

Discussion Contributions on :

The Nature of the State

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1. ECONOMIC POLICY AND THE THEORY OF THE STATE

JAMES HARVEY, in his discussion contribution on *The Nature of the State* (*Marxism Today*, December 1966), has suggested that the extending activities of the capitalist state in the economic sphere have created new opportunities for working-class struggle and have accordingly necessitated an alteration or modification of the strategy for the establishment of socialism. These points deserve to be elaborated.

Marxists have long recognised that the state has an important and increasing role to play in the imperialist economies of the 20th century—a recognition embodied in the term State Monopoly Capitalism¹ and this naturally raises the question as to why it should now be supposed that this long-standing and long-recognised phenomenon presents new democratic opportunities.

Broadly speaking, these new opportunities arise objectively from the new dimensions of state intervention in the economic sphere in the post-war period, and subjectively they arise from the possibilities opened out by a more correct appreciation by Marxists of the role of economic policy in the theory (and operation) of the state. To make this latter point is to stress that our understanding of the role of bourgeois state economic policy has always been inadequate and that this inadequacy has been reflected particularly in its inability to achieve a correct assessment of the post-war changes in British capitalism.²

Briefly, our theoretical analysis of state economic policy has suffered in the first place from a lack of integration with our theory of the state, with the result that, despite the formal emphasis placed upon the development of *State Monopoly Capitalism*, we have tended to regard the state as an instrument of force and deception only.³

¹ A term which has the merit of specifying the socio-political content of state economic intervention and the demerit of suggesting that vigorous state intervention in the capitalist economy is a product of the development of monopoly capitalism only.

² An assessment which is only now beginning to achieve some progress.

³ Had this been so, of course, neither German nor

The Question of Choice

In the second place, and underlying our first point, the view taken of economic policy was one which regarded it simply as a reflection of the dominant class interests. This view, in a broad sense correct, has been interpreted in a lifeless, mechanistic fashion to imply that at any one time there exists one economic policy corresponding to the requirements of monopoly capital in the given situation, and that as part of the superstructure this policy is automatically determined by the economic base. Such an approach ignores the crucial fact that policy making is a question of *choice*—choice for example between long-term and short-term objectives, between palliating the working class for political reasons or antagonising them for competitive reasons, between undermining the mystique of the efficiency of the free enterprise system and nationalising ailing but vital industries—and so on. There may not only be incorrect as well as correct economic policies for the bourgeoisie—there may also be a range of different correct policies each with its own specific combinations of advantages and disadvantages.

Once the role of choice in the economic policy making of the bourgeoisie is recognised, however, it becomes apparent on the one hand that we are concerned with the *creative* reaction of the ruling class to its politico-economic problems; and on the other that the continuous and extensive exercise of this creative activity gives the bourgeoisie much greater room for manoeuvre and capacity for survival in face of the objective contradictions of its position than a mechanistic view of economic policy would lead us to imagine. Perhaps the most ironical illustration of this point is the Marxist attitude towards Keynesian economics which was characterised as a variety of liberal idealism on the grounds that Keynesian economics had no doubt some merits in terms of abstract theoretical analysis but as far

Italian capitalism would ever have achieved the powerful independent economies they now command. Nor would any advanced country ever have been able to achieve political stability without elaborate and complex economic measures to integrate the exploited classes into that society—measures ranging from provision of social services to minimum wage laws, from food subsidies to factory inspection.

as full employment policy was concerned it was ineffective because it assumed the existence of a neutral state. The associated polemics against Keynesism, social-democratic full employment "illusions", etc., were of course hopeless from the start and seriously confused the working class by underestimating the adaptability of the capitalist economic system—an adaptability brought about precisely by a *non-neutral* bourgeois state responding creatively to the political problems posed for the bourgeoisie by the threat of a return to the 1930s.

Post-War State Economic Policy

This leads us naturally to our second major point—the new dimensions of state economic policy in the post-war period—since these new dimensions are precisely those arising directly or indirectly from full employment policies in capitalist countries. And here we have to disentangle a number of different problems to get to the heart of the matter. First, has there *in fact* been a full employment policy in Britain (and other developed capitalist countries) and if so why? Second, if there has, how has this been possible in face of the irreconcilable contradictions of the capitalist economy? Third, granted that there has been a more or less successful policy of maintaining full employment, what is so decisively different about this type of economic policy compared with pre-war types of economic policy as to call for a reorientation of socialist strategy?

