovation was itself a matter of chance prior to the advent of monopoly capital--the result of independent

"mechanics, artisans, and salesmen who drew from their experience in the work place."<sup>1</sup> Moreover, these innovations were almost always innovations in the machine process and not innovations in the character of economic activity. However, with the emergence of monopoly capital and the concomitant need to eliminate the anarchical character of marketplace and of the production process, innovation cannot be left to chance. Innovation becomes absolutely essential, stipulating that consciousness play a central role in the planning and design of an integrated and rationalized system of production. The industrialists must concern themselves with the development and deployment of techniques of organization and control as solutions to the problem of anarchical economic activity in general and to the problem of random behavior within the infrastructure in particular. The need to decrease risk and chance and the need to maintain the order requisite to a complex industrial system is at the root of the technological rationality.

Historically, the marketplace and the labor process have posed the highest elements of risk to the individual capitalist. The former can sabotage production outside the factory while the latter can sabotage within the factory. Although there was little the factory owner could do prior to the emergence of large monopolies to control the market, he could control the labor force within his factory. In Europe, the essence of such control has been political--the subjection of labor has been insured not only through the wage-contract but through appropriate legislation as well. The subjection of labor to capital was reproduced by the political struggles between labor and capital. Increasingly these struggles moved out of the shop and the streets

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<sup>1</sup>Aronowitz, *op. cit.*, p. 266. Aronowitz contends that these innovators ". . . soon found themselves salaried employees of the new entrepreneurs, those capable of combining capital of many small producers with the additional financial resources supplied by banks." (p. 266)

and into the halls of parliament. The European trade union movement, in general, succeeded in giving labor political legitimacy. Such legitimacy, however, was reciprocal: the legitimacy of labor reaffirmed the legitimacy of the liberal state. Unwittingly perhaps, labor became complicitous in its own control. Labor and capital became partners in the subjection of labor in support of liberalism. European capitalists understood the issue of its control over labor to be a political matter within a liberalistic framework; whereas, labor believed that its increased political participation attested to its successful quest for social justice and social change. For different reasons and from different perspectives, European labor and capital believed the liberal state to be in their own best interests. Their political representatives, by and large, fought to maintain the liberal character of the state up to World War II.

Such a posture, however, is inimical to the technological rationality of monopoly capital which treats the issue of the control of both the market and labor as a technical and not as a political matter. The political philosophy of liberalism presupposes individual freedom. The achievement of social control under liberalism is, therefore, an outcome of struggles between a multitude of wills. Such a mode of control is always tenuous, always threatening to dissipate in the face of a new conflict: Political participation within the system by the concerned parties is essential to the resolution of conflict and the maintenance of order. As a means of social control, liberalism is simply not a sufficient means to meet the needs of monopoly capital. A highly integrated and rationalized economic system cannot rely upon concerned parties choosing to resolve their differences within the system, nor can it rely upon purely political solutions to conflicts which tend to take too long to materialize and which inevitably give rise to new problems.

Unable to afford the repercussions of class conflict, monopoly capital seeks to prevent the occurrence of class conflict and to treat the conflict which does occur as a matter of administration to be handled by qualified experts, and so remove conflict from the vicissitudes of the political forum. The technological rationality of monopoly capital permeates the state and the marketplace.

However, in the context of liberalism, the marketplace and the state are arenas of competition between free agents--the marketplace is the necessary realm of competition between firms and between workers for the sale of their labor power; the state is the necessary realm of competition between labor and capital. In the tradition of Adam Smith, liberalism regards such competition as guaranteeing the best economic and political order. However, for monopoly capital such competition entails far too much risk. Monopoly capital requires the transformation of the marketplace from the point of competition between firms to the point of collusion between firms and requires the transformation of the state from the institution for the resolution of struggles between labor and capital to an institution in which the relations between labor and capital are strictly administered. Both the market and the state must be rationalized to eliminate competition, conflict, and spontaneity. The technological rationality of advanced industrial society aims to convert the marketplace and the state into instruments of social control for the maintenance of a disciplined labor force.

In general, the history of the struggle between labor and capital in Europe affirmed the liberal tradition and mitigated against the development of monopoly capital and the acceptance of its technological rationality.<sup>2</sup>

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<sup>2</sup>The degree to which monopoly capital was hindered, of course varied from country to country, depending upon the countries' role in the world market.



The particular receptivity of the United States to monopoly capital, however, may be pegged to the unique relation between American capital and labor, which did not produce the subjection of labor by capital and labor in support of liberalism. Until the late nineteenth century, America did not possess a classic proletariat. Prior to the development of national capital, the American working class was mainly composed of artisans, skilled craftsmen, farmers, etc., who were neither propertyless in the historical sense of possessing neither capital or land nor in the modern sense of possessing no skills that would give them status within the industrial system.<sup>3</sup> While the formation of the European working class was the result of driving the peasantry off the land into the urban areas and leaving them only in possession of their labor power, the formation of the American working class initially depended upon the availability of land and resources to be appropriated by the individual worker. A large portion of the American working class was free from the type of crude exploitation and oppression the European working class suffered at the hands of its employers. The American worker was simply not threatened on a continual basis as was the Old World worker by a large reserve army of the unemployed which kept wages down and jobs scarce. While the European working class was steadily being immiserated, the American working class continued to fare well in comparison. Ironically it was the very vigor of the American economy that was to further immiserate the European working class and lead to the proletarianization of American labor.

The success of American agriculture and industry brought pressure to bear upon the European capitalists to increase the efficiency of their production. The drive to increase productivity, particularly in agriculture, drove many more peasants off the land and into the cities. The cities were

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<sup>3</sup>Aronowitz, op. cit., p. 146.

simply unable to provide for the new influx of population. Many were able to immigrate to the United States, and those who stayed behind further immiserated the urban working class. It was the immigrants from Europe, particularly the German, French, Scotch-Irish, English, and Welsh, who came to form the bulk of America's industrial working class of skilled craftsmen.<sup>4</sup>

These immigrants who came to work in America's basic industries prior to the 1880's found they were not subjected to the same relation to capital as their European counterparts. Prior to the modernization of these basic industries in the course of monopolization in the late 1880's, the industrial mode of production in the United States was a cooperative affair between labor and capital in which the day to day operation of the factory was in the hands of the skilled craftsmen. Not only did they control the production process, but they were responsible for hiring and disciplining the factory's unskilled labor. Although the European immigrants had brought a strong trade union tradition with them, such a tradition must have seemed strangely out of place in a workshop in which class conflict was apparently absent.<sup>5</sup> However, it was the peculiar, cooperative relation between labor and capital in America's key industries such as steel, that created the conditions for the revolutionary modernization in the mode of production necessitating the proletarianization of the labor force and the birth of the technological rationality to cope with the repercussions of proletarianization.

While in control of production, skilled labor devised various inventions and methods to lighten its work. The result of their ingenuity came to spell the end of their function in the factory. The rise of new machine

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<sup>4</sup>ibid.

<sup>5</sup>However, this tradition was responsible for the formation of strong craft unions in America's key industries.

technology for which skilled labor was largely responsible meant that virtually all factory operations could be handled by semi-skilled and unskilled workers. For a time the skilled workers were able to lighten their work load with the new machine technology. Backed by their strong craft union, they were even successful in pressing their wage demands at the same time they forced the introduction of labor-saving machinery. In the steel industry, "The many innovations introduced between 1860 and 1890, of which the most notable was the Bessemer converter increased the size and capacity of the furnaces and mills, but they generally did not replace men with machines."<sup>6</sup> However, the strong position of labor was threatened as the markets for steel expanded rapidly in the late 1880's.

The expansion of markets was due to an increase in demand for steel by the railways and to the competition the American steel industry began to afford to the German and British steel producers. In turn, these developments increased the competition between United States steel firms. Each firm was forced to seek ways to cut the cost of production and make production more efficient. Meanwhile, the price of bar iron was falling drastically. The price fell below

the minimum specified in the union's sliding scale, even though the negotiated minimum rates were also declining. This meant that employers were paying a higher percentage of their income out in wages than they would have had the sliding feature of the sliding scale operative or had they had the power to reduce wages unilaterally in the face of declining prices.<sup>7</sup>

Moreover, the owners were unable to increase productivity given the labor structure dictated by the crafts unions. "The workers controlled the plants

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<sup>6</sup>Katherine Stone, "The Origins of the Job Structures in the Steel Industry," Radical America, Vol. 7, No. 6, Nov-Dec, 1973, p. 26. Although Stone concentrates her analysis upon the steel industry, she claims that steel is paradigmatic of all the key industries.

