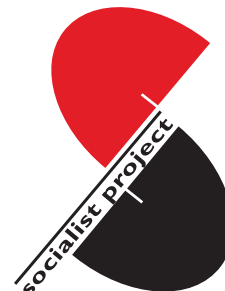


# **The Path to Human Development**

*Capitalism or Socialism?*

Michael A. Lebowitz



**Socialist Project**

Socialist Interventions Pamphlet Series

## Socialist Interventions Pamphlet Series

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## Preface

If we believe in people, if we believe that the goal of a human society must be that of “ensuring overall human development,” our choice is clear: socialism or barbarism.

These concluding lines from “The Path to Human Development” appear on the back cover of one Venezuelan edition – a pocket-sized edition much like the widely circulated “Socialism Does Not Drop from the Sky” (chapter 5 of *Build It Now*). The other edition, together with an extended edition of that latter essay, is being published as *The Logic of Capital versus the Logic of Human Development* for the communal council libraries in Venezuela.

Both editions depart from the traditional format for books because of the numbering of sections and paragraphs. There is a reason for this. While the analysis of capitalism and the presentation of a socialist alternative are there for individual readers (for whom the numbers are unnecessary), collective readers are the real target for this work. In other words, “The Path” has been prepared to support educational and political discussions in Venezuela (in, for example, trade unions, communal councils, and socialist formations). Numbering sections and paragraphs facilitates this kind of discussion. In short, this work is not at all intended as an end product to be consumed by an individual passive reader; rather, its purpose is to be a means to encourage collective struggle against capitalism and for socialism. As the line which precedes those quoted above indicates, “we know we have to be prepared to fight.”

Obviously, it is not only in Venezuela that we have to be prepared to fight for a society which permits the full development of human beings. In my talk about the booklet at the Venezuelan Book Fair last November, I quoted Bertolt Brecht, “reach for the book: it is a weapon,” and noted that “The Path” was written to be a weapon. In the struggle against barbarism everywhere, we need many weapons.

An earlier version of this pamphlet appeared in *Monthly Review*, February 2009.

— Michael A. Lebowitz, April 2009.

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### **What do we want?**

1. What do we all want? We want to be all that we *can* be. And we want this not only for ourselves. We want our families and our loved ones to be able to develop all of their potential – that we all get what we need for our development. *To each according to her need for development.*

### **What do we need for our development?**

2. There are two points, though, that we need to stress. First, if we are going to talk about the possibility of human development, we have to recognize that a precondition for that development is sufficient food, good health, education, and the opportunity to make decisions for ourselves. How can we possibly develop all our potential if we are hungry, in bad health, poorly educated, or dominated by others? Secondly, since we are not identical, what we need for our own self-development obviously differs for everyone.

### **A society that stresses the opportunity to develop our potential**

3. The idea of a society that would allow for the full development of human potential has always been the goal of socialists. In his early draft of the *Communist Manifesto*, Friedrich Engels asked, “What is the aim of the Communists?” He answered, “To organize society in such a way that every member of it can develop and use all his capabilities and powers in complete freedom and without thereby infringing the basic conditions of this society.” Marx summed it all up in the final version of the *Manifesto* by saying that the goal is “an association, in which the free development of each is the condition for the free development of all.” Our goal, in short, cannot be a society in which some people are able to develop their capabilities and others are *not*; we are interdependent, we are all members of a human family. The full development of all human potential is our goal.

### **Where does human development come from?**

4. Human development, though, doesn’t drop from the sky. It doesn’t come as the result of a gift from above. It occurs through the activity of people themselves – through what Marx called *revolutionary practice* – “the coincidence of the changing of circumstances and of human activity or self-change.” We change ourselves through our activity – through our struggles and through everything we do. The way we produce (in the workplace, in the community, and in the home), the way we relate to others in our activity, the way we govern ourselves (or are governed by others) – all these make us the people that we are. We are, in short, the product of all our activities.

### **The common sense of the Bolivarian Revolution**

5. Every Venezuelan should recognize these ideas – they are at the center of the Bolivarian Constitution of Venezuela. In its explicit recognition (in Article 299) that the goal of a human society must be that of “ensuring overall human development,” in the declaration of Article 20 that “everyone has the right to the free development of his or her own personality,” and in the focus of Article 102 upon “developing the creative potential of every human being and the full exercise of his or her personality in a democratic society” – *the theme of human development pervades the Constitution.*

6. Further, the Constitution also focuses upon the question of *how* people develop their capacities and capabilities – i.e., how overall human development occurs. Article 62 of the Constitution declares that participation by people in “forming, carrying out and controlling the management of public affairs is the necessary way of achieving the involvement to ensure their complete development, both individual and collective.” The *necessary* way – practice, protagonism.

7. And, the same emphasis upon a democratic, participatory, and protagonistic society is present in the economic sphere, which is why Article 70 stresses “self-management, co-management, cooperatives in all forms” and why the goal of Article 102, “developing the creative potential of every human being,” emphasizes “active, conscious and joint participation.”

### **The 1999 Constitution as a snapshot of the balance of forces at the time**

8. But that Constitution was not exclusively devoted to the goal of human development. It retained the support for capitalist institutions of earlier constitutions—with its guarantee for private ownership of the means of production (Article 115), its identification of a role for private initiative in generating growth and employment (299), and its call upon the state to promote private initiative (112).

9. Further, that constitution included that special condition desired by finance capital’s policy of neoliberalism – the independence of the Central Bank, which imperialism wants in the constitution of every country because it proclaims that it is not elected governments that should make critical decisions about an economy but bankers and those under their influence. Very simply, the 1999 Bolivarian Constitution was a snapshot of the balance of forces at that time: it

contained a capitalist element and an element oriented to the full development of human potential.

10. But, were these elements *compatible*? Can you have that overall human development with capitalism? Can capitalism be a path to human development?

### The logic of capital

11. Think about capitalism. In capitalism, the logic of capital dominates; and that logic goes counter to the needs of human beings for their own development. In capitalism, the goals of production are the goals of capital for profits. For capital, human beings and nature are just *means* to that goal.

### Capitalists and workers

12. Consider the nature of capitalist relations of production. There are two central aspects – the side of capitalists and the side of workers. On the one hand, there are capitalists – the owners of wealth, the owners of material means of production. And their orientation is toward the growth of their wealth. Capitalists purchase commodities with the goal of gaining *more* money, additional value, surplus value. And that's the point, profits. As capitalists, all that matters for them is the growth of their capital.