It must be said categorically that there is no room for doubt that British governments over the whole of the post-war period have intended to maintain a state of relatively full employment and have been prepared to take more or less effective measures to see to this when unemployment threatened or seemed to threaten. This may easily be documented from the historical record of government action to prevent unemployment ever assuming really significant dimensions—actions all the more significant in that they were sometimes the result of unemployment arising from the government's own efforts to restrain inflation or solve or ward off payments problems. That British governments have used policies creating unemployment to deal with inflation and payments difficulties does not affect the argument—what is significant is that the unemployment created has never been allowed to develop very far or to continue for long, i.e. it has been relatively small-scale, temporary or highly localised. Nor is it difficult to explain these policies. It had become clear that a post-war repetition of the mass unemployment of the 1930s, with the full-employment Soviet socialist economy having proved its worth during the Second World War, would be fatal for the continued existence of capitalism.

Furthermore, mass unemployment in the west would have increased many-fold the attractions of communism for the underdeveloped world. Such general considerations guiding the policies of bourgeois statesmen and theoreticians were immensely strengthened in practice by the political structure of bourgeois democracy which operated in such a way as to align the short-term interests of bourgeois political parties (including the Labour Party) with the long-term interests of capitalism (i.e. the party permitting mass unemployment while in power was in danger of losing power).

The problem of *how* it has been possible for the capitalist state to maintain full employment has both a technical and a philosophical aspect. Technically, there is little difficulty in showing that the state can counter recessionary tendencies leading towards unemployment by so acting as to increase total money expenditure so that effective demand and thus employment increases. The various methods of accomplishing this are well-known—directly, by increasing the government's own expenditures or those of the nationalised industries, indirectly by encouraging the expenditures of private persons, firms or institutions, e.g. by reducing taxes or interest rates, increasing pensions, providing investment incentives, etc. To say this is not to imply that the unco-ordinated (anarchic) decision-making of the capitalist system can be so modified by the capitalist state as to result in a situation of continuous smooth progress without any contradictory processes and resulting crises, etc.

But, in retrospect, as far as *continuing and large-scale* unemployment is concerned we can now see that what was decisive was not the emergence of internal contradictions in crisis form but rather the subsequent downward spiral as declining demand in one sector, via reduced consumption and investment expenditures, led cumulatively to reductions in activity elsewhere. And it is precisely in this respect, i.e. in the ability to limit the *spread* of crisis, to halt the downward spiral, that the capitalist state has been able to operate successfully. Indeed, far from the British capitalist state being able to avert individual crises, there is little doubt that it has on several occasions precipitated them, so clumsy has its management of the economy been. However the crucial point here is that even if the timing and scale of government action are often misjudged, a government determined to raise demand and the level of activity in the economy provides a safety net for its own errors. This is not only because of the direct effects of government policy in encouraging private expenditures or raising its own but also because of the indirect effects of government full employment policy in encouraging confidence that in the near future demand would once again

expand—with the result that the set-back to both investment and consumption expenditures during a recessionary period, was not nearly so great as it would otherwise have been. In short, maintaining or achieving full employment is the easiest of tasks for most capitalist governments. What is difficult is dealing with the secondary consequences arising from a full employment economy.

Many Marxists have found this difficult to swallow because it appears to remove, or at least very significantly mitigate, the major contradiction of the capitalist economy—and precisely that most likely to lead to the overthrow of capitalism. But such a view is only possible if “the economy” is viewed as a “thing in itself”, as a kind of physically existent machine, with a built-in defect. An economy as such cannot however be physically identified.⁴ What we mean by our reference to a particular economy is a particular national economic *process* (operating with a stock of physical equipment). But this economic process, being a *social* process, is only a part of man’s total social activity, and since this total social activity is indivisible (i.e. the individuals who, interacting socially, create the economic process, are also the same individuals who create musical traditions, football audiences, the political system, etc.) then the contradictions of capitalist society are rooted in the *total* social process and there is no *a priori* reason why they should show themselves most starkly in the economic field rather than any other. In short, the fact that the bourgeoisie has been forced to develop full employment policies has raised the contradictions to a new, *semi-political* level.

