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of economic and political managers (Bidegain, Neuschwander, J. Delors, Edgar Faure, for example), bureaucrats from the Left and New Left, including their trade unionist counterparts, not to mention a fraction of the working class drawn from the base via various committees and councils (Monique Piton and other members of the Lip Action Committee were given an audience by E. Faure – doubtless taking care of the little man).

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## LIP and the Self-Managed Counter-Revolution

*Négation*  
1973

A critical assessment of workers' self-management at the LIP factory in France. This *Négation* is not related to the US group with the same name. French original at <https://archivesautonomies.org/IMG/pdf/gauchecomuniste/gauchescommunistes-ap1952/negation/negation-n03.pdf>. From <https://web.archive.org/web/20091027055851/https://www.geocities.com/~johngray/lip.htm>.

### Publication notes

This is a translation of “Lip et la contre-révolution autogestionnaire” first published in the French journal *Négation* in 1973, and also apparently as a separate pamphlet. The translation was made by Peter Rachleff and Alan Wallach and was published as a pamphlet by Black & Red in Detroit in 1975.

*Négation* was a successor to a council communist group called Archinoir, formed in Grenoble in 1968, which produced three issues of a journal of the same name in 1969/70. Archinoir had collaborated with the group Informations et Correspondances Ouvrières. *Négation* left the ICO in September 1972. It produced three issues of its journal before disappearing.

### Négation introduction

An impressive number of pamphlets and texts have appeared dealing with the Lip conflict. This theoretical activity has generally followed some practical or agitational activity by the authors regarding this conflict unique since 1968.

The writers of this pamphlet have not taken part in this activity. As soon as the struggle of the Lip workers assumed its form, attractive for others, it appeared clear to us that this struggle – in its content – was not ours; thus the critique that we were then making remained concerned with its immediate aspects and we did not feel compelled to publish it.

With the evolution of the conflict, certain among us considered a brief publication which would concentrate on the intrinsic limits of this workers' struggle and would contrast it with forms of resistance presently dominant among workers (absenteeism, sabotage, etc.).

Because the collaboration that these comrades began with others in order to do this turned out to be impossible, we met again in order to transform their original text in a manner which brought us to a progressive reflection. In effect, it became more and more evident to us that “Lip” represented not only a struggle in which we recognized none of our aspirations for a human society, but rather that this struggle

was simultaneously a particular expression of the contemporary capitalist movement and a sort of anticipation of the formation of our enemy: the capitalist counter-revolution. It is therefore not surprising that this text is dense, for it was necessary to introduce the critique of the Lip conflict with a long analysis of the workers' movement and the capitalist movement, although necessarily abridged. Nor is it surprising that it went beyond a simple critique in embarking on an analysis of the self-managed counter-revolution.

This latter point will later on be stated precisely and developed through various texts and perhaps by a publication bearing specifically on the revolutionary and counterrevolutionary movements which are now taking place.

### **Translators' afterword [1975]**

We undertook the translation of this text because we found it to be one of the most stimulating analyses of any subject we had encountered in too long a time. Although we did not agree fully with all aspects of the analysis, we felt that we had gained immensely from our grappling with it. It is in the hope that you will also benefit from a confrontation with this pamphlet that we have translated it. We encourage you to discuss your reactions to it among yourselves, and to communicate them both to us (c/o Black & Red) and to the original authors (Nicolas Will, 151 rue de Belleville, 75019 Paris, France). We would like to express our special thanks to Ron Rothbart and Fredy Perlman. We hope this text will further an on-going dialogue among all of us who seek to better understand the world in which we live so that we might better share in the project of totally transforming it.

For further information, and alternative points of view on the Lip struggle, we can suggest the following (by no means exhaustive) bibliography:

- "Lip: une brèche dans le mouvement ouvrier traditionnel," *Mise au point*, No. 2.
- "Lip revu et corrigé," *La lanterne noire*.
- "Lip: The Organization of Defeat," *Internationalism*, No. 5.
- "Lip: c'est bien fini," *Lutte de classe*, March 1974.

Peter Rachleff, Alan Wallach

## **Chapter 1: The workers' movement and its decline**

### **1.1. The expropriation of the expropriators**

The workers' movement appeared with the first developments of capital. It was the movement of proletarians in struggle against the formal domination of capital over labor, the first historical mode of domination of capital.

What characterizes the functioning of this mode is the extraction of absolute surplus-value. The labor process consists principally of human labor. Moreover, the content of this labor remains artisanal and skilled. In this first period, capital is content with bringing about the separation between the means of production and the producer, the necessary condition for the appearance of the exchange of labor-power for wages, and with broadening the labor process to the level of manufacture.

The proletarian is thus simultaneously a "proletarian" (one who is constrained to exchange his labor-power for wages because he is without social reserves) and a "worker" (one who "works" or whose use-value is qualitatively important to the productive process).

Out of this comes the initial content of the workers' movement: on the one hand, struggles for the reduction of labor time, because the extraction of absolute surplus-value implies the lengthening of the working-day, and the creation of organs to defend the price of labor-power (craft and then industrial unions).

On the other hand, the preservation of the pre-capitalist content of the labor process determines within the proletarian a **producer's consciousness**, which is reinforced by the fact that, confronting him, the capitalist appears as a lazy parasite. Working "as an artisan," but for the accumulation of capital and under the direction of a capitalist, the struggle of the proletarian-producer also seeks the re-appropriation of the means of production, "**the expropriation of the expropriators.**"

But, if the producers' attack on the ownership of the means of production was at the heart of the workers' movement of the 19th century, and if the question of socialism had thus seemed to sum itself up in that of **property ownership**, it was also because this ownership, under the guise of **personal ownership**, seemed **both arbitrary and injurious** to the workers.

Given the continuation of the pre-capitalist labor process, the capitalist's accession to property ownership changes nothing about production itself, but only its scale. It appears that the capitalist does nothing for production, but is content to live off it, while the workers do everything.

He thus appears all the more as simply the bearer of a title of ownership. The function which he has nevertheless acquired, the organization of the sale of products and the purchase of raw materials and labor-power, remains relatively simple, so that its being taken over by the association of the workers seems to pose no problem – technically or economically.

In this period of general prosperity of capital and relative independence of capitals from each other, the function of the **management of capital** – control over its insertion into the circulation process (both up and downstream from production itself), and the equally necessary control over its reproduction – appears less as a separate function worthy of compensation than as a privilege connected to the **ownership** of capital and the product. Even at the time of the Amiens Charter (1906) which states that "the union, today an organization of resistance, tomorrow will be the organization of production and distribution, the basis of social reorganization," the question of the management of capital had not been posed as such.

Personal ownership of the means of production is arbitrary and also injurious to the producers. In effect, the weak unification of the capitalist process on the level of society allows the owner a large margin of social irresponsibility. The firm that he possesses is still small and is situated in a limited market. If he judges it necessary or useful for him, he may close it without provoking much of a fuss. The other capitalists (creditors aside) will view his disappearance favorably or indifferently, depending on the relative division of the markets. The workers, equally isolated for the same reason, cannot endanger other sectors by their response. Moreover, the continued existence of other modes of production within society – and this is an important characteristic of the merely formal domination of Capital – allows at least part of the discharged workers to survive in some other manner, often by returning to craft production or agriculture. The others swell the reserve army which grows in the cities.

These three characteristics (the consciousness of being a producer among the workers, due to the maintenance of the former labor process; the apparent arbitrariness of property ownership with the question of management not posing itself; finally, the social irresponsibility connected to personal property ownership) explain why the

practical form assumed by the 19th century workers' movement was that of **production cooperatives**. Beyond defensive unions, and after the abandonment of the utopia of a return to small-scale individual property, one idea remains. It is the idea – later to be taken up by unions (anarcho-syndicalism) – that the workers can simultaneously be associated and the owners of their common means of production. Like the non-producing owner, they will **thereby** fulfill the role of manager, or according to the consciousness of the epoch, they will sell and divide among themselves the **“whole product” of their labor** (the slogan from Proudhon to the Gotha Social Democratic Program).

Moreover, unlike the capitalist owner, the collective producer-owner (facing a variable capital which is only itself) is also **thereby** socially responsible for the continuation and smooth functioning of the firm. “... [t]he antithesis between capital and labour is overcome within [the cooperative factories], if at first only by way of making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labour.”<sup>1</sup>

## 1.2. Dead labor

Capitalist expansion and concentration at the end of the 19th century, the war of 1914-1918 and the revolutionary period which followed, marked an important turning point in the history of the workers' movement. This period is, in effect, the beginning of the painful passage to the real domination of capital over labor, which was completed only after two world wars and the great depression of the 30s.

In this second historical phase of Capital, the production process becomes specifically capitalist. It is based on the extraction of relative surplus-value, by the constant increase of productivity due to the perfection of techniques, the development of the productive forces and their increasing socialization. The extraction of surplus-value depends above all on these processes, which lower the price of commodities in order to increase the surplus-value that they contain by decreasing the necessary labor-time. The share of human labor in the production process now diminishes in comparison to dead labor; the “worker” disappears and only the “proletarian” remains. The use-value of the commodity labor-power loses its particular determinations and comes to depend entirely on the more or less large quantity of surplus-labor that it can be made to produce. This is the epoch of the “scientific organization of labor” and of the appearance of the “ouvrier spécialisé” (“specialized worker”). The term “specialized worker” is simply a euphemism to signify that the “work” of this worker has been stripped of all quality. His labor requires no training, no apprenticeship. Labor-power then becomes absolutely **interchangeable**, logically enough, since the only thing that counts is the ability to expend labor-time. All the skill is now in the machine, and the “specialized worker” is a good or a bad worker depending on whether or not he reports to his post on time.

The increasingly abstract relationship of the worker to the labor process makes the **whole “producer-consciousness” disappear**. This is clearly manifested in the current outbreak of absenteeism, sabotage and high turnover. Certainly, these forms of struggle are not new, nor have they replaced so-called “traditional” struggles over wages. But, like many other phenomena, they visibly acquire their full meaning in our epoch by reflecting both the **secondary** role of the human being in the actual labor process as well as his crucial position for capital. In effect, the increase of the organic composition of capital indicates not only the de-qualification of labor and the inter-changeability of workers, but also the pressure that this brings to bear on

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<sup>1</sup> Karl Marx, *Capital*, Volume III (Moscow: Progress Publishers, 1966), p. 440.

profits. This imposes a speed-up which reduces man to the level of a supplementary but **decisive** machine for the capitalist mode of production. From the worker's point of view, these forms of struggle are thus **human** reactions, elementary in the face of a mode of production which can survive only by continually denying those by whom it lives. The key difference from the epoch in which Pouget advocated sabotage as a means of pressuring the boss without losing wages by striking is that these reactions can no longer be neutralized by a simple wage increase. It has even become necessary to invent "job enrichment" to try to conjure away the irreversible fact that, today, the proletariat is no longer the class of labor.

If only for this reason, the struggle of the proletariat can no longer be the struggle of the workers' movement either in its aims or in its means. It is no longer a matter of the associated proletarians becoming their own capitalist but of destroying the capitalist form itself, the firm, along with wage-labor and the market.

### 1.3. Variable capital and the unions

#### 1.3.A. The CGT and devalorization

The period when Capital achieves real domination over labor and over the totality of social relations is also the period when the profoundly contradictory nature of capital becomes clear.

The increase in the organic composition of capital, which makes possible an immediate increase in a firm's profits, rapidly leads to a decrease in the rate of profit on a social scale: the growth of the **mass** of profit brought about by the growth of invested capital is connected to the relative increase of constant capital, since it is by means of its superior productivity that a capital manages to absorb its competitors. In brief, today the process of valorization<sup>2</sup> can only be carried out through the process of devalorization; the capitalist who has nothing but exchange-value at heart ceaselessly endeavors to decrease it.

This contradiction contains another: the law of value, the relations of production, are increasingly opposed to the development of the productive forces, setting in motion ever more total crises, such as the one we are entering today.