<sup>7</sup>Ibid., p. 27.

and decided how work was to be done. Employers had no way to speed up the workers, nor could they introduce new machinery that eliminated or redefined jobs."<sup>8</sup> Thus, by the late 1880's, the labor structure presented a bottleneck to production and "the social relations of cooperation and partnership had to go if capitalist steel production was going to progress."<sup>9</sup>

Consequently, employers demanded that skilled labor take paycuts and forego some of the protection offered by trade union agreements. Moreover, the owners insisted that the factories run twenty-four hours per day seeking to lengthen the work day to two twelve-hour shifts. In 1889 Carnegie, for example, moved to break the back of the strongest union the country had ever seen, the Amalgamated Association of Iron and Steel Workers, by proposing a twenty-five per cent wage reduction and individual contracts for each worker; thereby putting an end to the cooperative bargaining that had characterized union-owner negotiation at the Carnegie Steel Company. The workers struck and Carnegie was forced to extend the union contract another three years, to expire in 1892.<sup>10</sup>

The new contract was merely a truce since as a Carnegie partner put it, "The Amalgamated placed a tax on improvements, therefore, the Amalgamated had to go."<sup>11</sup> By 1892, the Carnegie Steel Company had merged with the Edgar Thomson, Duquesne, and other mills where the majority of workers were non-union. Carnegie then drafted a statement in May, 1892, saying that "These works, therefore, will be necessarily Non-Union after the expiration

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<sup>8</sup>ibid., p. 26.

<sup>9</sup>ibid., p. 27.

<sup>10</sup>Jeremy Brecher, Strike, San Francisco: Straight Arrow Books, 1972, p. 53.

<sup>11</sup>ibid., p. 54.

of the present agreement. . . ."<sup>12</sup> The refusal of the Carnegie Steel Company to negotiate a new contract resulted in the Homestead Strike of 1892. It was a strike by skilled labor to protest the ensuing changes in the mode of production which they perceived as an assault by the owners upon their privileged positions in the workshop. Carnegie and his cohorts had demanded nothing less than the proletarianization of the crafts.<sup>13</sup>

The end of the cooperative alliance between labor and capital shifted control of production from the skilled worker directly to the capitalist. So long as production had rested upon the abilities and knowledge of individual workers, control of production was the responsibility of these skilled workers. Once production came to depend upon the machine press instituted by the employer and made possible by the inventiveness of skilled labor, the focus of control in the production process was the integration of the worker with the new machines. Thus, control of production became the responsibility of the firm as a whole to insure the necessary stability and order required by the new technological processes.

The implementation of this new mode of control was no easy task. Once the cooperative relation between labor and capital had been negated by the objective subjugation of labor by capital, labor discipline became the immediate and primary problem of the firm. The problem was a two-fold one, involving labor motivation and the prevention of working class opposition. The solution to this problem of labor discipline was the introduction of a new labor system, removing the base of power from the skilled workers and transferring it to a newly created managerial bureaucracy.

The managerial class was a professional class composed of engineers

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<sup>12</sup>ibid.

<sup>13</sup>Aronowitz, op. cit., p. 148.

and technicians. This class was initially formed by promoting some of the skilled workers to the rank of supervisor or technician and by making their tasks dependent upon the requirements of the corporate ownership rather than upon their outmoded technical skills. The formation of a managerial class simultaneously undermined the privileged and autonomous position of skilled labor and provided a mechanism for control over the firm's work force as a whole.<sup>14</sup> To aid the managerial program, the corporation chose to retain a hierarchical labor structure. Such a structure kept labor divided and mitigated against opposition from a unified work force. The essence of the hierarchical division of labor within the firm was the seniority list coupled with differential wage levels reinforced by union representation for the skilled trades without such representation for the unskilled.<sup>15</sup>

The distinction within the labor hierarchy applied mainly to wage differentials rather than to skill differentials within the modernized firms in the key industries. The introduction of the new technologies had trivialized work and had narrowed the differences between skilled, semi-skilled, and unskilled workers. These differences rapidly became conceptual or labeling categories that were increasingly less rooted in the production process itself. The trivialization of work, thus, reinforced management's control of the work process as a whole.

With the reduction of artisan skills to relatively simple tasks no individual worker or group of workers is able to master the intricacies of either the production process or the market, and the capitalists' centrality to the process of production and distribution of commodities which consists in his ability to coordinate the relationship between the producers and the

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<sup>14</sup>Stone, op. cit., p. 43.

<sup>15</sup>Aronowitz, op. cit., p. 151.

market remains secure.<sup>16</sup>

The revolutionary changes in the mode of production increased productivity and profit at the same time they necessitated the formation of a professional class of managers who were not engaged in productive labor. "The recognition by capitalists to devise technologies that maintain the crucial role of management in organized production . . ." must, therefore, be seen with respect to the crucial role of management to secure high levels of efficiency and profits without threatening labor discipline and its passivity.

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<sup>16</sup>Ibid., p. 155.

## CHAPTER VII

### THE TRANSFORMATION OF THE WORKER IN ADVANCED INDUSTRIAL PRODUCTION

The creation of a managerial class and the complex trivialization of labor represents a qualitative jump in the scientific organization of production. During the early period of modern manufacture in the eighteenth century, increases in productivity had resulted not only from new machinery but also from the increased exploitation of labor with the employment of women and children and the progressive increase in the length of the working day. However, once unionization and appropriate legislation prevented such excessive exploitation of labor, increases in the rate of surplus value depended mainly upon the introduction of new machinery.

Innovations in machine technology produced the machine tools necessary for advanced industrial production. Thus, the problem confronting the modern industrialist was not one of machine technology but the transformation of the labor structure to accommodate the new machine technology. With the formation of a managerial class to oversee the labor process as well as to coordinate the relationship between the producers and the market on behalf of the owners, the bourgeoisie was steadily turning its attention from machine technology to the organization of labor in the modern firm. The shift in emphasis from machine technology to the development of new organizational structures incorporated the recognition that the new machine processes would become ". . . continually further differentiated and more specialized,



but [that] few real improvements seem likely to raise productivity."<sup>1</sup> Not only did the new technical system of modern production require a radical change in the labor structure for its operation, but further increases in productivity would have to come from labor itself. Once again, capitalists would have to find new ways to exploit and discipline labor.

Scientific management (Taylorism) provided one of the first breakthroughs to the problem of melding the work force to the complex machine process to increase the productivity of labor. The important concern of scientific management was with how work is performed. Taylorism investigated the work process with respect to each movement and the manner of its performance.

These must be known to the fraction of a second. . . . Work should be done easily and so far as possible without fatigue. But always behind this lies the constant goal to which the period was magically drawn--production, greater production at any price. The human body is studied to discover how far it can be transformed into a mechanism.<sup>2</sup>

The practice of Taylorism was "the biggest collective effort to date to create, with unprecedented speed, and with a consciousness of purpose unmatched in history, a new type of worker and of man."<sup>3</sup>

Taylor, thus, expresses with

. . . brutal cynicism the purpose of American society--developing in the worker to the highest degree automatic mechanical attitudes, breaking up the old psycho-physical nexus of qualified professional work, which demands a certain active participation of intelligence, fantasy and initiative on the part of the worker, and reducing productive operations exclusively to the mechanical, physical aspect.<sup>4</sup>

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<sup>1</sup>Siegfried Giedion, Mechanization Takes Command, New York: W. W. Norton & Co., Inc., 1969, p. 96.

<sup>2</sup>Ibid., p. 98.

<sup>3</sup>Gramsci, op. cit., p. 303.

<sup>4</sup>Ibid., p. 302.

The essence of Taylorism was that it demanded of the mass of workers, not initiative, but automatization. Human movements were to be levers in the machine. To achieve the goal of labor productivity and discipline, coercion had to be exercised upon the recalcitrant work force.

Taylor, however, rejected the implementation of coercion through a military mode of organization. To have relied upon the militarization of the work force to insure productivity and maintain discipline would have been self-defeating since the military chain of command ultimately depends upon individual initiative. Of course, the soldier must also obey, but ". . . he faces tasks which demand personal initiative [and] his mechanical weapon becomes useless as soon as there is no moral impulse behind it."<sup>5</sup> The soldier can always decide to shoot in the air or not to pull the trigger at all, the worker can not be allowed a similar option. Taylorism and military science are essentially unlike.

