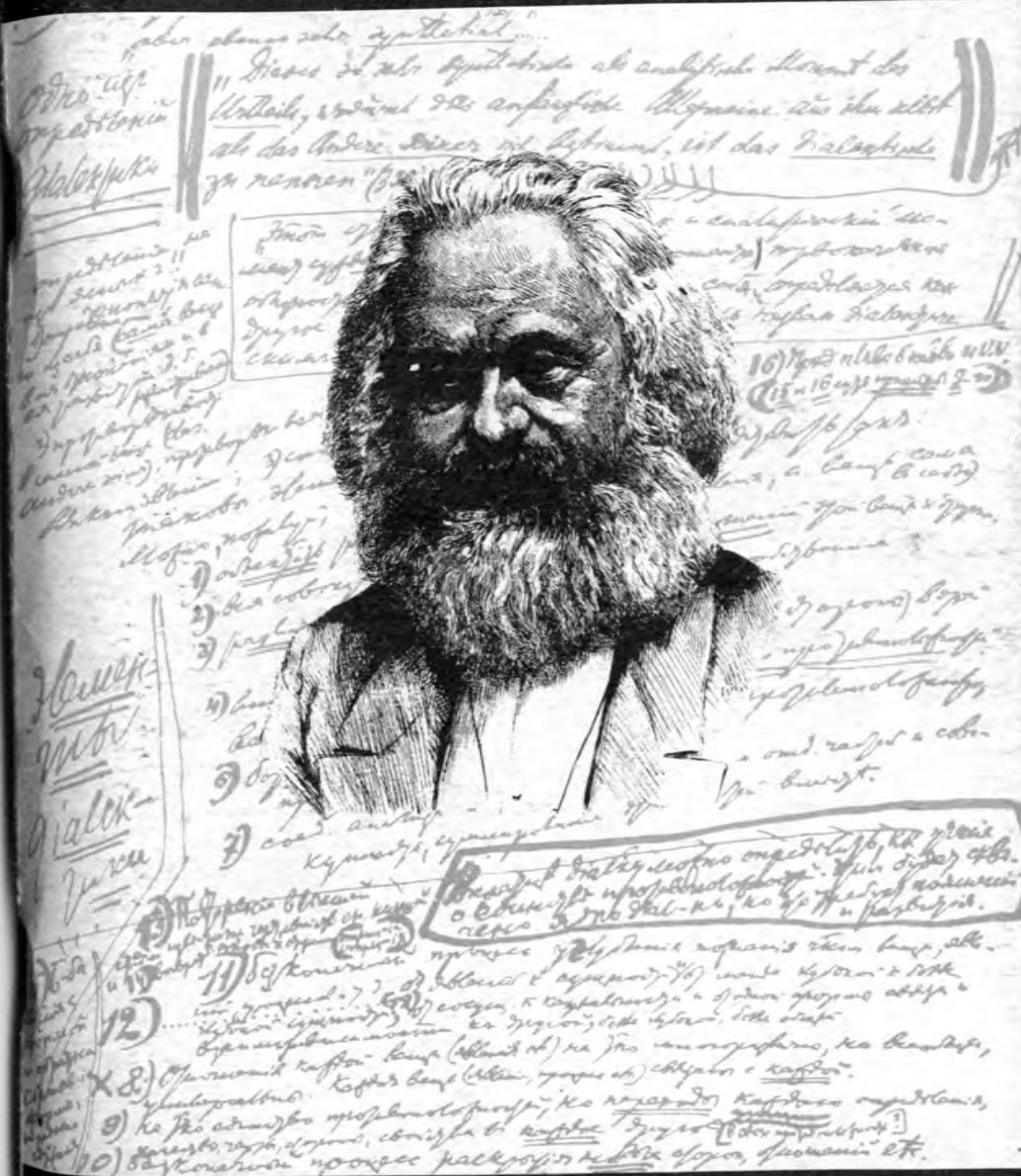


# MARX'S CAPITAL

and

# TODAY'S GLOBAL CRISIS

by raya dunayevskaya



Special Preface by Harry McShane

Price £1 (\$2.00)

On the cover: Background for head of Marx is a handwritten page of V.I. Lenin's manuscript, *Conspectus of Hegel's book Science of Logic* — September-December, 1914.