As a consequence of the increasing devalorization, the traditional system of private ownership of the means of production is called into question, as is seen most clearly in nationalizations. Fundamentally, nationalization consists of entrusting a capital to the State. Since the State is satisfied with less profit, the share of other capitals in the division of total surplus-value is increased, and thus everything goes on "as if" the nationalized capital were **worth less**, since it earns less surplus-value.

But nationalizations are only an extreme case of the socialization of capital which is involved in devalorization. In general, a firm's capital loses its independence when, in order to compensate for the lowering of the **rate** of profit by increasing its **mass**, it becomes necessary to increase the size of an individual capital to the point that immobile property, financial capital, and the firm's capital pass into different hands. The creation of corporations by means of selling stocks is the first act of this process. To the capital accumulated by the firm itself is added a capital of external origin, which lays claim only to interest and thus does not insert itself into the equalization of the rate of profit. This capital rapidly becomes fictitious once revenues are "capitalized" on the basis of a rate of interest.

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<sup>2</sup> The profitable expansion of capital.

The next act in the process of socialization of capital is even more directly connected to devalorization. When profits have become too small and the appeal to the stockholders' capitals no longer suffices for the enlarged reproduction of capital, it becomes necessary to seek long-term credit. On a general level, capital itself pretends to overcome its contradictions through its "transformation" into fiction.<sup>3</sup>

Devalorization therefore means that financial capital takes control of the entire economy. Financial capital, itself highly concentrated, plays the role of "the general capitalist" in the same manner as the State when it takes direct charge of the most devalorized sectors, yet even more totally since credit becomes the nerve-center of production in all sectors. The banking system is furthermore **very closely** linked to the State, which, conforming to its nature, furnishes it support and "control."

In the context of the workers' movement, the cooperatives (firms weak in constant capital from the outset and whose expansion is limited to their self-financing) then crumble exactly like **all** the firms with similar organic compositions. Large numbers of workers' cooperatives are created in periods when, due to a structural or conjunctural disorganization of exchange, it is possible to create in semi-artisanal sectors (for example, printing), firms with a very limited constant capital and a decently paid qualified labor force. These periods have been: 1830-1848 and especially 1848-1850<sup>4</sup>, then the years 1919, 1936, 1945, insofar as France is concerned.

Some mid-nineteenth century workers' cooperatives survived over a long period although not without compromising their principles (for example, by employing wage laborers who were not members). However, they do not have comparably durable heirs today when the life span of 75% of such firms does not go beyond two years.<sup>5</sup>

It was also clear to Marx that a system of financing by credit was indispensable to the development of cooperatives:

"Without the factory-system arising out of the capitalist mode of production there could have been no cooperative factories. Nor could these have developed without the credit system arising out of the same mode of production. The credit system is not only the principal basis for the gradual transformation of capitalist private enterprises into capitalist stock companies, but equally offers the means for the gradual extension of cooperative enterprises on a more or less national scale."<sup>6</sup>

Furthermore, this was not only Marx's perspective, but that of the 19th century workers' movement as a whole. (Unlike Marx, this movement saw in this the establishment of socialism.)

In fact, the financing of cooperatives by credit turned out to be impossible. The credit arising from the pooling of their not immediately re-invested profits turned out to be quite insufficient, while their insertion into the general credit system was impossible due to a lack of capitalist credibility.

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<sup>3</sup> *Entreprise*, No. 967, p. 56, gives an example of this transformation into fiction of a capital, that of British Petroleum: At a time (1972) when, for all the large oil companies investment needs increased while profits fell, B.P., in order to finance installations in the North Sea, resorted to a loan from a syndicate of banks which would be repaid after a delay of 5 to 10 years from funds coming from the sales of oil from this new source. B.P.'s new productive capital can thus function on an expanded level, whereas its money capital will only have attained the corresponding size in five years at the earliest.

<sup>4</sup> cf. G. Lefrancais, *Mémoires d'un révolutionnaire*, Paris: Ed. La Tête de Feuilles.

<sup>5</sup> cf. *Problèmes Economiques*, No. 1.357, January 30, 1974.

<sup>6</sup> *Capital*, III, p. 440.

This practical impossibility due to the evolution of capitalism in general, in conjunction with the breakdown of “producer-consciousness” among the workers in most of the important sectors, created a crisis in the workers’ movement. A shift was nevertheless made, but it was made by the unions which became **federations** representing **variable capital** within the context of the national system and no longer impelled by a “revolutionary” spirit nor the aim of creating associations of producers-proprietors. Anarcho-syndicalism died – or very nearly – with the cooperative movement. The unions, organs of real resistance to Capital during the mode of **absolute** extraction of surplus-value (lengthening of the working day), become integrated as purely capitalist operations with the generalized passage to relative surplus value.

The First World War, which covered a capitalist crisis, marks a split between the **workers’** movement and the union movement, out of which grew, for a time, the reality and the idea of “workers’ autonomy.” The workers’ councils, which appeared in Germany at the end of the war, not only were manifestations of this autonomization produced by the necessity to re-create a **resistance** to Capital’s attack on workers’ living conditions, but they **also** are manifestations of a **tendency** for the **proletariat** to constitute itself as a distinct class, in a period when the reproduction of capital was blocked.

The specific role of the **unions, in their phase that could be called social-democratic**, is explained by the fact that the contradiction valorization/devalorization, which became omnipresent, was embodied in **labor-power**, whose price the union negotiates while at the same time controlling it. Thus, in addition to their role as managers of labor-power<sup>7</sup> they become promoters of reforms which confirm the devalorization and aspire to the role of national managers of all of Capital in times of crisis.

The contradiction does not appear **as such**, seeming inexistent or resolved, in phases when the expanded reproduction of capital takes place without difficulties. However, the union then virtually and “theoretically” takes charge of this contradiction and elaborates reform programs which fit in with the viewpoint of the **devalorization** of Capital: a program of nationalizations of sectors with low profit rates and, especially, the credit sector. But these reform programs only acquire their full implications and appear plausible when Capital, entering a crisis, is forced to recognize its contradictions which are then visibly concentrated in the existence of living labor. It then tends to become **immediately practical** for the union to take charge of this contradiction.

The CGT was formed out of these “old” unions in industries born during the development and concentration of capitalism at the end of the 19th century, which made syndicalism in general and anarcho-syndicalism itself limited modes of organization.

Nevertheless, created at the very outset of the transitional phase in France, between the two modes of the submission of labor to capital, the CGT managed to preserve, at its foundation, some notably anarcho-syndicalist traits (cf. the Charter of Amiens) which it quickly abandoned once its integration was brought about by rallying to the cause during the First World War.

In the years which followed the war, the CGT smoothly implanted itself in the expanding public sector (whose expansion is immediately contradictory:

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<sup>7</sup> In developed states their role as managers of labor-power, which marks their integration as a machinery within capitalist society, is particularly clear in the establishment – in collaboration with the managers of the total capital – of periodic contracts for wage increases by branches of production.

simultaneously a devalorizer because it is not productive of profits and, as an infrastructure, absolutely indispensable for a society tending to be capitalized); the CGT also implanted itself in the private sectors which were connected to the former major industries (railroads, mines) whose **nationalization** it has demanded since the beginning of the 1920s.

The crisis of the 30s and the popular front of 1936 that was its consequence publicized and diffused these demands which found their satisfaction in the waves of nationalizations following the Second World War: Capital launched its real domination over French society.

In the period immediately after the war, the CGT found itself entrusted with various State responsibilities due to the promotion of several union bureaucrats to governmental positions. As a confederation, it dug in by taking charge of the capitalist contradiction resolved for a time during the war, and then the nationalizations. Because of its new situation, the CGT, **in reality**, was to exhibit the greatest dependence on the State, which was penetrating more and more deeply into all the machinery of the economy. Its feudal relationship to the PCF<sup>8</sup>, begun during the depths of the crisis and definitively accomplished by the end of the war, is the **consequence** and not the cause, as some argue, of this management of the contradiction which culminated in the realization of its program.

The CGT becomes increasingly unable to manipulate reforms for capital at the heart of social movements. The relegation of the PCF to an oppositional role once its task is accomplished, increasingly leads this union to transfer workers' demands directly to the electoral realm with the perspective of a reappearance of the CP in the management of the State.

The 30th Congress of the CGT, in June 1955, openly expressed this situation: "The majority (overwhelming: 5,334 against 17 in the minority), following M. Benoît Frachon, decides to set aside the **economic program** adopted in 1953, which had implied structural reforms and especially new nationalizations (a program which is also found in the "common program" of the political left), in order to replace it with an **action program** consisting exclusively of demands."<sup>9</sup>

The CGT most often limits itself – ritually – to denouncing the so-called "dangers" of the re-privatization of certain sectors such as Régie Renault!

In crisis periods the CGT must even "liquidate" the "hardest fought" workers' struggles, as this is a condition of the credibility of the Left and of the CP in particular (without considering for the moment the question of knowing if this credibility can concretize itself today in the management of the State; in other words, if the counter-revolution from now on needs this type of Left. In any case, it will be seen later that the popular front as it appeared in the last crisis is no longer **the** most appropriate form of the counter-revolution in France.)

From this point on, it is the CGT's confederal position that determines its specific positions in conflicts and this occasionally leads to divergences between the Confederation and this or that section of a firm participating in struggles which "go too far."

### 1.3.B. The CFDT and self-management

Once the program of the social-democratic unions had been realized in the course of the crisis of the 30s, the last world war and the reconstruction, Capital's

<sup>8</sup> French Communist Party.

<sup>9</sup> G. LeFranc, *Le syndicalisme en France*, P.U.F.

contradictory process goes on at a higher level and the few reforms of this type which were still possible no longer suffice to resolve the developing crisis. From this point on, the real importance of the problem of **management**, as well as the myths connected to it result from the growing devalorization of Capital.

The management of a firm becomes a very **“technical”** problem: the general fall in the rate of profit and the extreme interdependence of markets prohibit the success of amateurism (or of the arbitrariness of ownership).

The control of labor-power in particular takes on a **crucial** importance, and, at the same time, the management of **one** firm assumes a **social** scope, depending on the extent to which (unlike what happened in the 19th century) the unification of the capitalist process and the increasing interdependence become so tight that a rupture at any one point of society rapidly leads to consequences nearly everywhere. For example, the bankruptcy of Rolls Royce in England immediately provoked reactions in Seattle, where an airplane requiring Rolls Royce engines was manufactured. Similarly, should an enterprise lay off its personnel, the revenues of a city or region are threatened. In short, the general conditions of Capital today are such that each fraction of Capital requires that all the others behave responsibly in relation to the totality of Capital. (This economic responsibility, from the boss's side as well as the union's, is the very **civics** [*civisme*] of real domination: there is no longer any other manner of participating in society, of being a citizen, than to “take charge” of the problems of Capital in its totality).

However, the firm's management escapes the capitalist-entrepreneur, at the same time that the ownership of capital escapes him, once stock corporations and the generalized use of banking credit have been established. Parallel to this dispossession, the management of the firm passes to a board of directors theoretically representing the stockholders, and is exercised by hired “managers” or “technocrats” dependent upon banking groups who are no longer even fictitious owners but merely the firm's creditors, but who nevertheless possess the real power over the product and the reproduction of capital. In effect, as the late Serge Mallet, theoretician of self-management, wrote: “the taking over of the management of firms by a stratum of technicians independent of the stock-holders is rendered possible only by the incapacity of the boards of directors to confront, by means of the sale of stocks alone, the costs of operation and the new investments required by expansion.”<sup>10</sup>

In this movement of Capital, “the capitalist” must disappear, giving way to the anonymous powers of credit on the one hand, and the hired managers on the other. “On the one hand, the mere owner of capital, the money capitalist, has to face the functioning capitalist, while money-capital itself assumes a social character with the advance of credit, being concentrated in banks and loaned out by them instead of its original owners, and since, on the other hand, the mere manager who has no title whatever to the capital, whether through borrowing it or otherwise, performs all the real functions pertaining to the functioning capitalist as such, only the functionary remains and the capitalist disappears as superfluous from the production process.”<sup>11</sup> If he nevertheless seeks to maintain himself, he is increasingly relegated to sectors on their way to a slow death. The juridical form of property becomes an obstacle which Capital twists around by reforms, but is unable to suppress it because **private property** remains its necessary presupposition, in the same way as the development of fictitious capital collides with the law of value and seeks to “surpass” it without being able to suppress it, because this would be to negate itself.