13. On the other hand, we have workers – people who do not own the material means of producing the things they need for themselves. Without those means

of production, they can't produce commodities to sell in the market to exchange. So, how do they get the things they need? By selling the only thing they do have available to sell, their ability to work. They can sell it to whomever they choose, but they cannot choose *whether or not* to sell their power to perform labour if they are to survive. Capitalism requires people who must sell their power to produce in order to get the money to buy the things they need.



### The sale of labour-power

14. But the separation of the means of production from producers is not enough for labour-power to be sold. If workers are separated from the means of production, there remain two possibilities: (1) workers sell their labour-power to the owners of means of production or (2) workers *rent* means of production from those owners. As we will see below, only the first case creates the conditions for capitalist production.

15. Who decides? Who decides which of the two possibilities it will be? The owners of the means of production, the capitalists decide. Owning the means of production ensures that you have the power to decide. The capitalists can decide how to use their property to achieve their goal. If they choose to take possession of production themselves, then the only way that workers can survive is by selling their capacity.

16. But, *why* does the capitalist decide to buy labour-power? The capitalist buys the right to dispose of the worker's capacity to perform labour precisely because it is a means to achieve *his* goal, profits. Only the growth of his capital interests him as a capitalist. Once the capitalist has purchased the worker's capacity, he is in the position to compel the worker to produce profits.

### The market exchange between capital and workers

17. We now have the basis for an exchange between two parties in the market, the owner of money, and the owner of labour power. The worker needs money, and the capitalist needs the worker's power. Each of them wants what the other has; it looks like each will get something out of that exchange. It looks like a free transaction. Many people look at the transactions that take place in the market and declare, "we see freedom." After all, no one forces you to engage in a particular exchange; you could freely choose to starve instead.

18. What makes this market transaction different from the sale of *any* commodity? True, the worker has no alternative but to sell what she has, but that is often true of a peasant or craftsman too. What is different is what happens *next*; something very interesting happens to each of the two parties to that transaction. Marx commented, "He who was previously the money-owner now strides out in front as a capitalist; the possessor of labour-power follows as his worker." And where are they going? They are entering the workplace; they are entering the place where the capitalist now has the opportunity to *use* that property right which he has purchased.

## The logic of capital in the sphere of production

### Workers controlled by capital

19. Two central characteristics typically occur in the process of production that takes place under capitalist relations. First, the worker works under the direction, supervision, and control of the capitalist. The goals of the capitalist (i.e., the search for profits) determine the nature and purpose of production. Directions and orders in the production process come to workers from above. There is no market here. There is a vertical relation between the one who has power and the one who does not. It is a command system, the despotism of the capitalist workplace.

20. And *why* does the capitalist have this power over workers here? Because he purchased the right to dispose of their ability to perform labour. That was the property right he purchased. It was the property right that the worker sold and *had* to sell because it was the only option available if she was to survive.

### Workers without property rights

21. The second characteristic of capitalist production is that workers have no property rights in the product that results from their activity. They have no claim. They have sold to the capitalist the only thing that might have given them a claim, the capacity to perform labour. It's not like producers in a cooperative who benefit from their own efforts because they have property rights to the products they produce. When workers work harder or more productively in the capitalist firm, they increase the value of the *capitalist's* property. Unlike a cooperative (which is not characterized by capitalist relations of production), in the capitalist firm all the fruits of the worker's productive activity belong to the capitalist. This is why the sale of labour-power is so central as a distinguishing characteristic of capitalism.

### Exploitation of wage-labourers

22. What happens, then, in the sphere of capitalist production? It all follows logically from the nature of capitalist relations of production. Since the capitalist's goal is surplus value, he only purchases labour-power to the extent that it will generate that surplus value. After all, he's not in the business of charity.

23. In order to understand the generation of surplus value, think about what workers normally buy – in other words, what they need to maintain themselves at their existing standard of living, i.e., the average real wage. Based upon the general level of productivity in the society, we can calculate how many hours of daily labour are required to produce that real wage. For example, at a given

point, the daily wage might embody 6 hours of average labour – 6 hours of “necessary labour”; it means that on average, it takes 6 hours of work to produce the equivalent of that wage.

24. Of course, the capitalist has no interest in a situation in which workers work only long enough to get their equivalent. What the capitalist wants is that workers perform *surplus* labour – i.e., that the labour performed by workers (the capitalist workday) *exceeds* the level of necessary labour. The necessary condition for generation of surplus value is the performance of surplus labour – i.e., more labour than the labour contained in what the capitalist pays as wages. The capitalist, through the combination of his control of production and his ownership of the product of labour, will act to ensure that workers add more value in production than the capitalist has paid them. The difference between the total labour they perform and the labour equivalent in their wage (in other words, a difference which is their *unpaid* labour) is exploitation.

### Capital's laws of motion

25. So, you can be certain that the capitalist will do everything possible to increase the ratio between surplus labour and necessary labour, the rate of exploitation (or, in its monetary form, the rate of surplus value).

26. If the workday is equal to the level of necessary labour (e.g., that six-hour workday in our example), there is no surplus labour. So, what can the capitalist do in order to achieve his goal of surplus value (profits)? One option is to reduce what he pays the worker. By driving down the real wage (for example, reducing it by one-third), then the hours of labour necessary to produce that wage will fall. Instead of six hours of necessary labour, only four hours would be required now. The result is that two hours of the six-hour workday now would be surplus labour for the capitalist – the basis for production of surplus value.

27. Another option is for the capitalist to use his control over production to increase the work that the labourer performs. Extend the workday, make the workday as long as possible. A ten-hour workday? Fine, that would mean now four hours of necessary labour and *six hours* of surplus labour. A twelve-hour workday? Better. The worker will perform more work for the capitalist over and above the wage, and capital will grow. Another way of extracting more work from the worker is by *intensifying* the workday – making workers work harder and faster in a given time period and making sure there is no wasted motion, no slack time. Every moment workers rest is time they are not working for capital.

28. That is the inherent logic of capital. The inherent tendency of capital is to increase the exploitation of workers. In the one case; the real wage is falling; in the other, the workday is increasing. In both cases, surplus labour and the rate of exploitation are driven upward. Marx commented that “the capitalist [is] constantly tending to reduce wages to their physical minimum and extend the working day to its physical maximum.” He *continued*, however, saying “while the working man constantly presses in the opposite direction.”