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## PREFACE

by Harry McShane

IT IS CERTAINLY a compliment to be asked to write a Preface to another work by the tireless, sincere and scholarly author, Raya Dunayevskaya. She never lets up in her efforts to unearth and make use of what is basic in Marxist theory and to tie that up with the practical tasks that must be undertaken in order to extricate mankind from the prison of capitalism that stands in the way of human development. This work comes at a time when too many of our fellow human beings have become deplorably indifferent about the future of humanity. The only school of thought that points to a future for mankind is that of Marxism. It must, however, be Marxism resurrected from the bog of futility and obscurity into which it was put by leaders who used it as nothing more than a label.

Retgression is visible in industry, politics, and without a doubt, in the field of theory. The more often our political guides use the word "strategy," the clearer it becomes that they are dazed by the problems that they find insoluble. Retgression gets deeper in modern society. That is why Raya Dunayevskaya calls for urgency; a call directed to the masses, the only force that can bring retgression to an end and open up the way to human emancipation. The choice is between the downhill road of human degradation, on the one hand, and human development on the other. The future rests with the masses.

The thought of the transformation of society coming from the masses is an indispensable element of Marxist theory fully expressed in the writings of both Marx and Lenin. Those who dispute it have shut their eyes to the facts of history. Raya Dunayevskaya refers to the Paris Commune and how it affected Marx. The new kind of order initiated by the people of Paris won the admiration of Marx. What Marx said about this exciting historical episode should be read by all who would like to probe the depth of Marx's revolutionary thinking. It was in the Commune that the act of self-government by the masses was initiated in such a way as to influence Marx, and, some years later, Lenin, the leader of the Russian Revolution. Bringing to life the admiration expressed by Marx, the author says, "The armed people smashed parliamentarianism. The people's assembly was not to be a parliamentary talking shop but a *working* body."

One is tempted to devote more space to the Paris Commune than is permissible here, but the question must be put: Who, before reading the points made by Raya Dunayevskaya, suspected that the Paris Commune had any bearing on Marx's *Capital*? Labour, as she says, was released from the confines of value production "which robs the workers of all

individuality and reduces them merely to a component of labour in general." The author points out that new additions were introduced into the French edition of *Capital*. Marx makes the point himself. Before leaving this reference to the Paris Commune, it seems appropriate here to recall that Lenin, writing in 1919, accused leading socialists in Germany of failing "to understand the significance of Soviet, or proletarian democracy, in relation to the Paris Commune, its place in history, its necessity as a form of the dictatorship of the proletariat." Lenin, of course, said much more than that on the Paris Commune, and attached great importance to it.

When Raya Dunayevskaya writes of change coming from below she thinks not only of the world in which Marx lived; she relates the basic philosophy of Marx to the world of conflict in which we live and sees there the choice facing humanity. The dangers that confront us are so serious that unless some force exists that is capable of transforming society we may as well throw our hands up in despair. The force produced by the history and economics of capitalism is the proletariat on which rests the realization of the universal desire for freedom innate in the make-up of every member of the human race. This concept of movement confirms what the author attributes to Hegel and Marx. There is little fear of her meeting with serious opposition in that. When connecting Marx with Hegel on dialectical movement, as she does in all her works, she has the support of Marx himself.

There is something else that connects Marx with Hegel; it is something that Marx took from Hegel, but found it a reality in capitalist production. The word "alienation" has found its way into the vocabulary of many Marxists, but, too often, is passed over lightly and often forgotten. It is important that the process of exploitation under capitalism be understood by all, but there is much more than that in *Capital* if we look for it. Raya Dunayevskaya renders a service by re-producing the chapters on all three volumes of Marx's *Capital* that formed part of her book, *Marxism and Freedom*. These chapters had an enlightening effect on the writer of this Preface. It became clear that there is more in Marx's *Capital* than economics. It would be marvelous if rank and file members of the labour movement could all be persuaded to read these chapters.

The process of exploitation on which capitalism rests is shown in the early chapters of *Capital*, but too many readers of that work thought that sufficient, not knowing that the philosophy that drove him along finds expression there. There is the picture of how the worker is dominated by the products of his labour plus the picture of the road to freedom. Freedom, above all else, is what Marx is concerned about. Raya Dunayevskaya gives emphasis to what Marx meant when referring to the division of labour, the domination of the worker by the machine and "the fragmentation of man."

