

The Totality Is Beautiful:



"Small" Is A Decoy

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NOTE: This is an incomplete draft of the full text outlined above.

1

**THE CONTRACTING
SOCIAL PRODUCT
AND
PRO-CONTRACTION
IDEOLOGIES**

The Real Roots of the World Economic Crisis and of the Ideas Which Favor It

Why are some people suggesting as a "cure" to our problems what would seem to be more of the disease?

Let's look at the current wand picture:

Throughout the industrialized areas of the globe -- in the U.S., Western Europe, and Japan, as well as in Poland and the U.S.S.R. -- governments are calling for austerity and "belt-tightening"; for a decline in the real buying power of wages; for cutbacks in public services, and for "lowered expectations".

Meanwhile, in the unindustrialized areas, such austerity is being brutally imposed from above -- in Chile, in Argentina, in Brazil, in Egypt, in Thailand, in the Philippines, in South Korea, and so on -- by some of the most ferocious dictatorships the world has ever seen, unexampled since the days of Hitler in Germany, Mussolini in Italy, Franco in Spain, Peron in Argentina, and Horthy in Hungary. Besides mounting police torture and terror against political opponents, the economic tensions have now reached a point where strikes are outlawed, wages forcibly frozen (although the "rising cost of living" continues to rise), and, in some places, workers have to be herded into "their" workplaces by armed guards. In Chile, the economic advisers who aid the junta in directing this grisly business are American-trained protégés of Milton Friedman, who have named this process "shock treatment". (So much for the author of "Capitalism and Freedom"; in times of crisis, we get "capitalism and shock treatment", and forget about the so-called "freedom".)

At the same time, as if by coincidence, a whole chorus of new ideologists has arisen, telling us that we should cut our living standards voluntarily, even gleefully; that heavy industry should be dismantled; that the human population should be drastically reduced; that "Growth" should be curtailed. Indeed, they would have us welcome, prefer, and work toward these "goals". E.F. Schumacher tells us that "small is beautiful"; Ivan Illich holds forth that austerity can be "convivial"; and Jimmy Carter

exhorts us to "renew the fighting spirit of World War II". And all this at just the time when such measures are being imposed all over the world anyway in the manner described above.

A mere coincidence?

Or could there be some connection between these two developments?

If you're one of those people who've caught an inkling that there's something important going on behind the news -- something which the "pop theories" put forward by the press and on TV are just too superficial to explain -- then this is offered to aid your effort to find the real explanations.

First of all, before we scrutinize the ideas of those who propose further contraction (meaning shrinkage of the economic life-process) as a "solution" to the contraction already going on, let us delve into the roots of the worldwide economic crisis that we've lived with for at least the last seven years.

To those who follow such matters, it was evident that the world economy had entered a protracted crisis even before the monetary crisis of 1968. Since that time, this crisis has become obvious to all. Among its symptoms are accelerated inflation, rising unemployment, shrinking utilization of plant capacity, and a sharply declining investment in new means of production. But the most striking manifestation of this crisis is the skyrocketing indebtedness of major industrial corporations, large cities, and entire Third World and Eastern European nations, all of whom now find themselves at the mercy of a handful of giant international banks such as Chase Manhattan and Citibank of New York, Morgan Guaranty and Trust, and Bank of America -- the same banks which have spawned the so-called "multinational corporations".

Why is all this happening?

Is it because of "greed", or perhaps "big technology", those two convenient devils in Mr. Schumacher's demonology?

Let's consider each of these "causes" in turn.

What Schumacher calls "greed" would seem to be a constant factor in human affairs. So, if "greed" has been here all along, why is this crisis happening now, and not before?

What is this "greed" anyway?

Case in point: At the turn of the century, well over half of the people in the U.S. resided in rural areas, and most of them were "self-employed" as family farmers. Were those farmers who eventually "went under" and joined the urban labor force (because they couldn't keep up with their more "capital-intensive" competitors) -- were all these people guilty of being "too greedy"? When an industrial worker works overtime or "moonlights", as so often happens, just to "have a little something extra" for his or her family -- i.e., whenever the much-touted "wage gains" are eroded, or canceled out completely, by inflation -- is this worker also a "greedy" sinner? So Mr. Schumacher, the lay preacher, would have us believe.

For as long as Christianity and capitalism have coexisted, the Christians have been telling anyone who would listen that "there's nothing wrong with the system; it's just the greedy people who spoil everything." The Christians have persisted in this quaint delusion, obstinately, adamantly, valiantly, despite all evidence to the contrary. But, just as Hamlet's "tragic flaw" (i.e., hesitation) would have been Macbeth's saving grace, we can see that the line between "virtue" and "vice" is by no means as neatly drawn as the simpler-minded moralists would lead us to believe. After all, one man's virtue is another man's vice, and, if you'll pardon the pun, *vice versa*.

But there should be no need to recite again the basic banalities of "situational ethics". By now, these have become "the new commonplaces", at least among certain sectors in the society of modern, or descendant phase **N1** capitalism. Among the educated elements in urban industrial society there has been, as capitalism has developed, a consistent trend, which is called by those who oppose it "the disintegration of values". In the ethical realm this trend is manifested in the erosion of the moral absolutes and "eternal truths" of the Catholic Middle Ages (or other traditional societies), coupled with the widespread adoption of a more flexible, relative, or "situation-specific" set of values. In the U.S. this tendency toward "moral relativism" has been until quite recently most apparent among the more affluent professionals, the intelligentsia, white collar "service" workers, etc. The more "traditional" morality still tends to predominate among farmers, blue collar workers, small town residents, etc., although

since the "counterculture" of the mid-1960's, there have been significant statistical indicators that this too is changing.

But for every action, there is a reaction.

William F. Buckley has defined a conservative as "one who stands athwart history, screaming 'halt!'". Schumacher is, of course, a man of many faces, a man who likes to play off his right-wing traditionalism (or "classical-Christian heritage"), ^{C1} against his left-wing calls for "socialism", for "nationalization", and for his own ludicrous parody of "workers' control". This is not new. In Europe, where, for over a century now, the threat of a working class movement influenced by Marxian theory and other radical ideas (however vulgarized) has been a real and present danger, various sophisticated strategies of "co-optation" and "recuperation" have developed in response. This is why, among all left-of-center political parties and trade unions in Europe, there has long existed a level of political discourse about matters such as nationalization and "workers' control" which, until very recently, would have been taboo, or even unthinkable, here in the United States, thanks to our two-party system and our "bread-and-butter" trade unions. For this reason, Schumacher succeeds beautifully in "putting one over" on his American audiences. It's quite a joke: he dredges up and recycles the oldest, most bankrupt social and political ideas that medieval Europe had to offer, exports them to America, then mimics Madison Avenue in his use of catchy slogans like "small is beautiful" and "Buddhist economics" (although he himself admits that "the choice of Buddhism for this purpose is purely incidental..."). ^{C2} This ability to package the old in the guise of the new and "trendy" demonstrates the man's gifts as a true master of mystification.

Yet beneath this thin veneer of pseudo-novelty, Schumacher's real identity, as "one who stands athwart history", opposing every real advance in human self-awareness and self-mastery, stands revealed. In his chapter on "Education", Schumacher cites "six leading ideas" (actually, five) of "the nineteenth century" ^{C3} (to which he would counter pose the "leading ideas" of the Gospels and St. Thomas Aquinas! ^{C4}):

- 1 & 2 - evolution (Darwin)
- 3 - dialectical materialism (Marx)
- 4 - psychoanalysis (Freud, Reich, etc.)
- 5 - relativism (as described above)

6 - positivism (or "value-free" social science)

Of these five "ideas", only the last, positivism, has been completely "safe" for the established social order. All of the others have had, at one time or another, a disruptive impact on culture and morals, provoking scandal and outright hysteria at the moment of their first historical emergence. Since then, of course, these ideas have, for the most part, been smoothly incorporated and absorbed into the "mainstream" of modern bourgeois culture. But not everyone has been convinced that this fragmented amalgam of contradictory attitudes can be made to stick.

The hard-line traditionalists, such as Buckley and the coterie of Christian conservatives of the *National Review* have been insisting, all along, that this "modernist mixture" is a potential time-bomb. Despite the so-called "hedonism" that has been purveyed by American mass media since the 1920's, there is no conclusive evidence that a capitalist society can function for any length of time without an "ideology of self-sacrifice", such as Christianity provided. On the contrary, the damage done to the work ethic, the family structure, military discipline, and so on, is deemed by some to be irreparable. And now the "neo-conservatives" have joined the chorus, calling for "lowered expectations" and that old time religion.

A society which requires the hierarchical "organization and discipline" **C5** which Schumacher, in true Hitlerian fashion, calls for repeatedly in his book, cannot indefinitely tolerate such corrosive influences on the "moral fiber" of the masses. After all, the "primitive accumulation of capital" in developed countries of the West -- the great "success stories" of the Industrial Revolution was accomplished partly by imperialism, but mostly through the extraction of "surplus-value" (i.e., profit) from workers and farmers who, in their character-structures, were the very image of the stoic, hardworking, God-fearing types that Schumacher so glorifies. And every shrewd capitalist knows this.