### Class struggle

29. In other words, within the framework of capitalist relations, while capital pushes to increase the workday both in length and intensity and to drive down wages, *workers struggle to reduce the workday and to increase wages*. Just as there is struggle from the side of capital, so also is there class struggle from the side of the worker. Why? Take the struggle over the workday, for example. Why do the workers want more time for themselves? Time, Marx noted, is “the room of human development. A man who has no free time to dispose of, whose whole lifetime, apart from the mere physical interruptions by sleep, meals, and so forth, is absorbed by his labour for the capitalist, is less than a beast of burden.”

30. What about the struggle for higher wages? Of course, workers have physical requirements to survive. But they need much more than this. The worker’s social needs, Marx commented at the time, include “the worker’s participation in the higher, even cultural satisfactions, the agitation for his own interests, newspaper subscriptions, attending lectures, educating his children, developing his taste, etc.” All of this relates to what he called “the worker’s own need for development.”



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31. But the needs of workers for more time and energy for themselves and to be able to satisfy socially generated needs don’t concern capital as the buyer of labour-power and ruler within

production. It’s obvious why – lowering the workday and raising wages mean less surplus labour, less surplus value, and lower profits.

### Necessary labour within the household

32. Capital, we have argued, wants the lowest possible necessary labour. But, there is one kind of necessary labour that capital would like to *expand* – *unpaid* necessary labour. So far, we have only talked about the necessary labour in the things that workers buy. Marx did not ignore the fact, though, that people need to convert those things they buy in order to consume them; he talked about activities “absolutely necessary to consume things” – like cooking the food purchased. Indeed, Marx pointed out that the greater the “expenditure of labour in the house,” the less money you need to purchase things outside the house.

33. But this labour performed in the household is *invisible*. Why? *Because capital does not have to pay for it*. We know, too, that the majority of this work is done by women; and it is work that is generally not recognized or valued. Yet, *without* this labour within the household (which Article 88 of the Bolivarian Constitution recognizes as “economic activity that creates added value and produces social welfare and wealth”), workers would not be available for capital in the labour market.

34. While capital does not pay for this invisible labour, it *benefits*. The more work that is done free in the household, the less the wage has to be. The more free time that men have as a result of women’s work in the household, the more capital can intensify the capitalist workday. As the purchaser of labour power, capital is in a position to gain from the unpaid labour of women within the household. And the more intense and lengthy that work in the household, the more capital can gain. And, it works the other way, too: the more capital drives down wages and intensifies the workday for both male and female wage-labourers, the greater the burden placed on the household to maintain workers.

35. How could we deny that the logic of capital is contrary to the need for the development of women?

### The logic of capital versus the logic of human development

36. There are many examples of how the logic of capital and the logic of human development are opposed. Think, for example, about nature and the environment. Human beings need a healthy environment and need to live with nature as the condition for the maintenance of life. For capital, though, nature – just like human beings – is a means for making profits. Treating the earth and nature

rationally (from the perspective of human beings), Marx noted, is inconsistent with “the entire spirit of capitalist production, which is oriented toward the most immediate monetary profit.” Capitalism thus develops while “simultaneously undermining the original sources of all wealth – the soil and the worker.”

37. The logic of capital, in fact, is the enemy of the logic of human development. Standing opposite capital’s goal is “the worker’s own need for development.” But, if capital and workers are pressing in the opposite direction in capitalism, what determines the outcome?

### **Unity and separation among workers Unity is the strategy of workers**

38. The answer is *struggle*: what happens to wages and hours of work depends upon the relative strength of the two sides. For workers in capitalism to make gains in terms of their workdays, their wages, and their ability to satisfy their needs, they need to *unite* against capital; they need to overcome the divisions and competition among workers. When workers are divided, they are weak. When workers compete against each other, they are not struggling against capital; and, the result is the tendency for wages to be driven down to their minimum and the workday to be extended to its maximum. That was and is the point of trade unions – to end divisions and strengthen workers in their struggle within capitalism.

### **The strategy of capital – divide workers**

39. How does capital respond? By doing everything it can to *increase the degree of separation* among workers. Capitalists may bring in people to compete for work by working for less – e.g., immigrants or impoverished people from the countryside. They may use the state to outlaw or destroy unions or shut down operations and move to parts of the world where people are poor and unions are banned. From the perspective of capital, all this is logical. It’s logical for capital to do everything possible to turn workers against each other, including promoting racism and sexism. Marx described the hostility in the nineteenth century between English and Irish workers in England as the source of their weakness: “*It is the secret by which the capitalist class maintains its power. And that class is fully aware of it.*”

40. So, while it is logical for workers to want a little security in their lives, to be able to plan their future and raise families without being in a state of constant uncertainty, the logic of capital points in the opposite direction. In fact, the more precarious the existence of a worker, the greater is her dependence upon capital. Capital prefers the worker who is always worried that capital will aban-

don her, leaving her without a job and with an uncertain future. Capital, wherever possible, prefers the occasional, part-time, precarious worker, the one with no benefits, the one who will accept lower wages and more intense work.

41. The struggle between capitalists and workers, thus, revolves around a struggle over the degree of separation among workers.

### **Productivity increases**

42. Precisely because workers *do* resist wages being driven to an absolute minimum and the workday to an absolute maximum, capitalists look for *other* ways for capital to grow; they introduce machinery, which can increase productivity. If productivity rises, then *less* hours of labour would be necessary for workers to reproduce themselves at that same real wage. By increasing productivity relative to the real wage, they lower necessary labour and increase the rate of exploitation.

43. In the struggle between capital and labour, accordingly, capitalists are driven to revolutionize the production process. That *could* be good news for everyone: with the incorporation of science and the products of the social brain into production, it means that significant productivity increases are possible. So, there is the obvious potential to eliminate poverty in the world and to make possible a substantially reduced workday (one that can provide time for human development). *Yet, remember, those are not the goals of the capitalist.* That is *not* why capital introduces these changes in the mode of production. Rather than a reduced workday, what capital wants is reduced necessary labour; it wants to maximize *surplus* labour and the rate of exploitation.

44. But, what prevents *workers* from being the beneficiaries of increased productivity – through rising real wages as the costs of production of commodities fall? How does capital ensure that *it* and not workers will benefit?