Now that a new interest is developing, here in Britain, in Marxist education, one would hope that use will be made of this particular section of Raya Dunayevskaya's work. It is well to recall the fact that, for many years, Marxist economics featured strongly as part of the curriculum in classes of the Labour movement. John Maclean was said to have the largest class in Europe on Marxist economics — when he was not in prison for his political activities.

We are no longer justified in regarding Marx as just a brilliant economist. The philosophy that runs through *Capital* was deep-rooted in Marx and actuated him through his life. It dates from the days when he called himself a Humanist — before he wrote the *Communist Manifesto* along with Engels. The author pulls the writings of Marx together and views the world situation from the Marxist-Humanist viewpoint. With Marx she sees Communism as only the beginning; as a stage mediating the higher development of man as a result of his own creative activities. This viewpoint necessitates a look at Russia where, in 1917, the greatest stride towards the goal of Communism was taken.

Before anyone else, Raya Dunayevskaya, who had been in the revolutionary movement for years, boldly declared that Russia had marched in the opposite direction to that set by Lenin and his fellow Bolsheviks. She made an original analysis of the economy of Russia in support of her contention that Russia had been completely transformed into a state-capitalist society. She led a minority to the Trotskyist movement on this issue. The regime in Russia has nothing in common with the Marxist aim of human liberation or the call of Marx for "the development of human power which is its own end." State-capitalism is a rapidly growing trend throughout the world, with the result that the democratic pretence of the rulers is becoming more apparent. The banner of liberation must be raised by the people below. It is this aim that gives purpose to this work by Raya Dunayevskaya.

It seems remarkable that it is the elements of Marxist thought ignored for many years by Marxist theorists that the author sees as important if we are to understand either Marx or Lenin. Why Marxist writers tried to minimize the significance of Marx's acknowledgement to Hegel is difficult to understand. Revolutionaries may not know it, but through Marx we all owe a debt to Hegel. We are enriched by his discovery of dialectics even if Hegel confined it to the world of thought. It is just as puzzling why so little has been said by the same writers about Lenin making a study of Hegel after the collapse of the Second International in 1914. In his *Philosophic Notebooks*, Lenin saw that thought in the mind of the human being can be creative. As against the old type of materialism expounded by many Marxist writers, to Lenin dialectics was the proof of working people changing society. The reluctance of Marxists to give sufficient attention to the *Humanist Essays* that Marx produced in 1844 is likewise puzzling. This abundance of

material is presented by the author to give fresh meaning to Marxism.

Just as Marx and Lenin would, the author repudiates any suggestion that theory and practice can be separated. They are related dialectically. The present situation should bring about their higher unity; this is the author's purpose. She has identified herself with the concrete struggles for freedom in East Europe, in Africa and in America. She has thrown herself into the Women's Liberation movement now gathering strength, just as she has participated actively in the Black movement for more than a quarter of a century.

In this new work, as in all she writes, she makes visible the banner of freedom. What is basic for her is the curtailment of freedom under the present social order. The how and why of it is explained in the chapters on Marx's *Capital*. It is important that these chapters be read by all interested in the industrial disputes and the problem of unemployment. Why is it that in Britain while the balance of payments is improved by the flow of North Sea oil, the number of unemployed has jumped to a record figure? What produces the problem of investment? What events caused Marx to make changes in the structure of *Capital*?

The recent virulent racialism and openly Nazi National Front activity in Britain are today compelling even the bureaucratic Labour leaders to take a second look at Marx's famous statement: "Labour in the white skin cannot be free so long as labour in the Black skin is branded." This was neither beautiful rhetoric, nor intended only for the U.S. audience. It is so relevant to our day and age on both sides of the Atlantic that ours is the generation that can fully understand Marx's restructuring of *Capital* under the impact of the Civil War in the U.S. and the consequent struggles for the shortening of the working day both in Great Britain and in the U.S.

The top politicians who have been tinkering with the economic problems plaguing this society have long since given up hope of getting any solution from the writings of the late Lord Keynes or anyone else. They would do well to read Raya Dunayevskaya on Karl Marx.

There is nothing dull in her writing. The reader feels that he or she is being allowed to see the picture. The road — the only road to freedom and human emancipation — is there for all to see, even if it is hard and up-hill.