As Herr Schumacher writes: **C6**

"Without order, planning, predictability, central control, accountancy, instructions to the underlings, obedience, discipline... everything disintegrates."

But one of these factors, "central control" (external repression) only comes into play when compulsive morality (internalized repression) fails to do its job. When authority loses legitimacy, it loses its "automatic" nature; thereafter, the "cops in the mind" have to be reinforced by the "cops in the street". From the standpoint of the ruling class, this spells trouble.

One essential notion in the bourgeois world-view has been the myth of the abstract, "autonomous" individual, who is purported to possess a "free will" which is presumed to enjoy unlimited "sovereignty", regardless of the objective circumstances. In other words, even if you're starving, you, the "metaphysical", atomized, autonomous individual, still have a choice: whether to sin or to behave morally. No matter how bad things get, these internalized restraints are still expected to operate.

Hence, it is easy to see how this myth of "autonomy", which bore only a slight resemblance to reality back during the ascendant phase of capitalism and is now quite preposterous, would be threatened by the alleged "determinism" **N2** of Marx, Freud, Darwin, *et alia*. If our "autonomous" individual does not have a sovereign and pure "free will", if he or she is, on the contrary, constrained and conditioned by economic, sexual, and other factors, where does that leave morality? Exposed for the con-game that it is?

Heaven forbid!

Then, the small farmers or industrial workers we described earlier would no longer succumb to the self-blame syndrome of "rugged individualism", would no longer feel guilty (though they are, in another sense, partly responsible for doing what they are compelled to do, daily, by the overwhelming pressures of a capitalist society, and hence, would no longer be as susceptible to manipulation by authority-figures, and so forth.

More important, our understanding of what's wrong with society would no longer focus on the glaring "excesses" of exceptionally "greedy" individuals (although there is no doubt such people do exist), but rather on the routine and systemic factors that mold, direct, and delimit our everyday activities. Such a critical method should be applied, not only when we analyze the behavior of poor and working class people, but also, if a certain crude populism is to be avoided, when we examine the individual


capitalist, who, in this light, is not necessarily any more "greedy" or "guilty" than anyone else. Because, in words of Marx that many "Marxists" seem to have forgotten: "The laws of Capital confront the capitalist himself as an alien and oppressive force." When businessmen tell us that they have to lay off workers, or that the pollution control costs being imposed on them by the Environmental Protection Agency will make it impossible for them to "turn a fair profit", they are not lying (The lie comes when they imply that there's such a thing as a fair profit.) If capitalism is a system where everyone "passes the buck" (sic), this should come as no surprise; after all, irresponsibility, in the deepest sense of the word, is one of the many "built-in features" of the social mechanism called Capital, or the law of value.

Therefore, the fact that human beings, under the (at times invisible, but always present) dictatorship of this "law", continually do wasteful, destructive, appalling, and absurd things, on a routine basis can hardly be attributed to "greed" or any other willful or malicious intent. To do so would be to ascribe more "free will" to individual beings than they could actually possess. To do so would be to deny the subtle and the not so subtle compulsions which operate daily, in a thousand ways, to narrow the options of each of us. To do so would be to imply that human individuals are atoms, each one existing in a vacuum, and that the aggregate sum of their good intentions could somehow add up in such a way as to enable an inherently irrational system to function rationally. To do so would be moralism, a tired old disease, and "intelligence begins where morality ends".

This brings us to the next alleged "villain" in the contemporary social drama, **N3** Schumacher's other convenient devil: "big technology". On the face of it, it would seem a curious thing, indeed, to blame (or, for that matter, to praise) "technology", big or small, for what certain people do with it. By doing so, we foolishly assign animate qualities (of consciousness and will) to inanimate machines and methods. Yes, poor technology, the all-purpose "straw-man"! Who is this guy? Has anyone ever met him?

Levity aside, the "technology does this... technology causes that" school will have to be confronted squarely, and damn soon lest this virulent, and frightfully pervasive, form of ideological cretinism drags us all down with it in its folly.

Let's approach the matter this way....

We have two conflicting hypotheses regarding the root cause of the current "triple crisis" -- environmental, economic, "cultural". (The most striking feature of the 1970's is the now universal acknowledgment that capitalist society, even in those areas which had enjoyed the unprecedented boom, the "miracle" prosperity of the 1945-68 period, is now, quite undeniably, mired in the most profound and all-embracing crisis in its history. As one instance of this "pessimistic mood", consider the widely quoted remark of Valéry Giscard d'Estaing, current President of France, who told an Oct. 24, 1974 press conference: "The world is unhappy. It is unhappy because it does not know where it is going and because it guesses that if it did know, it would discover that it is heading for catastrophe."  Numerous other quotes and "policy reports" from various spokesmen and think-tanks of the world bourgeoisie -- i.e., those who have nothing to gain and (potentially) everything to lose from such embarrassing admissions -- could readily be cited, but is there anyone still in doubt?)

Schumacher's hypothesis is that "bigness" or "big technology" is the root cause of the crisis; we would posit capitalism as the root cause. (Note: our precise definition of capitalism is probably very different from the one that most of our readers have been "taught" by the schools, the media, or even most supposed "radicals". For example, we view capitalism as a world system which currently prevails everywhere and while we do concede that there are some noteworthy differences between China, Cuba, North Korea, Vietnam, and the Soviet bloc vis-à-vis Japan and "the West", we insist that State management of a "national economy" does not constitute socialism, nor could it, as long as the worldwide structure of Capital, which we will define and elaborate later in the text, remains intact.)

Let us, therefore, submit these two conflicting hypotheses to a simple empirical test which, as any freshman science student knows, can be done by merely "isolating the control factor" in the experiment. In this case, the "control factor" is easily isolated since, historically, there have been numerous times and places where capitalism has existed without "bigness" -- though it might be worth mentioning, in passing, that there has never yet been an occasion when "bigness", or advanced technology, has been given a chance to exist without capitalism! Indeed, the coexistence (by no means "peaceful") of capitalism and "big technology" is a relatively recent and exceptional phenomenon.

So we remove bigness from the picture, and we look back to those "good old days" of small-town, small-farm, small-business capitalism, which probably achieved its most nearly "pure" expression in pre-Civil War America. Now, unless we are expected to take seriously the televised nostalgia of "The Waltons" or perhaps "Little House on the Prairie", what do we find there? A wonderful way of life? A society where the "spiritual values" that Schumacher constantly chatters about were prevalent? And what of his beloved "health, beauty, permanence" or "wisdom, elegance, nonviolence, saintliness, virtue, humanism, compassion" and so on, all the other pious-sounding or pretty-sounding words that he so loves to bandy about? No? Then what of his explicit call for a society which can "pursue objectives other than that of profit-making"? **C8**

To answer these questions, consider the way that celebrated giant of American literature, Henry David Thoreau, described his neighbors' behavior, in the 1854 essay, "Life Without Principle":

"This world is a place of business. What an infinite bustle!... It interrupts my dreams. There is no sabbath. It would be glorious to see mankind at leisure for once. It is nothing but work, work, work. I cannot easily buy a blank-book to write thoughts in; they are commonly ruled for dollars and cents.... If a man was tossed out of a window when an infant, and so made a cripple for life, or scared out of his wits by the Indians, it is regretted chiefly because he was thus incapacitated for -- business! I think that there is nothing, not even crime, more opposed to poetry, to philosophy, ay, to life itself, than this incessant business.

There is a coarse and boisterous moneymaking fellow in the outskirts of our town, who is going to build a bankwall... and he wishes me to spend three weeks there digging with him. The result will be that he will perhaps get some more money to hoard, and leave for his heirs to spend foolishly. If I do this, most will commend me as an industrious and hardworking man; but if I choose to devote myself to

certain labors which yield more real profit, though but little money, they may be inclined to look on me as an idler. Nevertheless, as I do not need the police of meaningless labor to regulate me.... I prefer to finish my education at a different school."

Thoreau's little vignette of the marvelous merits of "old-fashioned" capitalism in the everyday lives of pre-Civil War Americans should be mandatory reading for every idiot who dares to invoke the "good old days" that never were. But nostalgia is a funny thing; it maintains its stubborn grip on our minds, and even more on our sentiments, such that we disregard the fact that one good, hard, honest look at the evidence of the past would thoroughly dispel our delirium. Nostalgia is a symptom of a society in decline; the fact that it has become the predominant "aesthetic mood" of the Seventies should tell us much. Pick your period: the "greaser" Fifties, the glitter of Hollywood's heyday, the pioneer homesteaders (this for the "back-to-the-land" types, the "country cousins" of the city glitter kids), or, in Schumacher's case, the Middle Ages. To guide your life, you are now permitted to look anywhere but forward; because there you will see nothing but bleak prospects, going from bad to worse. Never has it been clearer: if you can't think beyond capitalism, you can't think! We are expected to partake of the bourgeoisie's decline, its *fin de siècle* just as we once partook of its promises of progress. Either way, coming or going, we are taken along for the ride. We are conditioned to identify the fate of this particular class with the fate of humanity in general. In the 18th Century, the rights of property-owners were dressed up and legitimized as the universal "Rights of Man"; today, the end of a world is presented as the end of the world. Quite a rollercoaster!