<sup>10</sup> Serge Mallet, *La nouvelle classe ouvrière*, Paris: Seuil, 1963.

<sup>11</sup> *Capital*, III, p. 388.

Furthermore, not only the management of the enterprise but also that of financial capital itself tends to appear as a simple technical function of a social sort. “We are proceeding toward a sort of divorce between ownership and capital; capital is increasingly separated from ownership, while it is diluted, concealed, or even presented as the ownership of collective organisms in statizations, socializations, and nationalizations which pretend that they are no longer forms of capitalist management.”<sup>12</sup> By the game of fictitiousness, financial capital also pretends that it is no longer a form of private property, but rather an independent social regulator of the relations of production which it claims to surpass.

However, this whole structure rests on real capital, on the law of value, and the extraction of surplus-value. “The dynamic of the capitalist process remains intact and under its most ruthless form: but this economic relation is anything but new.”<sup>13</sup> This is the relationship that engenders the proletariat. “The fact that the investing capitalist can perform his function of making the labourers work for him, or of employing means of production as capital, only as the personification of the means of production vis-a-vis the labourers, is forgotten in the contradiction between the function of capital in the reproduction process and the mere ownership of capital outside of the reproduction process.”<sup>14</sup>

But the union movement – conforming to its nature as the representative of variable capital – by laying claim to national management, lays claim to the management of each firm and increasingly diverges from the entire developing proletarian base. In so doing it seeks to rejoin the workers’ movement, whereas the self-management movement differs fundamentally from the cooperative movement; the common point, however, is that, in the same way that the questioning of the **ownership** of capital from the **workers’** point of view had formerly masked the proletarian question of the destruction of capital (which includes that of the enterprise form regardless of its owner), likewise today raising the question of the **management** of capital masks that of its destruction (which includes that of the enterprise form no matter who its manager is).

The history of the CFDT sheds light on this renewal of the union movement. At the beginning of the 50s, French capitalism underwent a transformation which was only the continuation and full realization of a tendency manifested before the war: the basic industries – oil, chemicals, and petro-chemicals (among others, but especially these) – became by degrees the foundation of the new cycle of accumulation. It can be stated that the CFDT was born (in 1964) principally out of the implantation of the ex-CFTC in these new “key sectors” of industry.

To prove our point, it is sufficient to demonstrate the growing importance of the **chemical union** whose general secretary, Edmond Maire, became general secretary of the Confederation; we must also take note of the recent promotion of J. Moreau, Maire’s successor as general secretary of the chemical union to a post in the **political** sector within the executive committee.

Along with electronics, the basic industries are the sectors where, in conformity with their nature, the automation of the production process is pushed the farthest; a small portion of living labor is incorporated there, of which the technicians and researchers constitute an essential element.

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<sup>12</sup> Bordiga, *Propriété et Capital*, Ch. 4.

<sup>13</sup> Bordiga, *Propriété et Capital*, Ch. 4.

<sup>14</sup> Marx, *Capital*, III, pp. 380-381.

Moreover, these are the sectors which experience most profoundly the divorce between juridical property and capital because of the impossibility of their self-financing.

Thus, the technicians, engineers and researchers find themselves directly confronting management at the workplace: who is the best manager, those who control the production process every day or the man who is arbitrarily promoted to the management of the business because he belongs, directly or not, to the banking group which is in **reality** the owner?

Here we find, transposed to the final limits of capitalist production (quasi-automation), the same professional indignation confronting the “capitalists’ qualifications” which had marked its dawn; but its content is entirely different. In order to understand the ever-spreading demand for (self)management as the fundamental demand first of the “advanced” fringe of the CFTC and then of the CFDT, the best idea is to let Serge Mallet, a pioneer in the matter, speak, as his remarks are sufficient in themselves:

“The specificity of working conditions in the firm (insofar as this concerns the sectors in question), the link established between the demands and the economic condition of the firm, the fact that the latter may in itself be a powerful homogeneous unit of production even when its various establishments are geographically isolated, increasingly force the union to organize itself on the basis of the firm itself, in other words, not the factory or the laboratory, but the firm, the complete economic unit. A new organizational structure arises in the union movement which will progressively replace the trade structure and the territorial structure and will merge with the industrial structure by debureaucratizing it.”<sup>15</sup>

To debureaucratize, in Mallet’s conception, means to adapt unionism to the new reality of the firm which renders the traditional structure (represented at its best by the CGT) useless because it is inoperative. Moreover, at this level of his analysis, he is in agreement with the following journalistic expression of progressive management: “Just as it must be certain of outlets when it manufactures for its market and of the products it will sell there (this is the role of advertising), the firm must also be certain of the labor supply in negotiating with the representatives of the wage-workers... One of the reasons the unions have found themselves out of step in recent conflicts is precisely that they have been organized on the level of the industry: it is here that they negotiate... We are witnessing an ‘atomization’ of social conflicts: each will fight for itself, with its arms and objectives, and it will be necessary to negotiate much more on the level of the firm; but the leaders of the latter have become accustomed to arbitration by specialists and their professional organizations. As this will no longer be possible, they themselves will have to go to the negotiations and, consequently, they will have to prepare themselves.”<sup>16</sup>

Mallet continues: “We are thus witnessing, alongside the political and traditional front maintained by the parties and the social front maintained by the unions, the opening of a third front in the perpetual struggle of Capital and Labor: this is a matter of an economic front by which the workers’ movement contests the capitalist system, not out of ideological choices or social demands, but out of the practical experiences of the inability of this system to ensure the harmonious and uninterrupted

<sup>15</sup> Serge Mallet, *La nouvelle classe ouvrière*, pp. 86-87.

<sup>16</sup> Report by Jean Boissonat, editor in chief of *L’Expansion*, to the European Commission, published in *Problèmes Economiques*, No. 1272, May 17, 1972.

development of the productive forces. By the same process, the traditional distribution of roles between the union movement and the political movement of the working class is called into question, and the unions as economic organizations are led to politicize themselves in the true sense of the term, in other words not to echo in a dull manner the electoral slogans of this or that political party, but to intervene in an active way in the political life of the country with the means and forms of action which are specific to them... The development of modern society completely integrates the political and economic processes. It is impossible for a serious syndical organization not to intervene directly as a syndical power in political problems, insofar as it wants to play its role as a syndical power effectively... Protection of already acquired advantages today demands not the regulation of the existing economic system, but the organization of the economic totality in which the wage-workers will have to live. And economic demands of a total character are obviously related to political problems in a modern state.”<sup>17</sup>

He concludes: “The apathy [*absenteisme*] of the citizen, deplored today by all good democratic consciences, is compensated for by the development of a spirit of responsibility within socio-economic organizations. This is probably the most interesting and serious consequence of the evolution of firm-based unionism. In effect, we are led to revise fundamentally all of our political habits and our conceptions of democratic practices.”<sup>18</sup>

Mallet is only expressing in sociological terms the absorption of politics and democracy by Capital, which destroys them as **particular spheres of activity**. This movement takes place through the full conquest of the State by Capital and reflects the level of its contradictions:

Capitalism developed on the basis of the law of value within petty commodity production, and it represents **value in movement**. As long as its domination is only formal, it reactivates democracy by bringing to the forefront the **producer** “liberated” by the bourgeois revolution.<sup>19</sup>

Once it is fully tied up to value, Capital enters into contradiction with the basis of its existence. It tends continually to surpass it **without being able to accomplish this**. Neither can it really suppress democracy, so it **swallows it up**.

Because of the development of this contradiction, Capital henceforth tends to confer citizenship through the productive act and the act of labor in general (one who cannot sell his labor-power is not a “man” according to capitalist logic).

At the heart of this movement, as Mallet suggests, the firm acquires all of its omnipresence by emancipating itself simultaneously from juridical forms of property and its own financing. This “autonomization” in turn gives the firm its capacity to exercise its own planning, its self-organization in terms of the fundamental and unique dynamic of the system: valorization of Capital.

The intervention of the State becomes proportionately more important as it increasingly functions through financial operations, either direct or indirect.

The famous “**democratic planning**” elaborated by the CFTC since 1959 expresses this new stage of contemporary capitalist development. It is democratic insofar as it takes into account this “autonomous” planning of the firm; this “autonomy”

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<sup>17</sup> Serge Mallet, *La nouvelle classe ouvrière*, pp. 102-103.

<sup>18</sup> Serge Mallet, *La nouvelle classe ouvrière*, p. 245.

<sup>19</sup> Democracy appeared along with the law of value at the time of the dissolution of primitive communities. Athenian democracy was the lot only of free men, only recognized citizens; the slaves, progressively becoming the principal producers, were excluded by the definition of the social being.

from then on **forbids** any unilateral centralized planning. At the level of the State, this planning would consist especially of the organization of credit by means of its complete nationalization: “if the State connected the few large private business banks to the four credit banks that it possesses, it would thereby entirely control French industry without resorting to the slightest change in the theoretical ownership of the industrial means of production. It remains to be seen who controls the State, whom it serves!”<sup>20</sup>

This sort of “control” over industry could result only from the submission of the State to the sole capitalist dynamic – the firm – moving in a context of extreme devaluation.

This would produce the following absurdity: the firm, “emancipated” and organizing all activity around itself and for itself, cannot respond to the law of value! As these sectors of high devaluation (basic industries) are the **key** sectors for accumulation, they differ from their pre-war homologues which were, or consisted of, the sectors of the **infrastructure**. Only the existence of transformation industries with a sufficient profit rate has allowed these key sectors to be maintained through the system of the equalization of profit rates and the conceding of **excess profits**.

At such a level of contradiction between the forces of production and the relations of production, the outbreak of a general crisis due to the **over-all** impossibility of the expanded reproduction of capital must lead to labor power itself taking charge of the contradiction, in other words it **takes charge of itself**. This self-management is the result of the proletariat’s atomization inscribed in the “autonomy” of the firm, as we have defined it above; this is a manifestation of the necessity for a type of control over the proletarians which can no longer be exercised by its first boss, but only by themselves.

But this atomization does not stop at the doors of the firm; the social invasion of the firm is accompanied by the atomization of the proletariat **in the entire society**: the crisis, in which value becomes decrepit, and with it political democracy, will bring about the promotion of the producer to the status of the only recognizable citizen. Self-management will **necessarily be generalized**. (In the latter part of this text, we will confront several concrete modalities of the self-managed counter-revolution in the countries where it is a possibility.)

For the time being this does not reduce the existence of the unions to nothingness; on the contrary, as Mallet has shown, some of them have come to take on considerable importance at the heart of the counter-revolution. However, this very importance implies that, outside of them, distinct organizations of workers (including some propelled and controlled by them) are forming. Already during the Italian mini-crisis<sup>21</sup> of 1968-69, rank and file committees and other factory councils appeared which took on and performed functions which the union structure could no longer carry out.

This mode of existence of Capital is certainly not new, having existed as a tendency since Capital achieved its real domination over the labor-process in a given sector, but it is fully realized in the sectors where this domination is complete. Once these sectors have shaped the industrial totality (if only on the level of the organization of the market), the preparation of **general** reforms becomes even more **necessary** for Capital, so that these sectors can co-exist (as in France and Italy) with sectors which are on the path to real submission and to which they tend to confer their

<sup>20</sup> Serge Mallet, *La nouvelle classe ouvrière*, p. 167.

<sup>21</sup> “Mini” in comparison to the generalized crisis which is coming.

mode of management during the passage to full submission. But, reciprocally, only these “archaic” sectors, to the degree that the portion of labor which is incorporated in them is still relatively large and implies a **movement of labor power**, can **carry out** these reforms.

If the labor force’s taking charge of itself in varying degrees is now an immediate necessity, it is because the maturation of certain sectors is today synonymous with **crisis**; the labor force can intervene only through the evermore contradictory movement of value.