Glasgow, Scotland  
October 31, 1977

### Introductory Note

There is now available to the English-speaking public, in a new Pelican edition, a more accurate and beautiful translation of Marx's *Capital*, Vol. I, by Ben Fowkes. The relevance of Marx's work to an analysis of today's global crisis, and the need to answer the vulgarization of Marx's *Capital* contained in the Introduction by the Trotskyist-Marxist, Ernest Mandel, makes the publication of this pamphlet especially urgent. The British and United States Marxist-Humanists therefore asked me to write a special Introduction to the republication of the four chapters on the three volumes of *Capital* that first appeared in *Marxism and Freedom*, herein reproduced exactly as originally written in 1957, except, in the case of footnotes, (1) page references to the Kerr edition of *Capital*, Vol. I, will also include the corresponding pagination of the new Pelican edition; (2) the expansion with new material of several footnotes; and (3) a new post-scriptum added directly to p. 40, Chapter VI, on the Paris Commune. The reproduced chapters follow the pagination of this pamphlet. I have also appended a critique of Tony Cliff. — R.D.

### AUTHOR'S SPECIAL INTRODUCTION

#### Today's Epigones Who Try to Truncate Marx's *Capital*<sup>1</sup>

by Raya Dunayevskaya, author of  
*Philosophy and Revolution: From Hegel to Sartre,  
and from Marx to Mao and Marxism and Freedom,  
From 1776 Until Today*

*Accumulate, accumulate! That is the Moses and the prophets! . . . Accumulation for the sake of accumulation, production for the sake of production: this was the formula in which classical economics expressed the historical mission of the bourgeoisie in the period of its domination. Not for one instant did it deceive itself over the nature of wealth's birth-pangs.*

Marx, *Capital*

*If Marx did not leave behind him a "Logic" (with a capital letter), he did leave the logic of Capital . . . the history of capitalism and the analysis of the concepts summing it up.*

Lenin

*It has often been claimed — and not without a certain justification — that the famous chapter in Hegel's *Logic* treating of Being, Non-Being, and Becoming contains the whole of his philosophy. It might be claimed with perhaps equal justification that the chapter dealing with the fetich character of the commodity contains within itself the whole of historical materialism . . .<sup>2</sup>*

Lukacs

1 The Pelican Marx Library edition of Vol. I of Marx's *Capital* (Penguin Books, London, 1976) includes as "Appendix" the first English translation of the famous "Sixth Chapter" of *Capital* from the Marx-Engels Archives, Vol. II (VII).

2 *History and Class Consciousness*, p. 170. See my article "Lukacs' Philosophic Dimension" in *News & Letters*, Feb. and March, 1973. See also Lucien Goldmann's speech, "The Dialectic Today," given at the 1970 Korcula, Yugoslavia Summer School (published posthumously in the collection of essays *Cultural Creation in Modern Society*, Telos Press, 1976). The speech acknowledges the correct chronological as well as philosophic "recovery" of Hegelian categories in Marxism and their actualization in the period 1917-23, by correctly stating that first came Lenin's *Philosophic Notebooks*, second came Lukacs' *History and Class Consciousness*, third was Gramsci. All others — from Plekhanov to Kautsky, from Mehring to even Lenin prior to 1914 — were simply acting as positivists whose "academic science" was materialism. Goldmann adds that it was not accidental, because 1917 actualized the dialectic, and 1923, with the defeat of the German revolution, signalled the end of the dialectical renaissance.

**M**ARX'S GREATEST theoretical work, *Capital*, has once again marched onto the present historic stage even among bourgeois ideologues, since there is no other way to understand today's global economic crisis. Thus, *Business Week* (6-23-75) suddenly started quoting what Marx was saying on the decline in the rate of profit as endemic to capitalism. It even produced official graphs from the Federal Reserve Board, the Department of Commerce, Data Resources, Inc., as well as its own data, all of which goes to show that the post-World War II boom has ended in a slump in the rate of profit. They have stopped laughing long enough at Marx's alleged "false economic theories" to show that, not just in theory, but in fact, Marx's analysis of "the law of motion of capitalism" to its collapse, "insofar as a decline in the rate of profit" is concerned, is reality.