But, of course, Schumacher never presents his "hypothesis" in a tight, precise manner. Then he could be pinned down too easily. He's much more at home with the corny anecdote and the fuzzy, impressionistic sketch. But if one man's vague impressions are as good as the next, we might as well point out that Thoreau wasn't the only literary figure to find small-town, petit-bourgeois living less than enviable. And of course literature describes where philosophy attempts to define. Sinclair Lewis' "Main Street", Sherwood Anderson's "Winesburg, Ohio", Thomas Wolfe's "Look Homeward, Angel", Peter Bogdanovitch's film "The Last Picture Show" -- all depict life in that bygone era, and the picture they paint is hardly a pretty one. Do we really want to go back there? And what of Emerson, Hawthorne, Melville -- were they happy amid the townspeople,

the shopkeepers, and the rugged rustics? If Melville's "Moby Dick" is indeed the "great American novel", then Captain Ahab's confession -- "my means are sane; my motive and my object, mad" -- distills the essence of capitalism, where rational methods are deployed to arrive at the perfectly irrational "object" (which is also the "motive"): profit, the accumulation of exchange-value irrespective of use-value, such that anything benign, enriching, or progressive that happens in the process is merely an incidental by-product. And remember: capitalism was a horrendous way for human beings to live long before "big cities", "big technology", "Big Government", and, yes, even before "big business", as such, came into the picture. This is not to say that some things haven't gotten worse -- just that they were always bad!

But then Schumacher would have us go back even further than this. He vacillates between nostalgia for the "self-reliant" petit-bourgeois of Thoreau's time and the "joyfully" submissive Catholic peasant of the Middle Ages. (In his usual sleazy manner, he never even bothers to confront the glaring contradiction between the two.) Consider this darling little passage:

"The classical-Christian culture of the late Middle Ages supplied man with a very complete and astonishingly coherent interpretation of signs, i.e., a system of vital ideas giving a most detailed picture of man, the universe, and man's place in the universe." C9

And before you choke on that one, try this:

"This was the normal condition of Western Europe for centuries during the latter half of the Middle Ages when, as we know, great cathedrals were built and many advances were made in the arts and sciences." C10

Oh, sure. Also in his public appearances, E.F. Schumacher never ceases to wax euphoric about glorious days of feudalism, what with the well-behaved, happily-adjusted peasants -- the ones that Edmund Burke, a man right down Schumacher's alley, once likened to contented cows, grazing beneath a sturdy tree -- oh, and of course, the "sublime cathedrals". Funny how we never hear a word from him about the Black

Plague, the Inquisition, the "right of the first night", the infant mortality rate and the thirty-year life expectancy, the "sunup to sundown" drudgery, the estimated eight million women who were burned as witches within one two-century period, the unspeakable ignorance and superstition, and the rigid class structure (most of which would probably suit him just fine). Ah yes, the "good old days"!

Many people scoff when we try to explain Schumacher's affinity with fascism. They seem to think we're exaggerating. But then, most of them got their image of Nazi Germany from old World War II movies; thus, they only grasp the superficial appearances of fascism, not its historical essence. They'll point out that Hitler was a "frothing at the mouth", high-pitched maniac, whereas Schumacher is a suave, cool, urbane, low-key, poised, slick, cultured "gentleman" (which only shows you how much the fascists have learned to "clean up their act"). But anyone who has made a more than cursory examination of the history of fascism can tell you that Hitler, too, wanted to dismantle the assembly-lines and reinstitute "craftsmanlike" production in German factories; Hitler, too, was appalled at "footlooseness", distrustful of the moral laxity and wickedness of big cities, and determined to put a stop to the "dangerous" urbanization and proletarianization of the family farmer, whom he glorified as the "backbone of the German State"; Hitler, too, was fond of metaphysical idealism, classical Greece and the High Middle Ages, and disdainful of "grubby, Jewish-Marxist materialism" -- Mussolini once said: "We do not talk to man about bread; we talk of the higher, spiritual things." Indeed, numerous passages in Small Is Beautiful are interchangeable with passages in Mein Kampf. But the most significant resemblance between Herr Hitler and Herr Schumacher is the ideal of "corporatism" (from the Latin "corpus", or "body"); that is, the notion of society as a "body politic" (with the "head man" at the head) in which all the "stations of society" know their place and stay there. Schumacher's favorite philosopher, Thomas Aquinas, had plenty to say about this, as did Thomas Hobbes. Of course, this idea didn't "go over too big" once the masses learned to read -- Schumacher says "knowledge is sorrow" ^{C11} -- and to do all the other modern, wicked things that tend to lower one's tolerance for humility. Fascism, then, which has been defined as "technically equipped archaism", ^{C12} was a desperate attempt at a grotesque modern revival of medieval-corporatism whereby, it was hoped, the growing threat of class antagonism (along with "materialism" and "internationalism") as instigated by that "dirty Jew", Karl Marx, could be outflanked and thwarted by a movement of class cooperation in which the big industrialists (e.g., Krupp), "patriotic, unselfish" trade unions, little shopkeepers, and the peasants would

all "pull together", putting aside their "grubby, materialist" differences in a noble spirit of self-sacrifice and "joyful renunciation" (convivial austerity, anyone?). Schumacher wants a similar alliance of "chastened" corporations, "enlightened" government bureaucrats, and all those who he unblinkingly refers to as the "little people" (*gee, thanks, dad!*). If we would all just get down on our knees together, forget all about who's robbing us and how, beat our breasts and mutter "*mea culpa*", and then go out and get our hands busy, muddling around with fifty-year-old machinery, we just might be able to rescue capitalist society so that it -- unlike the Third Reich, which made some bad public relations blunders -- may indeed "last a thousand years". If we would all just tend to our own little gardens & shops -- shut up, bow down, do our jobs, and pay our tithes & taxes -- surely we could achieve all the wonderful things that make life worth living: blisters on the hands, an aching back, the abject provincialism that stems from never leaving one's home soil, and perhaps an autographed holy card from Jerry Brown. Ad majorem Dei gloriam, ad aeternam ad nauseam.... Perhaps then, after enough sanctimonious sermons and hand-me-down "Buddhism", we could find our place on the Great Cosmic Hierarchical Ladder -- which Schumacher insists **C13** was inscribed in Heaven, in Jehovah's writ -- and thereby learn to chant the Intermediate Technology Mantra: "Man is small, and, therefore, small is beautiful." **C14**

Now that we know that each entrepreneur must turn a profit to survive as such, whether or not he or she **N4** is gratuitously "greedy" (or gratuitously "nice", for that matter), and now that it's clear that "technology" (big or small) has no innate demonic properties, and is really only whatever we make of it, let's get down to the real root cause of the "triple crisis".

This crisis is rooted in the system-properties, the dynamical laws, of the specific form of economy that we presently live by, and the one that we actively reproduce in our daily life-activity: namely, the economy based on exchange value and the self-expansion of exchange-value, the economy of Capital Schumacher is, unfortunately, a very sloppy thinker when it comes to the concept of "Growth". His entire argument rests on this concept, but he leaves it in a vague and impressionistic state throughout his book. He describes -- haphazardly, though occasionally stumbling onto a lucid insight or two -- but he never troubles himself to define "Growth". In particular, he doesn't distinguish the growth of capital -- that is, of money & other money-denominated, legal paper-

titles to value -- the growth of means of life-reproduction. The latter is the stream of goods and service-activities whose appropriate consumption by society actually contributes to the maintenance and advancement of societal organization i.e., to social negentropy. **N5** His thought meanders in the confusion between capital accumulation and real reproductive wealth accumulation. This is a confusion which he (a longtime personal protégés of J.M. Keynes who has the nerve to call Marx "conventional" and to call himself "unorthodox") shares with the economists whom he claims to dispute.

For understanding the historical predicament in which we find ourselves today, and for locating those actions and social measures by which we can extricate ourselves from the dire perspective on the future otherwise imminent-by-default, the key is to be found in conceptually disentangling these two sides of "Growth". Thus we can compare them against one another historically, thereby bringing out their contradictory laws of growth within the system of self-expanding exchange-value, or Capital.

The first side, the accumulation-of-capital side, we shall call the "exchange-value productivity" of society. Exchange-value, "monetary" value, is the substance of capital. As we have said, capital is self-expanding exchange-value, and the "exchange-value productivity" measures the rate at which capital expands, or adds new exchange-value to itself. Therefore, this productivity is conveniently represented in terms of the aggregate rate of profit in the form of the rate of return on costs "invested" (wages, materials, depreciation), for this bounds the rate of accumulation (self-expansion) of capital, which is determined by the portion of profits reinvested. By "aggregate profit rate" we mean a profit ratio computed for the total capital of society.

The second kind, or the other side, of growth, we shall call the "use-value productivity" of society. By use-value here we mean usefulness to social reproduction and not any privatistic, Benthamite notion of "utility". We mean that quality of objects and service-activities which makes them potentially contributory to the maintenance and advancement of social life-organization; hence, their social "negentropy". Use-value is inherently the quality of self-expanding use-value. It refers to results of previous productive activity which can be used for further production of use-value. It refers to results of previous productive activity which can be used for further production of use-value, and whose consumption in such further production yields more negentropy than they represented beforehand; i.e., more than their consumption destroys.