Basic Economic Contradictions

This brings us to our third point—what is so crucially different about state intervention to maintain full employment from other types of state economic intervention? Broadly speaking, the point here is that the principal features of new contradictions arise specifically from the nature of the solutions to the old. We must accordingly look at the way in which the basic economic contradictions now express themselves in contrast to their former result of mass unemployment.

These new contradictions may be discussed in three inter-dependent contexts; in the context of the operation of the domestic economy; in the context of the economic relations between states;

⁴ If the British people were to be removed from their factories, roads, port installations, Centres of Advanced Technology, railways, mines, fields, etc., and replaced by 50 million Indonesians with Indonesian labour skills, managerial capacities, consumption habits, etc., the result, after the transition period, would certainly not be the British economy.

and in the context of economic policy. We can do no more than very briefly indicate them here without analysing them or their mutual relations in any detail.

In the domestic economy the direct struggle between worker and capitalist “at the point of production” no longer results in major crisis and mass unemployment. Under conditions of the deliberate government pursuit of full employment the ability of the trade unions to raise money wages has been immensely strengthened, and simultaneously the generally high level of demand has permitted businessmen to put the resulting rise in costs on to prices. The result has been a process of continuing inflation.⁵

Ruling circles and their ideologists in the capitalist countries (especially Britain and America) have feared inflation since uninterrupted price increases are the most potent source of political and industrial unrest in post-war developed capitalist countries,⁶ and since unless interrupted the process would in the long run result in attempts to solve the problem in a planned, democratic fashion. For this reason and reasons of competitiveness, anti-inflationary policies have been adopted the results of which have been to slow up the growth of the economy. Thus inflation is at the centre of the classic situation in which the social relations of production act as fetters upon the full utilisation and development of the productive potentialities of society;⁷ and at the same time it is the primary focus of working-class economic discontent, as was unemployment in the 1930s.

In the sphere of economic relations between states, adoption of full employment policies by the principal capitalist countries at a time when the power struggle between such countries had been forced on to more specifically economic grounds and depended less than previously upon military, diplomatic and administrative factors⁸ meant that

⁵ Defined here as a more or less continuous rise in the general level of prices.

⁶ Price increases *dramatise* exploitation. Since each price rise appears as cancelling out, at least to some extent, the preceding wage increase the result is that the worker is constantly aware of being robbed—even if over a period of years money wages are rising at a faster rate than prices so that real wages are increasing.

⁷ It should be noted however that the process whereby economic growth is slowed up is no longer a “pure” economic process—as with the classical economic cycle—but is now a *semi-political* process which operates through deliberate government policies.

⁸ A shift occasioned by the lessening grip of the imperialist countries on the economies of the under-developed world and the weaker capitalist economies, immensely facilitated by the rise of Socialist power and markets.

the problems of competitiveness raised by inflation⁹ acquired major importance and became the focal point of inter-capitalist economic rivalry.¹⁰

The result was that in our third context, that of economic policy, full employment policy tended to become transformed from short-run control of the level of activity in the economy (relative to capacity) into attempts to control the competitiveness and thus the medium and long-run rate of growth of the economy.

Before discussing this transformation of economic policy it must be emphasised that the policy of maintaining full employment by regulating the level of demand and thus activity in the economy represented something qualitatively new. Previously the state had intervened very extensively in the economy—sometimes to encourage new industries, to reorganise old industries, to nationalise failing industries, to help in cases where the finance needed was too large for private enterprise. The state had also intervened to promote low-rent housing and social services, to encourage new industries, to carve out privileged spheres for companies investing abroad—and so on almost indefinitely. But all these interventions were by their very nature partial and localised—they did not attempt to tackle the *total* utilisation of resources in the economy. Full employment policy meant that the capitalist had now taken a decisive step towards the *general* control of the economy.¹¹ This is the revolutionary innovation which the term State Monopoly Capitalism tends to conceal.