While, with the "economic upturn" in 1975, the authors hoped it was only a "passing phenomenon," by the end of 1976 (12-27-76), *Business Week* didn't sound quite so optimistic. Thus, while it still gloated over the 30 percent increase in net profits, it could not skip over the following determinates:

(1) the low rate of growth; (2) the hardly moveable high rate of unemployment of 7 percent officially, which does not change the truth that this is "average," but among Black youth it is at the fantastic rate of 34.1 percent; (3) the volatile undercurrent of dissatisfaction in the relationship between the underdeveloped countries and the industrialized lands to whom they are indebted at an impossible-to-meet \$60 billion; (4) hard-core inflation of 6 percent as against the 1-2 percent inflation characteristic of most of the 1960s. Moreover, this "hardcore inflation" is actually *not* what it is, but what it is hoped it will be brought down to; and (5) the unevenness of growth within the country, which shows that so basic an industry as steel has undergone a 17 percent drop in growth. At the same time, so bleak is the international outlook that *Business Week*, in summing up the outlook, cannot exclude even depression: "If Washington fails, fears of new world depression will intensify."

The capitalists may not be ready to "agree" with Marx, that *the* supreme commodity, labor-power, is the only source of all value and surplus value, but they do see that there is such a decline in the rate of profit compared to what they consider necessary to keep investing for expanded production, that they are holding off — so much so that now their ideologists are saying low investment is by no means a temporary factor that the capitalists would "overcome" with the next boom. *There is to be no next boom.* It is this which makes them look both at the actual structural changes — overwhelming preponderance of constant capital (machinery) over variable capital (living labor employed) — as well as the world production and its interrelations.

Thus, the "miracle" of post-World War II West Germany has stopped, as has the "miracle" of Japan. The *Financial Post*<sup>3</sup> ran a special piece on "West Germany: The Troubled Giant" pointing to the fact that there is a visible crack in the "social peace" (though the government got organized labor not to demand "extraordinary" wage increases). Not only that, but the nuclear issue, besides encountering U.S. opposition to West Germany's nuclear reactor sales to Brazil, produced at home such massive anti-nuclear demonstrations that even the German courts had to ban further nuclear power stations "until the issue of waste disposal had been resolved." Meanwhile, actual capital investment in real, rather than inflated, prices has fallen for three years in a row — and unemployment keeps increasing.

As for Great Britain and Italy, no significant recovery has yet begun. With oil revenue expectations, prospects may not be as grim for Britain as for Italy, but unemployment there has now officially reached 1.4 million — highest since the Depression. Prime Minister Callaghan immediately admitted that he could see only more unemployment in the immediate future, as public spending cuts demanded by the International Monetary Fund take effect. In Italy, inflation is currently running at 20 percent, and oil price increases have so devastated the economy, that no growth at all is forecast for 1977. Other forecasts — in Europe, and in the underdeveloped world — are either only marginally better, or worse.

By 1977, it was not only an academic — the serious bourgeois economist, Simon Kuznets — who, ever since the end of World War II, maintained that the "emergence of the violent Nazi regime in one of the most economically developed countries of the world raises grave questions about the institutional basis of modern economic growth — if it is susceptible to such a barbaric deformation as a result of transient difficulties."<sup>4</sup> It was a high Western government leader, none less than the President of France, Giscard d'Estaing, in 1977 who questioned the survival of the capitalistic system. Solzhenitsyn-inspired, retrogressionist intellectuals complain that capitalism has seen the emergence of a "strange siren whose body is capital and whose head is Marxist."<sup>5</sup>

3 *Financial Post*, Special Report: "West Germany: The Troubled Giant," by Peter Foster (Toronto, 9-17-77).

4 Simon Kuznets, *Postwar Economic Growth*. See also his *Capital in the American Economy*.

5 *The Barbarism with a Human Face* calling itself "The New Philosophy" by its guru, Bernard-Henri Levy, hails from the same famous university that produced Althusser in the early 1960s, and in the mid-1970s had produced this Solzhenitsyn-inspired elitism with the ex-Althusserite, André Glucksman, who now calls Solzhenitsyn "the Shakespeare of our time." Their works have not yet appeared in English, but a preview of them can be read in *The Manchester Guardian* (6-26-77), "Despairing Voice of France's Lost Generation," by Walter Schwarz. As against this critique, the "Le Monde" section of *The Manchester Guardian* (7-10-77) published a panegyric by Philippe Sollers.