Note that not all goods which can be sold at a profit -- i.e., which have positive exchange-value productivity -- also constitute self-expanding use-value. In fact, a systematic contradiction between exchange-value productivity and use-value productivity, which we will explore here, is the unifying seed of the whole tree of events which, in broad outline, lawfully characterize the histories of capital-societies. For example, weapons, as commodities, can be sold to the government "market" for fabulous profits, but cannot be used, ordinarily, for any further production. Thus, they represent at best a waste of the labor and other resources that went into their fabrication. At worst, that is, if "consumed" (employed), they represent self-expanding destruction of societal organization in warfare; *ergo*, self-contracting use-value. Likewise, speculation may produce fabulous profits, without contributing any use-value to society in return. So, too, the production of "foods" adulterated with additives designed to preserve their "shelf-life" -- i.e., their exchange-value -- but which poison the tissues of their consumers (whose own productive, use-value-expanding lives may then be prematurely terminated due to cancer, etc.), represents damage to society, net negative use-value. Otherwise, properly, food would represent negentropy through its contribution to the maintenance of labor-power, the central ingredient in all production.

The distinction between use-value and exchange-value, and the knowledge of the different, contradictory laws of their growth and decay, their movement, in inner connection to one another, is fundamental to any understanding of human economics, human ecology, throughout the whole evolution leading up to, and including, its capitalist phase. It is precisely this "distinction in the unity" of "Growth" that Schumacher's analysis lacks, and this leads his logic astray -- disastrously so!

The coupling of self-expanding exchange-value, or profitability, with self-contracting use-value we will term "fictitious **N6** capital". The "negative goods" produced in this fictitious capital process -- "goods" which can be sold for a profit but which are entropic for social reproduction -- we will term "fictitious use-values". In the negentropic process of Capital, a given capital supplies exchange-value and use-value to society, as a counter to the profit or money-increment it gains from society and the use-value it withdraws from society by spending that profit. Fictitious capital is demand without supply, a drain on society. It is the fundamental intrinsic cause of inflation and of the malignant growth of debt which lies immediately behind that inflation ("debt-pull

inflation"). Accumulation of fictitious capital, finally exploding as monetary crisis and stock market collapse, etc., is the fundamental mechanism of capitalist depression. We shall see how it comes to pass that fictitious capital is generated, not merely by speculation, but in the heart of the production-accumulation process itself.

The use-value productivity of society, since it measures the rate at which society adds "organization", or negentropy, to its organization, can also be called the "rate of social reproduction". Let us follow and compare, through the capitalist period of history, the differing patterns of change of these two rates: capital-reproductivity versus society-reproductivity, or exchange-value profitability versus use-value "profitability". We will use the sign "#" ("double inequality") in this exposition to indicate that a tension exists between them (expressed quantitatively as a reversing inequality through time: "greater than" becomes "less than") even though they are determined, within capitalist society, by a process which inextricably combines them. To sum up "meta-temporally" or in temporal overview the whole trajectory of their relationship, we then write:

rate of profit # rate of social reproduction N7

Now, let's see what's "inside" this "#" relationship and its various, successive phases in time. At first, in early capitalism, transitional out of feudalism and dominated by mercantile and usurious forms of capital, true capital, meaning wage-labor-based capital or industrial capital, scarcely exists. That is, capitalist production proper, as opposed to mere proto-capitalist circulation forms of capital, does not yet exist. Therefore, capital accumulation is not directly tied to expanding production of use-value. Because of this disconnection between profit and production, this era is characterized by the relationship:

rate of profit > rate of social reproduction

Later, after this stage has brought itself to crisis -- precisely because of its disconnection between exchange-value and use-value, profit and production -- a new stage emerges, this one characterized by "profit based on (use-value) productive investment; i.e., based on "industrial capital". This stage manifests the most harmonious qualities of social expansion, of material and spiritual progress, of which the capital-relation is capable. (In a broader qualitative sense, the "most of which

capitalism is capable" still isn't very much; but if there is any sense in which we could argue that there were "good old days", or that Capital has "seen better days", this would be that sense.) This stage included, for example, the virtually unprecedented period of European history sometimes called the "Hundred Years' Peace", from 1815 to 1914. This epoch is characterized by a strong causal coupling and resonance between use-value productivity and exchange-value productivity:

$$\text{rate of profit} = = \text{rate of social reproduction}$$

Here, the rate of profit has fallen some from its previous (mercantile and usurious) apogee, and the rate of social reproduction, previously looted and depleted under those forms of capital, has begun to recover. The period characterized by the "==" part of the "#" relationship is the ascendant phase of world capitalism. An explanation may be in order here. The sign "#" denotes a relationship between two time-varying measurements, or functions of time -- call them $a(t)$ and $b(t)$, such that at first:

$$a(t) > b(t)$$

but later ("h" time-units later)

$$a(t+h) = b(t+h)$$

but then, later still ("k" units later)

$$a(t+h+k) < b(t+h+k)$$

In other words, $a(t)$ and $b(t)$ "pass each other".

This ascendancy began in the long recovery after the period of the Hundred Years' War and the Black Death, the breakdown crisis of proto-capitalism, and lasted until the new crisis which became World War I. This "progressive" period is characterized by a long-term (secular) fall in the general price level (see **Figure 1**). This occurs via the process we call "techno-depreciation" -- the key process in the generation of fictitious capital in the heart of the production process of capital (as distinct from the well-known forms which arise via speculation, etc., in the circulation process only). Technological

evolution, or improvements in the use-value productivity of capital -- what Marx calls "growth of the force of production" -- steadily lowers the -unit-labor-cost (wages-cost) of producing goods. The internal contradiction in capitalist productivity -- between its use-value and exchange-value aspects -- resides in this: that technical improvements can remain profitable, and hence of any interest (sic) to capital, only so long as fixed capital (i.e., the plant and equipment that stays put when the output of a production unit goes to market, into "circulation" -- fixed capital is non-circulating capital) in which such advancements in human powers are embodied, forms the smaller portion of total social capital. This holds true because technical development creates losses for the owners of the fixed capital whose obsolescence results; these losses affect the relevant portion of the accumulated value of their fixed capital assets. And "losses", here, means "profit-decrements", profit-cuts. Introduction of new means of production which are (a) cheaper and/or (b) more efficient than the previous standard in use in a given industry, serves to effectively devalue, or even force the scrapping of, the previous equipment. This is enforced by competition, via the price advantages conferred on those installing the improved/cheaper equipment as against those holding the equipment rendered obsolete by that installation.

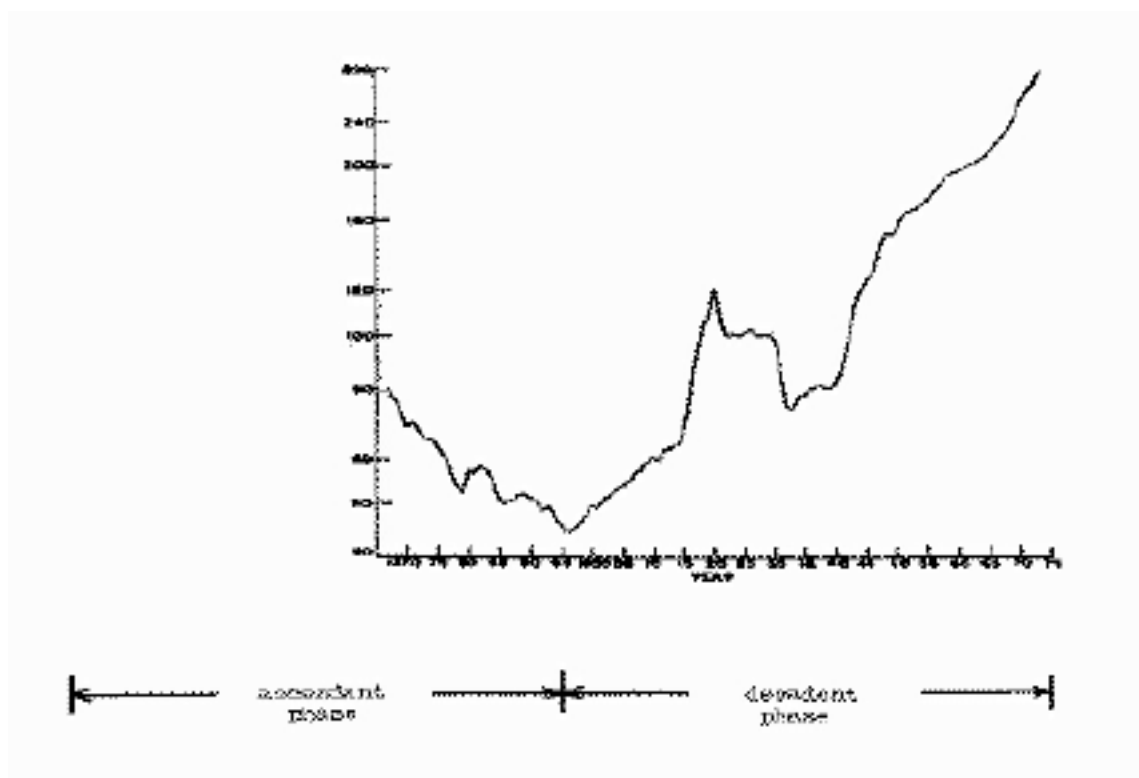


Figure 1: The Price Index, 1867-1973 with 1929 Base (logarithmic Y-scale)