Modern industry required as much as possible the destruction of the will and the repression of individual initiative which had marked the previous, cooperative relation between labor and capital in America prior to the 1880's. Thus, scientific management attempted to facilitate the coercion by management over labor in such a way that the worker participated willingly and unfailingly in his own coercion. Taylorism alone, however, proved to be inadequate to its own task. Scientific management had successfully investigated work performance, but the further and unresolved problem that confronted Taylor and his disciples was how to maintain the increased efficiency of the worker over time. To maintain the physical and mental efficiency of the worker depends upon preserving

. . . outside of work, a certain psycho-physical equilibrium

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<sup>5</sup>Giedion, op. cit., p. 99.

which prevents the physiological collapse of the worker exhausted by the new method of production. This equilibrium can be something purely external and mechanical but it can become internalised if it is proposed by the worker himself and not imposed from the outside, if it is proposed by a new form of society with appropriate and original methods.<sup>6</sup>

Although Taylor desired to see his scientific management applied to all spheres of life, he did not see this with respect to the need for the overall integration and rationalization society nor with respect to the need for such a social order in order to maintain and promote the efficiency and discipline of the labor force. The ideological bias of scientific management was to conceive of labor discipline as a matter circumscribed by the factory. Such a bias is the legacy of the era of competitive, industrial capitalism. Scientific management's conception of the factory as a closed, self-regulating system rather than an open ended, economically interdependent, technical system and a fundamentally social institution restricted its usefulness to the monopoly capitalist. However, Taylorism did provide the foundation for the intervention by the capitalist, aware of the limitations of Taylorism, into the private lives of the workers for the eventual creation of a new social order to preserve the psycho-physical equilibrium of the work force.

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<sup>6</sup>Gramsci, op. cit., p. 303.

## CHAPTER VIII

### THE DISACCUMULATION PHASE--GETTING BEYOND TAYLORISM

One of the first attempts to get beyond the limitations of Taylorism was that of experimental psychology.

Independently of scientific management, psychology had already devised tests to determine the person best suited to certain occupations. The basis of these tests was the time taken to react to a given impression. These techniques had been developed in psychological laboratories. Hugo Muensterberg, German psychologist who taught at Harvard, was among the first to survey the results of scientific management, then (1912) coming into its own, and to point out that from the psychological standpoint it was still reckoning by rule of thumb.<sup>1</sup>

The application of this psychology to the selection of the work force resulted in inquiries into the private lives of the workers and in the institution of inspection services to ascertain the morality of the workers. Moreover, the differential wage schedule served to reinforce the proper behavior of labor within the factory.

The relatively high wages paid to the American proletariat turned out, however, to be a double-edged sword. Wages not only enforced discipline in the factory but stimulated new life-styles outside the point of production. Because high wages provided the means for the expansion of the worker's private activities it was ". . . necessary for the worker to spend his extra money 'rationally' to maintain, renew and, if possible, increase his muscular-nervous efficiency and not to corrode or destroy it."<sup>2</sup> Consumption could thus weaken as well as strengthen labor discipline. Monopoly

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<sup>1</sup>Giedion, op. cit., p. 100.

<sup>2</sup>Gramsci, op. cit., p. 303.

capitalists eventually perceived the necessity of not only regulating the work process but the process of consumption as well. However it was evident

. . . that no major business was in possession of more than a few fragments of information about its own consumers. A careful study of data furnished by advertising agencies and research bureaus of various sorts disclosed inaccurate methods of gathering facts and befuddled statistical techniques. American business as a whole has been muddling along guessing this and hoping that about buyers. Is it to be wondered at, then, that the great crash of 1929 laid bare an unbelievable state of ignorance in the largest banks down to the smallest retailer. Production has become a marvelous technology. Consumption remains a no-man's land. Advertising is a queer cross between a black art and a swindle.<sup>3</sup>

Undoubtedly, many industrialists were simply concerned to improve their sales when they initiated scientific inquiries into consumption. Yet these inquiries produced the information necessary to insure that the worker spent his extra money rationally; thereby maintaining, renewing, and even increasing his muscular nervous efficiency on behalf of the production process. The need to gather information on consumption shifted the focus from individuals as workers to individuals as consumers.

To understand man the consumer we have found it necessary to bring into juxtaposition his trends of schooling, temperament, vocational skill, language, analytic thinking, vigor, ambition, social attitudes, income, savings, race, religion and many more aspects . . . [because] man the consumer is much more than an economic animal, more than a social constituent, more than a prospective buyer of goods. He is an enormously complex individual caught in the Web of Life. All of his inner complexities interact with the intricacies of this Web of Life and a study of the whole stream of events thus created properly falls within the scope [of a study of consumption].<sup>4</sup>

The totality of man's existence is thus identified with consumption. Labor becomes a sub-category of consumption. It was not until the twentieth

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<sup>3</sup>Walter J. Pitkin, The Consumer: His Nature and His Habits, New York and London: McGraw-Hill Book Co., Inc., 1932, p. v.

<sup>4</sup>Ibid., pp. v-vi.

century that the sphere of consumption could be envisioned as the primary sphere of social existence. Even in the eighteenth and nineteenth centuries, the sphere of consumption was a very limited one for the mass of people. It was limited to the essential commodities required for survival. The sphere of production, the factory, was the primary sphere of social existence prior to the modernization of the means of production.

The transformation of the structure of the capitalist system brought on by monopoly capital established the basis whereby the individual's activity at the point of production was no longer the primary factor in shaping his behavior and attitudes. Not only were an increasing number of workers engaged in occupations removed from the production of basic industrial goods, but the industrial worker himself became increasingly preoccupied with consumption. The sphere of consumption is to be understood not only as the practice of personal consumption but also as the economic infrastructure engaged in the production of services and durable goods. The growth of this infrastructure was to occur at a faster pace than the growth of the industrial infrastructure. Such a shift of economic activity within monopoly capitalism represents the transition from the accumulation phase to the disaccumulation phase of capitalism.

This transition affects not only economic production but the political process as well. To come to grips with the political consequences of monopoly capital production the economic dimension of disaccumulation must first be brought to light. The

. . . disaccumulation phase coincides with the partial and progressing extrication of human labor from the immediate goods production process. Living labor power in goods production devolves upon the quantitatively declining role of watching regulating and superintending. . . . Properly understood, therefore, the terms "accumulation" and "disaccumulation" refer not to the concentration of production facilities in itself, though this is

involved, nor to the quantity of money value in itself, but to the relation of present living labor to past produced means and materials of goods production, and to the consequent social relations of men in the production of society's goods.<sup>5</sup>

The disaccumulation phase of capitalism accompanies technological unemployment in the nation's key industries. However, this decrease in employment is further accompanied by an increase in employment in other sectors concerned mainly with the production of commodities and services for immediate, personal consumption. This increase in employment and production in the sphere of consumption is not accidental nor incidental with respect to industrial production. Industrial production requires a comprehensive infrastructure to mediate and sustain the growth of consumption in order to assure the continued circulation and accumulation of capital at unprecedented levels. The disaccumulation phase does not mean the end of capital accumulation; it is the stage of capitalist development in which the particular enterprises in all sectors of the economy are subordinated to the requirements of capital as a whole. For this reason, the process of disaccumulation is just as significant as the process of primitive accumulation. The coordination between the sectors of the economy

. . . takes place on two interrelated levels through the normal economic process under monopolistic competition (growing organic composition of capital pressure on the rate of profit); and through "state management". Consequently ever more strata of the formerly independent middle classes become the direct servants of capital, occupied in the creation and realization of surplus value while being separated from control of the means of production. . . . At the same time the increasing technological character of material production draws the functional intelligentsia into this process. The base of exploitation is thus enlarged beyond the factories and shops and far beyond the blue collar working class.<sup>6</sup>

The transformation in the mode of capitalist production followed by

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<sup>5</sup>Martin J. Sklar, "On the Proletarian Revolution and the End of Political-Economic Society," Radical America, Vol. III, #3, May-June, 1969, p. 9.

<sup>6</sup>Ibid., p. 12.

a shift in the concentration of the labor force from industrial production to the sphere of consumption ushers in the proletarianization of all labor. This process of proletarianization, which first began in the late 1880's, destroys the relative autonomy of the professional classes and eliminates the "felt" difference between mental and physical workers. The paramount importance of the sphere of consumption in advanced industrial society has meant not only the proletarianization of the entire mass of people but the subsumption of all areas of social life under the commodity form in which all social relations are reduced to relations between things. This universalization of the commodity form is the inexorable outcome of the commodity fetishism which marked the very beginning of capital production.