But U.S. governmental statistics show good cause for those capitalistic headaches: the biggest increase in poverty since 1959 occurred in 1975 and has persisted. No less than a rise of 10 percent in the number of poor, totaling now 25.9 millions, are below poverty level. That means that no less than 12 percent of all Americans had an income of less than \$5,500 annually for a family of four.

That this — the fifth post-World War II recession — is so hard to come out of, has brought the capitalists themselves face-to-face with the reality that the overriding fact of present-day capitalist economy is the decline in the rate of profit as well as poverty, unemployment and stagnation.

**I**T IS THE AGE of state-capitalism as a *world phenomenon*. This development has no more solved its deep economic crisis than when full state-capitalism came to a single nation, Russia, China, etc. As for inflation, it is true that the deep recession, which was triggered by the quadrupled oil prices after the 1973 Arab-Israeli war, was by no means the only reason for the double-digit inflation, any more than that "sickness in the economy" could be ascribed, as Big Capital wishes to ascribe it, to workers' wages. The overwhelming reality is this: Just as monopoly growth inhibited national economic growth, so the oil cartel has actually lowered world economic growth.

As opposed to the 1950s and early 1960s, when Western Europe held attractions for capitalism with its cheaper labor and latest technology, in the 1970s U.S. capital has added a new incentive for world capital: a safe haven for its investments, now that European capital has decided the U.S. proletariat is not as revolutionary as the European workers. As against the oil monopolists who are spending their billions on buying Western technology and military hardware, and whose actual investments in the U.S. are not directed to the capital goods market, West German, French and British capital *is*. However, so deep is the economic crisis in the U.S. and in the world that such European investment in the U.S. is likewise only a palliative, even as the massive super-profitable investments upholding apartheid South Africa<sup>6</sup> cannot sub-

6 A single glance at U.S. investments in South Africa shows them to be both massive and growing. Where, a decade ago, U.S. companies had \$600 million invested in that apartheid land, it has skyrocketed to no less than \$1.46 billion in 1974 (the last year for which data is available). Further projects are being built by Kennecott Copper and Caltex Petroleum (owned jointly by Standard Oil of California and Texaco, Inc.). Moreover, some Canadian-sounding names are mainly American-owned, as witness Quebec Iron & Titanium, two-thirds owned by Kennecott and one-third by Gulf and Western Industries, which has a 39 percent interest in a proposed \$290 million mining and smelting complex. As one State Department official explained, "the large and growing role" (no less than 15 percent of total foreign investment in South Africa is U.S.!) of U.S. investments is because "businessmen don't have to fear their operations in South Africa are going to be nationalized..."

stitute for the insufficient investment capital and plant expansion in the U.S.

Thus, Lawrence A. Veit, International Economist and Deputy Manager at Brown Brothers, Harriman & Co. (not to mention his previous position as economist at the State and Treasury Departments), openly speaks of a "premature cyclical downturn"<sup>7</sup> rather than what Ernest Mandel calls "the generalized economic recession coming to an end in 1975."<sup>8</sup> Further, Veit points not only to the economic problems, but "the changing attitudes to work itself among the younger generation." Here it can already be seen that *serious* bourgeois analysts do see that the question of Alienated Labor is not "just theory." It is concrete. It is urgent. It affects the "premature cyclical downturn."

The deep recession, in the U.S. and globally, is by no means over, though some who consider themselves Marxists like Mandel think that it has come "to an end in 1975." The false consciousness that has permeated even economists who are revolutionaries emanates from the fact that capitalism has, in the post-World War II period, come up with ways of keeping the economy going, stopping short of the type of Great Depression, 1929-32 (actually until 1939), that led to World War II. Since this time it would lead to World War III, it is "unthinkable," because it would, of necessity, be a nuclear war that would end civilization as we have known it.<sup>9</sup>

Under these circumstances, consider the irony of a famous Trotskyist economist, Ernest Mandel, who holds that the present deep recession "has come to an end."<sup>10</sup> Under the guise of praising "the validity of parts of Marx's *Capital* [which] extend also into the future," Mandel hangs upon Marx's shoulders his (*Mandel's*) analysis of state-capitalist monstrosities as "not yet fully-fledged classless, that is socialist, societies: the USSR and the People's Republics of Eastern Europe, China, North Vietnam, North Korea and Cuba."<sup>11</sup>

7 *Foreign Affairs*, January, 1977, "A Troubled World Economy."