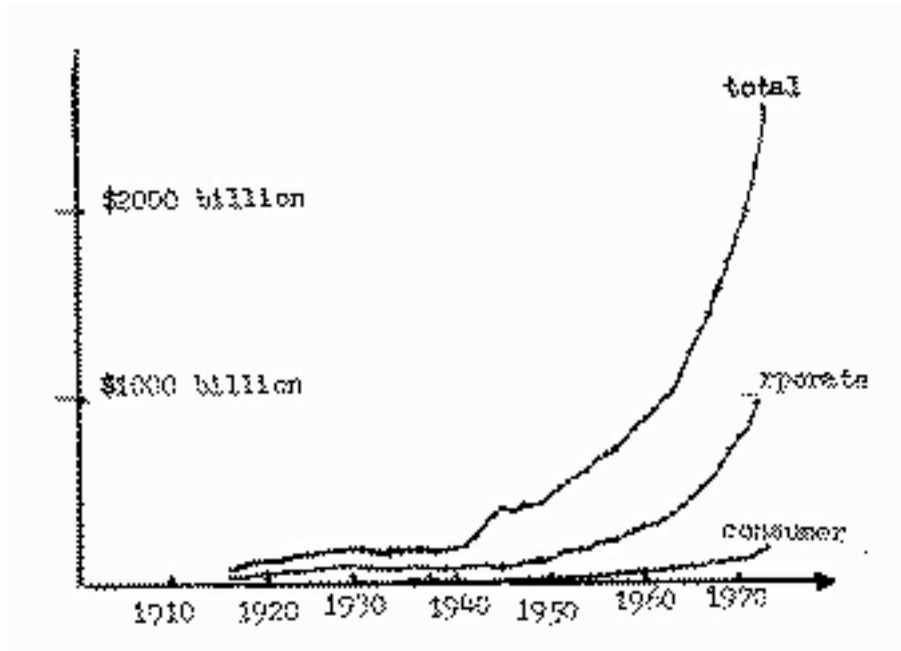


Figure 2: U.S.A. Debt in Immanent Dollars (total, corporate, consumer)

The growth of human knowledge and creativity, as embodied in the means of production, takes the form, within the reign of Capital, of a continual movement of the self-devaluation of (exchange-)value. This process entails the self-depreciation of the social capital; i.e., of the total social self-expanding value as it expands itself -- and this as an inherent consequence of the means through which that expansion is able to happen. There emerges the contradictory movement of disaccumulation of fixed capital value through continued accumulation of capital in the form of new fixed capital. Thus there occurs the undoing of past exchange-value accumulation via present accumulation, owing to the evolution of the productive forces.

Capitalists suffer a "debit to their profit accounts", a drop in their rate of return on investment, every time such a jump in the productive forces takes place. This happens whether they are forced to scrap the old machinery altogether and re-equip with the new, or merely to lower prices. Productive-force growth in their own line of industry results in more efficient equipment, and productive-force growth in other lines of industry results in cheaper equipment. The outcome can be accounted as a fall in profits, as a fall in value of capital assets, or as a combination of the two. But profitability, or exchange-value productivity, suffers in any of these cases.

However, once they invest in the new equipment, they share in the profit advantages

of its higher cost-efficiency. These gains come back as a percentage of circulating capital, that is, of marketed produce, as part of the total exchange-value of current output. This gain resides in the decreased "cost-composition" -- the increased "profit-composition" -- of the aggregate price of that output. The losses, on the contrary, as we have seen, strike at fixed capital. Therefore the balance between fixed and circulating capital within total capital is crucial to the dynamics of the relationship we are examining. And that balance shifts steadily in favor of fixed capital as the process of capital accumulation proceeds; indeed, in the ascendant phase, it is in this shift that "accumulation" largely consists. As capital accumulates, as technical developments tending to augment fixed (as against circulating) capital proceed, or, in the economist's terms, as the "capital-intensity" of production rises, a turning point must come when fixed capital "overbalances" circulating capital in the overall mix of the social capital. This turn comes sooner in some industries, later in others, but come it must, and once it does come for the major portions of industrial capital, a major cusp is reached in the evolution of the capitalist system.

Thereafter, further growth of use-value productivity will destroy more capital-value than it creates. The losses to fixed capital will surpass the gains to circulating capital. Social progress, defined in Marxian terms, is growth of the productive forces, because the productive force is the self-productive and self-determining power of humanity; thus, it is the force of liberation, necessary to realize human freedom. At this cusp in the evolution of capital, when fixed capital surpasses the circulating kind, progress ceases to be profitable:

rate of profit < rate of social reproduction

Thereafter, increase of the use-value productivity ceases to be a method for increasing, or even maintaining, the value of accumulated capital and the rate of profits. Capital therefore turns against progress. The happy days when the growth of Capital could be wedded to the growth of the productive forces (to expanded social reproduction) are over. The growth, or even the preservation, of Capital thenceforth depends on the restriction and even the destruction of productive forces. *Ergo*, Capital increasingly shunts new technological potential away from real wealth expansion and into the production of fictitious use-value, especially (but not solely) in the form of military "goods". Capital increasingly eats into the rate of social reproduction to shore up the rate of profit. Ultimately, this would lead to contracted social reproduction (negative

reproduction), which has two aspects: (a) decline in the quantity of humanity (ending in a catastrophic fall in population due to starvation, disease, war and strife); and (b), decline in the quality of humanity (health, vitality, intelligence, personality). These two parameters of contracting social reproduction define the descent into barbarism. This process can be averted, in the last analysis, only by the positive abolition of Capital -- that is, by the construction of a socialist **N8** or self-planning society. In order to be self-planning, this society would necessarily be based on the institution of social property in the means of production (which is just a synonym for "ability to plan").

In terms of the model we have been using, the descent into barbarism looks like this:

rate of profit >> rate of social reproduction

Capital, now using desperate, draconian measures, succeeds in reversing the relationship again, and in converting the fall in the rate of profit into a fall in the rate of social reproduction. This is the direction in which we have been heading since at least the opening of the present world economic crisis in 1968, as we described at the very beginning of this chapter. Schumacher's recommendations would do nothing but move us further and faster in the disastrous direction in which Capital is already taking us.

In the decadent phase, profit on social expansion (the "progressive" or ascendant phase form) is replaced by the parasitic, fascist form: profit on contraction. The reason for this is located in another aspect of the growth of fixed capital. The greater the capital-intensity of a branch of industry, the greater the barrier to new entry. The larger economic units strive to compensate for the fall in the rate of profit by increasing their volume of profit. Thus, as the fixed capital composition of total capital increases in any branch, the established companies are increasingly shielded from the competition of new entrants, which otherwise would force them to recognize techno-depreciation of their assets. In the ascendant phase, prices generally fell, precisely because the relative ease of new entry brought new and/or cheaper equipment quickly to bear upon the price and profit structure of industry. In the decadent phase, inflation predominates because the relatively large quantum of capital needed to get started in the established branches of industry, owing to the high-fixed-capital intensity of those branches, blocks this feedback (see **Figure 1**). The steel industry, the railroads, and shipbuilding industry would be classic examples of the kind of branches of industry we are talking

about.

As we indicated earlier, fictitious capital is demand for self-expanding value without supply of self-expanding value in return. Unrecognized techno-depreciation of fixed capital in "capital-intensive" industry which is shielded from competitive enforcement of that techno-depreciation by that very "capital-intensity", is the seed form of fictitious capital and of fictitious use-value. Hence, ironically, the simple failure to continually devalue assets for accumulating obsolescence, and the resulting failure to continually lower prices of the output of those assets in proportion, comes to behave as if it were a continual inflation of prices; an overvaluation of fixed capital and therefore of its output. The unchallenged prices of the output of such industry withdraw therefore more value from the rest of society in exchange for that output than it itself represents for the rest of society. That is, relative to the prices that the less fixed-capital-intensive, more competitive (enterable) industries are able to charge for their output, the output of the more fixed-capital-intensive industry is overvalued, by a margin of fictitious value in its price structure which represents unrecognized techno-depreciation.

In effect, the denominator of the return-on-investment ratios -- namely, the fixed-capital assets figure -- are too large among these high fixed capital composition industries, so that the numerators -- namely the profit and physical (wear-and-tear, not techno-)depreciation figures -- must also be kept, in effect, too large, if an acceptable rate of return on the apparent (original) value of the fixed capital assets is to be maintained.