If the strength of the CFDT in the sectors of devalorization ultimately represents a small part of its total strength:

- a) its foundation, as a union, has for its origin this contradictory dynamic of the capitalist social movement on which its own theoretical and practical dynamic rests.
- b) this dynamic utilizes such tools as localized and genuinely sectoral conflicts of small productive units in generally “disfavored” regions, where the CFDT has experienced a rapid growth. These conflicts are usually marked by direct opposition to the right of ownership (sit-down strikes, sequestration of officials, etc.). They are not the CFDT’s laboratories for experiments in self-management but, rather they constitute the local starting points of the process of taking charge of the crisis which is itself still localized.

The divergences between the CFDT and the CGT on the subject of the common program of the Left reflect their respective positions: The CFDT emphasizes social struggles in order to carry out the reforms of the crisis, whereas the CGT submits to electoral politics. These divergences are fully borne out in the present conflicts [March 1974], in particular at Houillères in Lorraine, where they are transformed into spectacular oppositions. The deepening of the crisis could cause the confederal agreements, which were gradually established between these two unions during the past few years to be called into question. This is the time for the CFDT to affirm and demonstrate its union leadership in the midst of the counter-revolution in formation; moreover, despite its noisy declarations, the CGT has already adopted some significant characteristics of the CFDT plans.<sup>22</sup>

## Chapter 2: The Lip case

“... This socialism would not be a matter of allowing the worker to leave the factory with a pair of shoes slung over his shoulder; and this is so, not because they would have been stolen from the boss, but because this would represent a ridiculously slow and clumsy distribution of shoes for all.” – Amadeo Bordiga, *Propriété et Capital*

When laid-off workers paid themselves wages by selling commodities produced under their own management, their gesture was spectacular and became famous. The Lip workers’ struggle struck a blow against the right to private ownership of the means of production and tended towards the reappropriation of the product by the producers. Thus it seemed to re-unite with a movement which had sought to transfer the management of the social productive apparatus to the hands of the working class. However this perspective was that of a **workers’ movement** produced by an epoch of class struggle when capital only formally dominated the labor process and society.

<sup>22</sup> cf. especially the “democratic management” of the firm, democratic planning, in the new CGT perspective presented in the official organ of the CGT: *Le Peuple*, No. 927, October 16-31, 1973.

If the struggle of the Lip workers could initially appear as a manifestation of the workers' movement, it was because it had been determined, in the context of the Lip firm, by social relations between Capital and the proletarians which were largely identical to those which had produced the workers' movement. But the much larger context of national and international capitalist society has also shaped the reality of this struggle: personal ownership of the means of production has today become a barrier to capitalist production, which no longer needs owners but only managers. In addition, the reality of the struggle of the Lip workers does not fit in with the tendency toward reappropriation, but much more with the tendency toward the management of Capital by the workers themselves: Lip has become a bazaar for self-management. Moreover, this happened without any conscious intentions on the part of the Lip workers, who were merely demanding a boss capable of guaranteeing their survival.

### **2.1. Lip, a factory during the epoch of real domination of capital**

The Lip conflict occurred in a sector (watch-making) where Capital has not yet achieved real domination. More exactly, the real domination of Capital over the totality of society has not yet established the specifically capitalist labor process there.

Formal submission historically precedes real submission. But in certain branches of production "this latter form which is the most developed can constitute in turn the foundation for the introduction of the first."<sup>23</sup>

In watch production the capitalist form of production corresponding to the real submission of labor to Capital first takes control of the production of components: this production is carried out by machine-tools operated by the O.S. ("specialized workers"). The high level of productivity in the production of components has allowed the introduction of the capitalist form in watch-making through the formal domination of Capital over the labor process: assembling watches, within a single factory. (Before the period of manufacture, the assembling of watches was carried on within the framework of an artisanal mode of production, by the watch-making artisans of Jura and Franche-Comté, "the traditional watch-making region.") As the capitalist mode of production took control of the assembling of watches, its domination was initially formal: the technical processes at this stage differed little from what they had been during the artisanal mode of production. The assembling of watches could be continued even after the workers had been expelled from the factory: this shows the importance of human labor at this stage of production. This manufacture rested on the skilled labor of the workers, and it is certainly because Lip is the last watch-making factory that its closing poses a serious employment problem: the Lip workers "could never find another job corresponding to their skills."<sup>24</sup>

Furthermore, factory production is based on a barely-developed division of labor: it involves the production of the materials necessary for the complete fabrication of a watch (this is the famous department of mechanical production).

In essence, the Lip capital, operating on too limited a level, incorporated a quantity of labor into its product which exceeded the social average. The large American and Japanese manufacturers produce on a scale of mass production: the size of their capitals allows them to compensate for the fall in the rate of profit (engendered by the height of their organic composition) by the mass of profit and by excess profits because their greater productivity makes the equalization of profit rates work in their favor. From then on, with the real domination of Capital over society on a national

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<sup>23</sup> Marx, *Un chapitre inédit du Capital*, Paris: Ed. 10/18, 1971, p. 201.

<sup>24</sup> *Lip*, Information Bulletin, published by the Publicity Committee of the Lip Workers, p. 9.

and international scale, a crisis of maturation had to affect the Lip capital, whose form of domination of labor was archaic, manifesting itself within the framework of manufacturing production: Lip would have to disappear as an independent capital and as a manufacturer.

There was another archaic trait: the Lip capital was the property of one concrete person, Fred Lip. As the owner of his capital, he sought to oppose or at least slow down the maturation crisis which would necessitate his **dispossession**. He tried to rationalize his production by introducing a degree of Taylorism into the assembling of watches and to diversify his activities by creating a machine-tool sector and a military equipment sector. These attempts at making his production profitable again were only palliatives. It is not (as it has been said) because he was whimsical and blundering that he made managerial errors: it is because the only consistent management would have been to accept the integration of his capital into a vaster organization and to abandon his manufacturing production; he was wrong only in wanting to drag on the independence of his capital, and to accomplish this he needed to find palliatives which have been labelled “errors in **management**” (which certainly shows the ambivalent character of the Lip conflict, a laggard struggle in the midst of an advanced situation). These famous managerial errors were due only to the defensive action of a property owner faced with the threat of his dispossession.

Capital’s ascent to real domination is accompanied by the dissolution of personal ownership of capital. It is largely because French capitalist society is in the process of carrying out this mutation that the Lip case has had such an echo at all levels of the society. In the course of the conflict, some representatives of Capital and the unions made a critique of personal property, behind which and in defense of which managerial errors may have been committed, errors whose social consequences these representatives stressed: “The present law is the all-powerful protector of the private ownership of the means of production. Between the bosses who do not find their profits high enough, and the workers who risk finding themselves thrown into the street, the law acts to favor the former.”<sup>25</sup>

“The wage-earners must not suffer the financial risks of the failure of a management.”<sup>26</sup>

“Managerial errors are often paid for later on by those who did not commit them... It is intolerable to lead a firm to its failure, to pull out in time, and for calm days to flow on while hundreds of wage workers are threatened with unemployment.”<sup>27</sup>

To cure this inadequacy, the government passed a law guaranteeing the rights of wage earners in case of bankruptcy, and the local authorities were kept busy at the time of the conflict with the situation of Besançon merchants facing the disappearance of 1300 jobs and numerous sub-contracts.

It is known that Fred Lip did not avoid the progressive loss of control over his capital: Ebauches S.A. took 33% of the stock in 1967, 43% in 1970, the majority in 1973. This gradual penetration by Ebauches S.A. should have been accompanied by the transformation of watch-making production from a single factory producing all of its materials and components to an assembly plant supplied with components from other branches of Ebauches S.A., thus establishing a greater inter-firm division of labor.

<sup>25</sup> cf. “Syndicalisme-Hebdo” (CFDT), cited by *Le Monde*, August 9, 1973.

<sup>26</sup> Ceyrac, cited by *Le Monde*, September 21, 1973.

<sup>27</sup> *L’Expansion*, September 1973, p. 100.

From this point of view it would have been necessary to fire the excess labor power: from 866 people, the watch-making personnel should have decreased to 620.<sup>28</sup> Giraud's plan retained the same number in the watch-making sector; but he foresaw the creation of a box production sector, permitting the reduction of the number of layoffs to a level more acceptable to the striking workers. He was wrong in this matter, as was proven by the rejection of the Dijon agreement.

But Giraud was also repudiated by the bosses, and if the workers had accepted his plan he may have been unable to obtain the necessary financing. The bosses reproached him for making too many concessions to the work force:

"M. Giraud is in the process of creating a monster for us," declared one high-ranking official, quite personally interested in the settlement of the Lip affair.<sup>29</sup>

"Only a total reorganization can return Lip to an equal footing in terms of production costs, and thus in its commercial chances. But it is already certain that this large-scale house-cleaning will not take place," affirmed a watch-maker from Besançon.<sup>30</sup>

On the eve of the Dijon agreement, François Ceyrac's wariness was clear: "It is necessary that the head of the firm maintain his freedom in the realm of employment."<sup>31</sup>

Giraud's plan suffered from another shortcoming in the eyes of the bosses: it sought to do without Ebauches S.A. But the latter is the largest European manufacturer of separate watch parts, so that its participation at Palente is far and away the most profitable situation; moreover, it was Lip's principal creditor.

To review how Lip's debts were incurred: 30 million<sup>32</sup> to Ebauches S.A.; 15 million to suppliers (watch-bands, cases); 10 million in bank loans.<sup>33</sup> To do without Ebauches S.A. therefore meant repaying the debts, and the Giraud plan thus needed financing of at least 40 to 50 million francs. With such a financial handicap linked to a productive sector in which the labor force was too numerous, the project was doomed to fail.

The Interfinexa plan of November 1973 suffered from the same financial drawback. Its financing was 40 million because it, too, wanted to do without Ebauches S.A. and to make an appeal to the French watch-making industry.<sup>34</sup> The Société Générale refused to finance this plan, and one would have to be a Mr. Rocard<sup>35</sup> to think or say that this refusal was motivated by political reasons.

The Interfinexa-Bidegain-Neuschwander plan, which had been adopted by the bosses, and which the workers were finally forced to accept, for want of any other possibility, itself calls for loans of 10 million in private capital and 15 million in State aid<sup>36</sup> to which must be added a balance of 2 million from the wildcat sales!

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<sup>28</sup> cf. Document 3, Ebauches S.A. plan of June 8, 1973, in *Lip 73*, Paris: Seuil.

<sup>29</sup> *Le Monde*, September 22, 1973.

<sup>30</sup> *Le Monde*, September 22, 1973.

<sup>31</sup> *Le Monde*, October 7, 1973.

<sup>32</sup> All figures in francs, 5 f = \$1. [1975 footnote]

<sup>33</sup> *Le Monde*, August 14, 1973.

<sup>34</sup> *Le Monde*, August 14, 1973.

<sup>35</sup> Head of the Socialist Party.

<sup>36</sup> *Le Monde*, February 2, 1974.

This plan marks the reintegration of Ebauches S.A. as a protagonist in the business, and improves the economics of the financing and the perspective of profitability: the new capital is going to operate at double the scale of the previous one; Neuschwander stipulates that the objective is to manufacture a million watches a year, whereas production has only been 500,000.<sup>37</sup> This is the solution to the crisis of maturation through the accession of Lip's watch production to real domination.

It is also the solution, from the vantage point of Capital's interests, to the contradiction at the heart of the Lip workers' demands: they wanted a good management of capital which would protect them from lay-offs, but a good management could be nothing other than the accession of the Lip capital to real domination, and this had signified the firing of the excess labor force. The Neuschwander-Bidegain plan effectively "reconciles" the two poles of the contradiction by subordinating the more or less complete reintegration of the workers to the successful functioning of the new firm.

The other demand, non-dismantlement, has also been solved in terms of Capital's interests. The Ornans machine-tool sector has been independent since November 1973 and, at Palente, watch-making and military equipment have been taken over by a holding company, a juridical structure placing capital and profits in common, which does not allow any technical connection to exist in the domain of production.

This section cannot be ended without pointing out that "the Société Européenne of Watch-Making and Mechanical Development" includes primarily representatives of French capital such as B.S.M., Rhône-Poulenc, Sommer on its board of directors, all of which operate in the chemical and petro-chemical sectors: we have seen in the previous chapter the position and significance which these sectors acquire in the framework of real domination of Capital.