### **The reserve army of labour**

45. If productivity increases dropped from the sky, the falling cost of producing commodities could permit workers to buy more with their existing money wages; in this case, workers could be the principal beneficiaries of productivity gains. But, they *don’t* drop from the sky; to the extent that productivity increases are the result of changes initiated by capital, the effect is to increase the degree of separation among workers and thus to weaken workers. For example, every worker displaced by the introduction of machinery adds to the reserve army of labour; the unemployed worker competes with the employed worker. Not only does the existence of this reserve army of unemployed workers permit capital

to exert discipline within the workplace but it also keeps wages within limits consistent with profitable capitalist production. Displaced workers, for example, may find jobs – but at much lower wages.

46. The same thing is true when capital moves to other countries or regions to escape workers who are organized – it expands the reserve army and ensures that even those workers who do organize and struggle do not succeed in keeping real wages rising as rapidly as productivity. The rate of exploitation, Marx believed, would continue to rise. Even with rising real wages, the “abyss between the life-situation of the worker and that of the capitalist would keep widening.”

### **Exploitation is not the main problem**

47. It is a big mistake, though, to think that the main problem with capitalism is inequitable income distribution – i.e., that the basic reason that capitalism is bad is that workers receive less income than they produce. If this were the only problem, the obvious answer would be to focus upon changing the distribution of income in favor of workers, e.g., strengthen trade unions, regulate capital through state legislation, follow a full employment policy (that reduces the effect of the reserve army) – all such measures of reform would shift the balance of power toward workers.

48. *But only for the moment.* Because it is essential to understand that *capital never sleeps*. It never stops trying to undermine any gains that workers have made either through their direct economic actions or through political activity. It never stops trying to divide workers, to turn them against each other, to intensify work, to drive wages down. Even when workers have had the strength to make gains (as in the period after the Second World War), capital looks upon those gains as temporary barriers to go beyond. It uses its essential power to decide *how* to invest and *where* to invest in order to regain the offensive (as it did in the so-called Golden Age). That inherent power of capital put an end to the “welfare state” and the “import-substitution” models that were introduced in many countries as a basis for economic development.

49. The problem is not that gains in reducing inequality and exploitation are only temporary. Whether workers’ wages are high or low is not the issue – any more than whether the rations of slaves are high or low. Rather, we need to look at the process of capitalist production itself – to see the nature of the workers that capitalism produces.

### **How capitalist production deforms workers**

50. Think about the situation of workers in capitalism. As we have seen, the

goals and authority of capital rule the process of production. Further, workers produce products which are the property of capital. *But, workers don’t recognize those products as the result of the activity of working people.* On the contrary, machinery, technology, all “the general productive forces of the social brain”, *appear to workers as capital and as the contribution of the capitalist.* Those products, further, are turned against workers and dominate them – they become the power of capital. What has happened? Simply, Marx explained, because the worker has sold his creative power to the capitalist, that power now “establishes itself as the power of capital, as an *alien power* confronting him.”

51. The world of wealth, that world created by human activity, faces the worker “as an alien world dominating him.” For workers in capitalism, producing is a process of a “complete emptying-out,” “total alienation,” the “sacrifice of the human end-in-itself to an entirely external end.” And what is the result of this “emptying-out,” this impoverishment in the process of producing? We try to fill the vacuum of our lives with *things* – we are driven to consume (consumerism). How else can we do this but with *money, the real alienated need that capitalism creates?*

### **Other ways that capitalist production deforms people**

52. But that drive to “consume, consume!” is only one way that capitalism deforms people. In *Capital*, Marx described the mutilation, the impoverishment, and the “crippling of body and mind” of the worker “bound hand and foot for life to a single specialized operation” which occurs in the division of labour characteristic of the capitalist process of manufacturing. Did the development of machinery rescue workers under capitalism? No, Marx stressed, it *completes* the “separation of the intellectual faculties of the production process from manual labour.” “In this situation, head and hand become separate and hostile,” “every atom of freedom, both in bodily and in intellectual activity” is lost.

53. But, why does this happen? Remember that the technology and techniques of production that capital introduces are oriented to only one thing – profits. Since workers have their own goals and struggle for them, the logic of capital points to the selection of techniques that will divide workers from one another and permit easier surveillance and monitoring of their performance. The specific productive forces introduced by capital are not neutral – they do not empower workers and allow them to develop all their capabilities (mental and manual). On the contrary, “all means for the development of production,” as Marx stressed about capitalism, “distort the worker into a fragment of a man, they degrade him” and “alienate from him the intellectual potentialities of the labour process.”



### Why producing under capitalism isn't fun

54. In other words, it's *not an accident* that most of us find the workplace a place of misery – the process of capitalist production cripples us as human beings. But, why can't workers simply struggle against this? Why can't they turn the capitalist production process into a place consistent with human development?

55. Again, remember the logic of capital: if human development made profits for capital, it would have introduced changes that supported it. But capital isn't interested in whether the technology chosen permits producers to grow or to find any pleasure and satisfaction in their work. Nor does it care what happens to people who are displaced when new technology and new machines are introduced. If your skills are destroyed, if your job disappears, so be it. Capital gains, you lose. Marx's comment was that "within the capitalist system all methods for raising the social productivity of labour are put into effect at the cost of the individual worker." The logic of capital is the enemy of all-round human development.

56. So, if workers do succeed in making gains here (and elsewhere) through their struggles, capital finds ways to respond. And, it has the weapons it needs. Through its ownership of the means of production, its control of production, and its power to decide the nature and direction of investment, capital ultimately can do

what it needs to do in order to increase the degree of exploitation of workers and expand the production of surplus value. While it may face opposition from workers, capital drives beyond barriers to its growth in the sphere of production. Capital rules in the sphere of production.



### The logic of capitalist circulation

57. So, commodities containing more and more surplus value can be produced. Yet, there is an inherent contradiction in capitalism: capitalists do not want these commodities containing surplus value. Their goal isn't to consume those commodities. What they want is to *sell* those commodities and to make real the surplus value latent within them. They want the money.

### Capitalists' need for an expanding market

58. The problem, though, is that the market is not a bottomless pit. In the sphere of circulation, capitalists face a barrier to their growth – the extent of the market. In the same way, then, that the logic of capital drives capitalists to increase surplus value within the sphere of production, it also compels them to increase the size of the market in order to *realize* that surplus value. If you can't make the surplus value real by selling the commodities containing surplus value, why produce those commodities? Once you understand the nature of capitalism, you can see why capital is necessarily driven to expand the sphere of circulation.