Over the course of centuries, all the traditional ties of interdependence (extended family, religion, regional differences, ethnic identity, personal dependence, inherited craftsmanship, wide dispersion of life styles, popular amusements, and so forth) are undermined, and capitalism strives toward an ideal limit in which all of them will be replaced by a single principle of social cohesion--namely, exchange. Under the universal hegemony of exchange all personal and social relations among individuals are mediated through material objects, . . .<sup>7</sup>

All social activity, moreover, becomes oriented toward and encompassed by consumption. Production is important only in so far as it is a precondition for consumption. Such a vision of production inverts the relation that held between production and consumption during the accumulation phase, where production was of supreme importance and consumption was limited to the level necessary for the mere physical survival and reproduction of the mass of people. During the period of accumulation in which personal consumption was deferred, a person's worth was judged by the work he did and not by his possessions or life-style. With disaccumulation, the measure of

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<sup>7</sup>William Leiss, "Critical Theory and Its Future," Political Theory, Vol. 11, No. 3, Aug. 1974, pp. 343-344.



value in all realms of social praxis has finally become quantity to the exclusion of quality. Such a measure of value dictates that a worker is not essentially a worker, but a consumer. Humanity is no longer characterized by its natural abilities to produce but rather by its "naturally" insatiable appetite for goods. As Thomas Edison remarked, "There cannot be over production of anything which men and women want; and their wants are unlimited except in so far as they are limited by the size of their stomachs. The stomach is the only part of man which can be fully satisfied. . . ." <sup>8</sup>

The act of consumption becomes the primary human act. The insatiable needs of the individual expressed in consumption determine what is to be produced. The ideologists of the new order now claim that production serves consumption. The individual is supreme. Consumption dominates consciousness. No one thinks to inquire into production process; the genuine abundance of commodities hides from view the process by which they are brought into being. Capitalism has given birth to a Garden of Eden. Once again knowledge is no longer not only necessary for but stands in the way of the pursuit of the Good Life. When production is acknowledged, it is to glorify the capitalist who has become the only true Producer. The ruling class no longer confronts the working masses as its ever present task master but rather its benefactor. The working class is the new American middle class, whose birth has put the lie to the notion that the rich get richer and the poor get poorer. No longer are the classes in conflict. The classes have coalesced into one cooperative enterprise of consumption. Differences between individuals are not to be considered class differences relating to one's position vis a vis the means of production. Differences are considered with respect to what one owns and what one owns is the index of how hard one works. Capitalists

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<sup>8</sup>Pitkin, op. cit., p. 341.

are, then, those who have worked the hardest. The majority of the American working class endorse the consumer society as the end of the class struggle.

In keeping with such an optimistic posture, all forms of struggle, conflict and idealistic activity are avoided by individuals when possible and intervention in the course of events is undertaken with the most profound repugnance. Compulsively seeking stability and order, consciousness beats a hasty retreat from all forms of active engagement with the world and represses any disruptive stimuli or discordant thought. Conspicuous consumption demands passivity and requires the elimination of all subversive elements. The craving for objects suffocates critical thought. People are taught to be spectators. Life is at its best when it appears to run smoothly and evenly.

No longer is consciousness the free play between man and nature in which the self is objectified through its productive activity. Consciousness is now the instrument enabling the individual to choose between the various alien objects confronting him in order to appropriate them through possessive domination. Even the traditional bourgeois ideas of man and society and such values as community, tradition, beauty, nature, liberty and freedom, which were originally expressive of the profound transformation of the productive forces and social relations of humanity under capitalism, are no longer attributes of man's creative capacities but have become the mere attributes of consumption. Inexorably, commodities themselves take on these attributes: The Ford automobile embodies tradition and freedom, the Westinghouse wash machine embodies liberty, etc. Bourgeois values are sales gimmicks.

Capital now produces not so much material privation as steered satisfaction of material needs, while making the entire human being --intelligence and senses--into an object of administration geared

to produce and reproduce not only the goals but also the values and promises of the system, its ideological heaven. Behind the technological veil, behind the political veil of democracy, appears the reality, the universal servitude, the loss of human dignity in a prefabricated freedom of choice, and the power structure is no longer "sublimated" in the style of a liberalistic culture, no longer even hypocritical (thus retaining at least the "formalities," the shell of dignity) but brutal, throwing off all pretensions of truth and justice.<sup>9</sup>

The investigation of man as the consumer complements the prior investigation into how work is performed (Taylorism) and the investigation into the psychology of work (experimental psychology). Human behavior is portrayed as the expression of needs, wants and desires which cannot be met in work but only through consumption. These investigations establish the ground upon which the technological rationality can assure the total subjection of labor to capital through the administration and regulation of human behavior by the manipulation of the sphere of consumption.

The extension of the employer-employee, enterprise-for-profit system beyond the sphere of goods-production, finance, distribution and exchange, to all other social spheres, or the subordination of other social spheres to the imperatives of that system; this extension being necessary to sustaining capitalist class domination of the labor system and labor force as a whole, thereby extending the proletarianization of labor to virtually all other spheres of work, and pre-empting the possibility of those spheres expropriating for their own respective uses the capitalists' surplus-value appropriated in the goods-production sphere.<sup>10</sup>

At the very moment in history when advanced industrial production drastically minimizes the necessary social labor requisite to the struggle for existence, capitalism succeeds in strengthening its domination over society by progressively rooting out the consciousness and behavior essential to the formation of a revolutionary working class through the imposition of superfluous labor. The pacification of the American working class was not accomplished solely

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<sup>9</sup>Herbert Marcuse, Counterrevolution and Revolt, Boston: Beacon Press, 1967, p. 14.

<sup>10</sup>Sklar, op. cit., p. 12.

through the new organization of production but through the organization of labor in a new job structure. American labor participated in its own repression with the formation of modern unions which enforced labor discipline and maintained order without threatening properly relations.

## CHAPTER IX

### UNIONS AND THE CAPITULATION OF LABOR

In contradistinction to the European working class, the American working class had not gained political legitimacy and representation prior to the emergence of monopoly capital. The political struggles of American labor prior to the ascendancy of advanced industrial production at the turn of the century were fragmented and parochial, reflecting the absence of a proletarian working class with a social democratic tradition and party. Moreover, these political struggles generally took the form of independent political parties which were unable to compete nationally with the two major parties. Unlike the European labor movement, American labor was unable to achieve the political power necessary to safeguard its own interests in liberal society. This failure was rooted in the non-proletarian character of the American working class which made it impossible for workers to perceive a common class interest. Moreover, and once again in contrast to the general situation in Europe, the American competitive capitalist class had not garnered the political power necessary to safeguard its particular economic interests. Hence, the de facto political alliance between the European trade union movement and the competitive capitalist class in support of liberal society to oppose the overall demands of monopoly capital were absent in America. For this reason, American monopoly capital was relatively free to establish its hegemony over American society, handily overturning all liberal dualisms.

The response of American labor to the coming of monopoly capital took two forms. One was the inherently reactionary response of skilled

labor to its proletarianization. The skilled craftsman feared the new system which not only instituted a revolutionary approach to work, but which also threatened to reduce his importance in the shop. The other response was that of unskilled labor which sought equal treatment under the new system. Due to the absence of a mature and historically rooted proletarian identity neither the unskilled nor the skilled American worker welcomed the radical change in the production process in the class conscious manner of the European working class. In general, the European working class possessed a class identity which gave them a political-historical perspective on capitalism. Rather than being at the complete mercy of capital, European labor believed it had achieved a certain measure of control over capital. The emergence of monopoly capital was regarded as the technical base for socialism. Rather than capitulating to the might of advanced industrial production, the European trade union movement attempted to control the development of monopoly capital from its position of power within the liberal state to assure a peaceful transition to socialism.

In America, however, the proletarianization of the American working class was the product of the modernization of the mode of production. The identity of the proletarianized American working class had been largely imposed by the capitalist class beginning in the late 1880's. The replacement of the old, cooperative, labor system by the new, professionally managed one with the transition to the disaccumulation phase assured that the "objective" self-interest of labor would be congruent with that of their employers. The identification of labor with capital deterred the working class from seeing its potential to control the production process.<sup>1</sup>

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<sup>1</sup>Stone, op. cit., p. 57.