## 2.2. The workers' movement at Lip

"The classical socialist goal is the abolition of wage labor. Only the abolition of wage labor can bring about the abolition of capitalism. But not having been able to abolish wage labor in the sense that the workers see the absurdity and backwardness of selling their labor power, the socialist movement has, since it began, aimed at **the abolition of the market economy.**" - Amadeo Bordiga, *Propriété et Capital*

Whatever developed later, the Lip conflict's origins were unquestionably proletarian in the sense that the firm's inability to carry on capitalist reproduction meant the workers would be fired. As has been often observed, the firm's difficulties in no way threatened the survival of its owner F. Lip. By contrast, the workers' means of existence were directly threatened and, what is more (as we have said) the workers were unable to find elsewhere similar types of work in which they would be employed in the same way. To survive they were forced to react. But how? We shall see that the unfolding conflict was determined by the workers' fundamental isolation which can be looked at from two points of view, capitalist and proletarian.

First of all, from the proletarian point of view, the company's inability to carry on the cycle of capitalist reproduction involved "the Lip proletariat" but not the rest of society, and it is evident that that isolation is the real reason for the Lip workers' defeat relative to their goals, and for their non-radicalization. It is also for this reason that while attempting to defend their income they were led to compromise with

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<sup>37</sup> Cited in *Le Figaro*, February 7, 1974.

capitalism. But they had no choice and it would be wrong to suppose they could have chosen more radical methods. They acted in conformity with their **real isolation** from other workers in struggle against the loss of their livelihood. To do it, they were forced (among other things) to put together small social reserves (seizure of stocks of finished watches and parts, solidarity funds). The illegal **means** they used might lead us to believe that some sort of radicalization might have become possible as the conflict developed, at least if the unions didn't succeed in betraying the developing radicalization. But that would be to give the unions a power they didn't possess; since the **content** of the illegal acts was the formation of stockpiles – which could only be turned into money – it precluded a subsequent radicalization involving, at least potentially, the destruction of capital and wage labor. And thus the workers fell back into their isolation as workers. Only a movement taking root in the sectors which are specifically capitalist would have allowed them to go beyond the intrinsic limits of their struggle, and would have thus negated its purely proletarian character while carrying it one step further. This sort of solidarity evidently would have been the opposite of the political solidarity of the advocates of self-management of every stripe who wanted nothing more than to reinforce the Lip workers' fixation upon their own isolated firm.

In the absence of any real solidarity movement the workerist character of the struggle prevailed over its proletarian origin as the conflict developed. In their isolation the Lip workers were unable to go beyond the immediate conditions they had faced from the outset, and it was from this narrow basis that they rushed into struggle. Attached to their isolated factory, they strengthened their consciousness of themselves as producers, and attempted to realize in practical terms that consciousness. They resumed the production of watches. The “Lips” – and that is the origin of their disgusting popular nickname – became a collective capitalist.

What is remarkable and, at the same time, most characterizes Lip at its highest point as a workerist movement is that the workers in struggle attempted to negate in practical terms the consequences of the closing of their factory (in other words the suppression of wage labor) by paying **themselves** their wages as they had been accustomed to think of it before June 12, the date it was announced by the company that wages would be suspended: “We have been paid our usual wages which the old bankrupt management owed us.”<sup>38</sup>

But it wasn't only a question of financing the strike by producing and selling watches as the workers at Cerisay sold the blouses they had made with their own resources, or the Bouly workers (who made stockings and collars in a factory at Fourmies) who decided to exploit their hobbies to raise a solidarity fund: “some knitted, crocheted, sewed, while others did woodworking and blacksmithing; the products thus obtained were put up for sale”<sup>39</sup> – but it was above all a question of assuring their wages. Not only was the sum of money – as the Lip workers understood it – identical to their former wages, but, in addition, “each worker or employee received his pay envelope regularly filled with an accounting of deductions for insurance, social security, pension fund...”<sup>40</sup>

The guaranteed wage was thus carried out to the letter in the form of “wildcat pay” and this was entirely in accord with the will of the workers themselves.<sup>41</sup>

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<sup>38</sup> *Lip Information Bulletin*, published by the Publicity Committee of the Lip Workers.

<sup>39</sup> AFP deposition, October 8, 1973.

<sup>40</sup> *Le Monde*, August 4, 1973.

<sup>41</sup> See Jean Lopez, *Lip interview*, 18 rue Favart, 75002 Paris, November 1973, pp. 27-31.

In effect, there were three ways in which to see the amount of money each worker would get: 1) an equal amount for everyone; 2) the usual salary less a percentage; 3) the usual salary with a solidarity fund to which everyone could give what he wished. The last of these solutions was the one chosen.<sup>42</sup>

Certainly, as B. says in the interview cited above, the union delegate supported this solution but it would be wrong to believe that the adoption of this measure would have resulted from a vote by the workers' general assembly. Proof of this was given by those interviewed: "Since we had some dough why should we accept the lowest level..." – "if the boss gave us 200,000 why have only 150,000?"

To be sure, a higher level could have been envisaged for some, but they would have been accused of irresponsibility in frittering away the firm's capital and this would have been opposed to the general sense of the struggle. "No firings" meant maintaining salaries and nothing else. "The usual pay for all the workers, that was really something, and I think it would be good if it was done that way; and the second (the usual pay less a percentage) also, and... **I'm just as happy now getting whatever they can give me.**"<sup>43</sup>

Moreover, the price at which watches would be sold is also significant; this from the Lip catalogue published by the factory: "the sale price of the watches includes the price of parts, value-added, tax, depreciation and replacement of machinery, the workers' salary and even the owners' profit."<sup>44</sup> But what could be the objective reason for such a choice since the workers didn't have any intention of accumulating capital; but also, if they would have been able to sell all the watches, for example, at the same price, what model for pricing would they use? There were no other reasons for their decisions about salary and price than their desire to have everything go on as before: the preservation of their wages required the preservation of the firm's capital. "No to firings, no to dismantling" meant "safeguarding the enterprise,"<sup>45</sup> in other words the enterprise's capital. In the cycle of capitalist reproduction the various values that make up the total capital are related to each other by the necessity for the total capital to go through the cycle of reproduction.

From then on the Lip workers couldn't assure their usual salary by selling watches at any price – not that it would have been impossible for them to finance the struggle – because that would have destroyed the relationship between the price of the watches and their normal wages; and to have destroyed that relationship between price and wage would have destroyed the cycle of capitalist reproduction and thus led to the firm's liquidation; just the opposite of what the workers wanted.

Just as the price of the watches couldn't be determined outside of the cycle of capitalist reproduction, so too the workers' wages couldn't be paid without some sort of effective control over the way in which the workers spent their time. At the Ornans factory the workers continued to clock in every day when work began. At Palente, control was not so close but it still existed at the general assemblies. "You know," a worker said at Mutualité (December 12), "it would be unjust if some received pay but only appeared at the plant on pay day." There, in a nutshell, is the consciousness of the producer, the honest worker expressing himself.

In the end the workers continued to wear their work shirts long after the factories were closed and to exhibit those work shirts at support meetings held all over

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<sup>42</sup> Jean Lopez, *Lip interview*, 18 rue Favart, 75002 Paris, November 1973, p. 30.

<sup>43</sup> Jean Lopez, *Lip interview*, 18 rue Favart, 75002 Paris, November 1973, p. 31.

<sup>44</sup> *Lip Information Bulletin*, published by the Publicity Committee of the Lip Workers, p. 11.

<sup>45</sup> *Lip Information Bulletin*, published by the Publicity Committee of the Lip Workers, p. 9.

France. It is perhaps this small detail that best reveals the producer consciousness which characterized the Lip conflict as a struggle of the workers' movement, and the backwardness of this movement in relation to the dominant forms of current proletarian resistance such as absenteeism and sabotage.

However, a capitalist enterprise cannot be revived by production alone. Capital continues to exist only when it runs through its cycle of reproduction in a harmonious manner. Saving the wage, that is to say, the firm's capital, by starting up production makes no sense unless the rest of the cycle of reproduction is functioning. Thus the necessity of marketing the watches.<sup>46</sup>

A "wildcat" or "parallel" market quickly sprang up that was simultaneously a watch market, a formal solidarity fair and a bit of a racket. To sell their watches the "Lips" were led to employ modern marketing techniques<sup>47</sup>, which circumvented the retailer (thus the protests by watchmakers and jewelers) and which allowed them to increase their margin of profit. The "Lips" sold their watches at political rallies, at their friends' houses just as Tupperware is sold at social gatherings or door-to-door. Additionally this watch market was one of the unproductive expenses as with any other capitalist undertaking. In particular it was necessary to pay for the workers' trips which were as often made to sell watches as to popularize the struggle (popularization = public opinion = publicity). If it is indeed true that travel expenses were not covered by sales but by contributions given in solidarity<sup>48</sup>, then self-managed Lip had still another economic trump card (besides its marketing methods) since the travel expenses couldn't be charged to the firm's capital.

But unfortunately for the "Lips" the Left's goodwill market quickly reached its inherent saturation point. The narrowness of the goodwill market in fact conformed to the Lip enterprise's unprofitable character.

This parallel market was at the same time an **ideological** marketplace. In exchange for the watches sold the Lip workers received all sorts of encouragement and advice to continue the struggle.<sup>49</sup> The support meetings and political rallies gave

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<sup>46</sup> The money for the "workers' pay" came only from the sale of watches produced after production was begun by the workers. Here then is an example of the Proudhonist idea of the right of the producer to his product. In a general way it can be observed that as the situation developed the workers' initial reaction in defense of their wages led to a mixture of archaic working class tactics and modern management techniques: thus the resumption of production in order to attain the superficial objective (the profound objective being the defense of wages) of demonstrating the importance of the workers' productive activity by contrast with the boss's superfluity that is truly a characteristic of the worker. The sale of the watches produced (which also was motivated by the desire to defend the wage) also demonstrated the workers' ability to manage things. It is, as well, by virtue of these self-management tendencies supported by the CFDT that watches and wages were invested with a price and a capitalist form (to the consternation of some Situationists).

<sup>47</sup> Between June 20 and November 16 the workers sold 82,000 watches, realizing a total of more than 10 million francs (figures furnished by Ch. Piaget, cited by *Le Figaro*, November 16, 1973). At the August 24th press conference of the CFDT - "Lip is viable" - it was emphasized that the "sales committee" was ready to furnish precise information on the "nightingale" and "war horse" models and various esthetic improvements to be made on them. Moreover, the CFDT stated that "experience of direct sales to individuals and to factory committees merits serious analysis."

<sup>48</sup> cf. Charles Piaget, *Le Figaro*, November 16, 1973.

<sup>49</sup> The publicity put out by the Left, the New Left, the unions and others to prepare workers for the visiting Lip workers involved a simple slogan which had already proved its worth: "the Lip workers are fighting for all the workers" (therefore you have to support them and above all finance them), equivalent to "I drive for you" that the truckers put up to convince you to be patient with their heavy burden. So it goes in a society in which all activities cooperate in the reproduction of capital, where everyone has his job to do, not for pleasure, you can be sure, but because any single interruption would harm the general interest: the implacable logic of the situation to which every "man" of good will must agree.

various political tendencies a chance to try out their self-management or workers' control propaganda. This ideological marketplace was the *sine qua non* of the struggle. The workers could only take the advice as **ready cash** and watch while little by little the spirit of the struggle was focused into the image of an enterprise now running on a new basis: self-management. As one interviewed worker said:

There are some people who went to Marseilles, some guys who were in Lyon, everywhere they were made to feel like they were big men. They returned with their heads full of a million projects and ideas that come from everywhere. They thought that their ideas should be carried out and thus fell out with the men here who were under pressure from the unions – the CGT or CFDT – and who were completely demoralized.<sup>50</sup>

To attribute the Besançon workers' lack of enthusiasm to union pressure would be to mask its real character. The hard reality the workers ran into upon returning to Besançon with money from watch sales was that **their money could not be converted into additional capital**. The second phase of the cycle (the conversion of commodities into money) could be carried out, more or less, but it was only half effective since the third phase of the cycle (the conversion of money into productive capital) comprised the conversion of money only into variable capital and not constant capital. This then was the living reality of the "Lips" at Besançon – a reality which the unions only reflected. These limits didn't result from the failure to generalize self-management but, on the contrary, originated with the "logical absurdity" of the struggle: workers' self-management of a bankrupt enterprise. With the enterprise in such a state the "Lips" could do nothing more than fall into the same rut as their former boss.<sup>51</sup>

There was nothing more for the travelling salesmen to do than to leave once more for other saturated markets: "there were fellows like P., for example; one day he returned with us from Paris, the next day he left again for Lyons. Then he returns from Lyons, he stays here a day, gets edgy, disgusted. He leaves again for Marseilles, returns the next morning. And having to plan all this crap besides."<sup>52</sup>

The above leads us to the second aspect of the Lip workers' isolation. From the **capitalist** point of view, the political or ideological goodwill accorded Lip by the government or the owner does not exclude abandoning the firm economically. For several years Lip had demonstrated its inability to maintain itself within the capitalist

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<sup>50</sup> *Lip interview*, 18 rue Favart, 75002 Paris, November 1973.