### Globalization of needs

59. Whatever the size of the market, capitalists are always attempting to expand it. Faced with limits in the existing sphere of circulation, capital drives to widen that sphere. How? One way is spatially – by spreading existing needs in a wider circle. "The tendency to create the *world market* is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome," Marx commented. Thus, capital strives "to tear down every spatial barrier" to exchange and to "conquer the whole earth for its market."

60. In this process, the mass media play a central role. The specific characteristics of national cultures and histories mean nothing to capital – through the mass media, capital's logic tends to conquer the world through the homogenization of standards and needs everywhere. Everywhere the same commercials, the same commodities, the same culture – unique cultures and histories are a barrier to capital in the sphere of circulation.

### Creating new needs to consume

61. There's another way that capital expands the market – by "the production of *new needs*." The capitalist, Marx pointed out, does everything he can to convince people to consume more, "to give his wares new charms, to inspire them with new needs by constant chatter, etc." This is not new – Marx wrote this in the middle of the nineteenth century when capitalist production was still relatively underdeveloped. In the twentieth century, though, the development of



the specifically capitalist mode of production made the sales effort *essential*; but, it wasn't only the greater productivity that created the problem – capital's success in driving up the rate of exploitation makes the *realization* of surplus value a central problem for capital.

62. Thus, the ability of capital to move to low-wage countries to manufacture commodities that are exported back to the more developed world significantly increases the gap between productivity and real wages – i.e., increases the rate of exploitation in the world. And, it means that the sales effort to move commodities through the

sphere of circulation must intensify. *There's no greater proof of capital's victories in the sphere of production than what it is prepared to spend to create new needs in order to sell.*

63. Look at the salaries offered to professional athletes. Why are those salaries (and product endorsement fees) so astronomical? It's all about advertising – i.e., all about realizing surplus value. (The more people who watch sports on TV, the higher the rates that the mass media capitalists can charge the capitalists who are compelled to advertise.) In this respect, there is more than just an obscene contrast between the low wages of women producing, e.g., Nike shoes and the high endorsement fees that Nike pays athletes; there is, indeed, an organic link as the result of the high degree of exploitation.

### Exploitation in the sphere of circulation

64. But, exploitation doesn't only take place in the sphere of production. To turn commodities containing surplus value into money, capitalists must not only stimulate needs; they also require people to work selling those commodities. And, of course, they want to spend as little as possible in their circulation costs; thus, the logic of capital dictates that it should exploit such workers involved in selling these commodities as much as possible. The greater the exploitation of such workers (in other words, the greater the gap between the hours they work and the hours of labour contained in their wage), the lower capital's costs of selling and the higher the profits after sale.

65. The best way to exploit workers in the sphere of circulation is by using casual, part-time, and precarious workers. Those are workers who are easily separated and divided; they find it difficult to combine against capital, and they thus compete against each other. This competition can become quite intense when there is very high unemployment; not only can capital then drive wages in this sector down – it can also *transfer the risk* of selling to workers.

### Informal workers

66. In other words, a large reserve army of the unemployed makes it possible for capital to use “the informal sector” to complete the circuit of capital. These workers are part of the circuit of capitalist production and circulation (since, for the most part, commodities sold by “buhoneros” are produced within capitalist relations); however, they have none of the benefits and relative security of workers formally employed by capital. They look like independent operators (and even *think* of themselves this way – a great victory for capital!) but they depend upon the capitalist, and the capitalist depends upon them to sell those commodities containing surplus value. Like unorganized workers everywhere, they compete against each other (and also against workers in the “formal” sphere of circulation). Who gains from this? As usual, capital benefits as the result of the competition among workers.

### Why capitalism faces crises

67. Capital, we see, is constantly trying to expand the market in order to realize surplus value. But it doesn't always succeed. Capital tends to expand the production of surplus value *beyond* its ability to realize that surplus value. Why? Because of its successes in the sphere of production – in particular, its success in driving up the rate of exploitation. What capital does in the sphere of production comes back to haunt it in the sphere of circulation: by striving “to reduce the relation of this necessary labour to surplus labour to the minimum” (i.e., to increase the rate of exploitation), capital simultaneously creates “barriers to the sphere of exchange, i.e., the possibility of realization – the realization of the value posited in the production process.” Overproduction, Marx commented, arises precisely because the consumption of workers “does not grow correspondingly with the productivity of labour.”

68. Thus, overproduction is “the fundamental contradiction of developed capital.” Capitalist production takes place, Marx pointed out, “without any consideration for the actual limits of the market or the needs backed by the ability to pay”; as a result, there is a “constant tension between the restricted dimensions of consumption on the capitalist basis, and a production that is constantly striving to overcome these immanent barriers.”

### **Crisis and the sphere of production**

69. The first sign of an imbalance between the ability to produce surplus value and the ability to realize it is intensified competition among capitalists. It demonstrates that too much capital is being accumulated (i.e., invested) relative to the limits of the market. Ultimately, though, the effect of this imbalance is crisis—“momentary, violent solutions for the existing contradictions, violent eruptions that re-establish the disturbed balance for the time being.” Commodities don’t sell and, naturally, if commodities cannot be sold, they will not be *produced* under capitalism because the profits aren’t there. And so, production is reduced and lay-offs are announced – even though the potential to produce is there and people have needs. Capitalism is not, after all, in the business of charity.

### **The nature of capitalism comes to the surface**

70. And, that is exactly what capitalist crisis makes it possible to see about the nature of capitalism: *profits – rather than the needs of people as socially developed human beings – determine the nature and extent of production within capitalism*. What other economic system could generate the simultaneous existence of unused resources, unemployed people, and people with unmet needs for what could be produced? What other economic system would allow people to starve in one part of the world while elsewhere there is an abundance of food and where the complaint is “too much food is being produced”?

71. But no crisis *necessarily* leads people to question the system itself. People struggle against specific aspects of capitalism – over the workday, the level of wages and working conditions, the unemployment brought about by a crisis of overaccumulation, capital’s destruction of the environment, and the destruction of national cultures and sovereignty, etc. – but unless they understand the nature of the system, they struggle merely for a *nicer* capitalism, a capitalism with a human face.