To realize these higher-than-true-cost prices requires expansion of indebtedness across the whole expanse of the economy. Indebtedness to banks, by this and other pathways not explored here (see SOURCES: Mime and Laight, Marcus, Peters), cannibalizes and concentrates fictitious capital originally generated at loci scattered all over the economic landscape. Though not all banking capital is inherently fictitious, fictitious capital inherently ends up in the form of debt or finance-capital. Skyrocketing total indebtedness -- public, personal, and corporate -- is the prime symptom of accelerating accumulation of fictitious capital (see **Figure 2**), and the primary warning of the approach of a new depression. In this syndrome, which we are now living through, total social demand for value surpasses the total social supply of value. The discrepancy between value-demand and value-supply reflects none other than the

margin of fictitious value in the whole economy, and shows up as accelerating indebtedness and inflation.

This margin of excess of demand over supply (of profits) can only be met by (a) a "writing off" of some of the capital currently demanding profit (i.e. demanding self-expansion; demanding to stay capital) by an explicit recognition that this fictitious capital is "sunk" capital dead capital, or; (b) some form of robbery; of "looting". By robbery or looting we mean the appropriation of value without exchange of an equivalent value for it. Again, if this excess profit-demand is not met, then a certain portion of total social capital will lose its ability to draw to itself an expanding return of value, i.e. will lose its profitability, its very existence as capital. This is what ordinarily happened in the depression phases of the business cycles of ascendant capitalism. The boom phase of that cycle could be thought of as an accelerating buildup of new 'real' (use-value productive) fixed capital, but hence also of fictitious capital in the more fixed capital intensive sectors of the ascendant phase economy. The crash, in which all prices fell ("deflation") -- including the implied price (value) of the society's stock of fixed capital as reflected in the collapse of the values of capital stock on the stock markets -- can be grasped as a purgative, cleaning out the localized deposits of fictitious value that had been clogging up the economic organism, allowing a new boom.

However, this intolerable (to capitalists) eventuality of the death of portions of their capital can be postponed by robbing Nature, as exemplified in the refusal to meet the costs of ecological reparations (cleaning up after, or preventing in the first place, industrial pollution, etc.). Or, it can be delayed by the robbing of other countries of their natural resources, products, and labor-power (called "imperialism" and "colonialism"). As a last resort, robbing one's own national economy; by taking the "missing" profits out of the hides of its workforce and out of the funds that should have gone for upkeep and replacement of equipment. Then, too, we have the austerity measures such as cutting public services -- medical care, education, public transportation, "transfer payments", etc. Another move is to "cannibalize" the assets of capital-intensive industries, as in the case of the U.S. railroads (e.g., Penn Central) in which, after their capital-plant had been looted to the point of dilapidation by financial interests, the carcass of this industry was then foisted onto the state (i.e., the public purse). By renegeing on the costs of social reproduction -- which are the costs of maintaining the means of production, and also the costs of maintaining the ecological

equipotential for human production, as well as the costs of maintaining the labor-power -- Capital is able to shore up the rate of profit, by appropriating the liquidity so "freed" from cost-necessities as (spurious) "profit". But make no mistake: such gain is profit at the expense of (via the contraction of) social reproduction.

At this point in its history, Capital starts to prefer labor-intensive industry to the capital-intensive variety. The banking or debt-holding interests, in particular, begin to move for the dismantling of heavy industry, for virtual de-industrialization in those areas of the world economy where, for reasons we have seen, it is no longer profitable. They begin to call for -- and, where they can get away with it, brutally enforce -- a decline of population, especially in the Third World hinterland areas, which by now have been looted to the point where those countries have little economic potential to support their populations. For the managers of world Capital, it is now more important to avoid the cost of maintaining those populations, and the danger of their revolt. So they begin to concoct phony "energy crises", blamed on "natural" scarcity, in order to drastically hike utility rates, gasoline, and other prices, in order to recover, through looting, even more of the wages that they are already lowering through inflation and cutbacks in social services. Schumacher's proposals -- e.g., raising fossil fuel prices, "voluntarily" lowering living standards, replacing capital-intensive with (low-wage) labor-intensive industry, moving the urban populations to a peasant (or work-camp) existence in the countryside -- fit in perfectly with the plans of the capitalist class, such as the "new world economic order" now being plotted by (the Rockefeller-initiated) Trilateral Commission. And, contrary to Schumacher's calculated image as an "unorthodox" and naive "Buddhist economist", he is very much a part of the general tendency toward barbarism and "re-feudalization", the desperate "program" inherent in decadent Capital.

The mechanism by which the rate of social reproduction is vampirized (in favor of the rate of profit) is precisely the debt-mechanism. Advancing indebtedness pushes virtually all the non-banking institutions of our society to the verge of bankruptcy. In order to meet growing debt-service payments, industrial corporations must raise prices (inflation) and lay off workers (unemployment) in order to divert payrolls to debt-payment. Corporations must also loot and pollute nature, and imperialize Third World countries. Cities cut social services and immiserate municipal employees. Third World governments, on the verge of default, impose dictatorship on their populations so as to enforce genocidal degrees of austerity. Families go into emergency loans and

second mortgages, etc. If the wealth drained away in the form of debt-service payments from various kinds of real use-value production were reinvested elsewhere, in some other kind of use-value production, the situation would not be so dire. But instead, this loot is increasingly invested in fictitious use-value production; in unproductive speculative ventures and especially in military industry. Deficit military spending is financed, for example, by colossal government borrowing from banks. This forms a vast component of the "Public Debt", which is itself largely debt to banks. Capital-intensive industries, as in the military sector, that produce for the government "market" can count on guaranteed profitability thanks to "cost-plus contracting" and the like, in return for their production of fictitious use-values, and all this to an extent inconceivable in the sphere of real use-value production.

Capital in its ascendant phase promoted the growth of use-value productivity; in its decadent phase, it "enfetters" that growth, to use Marx's phrase, even going so far as to reverse it. This twofold structure of capitalist history is mirrored in the sharp articulation of the graph in **Figure 1**. This happens not because Capital varies its habitual behavior in the self-accumulation process, but rather because it goes on as before, whereas quantitative accumulation eventually results in a qualitative change. **N9** Such is the intrinsic "curvature" of the continuum of capital-accumulation that what at first amplifies the productive forces later opposes them, and what at first augments profitability later destroys it. Our formula, outlining the antithesis between use-value and exchange-value productivity, is only a variant on Marx's "contradiction between the social forces and the social relations of production". Capital is the social relation of production which dominates capitalist society, not means of production or other use-values in themselves -- just as the thing, gold, is not inherently money, but only becomes money when serving as the vehicle for certain social interconnections. Our "exchange-value productivity" is, then, also the social-relation productivity of capitalist society -- the rate of the reproduction, of the spreading throughout humanity, of the capital or wage-labor relationship. Our "use-value" productivity, on the other hand, measures the rate at which use-value, or the productive force, reflects upon itself, thereby augmenting itself (since productive force is a self-force; a force that that acts upon its own source as a self-accelerator). It can therefore also be called the "productive-force productivity". So we end up with:

social-relation reproductivity # productive-force reproductivity
of capital of capital

or:

social relations of production # social forces of production

Capital knows the laws of social reproduction only as the laws of exchange-value profitability. Thus, it is competent to manage social reproduction only so long as exchange-value productivity and use-value productivity coincide -- only during the ascendant phase. When the two diverge, Capital chooses exchange-value productivity and sacrifices use-value productivity on its altar. At this point, Capital, being what it is, can only steer humanity on a course toward extinction -- toward species suicide. Hence society, especially the great majority of the wage-and-salaried working class, must move to safeguard the future of humanity and of all life on this planet. It must jettison capitalism in favor of the continuation of social reproduction, which will require the creation of a new social relation, a new society. This new society will have to be organized directly around use-value productivity, around consciousness of the laws of social reproduction and the conscious self-production of humanity. We call this new social basis omnicultural planning, and we will develop this concept further in later sections of this brochure.

Given the contractive momentum of Capital, there are bound to arise ideological tendencies which are sucked in -- inadvertently or as semiconscious agents of the Trilateral Commission, the CIA, and other barbarist organizations of the capitalist class -- to active promotion of that contraction. These we may call pro-decadence ideologies. Some of these may even mistake their tendencies for an opposition to capitalism. But it is only an opposition to the ascendent-phase ideology of capitalism -- the ideology of progress, democracy, material and spiritual advancement through science (self-expanding knowledge) -- which decadent Capital itself must enlist every ally to destroy. After all, "Nazi" is an acronym for a party that had "(National) Socialist" in its name; **N10** the Strasser brothers who built the Stormtroopers organization, the S.A., only to be later purged by Hitler, thought they were building "socialism" and overthrowing capitalism. The immediate question is not whether Schumacher is a conscious capitalist agent, but how we can hasten the realization among the thousands who attended his blitzkrieg of public appearances or confronted his proposals in the media; that his ideology serves objectively to disarm us before the onslaught that Capital is preparing -- to distract us from the knife at our throats.

NOTES

N1 The term "descendant" is used to describe a system of social relations in its epoch of decline or decay.

N2 To be aware of the "objective determinants" that enter into a given situation is not, in fact, "determinism" in the vulgar sense. That so much confusion exists on this question, and regarding dialectical materialism in general, is the fault not only of those who have a vested interest in distorting and oversimplifying such ideas (i.e., the reactionaries), but also of the reductionist "disciples" and proponents of these views: the "Marxists", the "social Darwinists", the psycho-determinists, etc.