<sup>51</sup> Indeed it seems that the conversion of money into means of production (materials) might have been foreseen: see *Le Monde* of August 2, 1973: "according to those in charge of the production department [...] it will be possible to buy raw materials: we are studying various propositions which have been made to us." This sort of managerial logic also was behind the "Lip" attempt to start the entire cycle of reproduction: see *Le Monde* of July 13, 1973: "the workers' collective added: we've established a plan for the year with a renewal of watch production and renewed activity in other sectors." The Palente factory evacuation of August 14 [1973] certainly put an end to their project. But the workers' inability to take over the cycle of capitalist reproduction did not result primarily from political opposition from the bourgeoisie but rather resulted from the unprofitable nature of the enterprise. Besides it is known that on July 12, 1973, Charbonnel, one of the government ministers, suggested that Lip become a cooperative. Among the arguments the CFDT advanced in opposition to this idea were some which linked the inevitability of the bosses' political hostility with their opposition to an enterprise directed by workers (see *Le Monde*, August 21, 1973). That the cooperative wouldn't work was due, in the first place, to its inability to show a profit. In fact, the CFDT only too well understood the situation, and their delegate, Roland Vittot, in his answer to Charbonnel, stressed that the unions were rejecting the ministers' suggestion since he foresaw "a decrease in employment" not because of errors of management made by the old directors, but because Lip, inevitably, would have to become an assembly line in order to survive.

<sup>52</sup> *Lip interview*, 18 rue Favart, 75002 Paris, November 1973.

community. And for capitalism there is no solidarity that counts except the law of profit. To be profitable once again, it was necessary for Lip to go through a thoroughgoing restructuring.

Proof of this is to be found in the sum (about two million francs) which because of their respect for the continuity of the cycle of reproduction the “Lips” were led into giving up to the new owners in addition to the remaining stocks. This is what they had accumulated in seven months of work. If we recognize that this sum covers only one month’s wages (for 900 workers), if we compare this amount with the 15 million owed the suppliers, then we see to what extent the organic composition of the Lip capital had diminished and how unprofitable it was.

To be sure the “Lips” as a collective capitalist stuck it out longer than did their old boss. This resulted from the differences between themselves and the old boss, and from the exceptional character of the situation they had created. They had no reason to take charge of the entire cycle of “their” capital. The “Lips” could take advantage of the fact that only a fraction of the capital went through a rapid cycle (circulating capital, which is to say wages, raw materials, parts). They denied the basic problem, however: the rotation of the total capital. They were never obliged to renew the constant capital nor did they make good any of the debts contracted by the old management. Moreover they renewed the stock of parts only to the extent they were able to do so. All this added to the advantage they had over the old management – which we mentioned above. Far from proving the superiority of the “Lips” management they demonstrated, instead, the impossibility of successfully managing the Lip capital on the old basis.

### 2.3. The union question

Much has been said about the unions’ role in the Lip business: the disagreements between the CGT and the CFDT, the relationship between the CFDT and the nonunion action committees which were formed. While the CFDT immediately took charge of the struggle, promoting in large measure the action committees and cautioning against illegal acts, the CGT groaned about its usual demand for “the right to employment,” claimed it was being, as usual, realistic, and in the end was driven off the scene by converging forces. The unions’ activities seemed to be devoted to wedding the workers’ movement to the union movement, and could have restored a bit of luster to old “revolutionary unionism.”

In fact, beneath the surface of their respective statements, the dissension between the CGT and CFDT at Lip did not result from a real **choice** between modes of action that each would have made, but from a **constraint** resulting from the outstanding differences that had generally existed between them and which were faithfully reflected in the particularities of the Lip situation. At Lip we simply witnessed the clearest expression of the differences between the CGT and CFDT which were forced into public view by May ’68 and which were more or less the same afterwards on the occasion of certain strikes (notably Joint Français). The CFDT’s managerial pretensions were clearly concretized at Lip by its preparation and publication of plans, in contrast to the CGT’s deliberate silence on the subject. At the risk of being entirely discredited among the workers, the CGT was forced into tail-ending while discretely criticizing, more or less constantly in this case, the “adventurism” of the CFDT.

The momentary return of union unity during the Dijon negotiations, where the unions accepted firings as a matter of principle, coincided with a renewed divorce, also completely provisional, between the workers’ movement and the unions, since

the facts once again raised the fundamental question, for the workers (who seized upon it as proletarians), of the firing of the excess work force. For the CFDT, it was but a secondary question.

Sensing the rank and file's upcoming rejection-and since the CFDT couldn't exist without the support of the rank and file – the CFDT was forced into a quick about-face and once again adopted at the October 12 meeting the position of the Action Committee against all firings and did not put to a vote the contents of the Dijon compromise (firings with a guarantee of re-employment), which it had defended only the day before. This sort of quick turnaround was, to be sure, made possible by the CFDT's position "close to the rank and file."

The creation of an Action Committee at Lip might have been surprising at first, in part because in recent years in France no strike, even the most lengthy and bitterly fought, had involved the birth of a separate workers' organization save for a few ephemeral strike committees; but above all because the CFDT apparently was completely involved in the struggle.

We have seen that because of its nature the CFDT was led to support the creation of such committees as soon as the workforce took charge of itself. Lip is a concrete example of this phenomenon in an isolated context.<sup>53</sup> By taking over itself, the Lip variable capital, in view of capitalism's total reconquest, required an organization which at one and the same time would emanate from the CFDT and yet possess a certain amount of autonomy from it, since the content of this sort of activity lay temporarily beyond the bounds of negotiating the price of labor power – which is the fundamental task of the unions. At certain moments this relative autonomy can be transformed into virtual opposition; this results from its very nature as was the case during the brief period of time between the Dijon agreement and the meeting of the consultative general assembly. But the movement toward autonomy was no real expression of the Action Committee's having gone beyond the union; with respect to the content of the action – saving the enterprise – there could be no rupture. The union always had in its hand the key to the problem. To demonstrate this, it suffices to notice the final, unanimous acceptance of the Neuschwander-Bidegain plan (see above) which concretized the final, total defeat of the proletarian origin of the conflict by its capitalist content; this defeat was inherent in the beginnings of the conflict, as we have seen; and since it was irreversible, the only outstanding questions were when and how it would occur. Thus the problem of firings, essential in the rejection of the Dijon agreement, seemed to disappear suddenly in the acceptance of the Dole agreements. The only qualification attached by Bidegain and the unions in elaborating a new plan at this level in no way explains the apparent sudden reversal. Their qualification was, on the contrary, the natural result of the social relation of forces that

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<sup>53</sup> We should note, if only in passing, the role played by "Cahiers de Mai", which took over, for the most part, the bulletin *Lip Unité* (Lip United). For several years now this group appears every time the workers show a little autonomy vis-à-vis the unions. "Cahiers de Mai's" organizational flexibility permits it to be an ideal complement, indeed a palliative, for the union's practice, to which they are immediately linked by their exclusive attachment to one factory (as compared to the "classical" political groupuscules). In 1972 at Pennaroya, for example, in the absence of the union, they organized from beginning to end the strike of immigrant workers. Once the conflict ended they then helped organize a union local in the factory. The apparent ambiguity of the "Cahiers de Mai" in its critique of the unions (taking them to task for "divisive" hierarchies), at the same time recalls the group's function of stimulating unity among an atomized rank-and-file and also recalls its origin in May of 1968. May '68 has too often been lauded for its anti-bureaucratic and anti-authoritarian dimensions. Now and then the limits of this one-dimensional view have been pointed out. It remains to show that on this level the movement also anticipated certain counter-revolutionary characteristics of our epoch which correspond to the crisis of French capitalism's maturity which, to some extent, May of 1968 revealed.

were established at the beginning of the reconstitution of the capitalist cycle.

The creation of the Lip Action Committee and the practice upon which it was founded unquestionably reflects **the end of the workers' movement as a progressive historical force**. In effect, in struggle the dismissed workers could only free themselves from the unions' grasp in two ways: in a reactionary way (tendency to return to small-scale production and distribution via markets), or on a revolutionary communist basis (destruction of value, wage labor, the enterprise itself and the market). These were, in sum, the scenarios put forward by the councilist Ultra-Left, which could only lead to disaster.<sup>54</sup> "We make, we sell, we get paid – **it's possible**" the Lip Action Committee sang along with the confused Ultra-Left and Maoist tail-enders who helped with a good deal of the publicity. But no, **it wasn't possible**. The development and socialization of the productive forces by capitalism **forbid** any return to any such low level mode of production and mercantile exchange, unless, in limited or general crises (with other developments), it is used as a means of hiding the impossibility of continuing the cycle of capitalist reproduction. In that case, the end of the workers' movement immediately has as its content the legacy of this development: the reconversion of its theory and practice into the **potential counter-revolution**.

This should astonish only those who haven't taken into consideration the historical movement or the direct link between revolution and counter-revolution.

### **Chapter 3: Crisis and self-management**

"This is the road to be taken: first, to motivate the workers more than they are now. That is to say not to allow nine hours of work to go by without a meeting so that each worker understands what is happening in the enterprise as a whole, where it is going, why we work, what it means for society. Then it will be necessary for society to respond to the workers' aspirations... There might be some guys who take on responsibilities, there might be responsibilities that are rotated; when one takes on responsibilities something happens; one then learns to accept many other things; if one understands why, then one can very well accept many other things." - Charles Piaget, *Lip Interview*

#### **3.1. The workers' community and the human community**

Besides self-management, much has been said, with respect to Lip, about human warmth, the rediscovery of the joy of living, etc., not only in the large meetings and solidarity marches (we already have seen what they stand for), but also within the enterprise itself. These ideas appear again and again in the interviews with the "Lips"; we finally can know ourselves; everyone was able to express himself... Even many of those who recognized the limits of the struggle let themselves be carried away by the carnival atmosphere at the beginning; they believed something of that atmosphere would be maintained and that the form of the "Lips" struggle had a "dynamic" all its own, independent of its limited content.

In fact the archaic character of the productive process of the Lip Watch Co. not only did not stop the workers from wanting to safeguard their enterprise by any means possible but also allowed them to form a homogeneous group confronting the

<sup>54</sup> Even at the very moment when it was evident that they were enjoying unprecedented publicity using techniques borrowed from the dominant modernism (see, in particular, the republication in paperback of the complete works of Chaulieu, alias Cardan, alias Castoriadis, etc.).

personified enemy: **their** boss. When the boss went bankrupt and disappeared because of the uncompetitive character of **his** capital, the workers found themselves with their tools and their production process negated and inert. The requirement that they start up the production process themselves could only be sustained by the sort of enthusiasm that affirmed a new-found sense of community.

Any sort of breakdown within a community sooner or later leads to the formation of a new community which, at the outset, provokes enthusiasm within the newly formed community. For the workers of the Lip Watch Co., however, the break with their previous community was profound not only because as proletarians they were deprived of the means of subsistence (which was the **origin** of their newfound sense of community) but especially because they could **once more make use of** the objects and motions which they had been deprived of; the reformation of the Lip community as a collective capitalist on the basis of the disappearance of the “exterior” constraint of bosses, directors, etc., must have induced quite suddenly a tremendous feeling of enthusiasm.