At first, bourgeois ruling circles in the Western world attempted to deal with problems of competitiveness (which manifested themselves most acutely in the form of payments crises) by variations in the short-run level of aggregate demand in the economy relative to capacity, i.e. by using the same short-run methods as were used to maintain full employment. The use of such methods, in Britain at any rate, was never permitted seriously to prejudice the overall full employment policy—at the most it might be said to have modified it. However, trade union strength was sufficient to keep money wages rising despite the rise in unemployment resulting from deflationary policies. Moreover, the set-

back to production and productivity, to investment and innovatory dynamism in the economy generally caused by such continuous interruptions had detrimental effects on the country's competitive power in the longer run. For this reason there took place in Britain and throughout the capitalist world, a shift towards the adoption of incomes policies and more or less effective national plans, the aim of which was to improve relative money costs and competitive power generally, by direct means, without the self-defeating wastefulness of the stop-go policies. This shift came late in Britain because of the fear of Tory governments of anything resembling planning or requiring the consent of the organised working class—no matter how unwillingly given.¹²

11. STATE ECONOMIC POLICY AND SOCIALIST STRATEGY

State economic policy has thus moved from partial, specific to aggregate short-run control of the economy—and from this is shifting to longer-run planning. These changes in economic policy have happened alongside and have been major factors in causing¹³ more or less continuously rising living standards. The result has been radically to alter the context within which the left has been operating.

A one-sided emphasis on the role of the state as an instrument of repression automatically generates sectarian tendencies since it underestimates the room for manoeuvre afforded to the capitalist class by the various "positive" functions of the state. The result is to strengthen support for opportunist trends which are apparently proved right owing to the inadequacy of the Marxist analysis. However natural and excusable in a sense such sectarian tendencies may have been in the 1930s, the post-war development of the capitalist economy and capitalist economic policy have made a re-appraisal of our attitude a vital necessity since the capitalist room for manoeuvre has very significantly increased (although one must not forget the significance of the fact that the bourgeoisie have been forced to manoeuvre).

If we consider the problem in terms of post-war popular consciousness, the position is that the

⁹ A problem aggravated by the policy decision to maintain fixed exchange rates to be altered only rarely.

¹⁰ Since on competitiveness depended the ability to export capital, to strengthen the domestic economy by acting independently of creditors, to maintain armed forces abroad, to prevent wasteful interruptions to domestic economic activity—and so on.

¹¹ By this is not meant the complete, detailed control of the economy—but the attempt to control the economy *as a whole*—not simply a particular aspect of it.

¹² This shift is coming late in Western Germany too because a concatenation of circumstances has put that country in a strong competitive condition right from the beginning of its post-war exporting activities.

¹³ The accelerated post-war rate of increase of production and productivity has been in large part the result of the favourable environment for business created by full employment policies.

mass of British people now know that the capitalist economy is capable of improving its productive performance year by year and that the ordinary people are able to share in these gains. It is also becoming increasingly the case that the British people are aware that their possibilities of improving their standard of life are limited by the overall performance of the economy; and further *that the overall performance of the economy is very much a function of the economic policy of the governments in power.* This understanding, *in an overall context of full employment policies,* is as much a product of the government's economic policy blunders as of its successes, and may be expressed in such phrases as "the Government is making a mess of running the economy".

Structural Demands

From another angle, we may note that, just as pre-war bourgeois state economic policy was partial and localised and did not concern itself with the overall productive performance of the economy, so working-class economic policy was confined to the struggle for higher money wages and to partial and local demands for government-induced reforms—plus the struggle for socialism. Post-war, however, the working-class and professional people have increasingly formulated a new type of demand—that relating to improving the productive performance of the economy generally by means of state action—such demands as the direction of investment to more productive uses, the control of imports to cut out luxury items, the modernisation of the backward sectors of the economy, the fostering of the backward regions, the integration of the fuel and transport industries—and so on. Such demands were nearly inconceivable in the 1930s.