The identification of labor with capital was to be sustained by a trade union movement whose practical outcome was to facilitate the integration of the American worker into the new labor structure. Immigration to America after 1900 had brought a large number of European peasants into the American industrial system. These peasants had come largely from regions under the control of traditional landlord classes. Their social relations had been marked by their willing subordination to authority in the belief that their inferior position in society was part of the natural order of things. Given this Old World social consciousness, these peasants made ideal workers for the new industrial system.<sup>2</sup>

However, once in the employ of the industrialists, these immigrants did object to the absolute control of the employer. The agricultural communes from which these workers had emigrated had a specific set of rights as well as duties. Thus, they would accept subordination to the company management only with the extension of certain rights. It was the demand for such rights that led to the rise of unions among the unskilled around the turn of the century. These unions were unable to change the fundamental relation between labor and capital but they managed to set limits upon the privileges of the capitalist class. The success of these unions had more to do with social justice, rather than social change.

Fundamentally the struggle for social justice is a struggle to improve the condition of labor within the capitalist system. The major victories in this struggle had nothing to do with increasing labor's control over the production process nor with securing the increased participation of the majority of people in the political system. Instead these victories

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<sup>2</sup>Aronowitz, op. cit., p. 164.

focused on higher wages, pension plans and other devices to secure a higher standard of living for the individual workers. Labor supported the system which provided them with an ever increasing quantity of goods and services at a fair price and encouraged the economic development necessary to raise the overall standard of living. From the onset, most union activity had accepted the ideology of the worker as a consumer and not as a producer. Consequently labor was not interested in humanizing the work process at the expense of curtailing consumption. This underlines the social dynamic of consumption in the disaccumulation phase which speeds the integration of labor and capital. The equalitarianism implicit in the working class's bid for social justice was that no one should be denied access to commodities on the basis of one's particular employment. The unions fought for a redistribution of wealth and not for the reorganization of the means of production. The unions challenged the bourgeoisie's decisions as to how much the working class is entitled but did not question the right of the capitalist class to make that decision. The concern for social justice without a concomitant struggle for social change was a manifestation of the dehumanization of the labor movement.

Meanwhile, the craft unions were seeking to perpetuate the hierarchical distinctions within the new labor structure to hold on to their privileges which were threatened by the modernization of the mode of production. From the turn of the century on, the American trade union movement was split by the conflict between the individualism of the craft unions and the collectivism of the unions of the unskilled. Although the unions of the unskilled were initially successful in blocking the imposition of the labor hierarchy, the industrial union concept was ultimately diluted beginning with the National Labor Relations Act of 1935. This act granted the right



to skilled labor to hold separate elections. A series of other measures in the succeeding decades eventually replaced the industrial union concept with de facto craft arrangements.<sup>3</sup>

Both the craft unions and unions of the unskilled were unable and, perhaps, unwilling, to create a revolutionary class-conscious proletariat. The most radical of the early unions, the IWW, failed to launch a proletarian revolution. While the trade unions struggled over the privileges of labor they did not talk much about abolishing the supremacy of capital. Even the socialist appeal was largely to "the workers of Northern European origins who were attracted to the socialist movement as a result of their own protest against the erosion of traditional crafts by industrial capitalism."<sup>4</sup> The outcome of trade union activity was to help discipline the new labor force. However, the bureaucratization of the trade unions, their integrative role within production and their conservative political ideology was not primarily the result of the veiled intentions of the craft unions as much as the result of the collusive policies between the nation-state and the monopoly capitalists, especially with respect to the rise of collective bargaining.

In the early part of this century, Thorstein Veblen noted that the civil bureaucracy was staffed by people with a business background, governed by business principles if not by business interests directly. This bureaucracy saw its role as the guardian of the property rights of the absentee owners. The bureaucracy would sanction, with force, if necessary, any means by which the firm sought to increase its capital earnings, such as withdrawing equipment from production or unilaterally laying off workers.<sup>5</sup> Of

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<sup>3</sup>Ibid., p. 177.

<sup>4</sup>Ibid., p. 184.

<sup>5</sup>Veblen, op. cit., p. 409.

course, the state had always been willing to use force against labor throughout the history of American capitalism; however, the use of state force to break up strikes is the least desirable mode of protecting the interests of capital.

The inclination of the monopoly capitalists was to prevent strikes before they occurred. This inclination had not been shared by the competitive capitalists. The recognition of trade unions and the acceptance of collective bargaining which could have averted many difficulties with labor were far more threatening to the pre-monopoly capitalist than strikes themselves.

The role of government during this period of capitalism was either that of strike breaker or very often that of mediator to propose or impose a settlement at the point of deadlock. Although the government would often appear to be pro-labor by forcing certain concessions from the firm, in the final analysis, it threw its authority behind a return to work on terms that did not threaten the powers or prosperity of the employers. By the twentieth century, the federal bureaucracy had come to conclude that the recognition of the trade unions and the implementation of collective bargaining would better serve production by reducing the number and intensity of strikes. All twentieth century presidents endorsed collective bargaining, which was finally required by the Wagner Act.<sup>6</sup>

Official union representation in the collective bargaining procedure left the subordinate position of the workers intact while it provided a mechanism for the elimination of grievances which could be satisfied without undermining the power of management. At first, both government and industry

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<sup>6</sup>Brecher, op. cit., p. 252.

avored company unions, but rank and file distrust of such unions soon made it apparent that the harmony between employees and employers would best be achieved through unions that were formally opposed to, and independent of, management.

The role of unions in the last half-century has been the formulation of the labor contract through the collective bargaining procedure. The labor contract secures certain concessions from management in return for a union pledge guaranteeing no strikes during the period of the contract. If no contract existed, the union would then authorize and support strikes, occupations, and even violence, but once a contract goes into effect the union bureaucracy becomes almost solely concerned to enforce the contract and prevent wildcat strikes. The union central office.

. . . detaches itself from the masses it regiments, removing itself from the fickle eddy of moods and currents that are typical of the great tumultuous masses. The union thus acquires the ability to sign agreements and take on responsibilities, obliging the entrepreneur to accept a certain legality in his relations with the workers. This legality is conditional on the trust the entrepreneur has in . . . [the union's] ability to insure that the working masses respect their contractual obligations.<sup>7</sup>

When a contract is in effect the function of the union officials is to insure discipline and order among the rank and file as well as to discipline workers who step out of line to defy management and union leadership. Organized labor was taught to

adopt responsible attitudes and behavior toward monopoly capital and capitalist society. This required regular cooperation between the leaders of organized labor, the corporations, and the state to head off mass social movements, transform collective bargaining into an instrument of corporate planning, strive for a high level of employment and wages commensurate with productivity advances and maintain labor's reproductive powers with regard not only to the level of private consumption but also to

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<sup>7</sup>Ibid., p. 254.

social consumption (social insurance, health, housing, etc.).<sup>8</sup>

Monopoly capital in America has functioned through the collusion of the state and the consent of the labor force. Although the collusion between capital and the state was not the result of a conspiracy against labor, the subjection of labor appears as if a conspiracy existed.

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<sup>8</sup>O'Connor, op. cit., p. 69.

## CHAPTER X

### THE EMERGENCE OF A CLASS-CONSCIOUS POLITICAL DIRECTORATE

The expanding power of the state has been a direct result of the expansion, consolidation and rationalization of the economy. The American state has been molded by the progressive elements of capital rather than fettering the development of capital. Certainly there have been counterforces within the American government serving particular economic interests and attempting to restrict the development of new economic formations. However, the very constitutional flexibility of the United States political system and the rapid industrial development of a nation blessed with various national and international advantages has fostered the growth of a bureaucracy willing to serve new modes of capital production in an increasingly self-conscious manner.

The impact of the emergence of national capital upon the federal system was to aggrandize the power and functions of the national government while impoverishing the state governments. The emergence of national capital after the Civil War did not result immediately in a highly centralized and administered national economy. Before the twentieth century, the American economy was composed of various independent interests which, because of the national character of most commodity markets, were organized along industrial and not regional lines.<sup>1</sup> Moreover, the various firms within an industry were organized into self-regulatory, private associations employing

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<sup>1</sup>O'Connor, op. cit., p. 66.

the state on the local, state and national levels to mediate between their members. The American state was thus in the direct service of various capitalist, interest groups. The pluralistic structure of American politics expressed itself in a system of government in which no one economic interest had a disproportionate share of power. These specific interests were reflected in the partial or full range of the policies of hundreds of national and state government agencies. The domination of American politics by interest group participation in the nineteenth century transformed political and economic issues and conflicts into problems of administration.