First of all, we can directly compare this sort of fraternization with the fraternization which marked the formation of workers’ cooperatives in the nineteenth century and, more recently, the numerous communities of work which arose in France at the end of the last war. In fact, even at this simple level, there are fundamental differences, but before taking them up it is necessary to understand the points of similarity and their origin.

The communities of work that emerged from the war developed in areas where the destruction of productive forces had been great, and in those sectors of production where there was little constant capital at the outset. In a general way, the rebirth of such communities in a form approximating workers’ cooperatives, was made possible by the **rejuvenation** of operating capital during the war combined with the generally archaic character of French capitalism as a whole. Proclaiming **equal** wages and equality in management, the few individuals involved in these new productive units evidently believed quite sincerely that they were founding **socialist enterprises** in the manner of the nineteenth century workers’ movement! A good example of this is furnished by the community of work Boimondau (makers of Dauphine watch-cases) at Valence in the Drôme.

This community was founded by Christian socialists, anarcho-syndicalist and other socialist militants who were known in the Resistance in Vercours (the Drome and Ardèche region witnessed a tremendous destruction of men and materials thanks to this important Resistance cell). It involved a watch factory around which was build a city housing this mini-capitalist collective and its family. The ensemble of factory-habitations was given the evocative name Watch City. General assemblies were regularly held to take collective decisions on everything from the running of the enterprise to leisure time; for example, an attempt was made to establish “sexual liberty” **by decree**.

Similarly, at the new Lip there was a tendency to create a communal life organized around the enterprise: meetings, sandwiches, little festivals were held, it seems, almost daily.

But there the comparison ends because if, at Boimondau, there was a **real** equality of wages at the outset, at Lip we have seen that the preservation of a wage hierarchy was an imperative necessity in the creation of the collective capitalist: at Boimondau the framework of the general **re-accumulation** of French capitalism allowed the worker community to take shape in relative “purity.” However, the impossibility of capitalist reproduction at Lip could allow the Lip collective to exist only as a

“bastard” workers’ community.<sup>55</sup> Boimondau was a product of the **destruction** of the forces of production. Lip was created by their contradictory **development**. At Lip no new enterprise was born. Rather the old was saved by a sort of modernization.

Rocard in vain declares, to justify this sort of management, that several hundred communities of work were created just after the war<sup>56</sup>: some sociologists have in vain exhumed the Boimondau experiment.<sup>57</sup> However today the idea of the commodity labor power taking control of its own situation has an entirely different meaning.

For the same reasons another fundamental difference appeared: in addition to outside organizations and groups of militants the Lip workers were joined by numerous outsiders from the Palente section of Besançon and from other parts of France.

This concentration at Palente had two complementary origins: French society being capitalist, Lip’s survival, as we have seen, was a vital imperative for the city and surrounding region. Additionally, this material community could only develop in contradiction with its own bases; it could no longer organize, in its usual form, the totality of human beings which it pretended to include in itself (e.g., hippy communes, etc.). Those not part of “marginal communities” were subject to the contradictory movement involved in the decomposition of social relations: hence the growth of “delinquency.” The instability of capitalism’s material community<sup>58</sup>, profound origin of its intolerable character, makes every type of breakdown attractive, even if it is carried out on the reactionary basis of wage labor and the appropriation of the product for sale on the market by the producer himself, as was the case at Lip.

The violent battles following the occupation of the factory by the CRS [national guard] can be considered as a sort of proletarian outpouring – not an expression of solidarity in defense of the factory itself (those arrested said they came “to see” or “to

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<sup>55</sup> The accumulation of capital at Boimondau marked the end of the self-management experiment. Little by little, the wage hierarchy was reestablished; one, or rather two owners emerged from the community. The enterprise set up new wage scales on new bases. These low wages were the making of one of the two enterprises which employed convicts upon their release from prison. Most of the employees lived outside Watch City which had nothing communal about it but its name (many workers were fired after May ’68 for having gone on strike). The enterprise lived on in agony and after many ups and downs was finally liquidated, sold, in 1970. (information about the enterprise, here given very briefly, was provided by an old Boimondau worker who witnessed the end of the communal self-management period and a comrade who worked there shortly after ’68.)

<sup>56</sup> *Le Monde*, January 29, 1974. As for the many offspring of this worker community only a handful survived more than a few months or years since most were an immediate, palliative response to the disorganization of post-war capitalism and to the momentary absence of capitalist investors (who also appeared, in a way, at the “Lip community”).

<sup>57</sup> G. Friedman in *Le Monde*, March 22, 1974.

<sup>58</sup> The tendency of capitalism to form material communities after 1945, incarnate in the Welfare State in the USA, is not the same thing as the disappearance of internal antagonisms, nor the creation of a **real** community of men, even if alienated. On the contrary, that capitalism is **forced** to found such communities in its metropolises is the result of the ineluctable development of its contradictions (evaded beforehand by the adoption of Keynesian theories) and has as its content the extreme fragmentation of society into atomized individuals. Just as giving commodities a value (valorization) includes the destruction of value, so Welfare, by its nature, contains the personified contradiction of capital-the living proletarian. “The bourgeoisie lets the proletariat fall so low that it must feed it rather than being fed by it” (*Communist Manifesto*, 1848). In fact, beyond the bourgeoisie of 1848, Capital, as a social relation, collides with the proletariat and is **incapable** of creating a harmonious community. To speak of a “material community” is to acknowledge the impossibility for the “capitalized” proletarians (during the postwar cycle of expanded reproduction) to form themselves into a distinct class; such a situation turns “traditional” revolutionary militancy into a disaster, transforming it into simple racketeering. But the crisis of capitalist reproduction will provoke the destruction of the material community and simultaneously speed the reorganization of the counter-revolution to a degree equalling the degree of social disorganization: self-management wherever feasible; another reason for specifying precisely the type of organization now developing.

enjoy themselves”), but a violent expression of a desire to take part in a breakdown when the occasion presented itself.<sup>59</sup> It was no accident that many of those sentenced had delinquent records. Moreover, such events have occurred more or less regularly for several years whenever the conditions for a riot or the smallest disturbance have existed. That is the origin and the content, apparently inexplicable, of the violence distinguished by its “hooligan” stamp – thus its profundity and limitation.

In effect, contrary to the Lip workers, the mass of proletarians expending their labor power in specifically capitalist processes of production are so interchangeable that the existence and life of this or that enterprise is of no concern to them. Thus as anonymous victims of the rising organic composition of capital, they find themselves unemployed (often for the young this means there is no possibility for them **to enter the global** productive process), they feel no compulsion to organize against a specific antagonist.<sup>60</sup> The enemy which has victimized them is not any capitalist in particular but capitalist society as a whole which they perceive more or less confusedly.

Without a generalized crisis, the rejection of labor power is nothing but one of the necessities of reproduction for global capitalism. These proletarians form an industrial reserve army necessary for capitalism’s general expansion since they exert a pressure that keeps wages down; however, the **fundamental** difference between the nineteenth century army of the unemployed and the present one is that the latter can gather in the most developed capitalist metropolises as relatively stable communities of lifetime unemployed limited in size only by the extent to which the productive forces have developed with respect to the relations of production. Thus over the last twenty years in the U.S.A. there have developed ghettos of black proletarians who can manifest, by their uprisings, as in 1965, their need for a human community; but these revolts immediately reached their limit and were checked by the impossibility, in that period of general expansion, of attacking the heart of capitalism: the relations of production.

However, in the absence of a general crisis, the weakness of those temporarily included as well as those permanently excluded becomes a **potentially** revolutionary force when the crisis embraces all of society – that is to say when the movement to devalorize ends up by prevailing over the valorization movement and the capitalist mode of production is forced to reveal its ruin.

Because the general crisis has at its root the nature of capitalism which consists of **accumulation by autonomous enterprises**, the proletariat can form itself as a class only by overcoming the enterprise (and no longer as groups within the enterprise) to create a **unified** mode of production freed from the detour between production and consumption created by exchanged value, and which **reveals** its absurdity during a crisis.

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<sup>59</sup> For *Révolution Internationale* (in No. 5, New Series, B.P. 219 75827 Paris Cedex 17) the confrontation with the CRS marked a class unification and the passage from economic to political struggle, because the workers had gone beyond the framework of the factory. However going beyond the framework of the factory in itself is not enough to determine the proletariat (or a fraction of it) as a **class for itself**, unless it occurs on a virtually revolutionary basis (was it to defend the collective capitalist of Lip that the class would be formed?!). In fact the enterprise’s existence could not continue anywhere; the formation of the proletariat is implied only in going beyond the dynamic of capitalism—the reproduction of capital. But, on the contrary, the Lip workers constantly went beyond the limits of their locality in making trips here and there without ever going beyond their enterprise whose preservation was the very content of their struggle. R.I.’s way of seeing things results from its fundamentally **political** conception of the communist revolution with its corresponding partyist outlook.

<sup>60</sup> See, for example, *Le Monde*, April 2, 1974: “The Lulus of Abbaye,” and “Employment Difficulties for the Young in the South.”

The proletarian mass, undifferentiated by its work, which incorporates in a banal way this “class within bourgeois society which at the same time is not a class of bourgeois society” in the crisis finds itself constrained to break the last link and can no longer reproduce itself as a category of Capital. This class-in-itself tends to organize itself as a historical party which affirms its future in the **human community**; this class has no “future” save in its own suppression. The formation of the human community is the result of the development of the productive forces by the community of Capital and is the **only historically possible** supersession of Capital’s community. In integrating this development by which it radically transforms work, the human community destroys in a positive manner the ideology of work, which capitalism had made into something negative: labor time **finally** disappears as the sole measure of social wealth to the benefit of “free time.”

In fact communism carries with it the end of the division of labor time/leisure time by fusing all activity into activity necessary for the production and reproduction of humanity; the resulting fusion would consequently not be carried out on the basis of the labor of men alienated into citizen-producers as was the case in the worker community. Thus **timed** production of time-producers which was the Lip Watch Co. is doubly negated in the good company of money.

But if the organization of the proletariat as a class-for-itself directing itself toward the construction of the human community tends to be as much a product of the global development of capitalism as it is a product of the inability of capital to reproduce itself, the result isn’t **automatic or inevitable**.

“Let us rebuild the ENTERPRISE by means of self-management, and not destroy it...” - Serge Mallet, *La nouvelle classe ouvrière*

“Socialism resides entirely in the revolutionary negation of the capitalist ENTERPRISE, not in granting the enterprise to the factory workers.” - Amadeo Bordiga, *Propriété et Capital*

### 3.2. The self-managed counter-revolution

In capitalist society revolution and counter-revolution form a linked pair though radically antagonistic to each other. The two are joined in the contradictory movement which is indispensable to capitalist reproduction and at the same time fetters that reproduction. The crisis which is simultaneously the explosion of the contradiction and the beginning of its resolution thus implies the continual emergence of revolution and counter-revolution.

The two are carried forward by the dominant movement of devalorization: the counter-revolution, because this important devalorization is then **necessary** for a later revalorization; the revolution because such a period of devalorization broadcasts its decrepitude.

Consequently, while the revolution must cut short any later revalorization, the counter-revolution must **first of all** take over devalorization with the hope of rationalizing the contradictions. However, given the depth of the present contradictions, the counter-revolution can only develop one perspective for a capitalist resolution: the massive destruction of productive forces.

This development thus implies that the revolutionary movement might be inhibited and sporadic revolts might not attain their objectives and be crushed (consider the repression of revolts in little developed or underdeveloped capitalist nations which have already suffered the first violent blows of the crisis: Greece, India,

Ethiopia, Bolivia, etc.).

On a more immediate level of proletarian activity and consciousness revolution and counter-revolution reflect the impossibility of reproducing the capitalist community which, on a global scale, has disorganized the life of the disoriented proletarians. The dissolution of the form of consciousness corresponding to material conditions in a state of auto-destruction implies the formation of a new consciousness reflecting new conditions.