N3 By the way, unlike certain crude, demagogic Leftists, we would never contend that "the real villains are the big, monopoly capitalists." This childish notion misses the whole point: the problem is systemic (not "bigger than all of us", as the cliché would have it, but precisely as big as all of us!). Hence, demonology will never do. THERE IS NO VILLAIN IN THIS DRAMA! Certain people may be regarded as enemies if they resist and obstruct the necessary changes, but this does not make them "villains". No matter how many pigs you "Off", there will always be new ones to fill the slots, so long as the basic "system-dynamic", the law of exchange-value, remains "in the driver's seat".

N4 Oh, yes, we mustn't forget the new breed of businesswoman now being groomed by ex-C.I.A. agent Gloria Steinem, and the other thoroughly bourgeois "feminists" at *Ms. Magazine*, *New Woman* magazine, the "Mary Tyler Moore Show", and elsewhere.

N5 Negentropy is the opposite of entropy.

Entropy is a measure of the disorder, the randomness, of systems (in social life as well as in the "physics" of pre-social systems), and of the degradation of energy into forms unavailable for the work of maintaining system-organization.

Negentropy is a measure of the degree of organization of systems. Evolution,

including that of planetary life, is a movement further and further away from entropy, into ever higher levels of negentropy. The negentropic process is a process of self-amplification, self-expansion, in which more "order", so to speak, "comes out" than "went in"; in which "more and more" is accomplished using (relatively) "less and less". For a fuller definition of negentropy, see the glossary in Lyn Marcus's Dialectical Economics (Lexington, Mass.: D.C. Heath, 1974).

N6 We mean "fictitious" in the sense of "fictional" or "illusory".

N7 These two terms are "rates" in the sense of ratios, specifically "output-minus-input-over-input" or "net-gain" ratios.

Exchange-value productivity would measure the total exchange-value yielded per some standard interval of time, say per annum, minus the amount of old exchange-value or previously produced exchange-value consumed during that period in yielding the total exchange-value output, divided again by the amount of exchange-value used up in yielding it. Thus, it would be the ratio of fresh exchange-value produced to old exchange-value used up in that process, or the rate of reproduction of exchange-value. Marx usually represented this as $s'/(c + v)$, where s' stands for the newly formed exchange-value minus standard deductions (rent, taxes, losses, etc.); at the same time, c is the cost of "objective factors" of that production (means of production: materials, equipment, power, ecologic reparations, etc.) consumed in creating s' , while v is the exchange-value cost of "subjective factors" (human labor power: wages) consumed in creating s' . Marx called this exchange-value gain-ratio or input-output ratio the "rate of profit".

The use-value productivity, meanwhile, would be represented by the measure of the net new use-value created by society during a given time period, divided by the measure of the previously created use-value consumed in order to create the new. That is to say, use-value productivity is the net-output-over-input ratio of use-value; it is the net output of use-value divided by "input" or consumption of use-value necessary to produce that output.

Marx, in many passages of the Grundrisse especially, suggests an interpretation of the use-value ratio in terms of total social lifetime, thus seeing human lifetime as the core of all use-value, and the primary product (as well as producer) of social reproduction.

The use-value productivity of society would then be measured as the ratio of total social disposable time *vis-à-vis* necessary or pre-committed time; the former being the extra or excess of lifetime produced by society, and thus available for expansion or the creation of new qualities of social activity, while the latter is the time-cost incurred just to replace the productivity used up during the time period of the measurement. Though this ratio in units of the quantity of social lifetime reflects by its movement in time the changing qualities of social lifetime in fascinating ways, this reflection still leaves much to be desired. Yet it is the best description available within the province of ratios or "rational numbers". To improve on this requires recourse to description in terms of even more sensitive kinds of numbers, called "hypernumbers".

In terms of ratio-numbers, at any rate, a one step more explicit rendering of our formula, relating exchange-value productivity and use-value productivity, would look like this:

$$\frac{s'}{c + v} (t) \# \frac{d}{p} (t)$$

Here, **p** stands for "pre-committed labor time", which is necessary to the reproduction of the objective & subjective factors of production used up in continuing human lifetime, while **d** stands for the disposable lifetime, over and above **p**, which is freed for producing surplus (or new qualities of) objects, events, etc.

N8 One could just as well name this society "socialism" or "anarchism" or "communism", since all of these terms, properly understood, are, at their root, fundamentally convergent with one another and, hence, interchangeable. (All the reasons why this is true will be offered by us at some future time, but not within the scope of this text.) In any case, the labels we choose to use are far less important than the content of the new social relations, which must include, as their minimum basis, the worldwide abolition of the nation-State, wage labor, the world market, exchange-value, and all forms of class-divided society.

N9 Both capital-value and use-value, being autocatalytic, 'self-accruing' entities or "substances", are appropriately described by gain ratios, output-over-input ratios which yield "dimensionless" numbers since numerator and denominator consist in

identical units of measure. (that is, are appropriately described by what might be called 'homeo-differentials' or 'self-differentials' of the form $[x(t+\Delta t) - x(t)] / \Delta t$ as opposed to 'hetero-differentials' or 'allo-differentials' such as $\Delta x / \Delta t$, the "difference form", or dx / dt).

The explicitly dynamic form of these ratios might be expressed as follows:

$$\frac{s(t) + \Delta s(t) - L(t)}{c(t) + v(t)} \neq \frac{d(t) + \Delta d(t)}{p(t) + \Delta p(t)}$$

Where s is the gross exchange-value gain (before standard deductions): where Δs measures the profit gains and L measures the losses on account of fixed capital involved in growth of the productive forces and where $\Delta d(t)$ and $\Delta p(t)$ represent the corresponding adjustments to disposable lifetime and to predisposed lifetime. In cases of growth of the productive forces, the use-value productivity (right-hand expression in the above 'inequation') undergoes an unequivocal rise -- nothing corresponding to the fixed capital losses exists in use-value terms. This gain may raise the whole ratio only a little however, since increases in the scale of production are often involved in such growth, meaning that both denominator and numerator of the right-hand side grow.

The explicit "ascendant phase" condition can then be written:

$$\text{the period of } t \text{ such that } \Delta s(t) > L(t)$$

The explicit "decadent phase" condition

$$\text{the period of } t \text{ such that } L(t) > \Delta s(t)$$

N10 Note that Schumacher, in one of the few fairly detailed, substantive proposals that can be found in Small Is Beautiful -- as distinct from his typical vague assurances that the problems will all magically disappear if we just adopt the proper attitude toward "thinking small" -- comes forward with a classically corporatist, or syndicalist -- i.e., fascist -- model of a "new" social order: his proposal (pp. 289-92) for so-called

"Social Councils". Again, we must stress, for those whose image of "fascism" is reduced to the German Nazi model -- and even then, concerned only with the fanatical "excesses" or the picturesque aspects (Hitler's mustache, the swastika, goose-stepping, etc.) -- that fascism has been a broad, diverse international movement in the twentieth century. Consider Franco's Spain, for example. Although bourgeois liberals act outraged and indignant about the Nazi atrocities in Germany, it's obvious that most liberals had no trouble living in peaceful coexistence with the Franco regime for nearly four decades. Indeed, just after World War II, when everybody else in the world wanted to ostracize Franco for his involvement with the Axis powers -- Spain was expelled from the U.N. on Feb. 8, 1946 and only readmitted, under U.S. pressure, in 1955 -- the American government came to his rescue by constructing huge military bases, as well as pumping in more than one billion dollars in nonmilitary aid between 1953 and 1962.

Consider these striking parallels between Spain's fascist corporatism, variously euphemized as a "Catholic, social, and representative state" or an "organic democracy" (sic!), and Schumacher's "Social Councils" proposal:

"Since 1942, there has been a parliament, the Cortes. The Organic Law (1966) provided for a Cortes of 564 deputies... in 1969, it dropped to 561. Of this total, 451 are elected by, or constitute the elected members of institutions and groups. There are 100 deputies elected by family heads and married women [note: the latter provision would probably please Schumacher, who argues, in his "Buddhist Economics" chapter, for keeping women in the home]; 150 elected by the national syndicates; 66 who are members of the National Council of the Falange; 54 elected by municipal councils, plus 58 elected by other provincial councils; 19 elected by professional associations and 4 elected by academies. The remaining 110 are Cortes deputies by virtue of the offices they hold. The Council of the Realm is the highest advisory body of the state. Despite the fact that there is only a single, state-controlled labor union system, workers have banded together in Roman Catholic labor brotherhoods...."

-- from Collier's Encyclopedia, 1970 edition, on "Spain"

A real Schumacherean paradise! Everyone takes the Gospels seriously, workers' representatives sit side-by-side with the bosses to draft policies for the State, and the "evils" of technical progress, modernization, etc., are distrusted and held back by all available means. It was not necessary to "lead Spain back to the Middle Ages", because Spain never left the Middle Ages!