What emerges as the most important political reality is an array of relatively separated political systems, each with a number of elements. These typically include: (1) a federal administrative agency within the executive branch; (2) a heavily committed group of Congressmen and Senators, usually members of a particular committee or subcommittee; (3) a private (or quasi-private) association representing the agency clientele; (4) a quite homogeneous constituency usually composed of local elites. Where dramatic conflicts over policy have occurred, they have appeared as rivalries among the public administrative agencies, but the conflicts are more conspicuous and less important than the agreements among these systems. The most frequent solution to conflict is jurisdictional demarcation and establishment of spheres of influence. Log-rolling, rather than compromise, is the normal pattern of relationship.<sup>2</sup>

Such political behavior was a response to the increasing national character of the competitive, pre-monopoly capitalist firms which were able to exercise some measure of control over the marketplace. As an expression of an advanced stage of competitive capitalism, interest group politics did not, however, administer with respect to the interests of the economy as a whole. The competitive capitalists desired to further their particular interests with little concern for the consequences upon others. Policy formulated according to the needs of one firm or industry often had the

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<sup>2</sup>Ibid., p. 68.

effect of retarding development in another.

The continued pursuit of narrow, competitive interests would seriously disrupt the increasingly interdependent economy, exacerbating the dangers of large scale capital investments as well as contributing to crises by insuring deficiencies of aggregate demand. Regulation and not competition was the rallying cry of the new corporate capitalists. Within the monopolized sector ". . . the owners of corporate capital generated the financial ability, learned the organizational skills and developed the ideas necessary for their self-regulation as a class."<sup>3</sup> The transformation of the labor structure through the destruction of the power of the craft unions and the creation of a managerial class were the first acts of such regulation. However, the control of the labor force within the industries as well as the process of vertical integration were not sufficient conditions for the regulation of society as a whole. Such regulation depended upon the bourgeoisie progressively defining its needs as a class. The basis for such a development was the early recognition that the various competitive economic interests and political differences engendered by the divergent interests must be resolved within an overall national economic policy. Administering to the economy as a whole, however, requires a political directorate which transcends particular economic interests and which coordinates the activities of the nominally independent government agencies. Such a political directorate will not only precipitate the general class interest from the admixture of particular interests, but will also regulate conflicts within the bourgeoisie and between capital and labor. Although interest group politics alone were incapable of providing the requisite political structure for the formulation of a cohesive economic policy they did foster the emergence of a class-conscious

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<sup>3</sup>Ibid., p. 68.

political directorate in the executive branch during World War I, which controlled the War Industry Board and other planning agencies.<sup>4</sup>

The emergence of a class-conscious political directorate in the Executive branch meant that the state had transcended interest group politics to maintain the social order necessary for the reproduction and expansion of labor at the requisite level of technical organization. The maintenance of the social order depended upon the state's ability to administer conflict between labor and management in the monopoly sector as well as the conflicts arising between the mass of unemployed and competitive sector workers. Moreover, the state must appear to act as a disinterested party to these conflicts to insure its legitimacy and win the support of the masses as it serves the class interest of capital.

Specifically, it was the transition from accumulation to disaccumulation in the American economy that gave a concrete rationale for a class-conscious political directorate. The very success of the American economy threatened the social relations between labor and capital by rendering labor superfluous. It was not the case that the bourgeoisie immediately understood these dynamics of capitalist production so much as they responded to the new conditions in order to contain them within a capitalist framework. With the transition to the disaccumulation phase the relation between labor and capital at the point of production of basic goods no longer circumscribed the real territory of class repression. Social control at the point of production by management was no longer sufficient. Instead the state was required to assume responsibility for such control.

As manufacturers and merchants undertook the enormous task of teaching men and women new tastes and methods of consumption, the state facilitated

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<sup>4</sup>ibid.



the accomplishment of this and other tasks as an instance of the state's new role, by insuring labor's receptivity to the new consumer society. Hoover's Committee on Recent Social Trends (1921) described the shift of the labor force from basic goods production to services and remarked that the corresponding problem of technological unemployment had been curtailed by the adsorption of workers in the "newly expanded service industries which create and serve leisure."<sup>5</sup> Although this committee underscored the internal economic mechanism which siphoned unemployed workers to the expanding secondary sector the committee members were aware that reliance upon this infrastructure alone would not be a sufficient solution to the ever-present problem of technological unemployment. According to the committee the time had come to "devote continuing attention not only to the problems of cyclical unemployment but also to this newer problem of 'technological' unemployment if we are to forestall hardship and uncertainty in the lives of workers. . . ."<sup>6</sup> This concern for the lives of workers covers up the more fundamental concern for the continued growth of capital and the administration of class conflict. The solution to the problem of unemployment was part of a package intended to remove the obstacles confronting increased production and consumption during the post-World War I era.

As Secretary of Commerce and then as President, Hoover, along with other prominent men from large industrial, commercial, and financial corporations supported the expansion of government practices begun with Wilson and elaborated upon by the Harding and Coolidge administrations of ameliorating unemployment with public works, of facilitating and protecting imperialist corporate enterprise abroad and of stabilizing the investment cycle by

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<sup>5</sup>Sklar, op. cit., p. 16.

<sup>6</sup>ibid., p. 16.

appropriate subsidy, price support, and credit devices. Such measures were designed to encourage the advance of productivity and hence profitable investment opportunities, while restricting the volume of products thrown into the domestic market.<sup>7</sup>

They spoke glowingly of the era of "abundance," but warned and took action against too much of it, which in their view would disastrously derange the private market economy and throw the whole system of employment-for-income and private discretionary investment into hope-fostered production restriction, secular inflation, and aggressive imperialist expansion, to sustain the flow of profitable investment and the capitalist domination of the labor force within the framework of the corporate industrial system.<sup>8</sup>

The coming of a class-conscious political directorate sensitive to the needs of monopoly capital and capable of formulating and administering an overall economic policy stands in marked contrast to the response of the German and Italian political system which aimed to curtail the growth of monopoly capital. Unlike Germany and Italy, the United States required no fascist regime to accomplish the totalitarian, self-conscious organization of society in the service of capitalism. The one-dimensional character of advanced industrial society is the response of the capitalist class to contain the contradiction between the utilization of the mode of production for profit and the social needs of the mass of people within a bourgeois framework--to prevent the emergence of socialism.

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<sup>7</sup>Ibid., p. 18.

<sup>8</sup>Ibid.

## CHAPTER XI

### SUMMARY AND CONCLUSION: THE HEGEMONY OF THE TECHNOLOGICAL RATIONALITY AND THE DISSOLUTION OF CONSCIOUSNESS

Advanced industrial capitalism has given rise to a capitalist class consciousness that takes the totality of society and nature as its object. In no other epoch has consciousness been so able to determine transformations in material conditions. Not only has the capitalist mode of production removed the technological obstacles to overcoming the struggle for existence, it has removed some of the limitations upon consciousness imposed by the condition of scarcity. Although the relation between conscious and material conditions is a highly ambiguous one, it is clear that the two are inextricably intertwined in the labor process. This process is the one

. . . in which both man and Nature participate, and in which man of his own accord starts, regulates and controls the material re-actions between himself and nature. . . . By thus acting on the external world and changing it, he at the same time changes his own nature. . . . We are not now dealing with those primitive instinctive forms of labour that remind us of the mere animal. . . . But what distinguishes the worse architect from the best of the bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour process we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but he also realises a purpose of his own that gives the law to his *modus operandi*, and to which he must subordinate his will.<sup>1</sup>

The labor process is the necessary and mutual interaction between consciousness and material conditions.

Although Marx characterizes labor as the self-conscious activity of

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<sup>1</sup>Marx, Capital, Vol. I, op. cit., pp. 177-178.

man in nature, he does not ascribe such self-consciousness to the social division of labor as a whole. Engels speaks to the relationship of individual activity to history in his letter to Joseph Bloch.