For the proletariat within a crises-riddled capitalism, the dissolution of a consciousness linked by ideology to a self-valorizing Capital is immediately translated into the raised consciousness of being a class **without reserves**, possessing only its labor power.

Forced to take steps to reproduce its lost means of existence – or to reproduce a much lower standard of living because of the brutal fall in real wages-the proletariat sees in the situation it confronts the possibility of two types of responses:

1. a spontaneous tendency to personify the historical movement of the productive forces that signals the superannuation of the capitalist mode of production and calls for a communal organization on a human basis;
2. a tendency to locate the origin of all these evils in secondary capitalist phenomena that mask the roots of the contradiction and hinder the historical movement.<sup>61</sup>

A superficial anti-capitalism is born which feeds on various ideologies and which the earlier dissolution of consciousness aids in developing. These ideologies share a common desire to resolve the crisis for the proletariat by economizing on proletarian revolution and by putting forward a mish-mash of reactionary and reformist measures. They reflect a tendency towards communitarian reform on the thin basis of lingering capitalism.

Thus the fascist and democratic responses (popular front) to the crisis of 1929-30 implied an unprecedented holding on to the principle of wage labor just at the moment when wage labor was in the process of self-destruction. This was made possible by the destruction of the revolutionary movement.

If the proletariat is **the class of consciousness** the breakdown of its alienated community will neither result from nor automatically involve the rise of a new mode of production. Unlike previous revolutionary classes, the proletariat is not supported by the irresistible force of value, which it must **destroy**. To carry out its work it has nothing but its humanity.

Hence the importance of revolutionary theory in the communist movement. “Class of consciousness” doesn’t mean that “the revolution first occurs in the head” as various academics and other modernists pretend. They only reflect capitalism’s tendency to suppress every form of social activity and social existence for a growing portion of its slaves. The “importance of theory” doesn’t mean the proletariat has to be forced to become conscious, as all sorts of militant pedagogues have attempted to do (for example, to say to the Lip workers that they can or must transcend their practice).<sup>62</sup> Very simply, communist theory, inherent in the contradictory movement of

<sup>61</sup> In reality this twofold tendency is likely to become manifest in the form of antagonisms and proletarian fractions personifying first one, then the other, like the one which arose in Germany in 1919-21 and which was only reinforced by the development of contemporary capitalism. (See *Négation* No. 2, *Intervention Communiste* No. 2, and *Bulletin Communiste* of May, 1973. H. Simon, B.P. 287, 13605 Aix-en-Provence.)

<sup>62</sup> The text “Critique du conflit Lip et tentative de dépassement” [A criticism of the Lip conflict and an

Capital, will tend to be produced on a more spontaneous and broader scale than at present, at the level of practical revolutionary measures to be taken.

Today as the traditional figure of the capitalist entrepreneur tends to disappear completely, the depth of the crisis is signalled by the fact that in some countries self-management is becoming a plausible counter-revolutionary force. Doubtless it is only one of the components of the counterrevolution and probably will coexist with or oppose other forms, but it is possible to outline the practical function of self-management already evident from the inherent character and content of the crisis. If the depth of the crisis determines the extent to which the work force takes charge of itself, then self-management (which is to say the reorganization of the crisis of capitalist society) can develop only in the industrialized countries where the organic composition of capital is not very high, notably **France and Italy**. The crisis is by definition a lack of profit. In these countries the proportion of variable capital is still large enough so that during an initial period it might be possible to struggle against the disappearance of profits by radically lowering the value of the work force. To be sure, this also would be done in countries with a very high organic composition of capital, but with the difference that the role of living labor being relatively small in those countries, they would not require a type of social organization especially adapted to this objective. As we have seen, in these countries – especially the U.S.A. – the logic of excess profit is already included in profit itself.

Self-management is a way of having the work force control the contradiction between valorization and devalorization because all society would then be organized to lower the value of that living commodity, labor. It is a question of the population taking over activities previously run by Capital and which consequently increase the expense of the upkeep of the work force. We can already partially see the content of this sort of self-management in diverse parallel survival networks formed in recent years (parallel schools, unofficial nursery schools, clinics, food coops, etc.). It is significant that with the beginning of the crisis the mass media have begun to publicize some of these experiments (for example the favorable presentation of “free clinics” on the television program of March 31, 1974).

At the level of the enterprise, self-management develops at first in the sectors where the low rate of profit cannot be compensated for by raising productivity via an increase in the technical composition of capital since the crisis is, precisely, a lack of capital necessary for such investments. However, an increase in productivity can be obtained by further subjugating the work force to the production process: by eliminating various forms of proletarian resistance to the real domination of capital (absenteeism, sabotage) it is possible to increase the intensity and speed of the work process. Various attempts at “the enrichment of work” and especially the organization of autonomous work groups (Donnelly, General Food, Volvo...) fall into this trend since they result from capitalism’s difficulties with valorization since the end of the 1960s; they remain, however, very limited experiments inasmuch as capitalism has yet to reproduce them on a global scale.

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attempt to transcend it], (P. Laurent, 32, rue Pelleport, 75620 Paris) is an example of that **programmatic** conception of communist theory: in part it explains to the workers what **they are supposed to do** and not do. The diversion of *Lip Unité* (of unknown origin but reproduced by Quatre Millions de Jeunes Travailleurs, B.P. 8806, 75261 Paris Cedex 06) substitutes itself, pure and simple for the Lip workers in order to make them say what they should have done if [...] if what, in fact? This manner of working tends to conceal the programmatic conceptions of the above. In general, the diversionary method expresses the impossibility of any sort of (even a potential) revolutionary affirmation of a movement. It is not by accident that this method was set up as a “subversive practice” by the Situationists in a period when the proletariat was totally under the domination of Capital.

The deepening of the crisis, by raising the issue of self-management, will generalize and widen such experiments which must be given an adequate framework.<sup>63</sup> From this perspective, new profits will be obtained from the increased productivity and the decrease in unproductive costs, since self-management, as the name implies, consists of conferring part of the tasks of managing capital to the work force itself.

Thus within the enterprise self-management's inherent function is not to lower the value of the work force but to be the adequate framework, the form in which the work force is militarized and is adapted to this sort of rationalization of production.

In this hypothetical development, that is the victory, if only momentarily, of the counter-revolution, self-management attaches the workers to the enterprise; it maintains the link which is essential for the social fabric, while at the same time, it carries out a movement transcending the enterprise – a movement that transforms society into a **community of poverty**. Concentrated self-management will be the counter-revolutionary response to the potential transcendence of the enterprise by interchangeable workers which self-management attaches to and assembles within the popular, national state. In effect, if self-management has as its chosen terrain the industrialized countries with a low organic composition of capital, this is not only a result of the productive structure of these countries but is equally determined by the level of the world economy. Areas with a much higher organic composition of capital always have more difficulties in finding the profits necessary for the reproduction of capital, but their higher organic composition allows them to manage in their own favor the transfer of value in the course of exchange with less developed areas (unequal exchange). This increase of value constitutes the excess profits which are more and more necessary to them and which follow from the fact that merchandise sold contains less work than that for which it is exchanged. But for this transfer to work it is necessary for each country with a high organic composition constantly to enlarge their area which explains why the most developed countries are always forced into free exchange (e.g., the U.S.A. and the agricultural Common Market).

As the need for excess profits increases in a crisis situation, the countries with a high organic composition of capital will try to force other countries into their exchange zone. But in a situation of world-wide crisis, these other countries will be less disposed than ever before to tolerate this flight of value, and will try to defend themselves from this by organizing their **autarchy**. Self-management will play a role in the organization of this autarchy and in the general militarization of the population against the overdeveloped countries, which will then be defined as the **enemy**. (This antagonism can already be seen emerging today between France and the U.S.A.)

Self-management could thus well become a **war mechanism** for those countries in a feeble economic position, a mechanism of the third world war which such a conflict of interests can provoke.

Thus the sort of militarization of work and organization by neighborhood that self-management represents at its base, would naturally extend to the militarization, pure and simple, of the producer-citizen. **Self-management exists only with respect to the totality and the organization from top to bottom of all the capitalist categories.**

The rationale for such a “self-managed state” would be anti-imperialism which it would exacerbate. The capitalist extreme left will be called to play a central role in

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<sup>63</sup> The crisis of the 1930s, when there was no question of self-management, saw in German shoe factories the suppression of assembly line work which had just recently appeared. This “de-rationalization” – a new rationalization adapted to the crisis – was then a vain attempt to compensate for unemployment. (See Carl Steuerman [pseudonym for Otto Rühle], *La crise mondiale*, Paris: Gallimard, 1932, p. 50.)

this war mechanism, as the evidence shows in the patriotic mobilization in the Lip conflict and its support for one camp against the other in the last Arab-Israeli War. It is significant that in a party like the French Socialist Party which presents itself as a government party, one fraction – the CERES – can be formed on the bases of self-management and violent anti-U.S. imperialism. It is no less significant that the French Communist Party itself believes that “the way in which the question of self-management is posed today has evolved positively,” and “communists are second to none in the field of self-management.”<sup>64</sup> Finally we must notice the purest Gaullist faction at loggerheads with “U.S. imperialism” – the “progressive front” concurs entirely with the leftist organizations on the full gamut of their programs (not to mention the royalists of the N.A.F. who have proclaimed themselves partisans of self-management)

Self-management appears to be on its way to becoming the new form of the Sacred Union.

However the autarchy of the self-managed countries threatens to strengthen certain contradictions. If it is true that these countries have on the average a low organic composition of capital, still we have seen they also have highly developed enterprises which cannot have any interest in autarchy. They also encounter hostility from other, less developed branches of enterprise which cannot survive declining profits, being at the heart of the crisis which is synonymous with the liquidation of the smaller economic sectors. Thus a conflict of interest arises over the way in which surplus value is divided up, the less developed enterprises and sectors attempting to set up mechanisms to shift the fall in value onto sectors with a higher organic composition of capital.

This unequal exchange reflects the unequal development of different regions which, with the emergence of the crisis, bring about an upsurge of regionalist violence and; its corollary, theses about “neo-colonization of the interior.”

On a more acute level, these antagonisms could lead to a **capitalist civil war** which would carry out a part of the destruction of productive forces, the destruction necessary for Capital.

Self-management might also develop as a political or rather **administrative** form of management of internal antagonisms. If we say “administrative” it is because these insoluble conflicts of interest would be one of the reasons for an authoritarian organization of society. If today the counterrevolution in these countries implies an unprecedented **participation** by the wage-slaves of capital in the maintenance of their slavery, the integrity of all the essential categories of the capitalist mode of production requires a superior force (the metamorphosed but very real State) which links all the separate parts and assures the cohesion of a chaotic society: any other idea of self-management (as part of the bourgeois fiction of liberty and equality) is nothing but a reactionary utopia, a dream that capitalism, even “self-managed,” is bound to explode.<sup>65</sup>

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<sup>64</sup> *l'Humanité*, February 15, 1974.

<sup>65</sup> It is clear that the work force, on this level, cannot at the same time be both agent and object of Capital; also the role of agent would naturally be taken over in the self-managed State by a coalition coming from the most “progressive” fringe of economic and political managers (Bidegain, Neuschwander, J. Delors, Edgar Faure, for example), bureaucrats from the Left and New Left, including their trade unionist counterparts, not to mention a fraction of the working class drawn from the base via various committees and councils (Monique Piton and other members of the Lip Action Committee were given an audience by E. Faure – doubtless taking care of the little man).

Just as the social democratic program, elaborated during the festival of capitalist reproduction (before 1914) was only a reactionary utopia which finally was realized in the Popular Front and above all in Nazism, so the crisis' imperatives can only be reduced by ultra-left schemas into recipes for saving capitalism.

If the revolutionary proletariat's **autonomy** will be unquestionably affirmed when it constitutes a **class-for-itself**, the counter-revolution also implies a certain autonomy of the "proletariat" as a class that maintains capitalism. Furthermore, with respect to all the committees and other organs of the base that arise in the heat of the crisis, it will be absolutely necessary to constantly appraise the **content** of their activity, likewise the content of the movement of which it is part without being diverted by the **forms** they might borrow.