72. Nevertheless, capital doesn’t want a nicer capitalism. It wants profits. And, even though workers may not be trying to end capitalism but are just struggling for *fairness* within capitalism, their struggles may challenge the drive for profits. In this case, capital may find it necessary to reveal *another* side of the logic of capital.

### **Capital’s state – the market and state in capitalism**

73. Capital’s motto is: “As much market as possible, as much state as necessary.” In its early days, Marx stressed, capital had great need for the state: “the rising bourgeoisie needs the power of the state.” Why? Because all of the ele-

ments capital required for the system to reproduce itself spontaneously were not yet in place. For creating the institutions that would allow capitalism to flourish, capital needed to subordinate all elements of society to itself through the coercive power of the state (e.g., “grotesquely terroristic laws”); it used this power, for example, to compel workers “into accepting the discipline necessary for the system of wage-labour.”

### **The ‘common sense’ that capital creates**

74. With the development of the specifically capitalist mode of production, however, Marx suggested that the need for state intervention on behalf of capital would be lower. The way in which the particular productive forces introduced by capital degrade the worker and “alienate from him the intellectual potentialities of the labour process,” the way that “the advantages of machinery, the use of science, invention, etc.” are *necessarily* viewed as attributes of capital, and the way in which workers are displaced and divided through the introduction of new technology – all this contributes significantly to make workers feel dependent and powerless in the face of capital.

75. Fully developed, Marx proposed, capitalist production itself sets “the seal on the domination of the capitalist over the worker.” Because capital constantly replenishes the reserve army of labour in the normal course of capitalist production, the market is sufficient to compel workers to accept the rule of capital. Thus, Marx stated that capital itself “breaks down all resistance,” producing “a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws.”

### **The state as capital’s ultimate weapon**

76. Yet, workers *do* resist, *do* struggle for their needs. And, the market is *not* always sufficient by itself to ensure that capital gets the profits which are its goal and source of life. So, capital turns to the state – “as much state as necessary.” It is prepared to destroy trade unions, do away with all pretences of democratic forms, to turn to fascism to get what it wants – the coercive power of the state and “grotesquely terroristic laws” are not a characteristic only of emerging capitalism. Both at its beginning and when fully developed, capital creates the state it needs.

### **Underlying basis for imperialism**

77. And, this is not only true internally. Capital’s drive for profits is the underlying basis for imperialism. In addition to its search for new, cheaper sources of raw materials and new markets in which to sell commodities, capital wants workers who can be exploited. It seeks those who are weak, those who are

willing to work for low wages and under poor working conditions, and those who are separated from other workers; thus, capital will move production to secure such advantages. When you understand the logic of capital, you understand that global capitalism is inherent in capital itself – that it drives “to tear down every spatial barrier” to its goal of profits.

78. Here again, to achieve its goal, capital follows the motto of “as much market as possible, as much state as necessary.” As long capital can get what it needs through the market – e.g., as the result of the competition of primary producing countries to sell inputs or the availability of a large pool of workers to exploit in production – it need not draw too heavily upon the coercive power of the imperialist state.

### Capital and its state help its market

79. But capital has many weapons before it turns to direct coercion. Where do the dominant ideas about the magic of the market come from? In economics departments, it is not the economists who are critical of the market who get research and financial support from capital and its state. In the battle of ideas, capital draws upon the ideology that interference with the market necessarily leads to disaster and that all attempts to use the state to do good make things worse. Since economists who don’t agree are labeled “bad economists,” they tend to be unemployed or marginalized; thus, the voices everyone hears from economists (and through the media) are the ones that shout “TINA!” – there is no alternative to the market, there is no alternative for poorer countries (indeed, *all* countries) but to follow the commands of the market.

80. No one could ever accuse capital, though, of relying solely upon the power of ideas. Capital also uses its state to create institutions which *ensure* that the market will command. International institutions such as the International Monetary Fund, the World Bank, the World Trade Organization, and so-called free trade agreements all have been created to enforce the logic of capital. How? By punishing those who dare to think otherwise, countries that try to develop a policy independent of the dominant capitalist powers.

81. Add to that, imperialism’s “Fifth Column” – the independence and autonomy of Central Banks – and you have the package of institutions that capital uses to foster policies of *neoliberalism*: policies which remove all restrictions on the movement of capital, remove all laws that protect workers, consumers, and citizens against capital, and reduce the power of the state to check capital (while increasing the power of the state to act on behalf of capital).

### Imperialism and the colonial state

82. Despite all this, you can’t stop people from struggling ultimately for their own self-development. In such cases, capital uses the imperialist state to intervene militarily and to support, both by subversion and by financial and military resources, colonial and client states that act to produce conditions for the reproduction of the capitalist world order. And this occurs especially once capital has decided to generate surplus value directly in the periphery – now it must have the assurance that its investments will be protected.

83. With the support of local oligarchies and elites, these colonial states are assigned the function of creating the framework in which the market serves capital best. By separating agricultural producers from the land and providing special economic zones for capital to function freely, these instruments of global capital make available the reserve army of labour that capital wants. Further, they are there to *police* – to use their coercive power and “grotesquely terroristic laws” to attack challenges to the logic of capital. Whenever these colonial states are unable to carry out this function, though, capital demands as much direct imperialist intervention as necessary.

84. Imperialism, in short, will stop at nothing. Its history of barbarism demonstrates this over and over again. As Che Guevara pointed out, it is a bestiality that knows no limits – one that tries to crush under its boots anyone who fights for freedom.

### The essence of imperialism

*neoliberalism*: policies which remove all restrictions on the movement of capital, remove all laws that protect workers, consumers, and citizens against capital, and reduce the power of the state to check capital (while increasing the power of the state to act on behalf of capital).

85. Imperialism is inherent in capital’s goal of surplus value, in its drive “to tear down every spatial barrier” to that goal. Not surprisingly, at various times the competition between capitalists of different countries to expand may lead them to call upon their particular states to give them particular advantages in the exploitation of colonies – thus leading to a competition among imperialist states. *However, the fundamental contradiction has always been between capital and the working classes,*

*between the imperialist state and the colonial producers – and, in this, all imperialist states have a common interest.*

### **Capitalism and human development**

#### **Capitalism's vicious circle**

86. Think about the kind of people that capitalism produces. We have seen that capitalism cripples people in the process of production. Rather than creating the conditions in which people can develop all their potential, capital treats people as means to its goal, profits. Their productive activity is commanded by this external power; they relate to their work, to the products of their work, to the means for their work, to each other, as alien. Capitalist production, we see, is a process that produces impoverished human beings. And those people, producers who have gained little satisfaction from their work, are driven to find satisfaction in the articles of consumption which they are able to command with the wages they have received.