We make history ourselves, but in the first place, under very definite assumptions and conditions. . . . In the second place, however, history is made in such a way that the final result always arises from conflicts between many individual wills, of which each again has been made what it is by a host of particular conditions of life. Thus there are innumerable intersecting forces, an infinite series of parallelograms of forces which give rise to one resultant--the historical event. This may again itself be viewed as the product of a power which works as a whole, unconsciously and without volition. For what each individual wills is obstructed by everyone else, and what emerges is something that no one willed.<sup>2</sup>

When Marx speaks of self-consciousness he is speaking of the dynamic by which individuals objectify themselves in the world. However, it is not necessarily the case that individual self-consciousness grasps the true relation of the self to the world, although it grasps the particular praxis entailed in the labor project. Moreover, any attempt to comprehend the relation of the self to the society is distorted by the particular mode of social organization which circumscribes the labor process itself. The social division of labor determines the individual modes of labor and transformations in the social division of labor result in transformations in the modes of individual activity. Such transformations tend toward an increasing division of labor which increasingly restricts the scope of individual labor. In so far as the labor process requires the subordination of the individual's will to the project, the more complex the social division of labor, the more the restrictions upon the development of self-consciousness.

Marx argues with respect to the restrictions upon consciousness that . . . this subordination is no mere momentary act. Besides the

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<sup>2</sup>Karl Marx, The Communist Manifesto, ed. Robert C. Tucker, The Marx-Engels Reader, New York: W. W. Norton & Co., Inc., 1972, p. 343.

exertion of the bodily organs the process demands that, during the whole operation, the workman's will be steadily in consonance with his purpose. This means close attention. The less he is attracted by the nature of the work, and the mode in which it is carried on, and the the less, therefore, he enjoys it as something which gives play to his bodily and mental powers, the more close his attention is forced to be.<sup>3</sup>

The more the particular project is imposed by the social division of labor and the less the project becomes one of the workman's own choosing, the more the labor process is perceived as an alien, unnatural process. What had given rise to self-consciousness now gives rise to self-alienation where the very conditions that promote consciousness are either denied to the individual or avoided by that individual. The increasing division of labor achieved in the transformation of the mode of production means the less attracted the individual is to the nature of the work, the less the work gives play to his bodily and mental powers and the less he realizes his humanity.

With capitalism, the division of labor has already become exceedingly specialized. Further transformations in the capitalist mode of production promotes the specialization of labor to the point at which labor's alienation from the productive process is virtually complete. In the economic organization of the disaccumulation phase, labor's alienation from the means of production has become absolute through its engagement in superfluous, non-productive work. Those few who remain tied to the point of production are occupied mainly with the maintenance and supervision of the productive apparatus and not with productive work.

Under capitalism, therefore, the working class is robbed of active participation in the labor process and is thus without the means of achieving

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<sup>3</sup>Marx, Capital, op. cit., p. 178.

self-consciousness through self-objectification. The sensual sinews between man and Nature are severed and atrophied through lack of employment. The very capacity of man to know the world is progressively destroyed: He no longer trusts his senses and increasingly represses the stimuli afforded him. The workman is no longer guided and directed by a consciousness alive to the world but entombed in a consciousness dead to the world. No longer, then, can consciousness be a progressive material force with respect to erecting in the imagination a project to be created through the labor process. A consciousness thus deprived of the means for its own objectification, deprived then of self-reflection, is a reactionary, non-critical consciousness. Individuals come to define their existence with respect to commodities qua dead labor, ideologies qua dead thought. The passivity of consumption and the physical separation from production in meaningless labor has become the life of the modern working class, whose everyday behavior takes the form of compulsive, repetitious activity rather than the outcome of creative impulses.

If the proletariat is denied the means for its objectification in the world, if it is, therefore, denied its human nature, how then can it possibly regain its humanity? According to Marx, of course, the liberation of the working class will come from the self-emancipation of that class. In order to emancipate itself from the domination of capital, the proletariat must first become conscious of itself as a class. And that consciousness must be the inevitable result of the exploitation of labor, while "The organization of the proletarians into a class, and consequently into a political party, is continually being upset by the competition between the workers themselves, . . . it ever rises up again, stronger, firmer, mightier."<sup>4</sup>

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<sup>4</sup>Ibid., p. 640.

Marx's view was that the continual social disruptions and concentration of the economic apparatus stemming from capitalist development would force the concentration of the proletariat into a great mass. With such concentration, the strength of the proletarian grows as well as the feeling of strength. Proletarian consciousness is thus the collective consciousness of an increasingly powerful political organism.

Yet this class-consciousness is not yet a revolutionary consciousness. To become a revolutionary force, the proletariat must self-consciously set for itself the task of overthrowing bourgeois property relations. It must develop the theory and practice necessary to achieve the fruits of such labor. Class-consciousness is a necessary but not a sufficient condition for a revolutionary consciousness. At points in its development, as Marx explains in the Manifesto, the class-consciousness of the proletariat can function in a reactionary manner, in which every victory of the proletarian unions is in actuality a victory for the bourgeoisie. The link between a proletarian class-consciousness and a revolutionary proletarian consciousness must be forged by the self-conscious activity of certain elements within the working class.

This is not to suggest that such self-conscious activity necessarily originates within the proletariat. Indeed, certain members of the bourgeoisies who are cut loose from the ruling class by the advance of industry or who are ". . . at least threatened in their conditions of existence . . ." may well provide ". . . the proletariat with fresh elements of enlightenment and progress."<sup>5</sup> Specifically, these elements of enlightenment and progress are supplied by the portion "of the bourgeois ideologists, who have raised

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<sup>5</sup>Marx, The Communist Manifesto, op. cit., p. 343.

themselves to the level of comprehending theoretically the historical movement as a whole."<sup>6</sup> These proletarianized bourgeois ideologists would aid the communists in their struggle to cultivate a revolutionary class consciousness.

However, the history of capitalism thus far reveals the failure of the American and European proletariat to forge a successful revolutionary program. In light of this failure, Marx's explanation regarding the conditions leading to the development of a class conscious proletariat must be called into question. The crucial claim that class-consciousness emerges at the point in history when the labor process denies the worker the means to objectify his existence must either be substantiated or abandoned.

Although the European working class seems to have come much closer to achieving a class-consciousness than the American working class prior to World War II, the progressive elements within the European working class were unable to push their advantage during the dissolution of bourgeois rule in the twenties and thirties to a revolutionary outcome. As a last ditch response to a growing socialist movement, fascism enabled the ruling class of Germany and Italy to rescue bourgeois property relations by mobilizing the masses within a totalitarian order. Long before the Depression, the American ruling class had already succeeded in mobilizing the proletariat within the advanced industrial order of monopoly capital.

At the point of disaccumulation, capitalism had certainly provided the material base for the immediate realization of socialism; yet socialism did not occur. No revolutionary proletariat emerged. The failure of such a proletariat to materialize has been traced in this paper to the power of the bourgeoisie to maintain control of the labor force through the process

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<sup>6</sup>ibid., p. 343.



in which the proletariat participates in its own coercion. It would be difficult to claim that the perpetuation of capitalist relations into the disaccumulation phase was the result of forces independent of human will. The point at which capitalism provides the means for overcoming the struggle for existence is the point at which consciousness becomes instrumental in determining subsequent transformations in material conditions.

The preceding analysis of the relation between fascism, technological rationality and monopoly capital claims that the failure of a proletariat class-consciousness to emerge, which would have enabled the working class to seize control of the means of production, is the consequence of the self-conscious activity of the bourgeoisie to retain control and assure its existence as a class. Not only did the creation of an elaborate infrastructure of consumption remove the threat posed by technological unemployment, it divided the working class through the decentralization of the work place in an ever specialized and trivialized division of labor, assuring that work itself would utterly prevent the play of the worker's physical and mental abilities. What classical Marxism does not recognize is the possibility of the development of a bourgeois class-consciousness that is capable of understanding the historical movement as a whole and is capable of interceding at crucial historical moments on its own behalf.

Although Marx did emphasize that the bourgeoisie constantly revolutionizes the mode of production creating a "world after its own image,"<sup>7</sup> he failed to develop the ramifications of such activity upon the bourgeois consciousness. Of course, the emergence of the bourgeoisie was not simultaneously accompanied by the emergence of a bourgeois class-consciousness. During the agricultural and early industrial modes of capitalist production,

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<sup>7</sup>Ibid., p. 339.

the capitalist did not act on the basis of a perceived class interest, although his independent economic activity strengthened the bourgeoisie as a whole and assured the downfall of feudal property relations. The success of the "capitalist production unit must be attributed to its efficiency as a means of economic and social control."<sup>8</sup> Stephen Marglin of Harvard argues that the emergence of the capitalist factory system cannot be attributed to new technologies, since the early factories employed technologies similar to the guild system of production. The capitalist production unit in contradistinction to the feudal production unit had immediately instituted a policy of isolating workers through task fragmentation. This assured the political stability of the firm insuring the dominance of capital over labor. Within the firm, the capitalist had absolute control over the labor process and it was this control which enabled ever more productive technological changes to occur. From the very beginning, capitalists were learning new modes of social control.