Thus the working class has begun, in a "spontaneous", i.e. non-theoretical, fashion to formulate its own demands relating to how the state should control the economy (as opposed to demands for specific interventions) and for what aims. If the bourgeoisie has stabilised its position politically by increasing the range of conscious state control of the economy it has done so by adopting the weapons of the working class (i.e. economic planning) and thereby created anew, on a higher plane, the problem of assimilating the working class into a bourgeois democracy, i.e. of making them willing slaves. The bourgeoisie's new political problem is to introduce limited planning while preventing the working class from learning the lessons and utilising democracy to transform and develop planning in its own interests. The new political problem of the working class is to develop and enforce its own policy of how the state should control the economy

and to reformulate its political strategy so that the political struggle centres round the methods and objectives of economic policy. In other words, the new type of economic policy demands to which we have earlier referred which, following the Italians we may call structural demands, must now be removed from the pragmatic, spontaneous plane and must become part of a new, theoretically integrated, orientation. We say orientation because what is needed is not a specific, detailed plan, but rather a different angle of approach. This is not to say that at some stage in Britain's political fortunes such a plan might not be desirable for the left but rather it is to stress that what we are here concerned with is a problem of strategy. We must think of the struggle for 20, 30, 40 or more years ahead. It is not a question of producing a new analysis of Britain's economy or a new set of economic policy devices. Rather it is a question of integrating partly-existing theses, approaches and bodies of knowledge in a new way. Indeed, the main outlines of how Britain's economy works and can be improved are technically already known.

It is not possible here to do more than indicate the nature of the new orientation required by the left towards its economic policy in particular and its political strategy in general. It follows from our earlier analysis that the struggle for a democratic economic policy must link the necessity for democratic planning with the phenomenon of inflation. The process whereby businessmen raise prices to offset rising labour costs (as money wages are pushed up by trade unions) in order to maintain profit margins, is the process whereby the existing rate of rise of productivity sets broad limits to the rate of rise of real wages. Inflation is thus seen as the phenomenon frustrating trade union efforts (at least partly) to raise real wages and as the symbol of the more deep-rooted productive weaknesses of the economy.

Democratic Planning

The quantitative approach here implied must be integrated with a qualitative approach if planning is to become more democratic. In other words, not only must planning aim to increase the total real income and wealth at the disposal of the people but it must subject the main choices as to the division of output and resources between different uses to popular decision. This implies that in the technical sphere planning must make use of such techniques of intervention as will enable it to be effective, i.e. to ensure that the popular choice is in fact realised. This in turn implies willingness to intervene selectively and firmly in the economy with whatever weapons, fiscal, monetary, physical, etc. as are needed, irrespective of vested interests. This

means a decisive development away from the primarily indicative and politically-timid planning the Labour Government espouses. It implies further that the latest planning techniques must be used to ensure the full implications of popular choice are known so that actual or potential bottleneck sectors can be identified or anticipated and so dealt with.

This kind of approach removes the old gulf between partial, immediate demands and the struggle for a socialist economy by interposing structural demands for controlling the overall question of the economy politically within a context of predominantly private ownership of the means of production. Thereby the essentially Fabian approach is avoided of imagining that one can achieve socialism by steadily increasing the range of nationalised industries—a demand tacked on to every list of immediate reforms for no other reason than its apparent infringement on property rights—and a demand which accordingly is seen by the people as dogmatic and which distracts attention from the real issue of the overall state control of the economy.

In the political field democratic planning requires that the left develops and enforces new democratic traditions, institutions and forms of struggle for ensuring that the major economic choices are the result of popular participation and decision. This presents a whole new range of problems which the socialist movement has scarcely begun to consider.

Strategy for Transition

Up to now the only socialist planning has been communist planning and this may fairly be said to have been on the whole bureaucratic rather than democratic planning. If, however, the working class and professional classes are to be mobilised around the issue of the motives and methods of state control of the economy—and we have argued that this is the crucial problem the current historical period has posed—then this can only be accomplished by the development of the movement for *democratic* planning. This means among other

things that it becomes a part of a movement for deep-going popular participation in social life generally (“democratisation” of social, political and cultural life). It means also that while incomes policies are not inconceivable as part of democratic planning they must and can only be achieved by *agreement* with the trade unions and professional associations, agreement which if need be, like any other bargain freely entered into by the trade unions, can be revoked, can be limited to short periods and can be subject to modification or re-negotiation. Trade union autonomy must be preserved. The Soviet model in this respect cannot be followed. Further, democratic planning must be seen as a process actively involving the creative abilities of the large and growing numbers of professional and technically qualified people—it cannot be simply a bargain struck between the trade unions and the state, however progressive.