87. What we can observe clearly here is *the vicious circle of capitalism*. Here we begin with people (a) who are separated from the means of production and with needs which they must fulfill. Those people (b) must go into the labour market to sell their labour power – competing with other people in the same situation. They (c) enter into capitalist production, that process which yields as its result impoverished workers with both the need and the means to consume, within circumscribed limits. Having (d) consumed these alien products, however, they are once again without the means to maintain themselves and must present themselves again to capital; they must once again produce for capital's goals. This is a vicious circle, and its phases are interdependent—you cannot change one without changing them all.

#### **The vicious circle grows**

88. And yet, there is *more* to this vicious circle of capitalism, *because the circle is growing*. It grows because of the drive of capital to expand. Precisely because capital generates new surplus value within the production process as the result of exploitation and expands its capacity to produce in order to grow, it must also expand the sphere of circulation of commodities by constantly generating new needs to consume. Because capital must grow, it devotes enormous human and material resources to conjure up new artificial needs. It seduces people into a life of consumerism (which can never be fully satisfied), and it *must* do this – it must sell more and more commodities. It must create new needs, new needs which increase our dependence upon capital. This is why Marx commented that the “contemporary power of capital rests” upon the creation of new needs for workers.

### **Limits?**

89. Thus, capitalism is a *growing circle* – a spiral of growing alienated production, growing needs and growing consumption. But how long can that continue? Everyone knows that the high levels of consumption achieved in certain parts of the world cannot be copied in the parts of the world that capital has newly incorporated in the world capitalist economy. Very simply, the earth cannot sustain this – as we can already see with the clear evidence of global warming and the growing shortages which reflect rising demands for particular products in the new capitalist centers. Sooner or later, that circle will reach its limits. Its *ultimate* limit is given by the limits of nature, the limits of the earth to sustain more and more consumption of commodities, more and more consumption of the earth's resources.

90. But even before we reach the ultimate limits of the vicious circle of capitalism, there inevitably will arise the question of who is entitled to command those increasingly limited resources. To whom will go the oil, the metals, the water – all those requirements of modern life? Will it be the currently rich countries of capitalism, those that have been able to develop because others have not? In other words, will they be able to maintain the vast advantages they have in terms of consumption of things and resources – and to use their power to grab the resources located in other countries? Will newly emerging capitalist countries (and, indeed, those not emerging at all) be able to capture a “fair share”? Will the impoverished producers of the world – producers well aware of the standards of consumption elsewhere as the result of the mass media – accept that they are not entitled to the fruits of civilization? *Does anyone really think this question is going to be left to the market?* Indeed, this is precisely the case where capital will use “as much state as necessary.”

#### **The specter of barbarism**

91. *The specter of barbarism is haunting the world*. How could anyone ever think that capitalism is a path to human development? Yes, of course, *some* people have always been able to develop much of their potential within capitalism – but *all* people cannot. Why? Because the very nature of capitalism depends upon the ability of some people to monopolize the fruits of human activity and civilization and to exploit and exclude others. Capitalism has never been a society in which the free development of each is the condition for the free development of all; however, the implications of its inherent injustice and inequality are obvious now that the limits to its particular pattern of expansion have become apparent.

## Socialism and human development

92. There is an alternative – an alternative which flows from the logic of human development. Consciously or unconsciously, people have fought long for that alternative; they have opposed the logic of capital with the logic of human development. In every struggle for human dignity and social justice – in every struggle for better wages and working conditions, against racism and patriarchy, for protecting our living environment, and for our rights to adequate health, education, and housing (among our other needs), the concept of human development is implicit. These are struggles to remove the barriers to our full and complete development.

93. Implicit, too, in our collective struggles is the concept that we are all connected – that we need each other, that indeed the free development of each is the condition for the free development of all. The alternative is a society based upon love and solidarity, upon our unity as a human family, “the unity of man with man, which is based on the real differences between men” (Marx).

94. That society, of course, can’t be one in which the state decides, where there is the continuation of the division between thinking and doing, where we are dominated (in the workplace, the community, or the household), and where there is inequality in our ability to develop our potential. After all, what kind of people are produced in such a society? As the Bolivarian Constitution recognizes, the human development alternative can only be a democratic, participatory, and protagonistic society – one in which our participation, our practice, is the necessary condition of ensuring our “complete development, both individual and collective.”

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Not only is this revolutionary democracy necessary to identify the needs and capacities of communities and workers but it is also the way to build the capacities of the protagonists and to foster a new social relation among producers, the relation of associated producers based upon solidarity.

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– one in which our participation, our practice, is the necessary condition of ensuring our “complete development, both individual and collective.”

### Creating rich human beings

95. The logic of human development points to our need to be able to develop through our democratic, participatory, and protagonistic activity in every aspect of our lives. Through revolutionary practice in our communities, our workplaces, and in all our social institutions we can produce

ourselves as what Marx called “rich human beings” – rich in capacities and needs – in contrast to the impoverished and crippled human beings that capitalism produces. Understanding the logic of human development demonstrates the perverse, anti-human logic of capital and points to the alternative we need to build.

96. In contrast to the hierarchical capitalist state (which Marx understood as an “engine of class despotism”) and to the despotism of the capitalist workplace, only a revolutionary democracy can create the conditions in which we can invent ourselves daily as rich human beings. This concept is one of democracy in *practice*, democracy *as practice*, and *democracy as protagonism*. Democracy in this sense – protagonistic democracy in the workplace and protagonistic democracy in neighborhoods, communities, and communes – is the democracy of people who are transforming themselves into revolutionary subjects.

### The elementary triangle of socialism

97. Not only is this revolutionary democracy necessary to identify the needs and capacities of communities and workers but it is also the way to build the capacities of the protagonists and to foster a new social relation among producers, the relation of associated producers based upon solidarity. How else but through protagonistic democracy in production can we ensure that the process of producing is one that enriches people and expands their capacities rather than crippling and impoverishing them? How else but through protagonistic democracy in society can we ensure that what is produced is what is needed to foster the realization of our potential?