No other ruling class in history has had the skill and ability to survive during transformations in the mode of production of the magnitude essential to the accumulation and expansion of capital. The ruling classes of every historical epoch prior to the modern one have depended upon a static social order with a minimum of severe disruption to maintain their dominance. The bourgeoisie differs from prior ruling classes with respect to its control over social practice. Initially this control was relegated to the labor process within the factory. However, as capitalist production was production for a world market, changing trade conditions encouraged the bourgeoisie to seize control of the political process in order to create the nation state.

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<sup>8</sup>Samuel Bowles and Herbert Gintis, "Class Power and Alienated Labor," Monthly Review, Vol. 26, No. 10, March 1975, p. 19.

As the mode of production as a whole shifted from agricultural to industrial capitalism, the bourgeoisie mobilized the emerging proletariat to attain its own political ends.<sup>9</sup>

During this period when the labor process was undergoing continuing fragmentation and the masses of people were being spiritually and materially immiserated, the capitalist class was acquiring the abilities and knowledge to further its own class interests. Social disruptions engendered by the expansion of capital actually contributed to the emergence of a class-conscious bourgeoisie by requiring political solutions that went beyond the realm of the factory to society at large and which were beyond the means of the individual capitalist to secure. Under these conditions capitalism fostered the "unionization" of the capitalists. Of course, it was not until the emergence of monopoly capital that the acumen requisite for the control of all areas of social practice became available to the ruling class and led to the liquidation of liberalism. However, the liberal tradition in Europe, particularly in Germany and Italy and to a lesser degree in France and England, was so institutionalized as to prevent the natural expansion of monopoly capital throughout the entire economy and to inhibit the growth of a class-conscious bourgeoisie prior to World War II. The inability of the German and Italian governments to arrive at adequate political solutions to crises in the economic and social order spurred the formation of a massive proletarian movement.

However, the uniqueness of American capitalist development mitigated against the entrenchment of special interest in the government who would have sought to impose a particular economic order upon a society. Consequently the American political system did not atrophy to the point where it

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<sup>9</sup>Marx, The Communist Manifesto, op. cit., p. 342.

was incapable of handling the various crises arising in the nation as a result of new developments in the economy. The relative flexibility of government was a primary condition for the formation of a political directorate acting in the overall interest of the bourgeoisie. Unlike the European political tradition, the American tradition was one in which the emphasis has been upon solving problems, innovatively abandoning old methods and ideologies when circumstances dictated that new methods and ideologies be found. With respect to the techniques of problem solving and conflict management, the American political system has thus far been extremely successful and has offered the world the most advanced science of organization. In Europe, the tendency has been for the various social and economic problems to overwhelm the government, while in America administration simply overwhelms the problems.

It was the cumulative development of a first class system of administration in government and in business that made a fascist response in America totally unnecessary. Fascism in Europe was ultimately the consequence of a failure of traditional governments to govern. Fascism could be only a temporary solution to the problem of establishing an appropriate government to maintain social order and engage in the necessary social planning. Liberalism proscribed against a government that took an active role in comprehensive social planning in the belief that the unfettered activity of individuals in the market place is self-regulating. The role of the state under liberalism had been to insure the preservation of such a state of freedom, interfering only at those times when the rights of individuals guaranteed by the social contract had been infringed or in some way abused. Although America was imbued with the liberalistic ethos of the inalienable rights of the individual, the American state was never an exclusively liberal state.

The pluralistic structure of American government promoted the daily intervention of the state in social matters that were not directly matters concerning the infringement of individual rights and liberties. As it became apparent that the parochial posture of the states jeopardized the increasingly intertwined social order, the federal government steadily usurped the power of the state governments to better administer to the new needs of the social order. The administration of social affairs rather than the policing of society which characterized the liberal governments of Europe has been the essence of American government.

The American state has been occupied with building the organizational structure necessary for the administration of society. The preoccupation with organization marks the instrumentalist political consciousness of the American ruling class, which has focused upon the transformation of political activity into technical processes. Political leadership in the service of the technological rationality has recently become a function of scientific or technical expertise for the purpose of planning the future needs and direction of the society. The application of the technological rationality to the political process functions to

. . . consolidate the new state structure and the pervasive functions it performs on behalf of private capital by denying the applicability of the potentially subversive, traditional political norms to this structure and its functions: State structures need not be democratic or even pluralistic because the functions which they perform are not political at all but rather "scientific." Indeed if the exercise of political authority increasingly approximates the model of the technical authority of the airline pilot, then any claim to question that authority on the basis of norms which uphold the political competence of the average citizen can and must be discounted on the ground that it constitutes a grave threat to the security and well-being of the entire society. Active citizenship, in short, becomes not only necessary but positively harmful; depoliticization is held to be essential to the very survival of the system as a whole.<sup>10</sup>

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<sup>10</sup>Ike Balbus, "Politics as Sports," Monthly Review, Vol. 26, No. 10, March 1975, p. 29.

Indeed the depoliticization and the depluralization of American democracy is at once a cause and effect of the dehumanized, one-dimensional society which Marcuse so passionately critiques. This is not a society, however, created through the imperatives of an advanced technology independent of human purpose and will. Rather the imperatives of advanced technology is the modern embodiment of consciousness as a material force: a consciousness that not only devises the technology per se but provides the social organization necessary for the increasingly complex and sensitive technological processes. Of course, such a consciousness is obsessed with technology as the only means by which to control the world, but it does not operate independently of class. For the first time in the history of the West, a class has arisen that has proven thus far capable of comprehending the historical process in order to adapt it to its own needs.

The outcome of capitalist development to this point has been to trivialize praxis for the mass of people and to make substantive praxis virtually the sole concern of the bourgeoisie. Marx's identification of the labor process with the activity of the proletariat obscures his insight that labor is capital and capital is labor and mystifies the nature of bourgeois activity. Although the capitalist does not sell his labor power, he, nonetheless, engages in labor. The object of his labor is not only the appropriation and transformation of non-human nature but also the appropriation and transformation of human nature in order to adapt both to a changing mode of production. Bourgeois practice takes as its object history in order to achieve its goal of ongoing social control. While the development of capitalism has negated self-conscious activity for the individual worker, it does so with the growth of a self-conscious bourgeoisie. The initial bourgeois task of maintaining labor discipline within the factory to the later concern

of controlling all areas of society by reducing all social relations to exchange relations has bred a consciousness that is particularly adept at devising the means necessary to achieve the desired end. The success of the bourgeoisie to remake the world after its own image has elevated the technological rationality to the supreme rationality. Metaphysics, political philosophy, theology have been thrown out; the capitalist world operates without them.

The technological perspective has displaced other modes of rationality for the very reason that it "gets things done." And it is upon its instrumental efficacy that this world view has been sold to the masses, who no longer perceive political struggle and the development of a revolutionary consciousness as an essential way in which to resolve social conflict because they too have put their faith in science and technology to resolve what problems exist. Moreover, the effective application of such expertise can not tolerate interference by any other world view--consciousness itself must be organized and administered. Not only has the bourgeoisie monopolized the means of production, but it has also come to monopolize the production of consciousness and the means by which consciousness can modify the world. Marx's assumption that the bourgeoisie's control of production would lead immediately to a subversive class-consciousness neglected the possibility that control over the means of production can lead to control over consciousness.

Within advanced industrialized society the formulation of a revolutionary proletarian movement becomes immensely difficult. It is not as simple a task as it has been in the less developed societies in which the mass of people have not been systematically deprived of the means for self-emancipation. It is no longer simply a matter of possessing the correct

analysis or a matter of organizing the people. If the working class is to become class-conscious it will have to resurrect consciousness individual by individual. Political activity can no longer concern itself solely with the reconstruction of the exterior landscape, it must also concern itself with the reconstruction of the interior landscape.

There can be no doubt that the dissolution of bourgeois property is inevitable. Although the technological rationality of the class-conscious bourgeoisie has been successful, it remains a rationality tied to a particular historical moment. It is a response to and a consequence of capitalist development. Such a rationality cannot offer a solution to the problems of ecological devastation and dehumanization within the context of capitalism. Both ecological devastation and dehumanization are processes that will ultimately undermine the relations upon which the bourgeoisie depends. Whether the advanced industrial nations will become communist societies or lapse into barbarism is the matter at stake.



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