But, despite all the varieties of fascism (Spain Portugal, Italy, Japan, Argentina, etc.), we can look beneath these surface features to the essential common denominator: fascism, as distinct from mere authoritarian conservatism, must resort to demagoguery, mass mobilization, and a pseudo-"populist" identity (i.e., the "friend of the little people"). Thus, where conservatism openly promotes "divine right" or some similar elite prerogative as the basis of authority, fascism endeavors to divert and redirect "the revolt of the masses" into "safe" channels, in the hope that workers will actively, even enthusiastically, reinforce their own submission. The fact that such "mass movements of the right" never played a major role before the twentieth century is no accident. Fascism, at its essence, is a movement of co-optation and recuperation; it arose as an explicit historical response to the growing threat of Marxian internationalism and radical proletarian mass activity.

The most widely successful fascist technique has been to borrow certain popular forms of proto-revolutionary working-class organization, while at the same time distorting or emptying out their content. Especially, there has been a recurrent attempt to parody the kind of "workers' councils" (or "soviets") that have emerged in so many of the genuine proletarian upsurges of this century (only to be quickly taken over and/or suppressed by aspiring "vanguard parties" or outright reactionaries).^{C15} Schumacher's "Social Councils", which would enlist workers in a ludicrous form of pseudo-participation ("democracy") while leaving both private and state Capital completely unchallenged, are very much in this vein. Schumacher never once questions the inviolable sanctity of "managerial prerogative"! Likewise, the fascist "syndicate" is an institution which forces workers into a common organization with the capitalists. In theory this is to unite the two classes around the best interests of the nation as a whole -- however, due to the current unfashionable status of nationalism in the U.S. and Western Europe, there is a frantic search for a new "common rallying point", and the so-called "energy crisis" seems to be the best gimmick available. (Thus, Thorston

Bradshaw, the President of Atlantic Richfield Corporation, has written "My Case for National Planning" in the February 1977 issue of *Fortune* magazine, arguing that the "energy crisis" could unite Americans in "national effort" comparable to World War II. Let's put aside class differences in the name of "ecology"!"). In practice, the fascist syndicate has always been utterly subservient to Capital. The syndicate type of formation was integral to fascist rule in Italy, Spain, Portugal, and Argentina in the 1930's.

More important, from the strategic standpoint, is the easily overlooked fact that Schumacher's "Social Councils" proposal provides only for local bodies, at a time when the world economy has become an interdependent, tightly interwoven "global village". While Schumacher says much about "reforming" the relations within enterprises, he is conspicuously silent on the question of relations between enterprises. In fact, whenever he is directly confronted on the latter question in interviews or public appearances, he keeps insisting that the big banks and multinational (transnational) corporations are mere "paper tigers" that will simply vanish from the scene if we ignore them. Whether Schumacher is saying this as deliberate, calculated mystification, or else out of astounding naiveté about the nature of modern capitalism, the effect is the same.

Even Barry Commoner's most recent book ^{C16} -- which offers a much more intelligent analysis of the "triple crisis" than can be found in Small Is Beautiful -- makes a similar and related mistake. Commoner sets up an arbitrary (false) separation between "the production system" (good), on one side, and "the economic system" (evil), on the other. Many other would-be "socialists" also succumb to this conceptual error. But such a neat divorce between production (intra-enterprise) factors and both distribution and circulation (inter-enterprise) factors can only be made on paper, in the abstract. In everyday capitalist reality, these two factors mutually determine one another, and are inextricable interlocked, in the manner we have defined. Hence, you could not "reform" one and leave the other intact, as Commoner, like Schumacher, hopes to do. For this reason, it becomes relatively trivial whether these people are naive blunderers or conscious agents of the Trilateral Commission's "New World Economic Order". Either way, they come to the rescue of Capital.

This is most clear in the trendy new strategies for "local control" or (localized) "workers' control", which often began as genuine popular movements, but which have

since proved quite useful as typically fascist techniques for playing divide-and-conquer tricks on the working class. Schumacher's "Social Councils" proposal would, in effect, leave a vacuum of popular power at all levels beyond the local community level, thus giving free reign to the national and transnational corporations at these levels. After all, who else could act as "global referee" for all the inevitable local, inter-enterprise disputes?? Schumacher's "Councils" would have equity only in such subsidiaries of these giant corporations as happened to operate within the geographical boundaries of a locality. The very cybernetics of a system of corporatist "councils", owning equity in and deriving governing income from the enterprises located within their local neighborhood boundaries, would effectively tend to ensure the creation of an authoritarian central state authority. This is because the atomization and cutthroat competition encouraged between local communities, on behalf of "their" industries -- and on behalf of the profitability of those industries, which would determine the income through dividends of these councils -- could not help but necessitate such a strong central authority to preside over, regulate, and restrain this mad scramble. Enter the multinationals, the IMF (International Monetary Fund), the World Bank, and the Trilateral Commission!

That Schumacher -- who is only one (relatively minor) figure in a broad tendency today -- can get away with such blatant calls for fascistic political forms is but a measure of the enforced historical forgetfulness ("social amnesia"), and the superficiality of historical analysis, which characterizes the cultural and intellectual environment of modern capitalist society.

Indeed, Mr. Schumacher spends most of his time, in his public appearances, encouraging people (who are already unorganized and cut off from political power) to get busy rendering themselves even "smaller" and more atomized -- as, for example, he urges them to do by adopting a rural self-employed farmer life-style in place of their present perhaps urban, waged or salaried one. And, since nobody likes to do wage-labor (and very few of these misinformed malcontents can really see their way beyond capitalism as such), Schumacher's pitch has considerable appeal. Yet, revealingly enough, not once does our dear Mister Small call for the dismantling, or even the active curtailment, of the Biggest of the Big -- i.e., the transnational banks and corporations which currently dominate the politics and economics of the entire globe. On the contrary, the net effect of his recommendations would be to reduce even further whatever power to defend ourselves (and resist these giant organizations)

that the rest of us still retain.

The top level policy-makers are well aware of all this. Why else would the Agency for International Development (a known C.I.A. front organization) authorize twenty million dollars for the "unorthodox" strategy of Intermediate Technology??

CITATIONS

- C1 E.F. Schumacher, Small Is Beautiful: Economics As If People Mattered -- (New York: Harper & Row, 1973), pages 85 and 101.

Schumacher is a convert to Roman Catholicism -- a fact which he "plays down" in the presence of certain audiences. See the interview in *Mother Earth News* (November 1976), especially page 11.

- C2 Small Is Beautiful, page 52.

- C3 Small Is Beautiful, pages 88-89.

- C4 Small Is Beautiful, page 101; pp. 156-157; pp. 296-297; also, Schumacher is quite unabashed on this point in the *Mother Earth* interview, cited above, pages 14-16.

- C5 Small Is Beautiful, pages 168-169, and elsewhere.

- C6 Small Is Beautiful, page 250.

- C7 Cited in A. James Reichley, "A Disturbingly Different Kind of Presidential Race", *Fortune* magazine, March 1976, p. 108. In this article, Reichley also warns the "business community" readership of *Fortune* about these ominous trends:

"Public-opinion polls show that substantial majorities of voters see the governmental system as being rigged against them. They seem to have developed hostile attitudes toward practically all national institutions -- the Presidency, the Congress, the courts, the political parties, business, organized labor, and even the churches." (page 108)

- C8 Small Is Beautiful, page 257.

C9 Small Is Beautiful, page 85.

C10 *Mother Earth* magazine interview, page 11.

C11. Small Is Beautiful, page 91.

C12 Guy Debord, Society of the Spectacle thesis #109 (text available through: *Black & Red*; P.O. Box 9546; Detroit, MI 48202). This work, although somewhat dense and difficult for the average reader, is one of the most lucid analyses of modern society currently in existence, deserving of wide dissemination and study. Also, for an excellent in-depth study of fascism (both its objective and subjective bases), see Wilhelm Reich's The Mass Psychology of Fascism (1933) (New York: Noonday Press, 1970). Reich discusses "authoritarian family ideology" and the petit-bourgeois underpinnings of fascism (pages 48-53), and cites (p. 49) this passage from Hitler's Mein Kampf:

"...preserving a healthy peasant class as a foundation for the whole nation can never be valued highly enough. Many of our present-day sufferings are only the consequence of the unhealthy relationship between rural and city population. A solid stock of small and middle peasants has at all times been the best defense against social ills such as we possess today. And, moreover, this is the only solution that allows a nation to earn its daily bread within the inner circuit of its (sic!) economy. Industry and commerce recede from their unhealthy leading position and adjust themselves to the general framework of a national economy of balanced supply and demand."

- from Mein Kampf, page 138.

The comparable passages in Small Is Beautiful should be well-known to all.

C13 Small Is Beautiful,, page 96.

C14 Small Is Beautiful, page 159.

- C15 By now, there exists an extensive literature on these historical episodes (Russia 1905 & 1917, Spain 1936-7, Hungary 1956, etc.), which we will gladly supply to the serious student on request -- *Capital Crisis Studies*.
- C16 Barry Commoner, The Poverty of Power Energy and the Economic Crisis (New York: Alfred A. Knopf, 1976), p. 2, and throughout the concluding chapter.

POSTSCRIPT

**WE ARE NOT SMALL
WE ARE DEMIGODS
and
THE TOTALITY IS
BEAUTIFUL**

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(especially see pages 75-6; 142; 144; 145; 148; 613; 630)

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(especially see pages 9-10; 132; 295-300; 368-373; 473)

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