98. If there is to be democratic production for the needs of society, however, there is an essential precondition: there cannot be a monopolization of the products of human labour by individuals, groups, or the state. In other words, the precondition is social ownership of the means of production, the first side of what President Hugo Chávez has called the “elementary triangle” of socialism: (a) social ownership of the means of production, which is a basis for (b) social production organized by workers in order to (c) satisfy communal needs and communal purposes.

99. Let us consider each element in this particular combination of distribution-production-consumption.

### A. Social ownership of the means of production

100. Social ownership of the means of production is critical because it is the only way to ensure that our communal, social productivity is directed to the

free development of *all* rather than used to satisfy the private goals of capitalists, groups of individuals, or state bureaucrats. Social ownership is not, however, the same as state ownership. State property can be the basis for state capitalist enterprises, hierarchical statist firms, or firms in which particular groups of workers (rather than society as a whole) capture the major benefits of this state property. Social ownership, however, implies a profound democracy – one in which people function as subjects, both as producers and as members of society, in determining the use of the results of our social labour.

### **B. Social production organized by workers**

101. Social production organized by workers builds new relations among producers – relations of cooperation and solidarity. In contrast to capitalist production, it allows workers to end “the crippling of body and mind” and the loss of “every atom of freedom, both in bodily and in intellectual activity” that comes from the separation of head and hand. As long as workers are prevented from developing their capacities by combining thinking and doing in the workplace, they remain alienated and fragmented human beings whose enjoyment consists in possessing and consuming things. And, if workers don’t make decisions in the workplace and develop their capacities, we can be certain that *someone else will*. Protagonistic democracy in the workplace is an essential condition for the full development of the producers.

### **C. Satisfaction of communal needs and purposes**

102. Satisfaction of communal needs and purposes focuses upon the importance of basing our productive activity upon the recognition of our common humanity and our needs as members of the human family. Thus, it stresses the importance of going beyond self-interest to think of our community and society. As long we produce only for our private gain, how do we look at other people? As competitors or as customers – i.e., as enemies or as means to our own ends; thus, we remain alienated, fragmented, and crippled. Rather than relating to others through an exchange relation (and, thus, trying to get the best deal possible for ourselves), this third element of the elementary triangle of socialism has as its goal the building of a relation to others characterized by our unity based upon recognition of difference. As in the case of programs of ALBA (the Bolivarian Alternative for the Americas), we build solidarity among people and at the same time produce ourselves differently.

103. And, this concept of solidarity is central because it is saying that all human beings, all parts of the collective worker, are entitled to draw upon our “communal, social productivity.” *The premise is not at all that we have the individual right to consume things without limit* but, rather, that we recognize the

centrality of “the worker’s own need for development.” Further, our claim upon the accumulated fruits of social brain and hand is not based upon exploitation. It is not because you have been exploited that you are entitled to share in the fruits of social labour. Rather, it is because you are a human being in a human society – and because, like all of us, you have the right to the opportunity to develop all your potential.

104. At the same time, as a human being in a human society, you also have the obligation to *other* members of this human family – to make certain that they also have this opportunity, that they too can develop their potential. As a member of this family you are called upon to do your share – a point present in the Bolivarian Constitution: Article 135 notes “the obligations which by virtue of solidarity, social responsibility and humanitarian assistance, are incumbent upon individuals according to their abilities.”

### **The defects we inherit**

105. Of course, completing the socialist triangle is not something that can occur overnight. The implications of this are significant. For example, producing for communal needs and purposes requires a democratic mechanism for transmitting needs from below in order to engage in conscious coordination and planning. However, the communal needs and purposes initially identified will be the needs of people formed within capitalism – people who are “in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society.” Similarly, how can production be oriented toward society when self-interest of the producers still prevails? And how, under these conditions, can we ensure that property is truly social? Without production for social needs, there can be no real social property; without social property, no worker decision-making oriented toward society’s needs; without worker decision-making, no transformation of people and their needs. The failure to complete that triangle means that the defects inherited from the old society infect everything. So, how can you create socialism for the twenty-first century when everything depends upon everything else?

### **Revolutionary practice**

106. The problem, in short, is how to create new socialist men and women at the same time as new material conditions are developed. It can only occur through a *process* – one in which people transform themselves through their practice. We always need to remember the concept of revolutionary practice – the simultaneous changing of circumstance and human activity or self-change.” That process by which people prepare themselves for a new society, we see, can only be one of real democracy, protagonistic democracy, democracy as practice.

107. Democratic decision-making within the workplace (instead of capitalist direction and supervision), democratic direction by the community of the goals of activity (in place of direction by capitalists), production for the purpose of satisfying needs (rather than for the purpose of exchange), common ownership of the means of production (rather than private or group ownership), a democratic, participatory, and protagonistic form of governance (rather than a state over and above society), solidarity based upon recognition of our common humanity (rather than self-orientation), the focus upon development of human potential (rather than upon the production of things) – all these are means of producing new human beings, the limbs of a new organic system, socialism for the twenty-first century.

### **The virtuous circle of socialism**

108. What kind of people do we create as we build this new socialism? They are quite different from those produced within capitalism. In contrast to the “vicious circle of capitalism,” socialism contains a “virtuous circle.” We begin with (a) producers who live within a society characterized by solidarity – people who recognize their unity based upon differences. These producers (b) enter into an association in order to produce for the needs of society and (c) in this process develop and expand their capacities as rich human beings. Thus the product of their activity is (d) producers who recognize their unity and their need for each other. They, accordingly, reenter into this process of the virtuous circle of socialism.

109. Like the vicious circle of capitalism, this, too, is an expanding circle. However, its growth is not driven by the logic of capital—a logic which demands greater production, greater consumption of the earth’s resources, and greater consumption. On the contrary, the growth driven by the logic of human development is not a quantitative growth but rather a *qualitative* growth – the development of all-sided, rich social individuals. There are no inherent limits here – except the full development of all human potential.

### **The path to human development**

110. In contrast to that socialist triangle (social property, social production, and social needs), think about the capitalist triangle – (a) private ownership of the means of production and (b) exploitation of workers for (c) the drive for profits. Does anyone seriously think that this can be the path to human development?

111. The only path is socialism. But, knowing where we want to go and the path to take us there is only the beginning.

112. We know that capitalism and imperialism will do everything they can to divert us, to divide us, to convince us that there is no alternative.

113. We know we have to be prepared to fight.

114. If we believe in people, if we believe that the goal of a human society must be that of “ensuring overall human development,” our choice is clear:

115. *Socialism or barbarism.*

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