Is all this a policy to be advanced under capitalism or under a thorough-going socialist government? If not the latter, is it simply utopian dreaming, the end result of which would be to stabilise capitalism politically and economically? These questions imply too formal, schematic and non-dialectical an approach when one is considering long-period strategy. This is not the outline of a strategy to be pursued under capitalism as such or under socialism as such but rather a strategy for struggle—for the transition from one to the other. It implies that once the bourgeoisie has learnt to avoid major sharp crises leading to massive unemployment (and short of war) the transfer of state power from the bourgeoisie is likely to take place over a long period, with many reverses, partial retreats, changes of government, new party alignments, electoral defeats, and so on. Some parts of the state machine may be captured while others remain with the bourgeoisie. Other parts may be captured for the working class and lost again. But with the right general strategy the working class will gain confidence and understanding to win the new ground on to which it has forced the bourgeoisie and so advance decisively on the road to the complete dispossession of the capitalist class.

Questions of Ideology and Culture

Kevin James Kewell

THE artist has never existed in an uncritical vacuum. There are organs of criticism in the present society, the press, the academy, the publishing houses, etc. These organs can elevate or destroy the work of the artist, can create fashions in art, destroy the sincere, pass over the valuable. We are well aware who owns the monopoly of the greater part of these organs, the capitalists and their hacks, with the values of this class, their interests dominate, their morality or immorality which ever you prefer, is the measuring rod of criticism, is the standard of judgment.

Art and the Artist

We must not depart from our fundamental standards of judgment as Marxists, not even for artists! Not surrender our values to some mystical freedom of artistic expression, undefined, unshaped! Everybody is critical of works of art, everybody has a conceptual view of art, it can be negative or positive, but most have a view even if it is to ignore art altogether. What we have to do as artists and Marxists is to complete our body of opinion and criticism, to take into account more, to widen our terms of reference, to seek definitions wider in scope than hitherto.

I believe that the essence of the reaction of artists to the previous concepts of artistic criticism held by the party, the concepts of Socialist Realism and allied views, is not necessarily founded on a total rejection of basic theoretical concepts. I think the reaction is more against the view of art which tends to see the work of the artist in a mechanistic and utilitarian way, as functional in the sense that limited it to didactic channels of expression, the purpose of moralising, creating solely hymns of praise to the Socialist reality. This reaction could be better characterised as fear. Fear that if the artist's work does not immediately fit the official categories, there is the penal system, the wilderness, public censure and reproach, often resulting from misunderstanding rather than intent on the artist's part. Fear, stultifying fear, creating the pedant, the intellectual slave!

There are aspects of human experience which the artist may bring to life, to focus, having no immediate relevance to social movement it seems, yet

in the long-term view, may be seen to require understanding, may be seen to restrict social advance in some way, of great or little moment, nonetheless it is valid insight, and valid work for the artist.

The consciousness of the human being as I understand Marx derives from his sensuous existence in society, that the society in acting upon him, he acting upon it, as a sensuous living human being. With the development of his peculiar self, his response, the emotional overtones, his spiritual response, his physically active response, the individual emerges from Human being, separate, but within the Humanity, different, but basically in common with the whole specie.

The man recognises himself from his external creative achievement, his history, his particular being is expressed in the outcome of his hands creating the object outside of him, his hands working the material world to his order, constructing his life, fixing time, giving a permanence to his being. This is the composition of the man, this is the drive of the artists, which in capitalistic society produces the man and his drive from his class and its attitudes, and the flux and intensity of the social antagonisms sets the pace, the man is defined by his place in these, the artist by his creative response to the situation, where he stands!

In Socialist Sociality

In socialist society in early days, when the class struggle is acute, when every hour is critical, when men have to stand up and be counted, even artists, one can have little time for the wide, the extravagant; one considers only the utility of things in this necessary struggle, and the utility of the artist must be included, all revolutionary artists must and will understand this, most will not require direction, most will already be giving.

But when there is stability, when the new society is strong and basically set in direction, when the working class have enough to eat, are housed, plans are realised, the standard of life improves, people are fundamentally comfortable, then a new standard is necessary. Man does not live by bread alone! Human being is a variety of being, and finds joy in variety, this variety is required, now a wide sensually rewarding life, a full life, and end of the