8 Ernest Mandel, "A Hesitant, Uneven and Inflationary Upturn," *Intercontinental Press*, 11-29-76.

9 Even that "unthinkable" war is now flirted with by the U.S. rulers with the latest horrifying approval by the Carter Administration of the neutron bomb. As I wrote in the 1977-78 Perspectives Thesis: Nothing in Hitler's Germany, from the "secret weapon" with which Hitler threatened world destruction, to the actual genocide he practiced within his domain, is any match for the *actual* military technology now in the hands of the superpowers, U.S. especially. What dehumanized creature could compete with the super-scientist-military-industrial complex of State Planners which dares describe a bomb as "clean" because, though this neutron bomb can mass kill by radiation, it leaves property intact! (See "Time Is Running Out," *News & Letters*, Aug.-Sept. 1977.)

10 *Intercontinental Press*, 11-29-76.

11 Ernest Mandel's Introduction to the Pelican Marx Library edition of Vol. I of Marx's *Capital*, p. 16. All other references to the Introduction and to Vol. I will include the pagination directly in my text.

That this can pass muster with Penguin Books "in association with *New Left Review*" which is the editor of their Pelican Marx Library speaks volumes for the sad state of today's scholarship. Whether, in this case, the choice of Mandel has come about by virtue of his name as author of *Marxist Economic Theory*, or otherwise, is their problem, not ours. Elsewhere I had already criticized that work. There <sup>12</sup> I have shown that, while bourgeois ideologues were enamored with Mandel's statement that he had "strictly abstained from quoting the sacred texts," it was not true, as *The Economist* claimed, that it was because Mandel replaced "Marx's Victorian facts and statistics by contemporary empirical material." Rather, it was because Mandel tailended the Keynesian theory of "effective demand." Here what concerns us is not so much Mandel's "Marxist analysis of contemporary material" as Mandel's utter perversion of nothing short of Marx's monumental work, *Capital*.

Capitalism's ways of containing its economic crises within recession level, rather than uncontrollable Depression, is judged by Mandel to be a "stabilizer," even though it is precisely that type of concept that led to the collapse of the established Marxist (Second) International with the outbreak of the First World War. Where that shocking event had Lenin return to Marx's origins in Hegel, and the dialectic of transformation into opposite, today's Marxists plunge not only into the latest series of economic "facts" sans any dialectical rudder, but also to a violation of the dialectical structure of Marx's *Capital* itself. That, too, is not "just theory," but that which gives, or could give when not violated, action its direction.

It becomes necessary, therefore, not to limit oneself to the economic-political data of the year, but have that data be a new beginning for the battle of ideas which refuses to be shifted back and forth empirically between the theoretical and the practical and vice versa, both reduced to the immediate level. Bereft of Hegelian-Marxist<sup>13</sup> dialectics, not to mention the *strict relationship* of workers' revolt against the "Accumulate, accumulate!" exploitative relationship, one can hardly escape trying to hem in the analysis of today's crises within the bounds of bourgeois — private and state — ideology, and thus inflict structuralism and the latest twist in pragmatism on Marx's greatest original work, *Capital*.

12 See "True Rebirth or Wholesale Revision of Marxism?", *News & Letters*, May and June-July, 1970.

13 I hyphenate Hegelian-Marxian, not to state my own view and thus taunt the vulgar materialist-scientists like Althusser and Mandel, but because in the very section of Marx's own Postface to the second edition of *Capital*, to which Mandel refers to "prove" that Marx was a materialist, not "idealist," dialectician, Marx writes: "The mystification which the dialectic suffers in Hegel's hands by no means prevents him from being the first to present its general forms of motion in a comprehensive and conscious manner" (p. 103). And within the text itself, as we know, Marx further stresses that Hegelian dialectics is the "source of all dialectics."

**I**N OUR DAY, we have the situation where a new French translation of *Capital* is introduced by that official Communist-structuralist, Louis Althusser, who stooped to pseudo-psychoanalysis to express his venom against Marx's *Critique of the Hegelian Dialectic* as "the prodigious 'abreaction' indispensable to the liquidation of his [Marx's] 'disordered' consciousness."<sup>14</sup> And, for the English world, the beautiful new translation of *Capital* is, as we saw, burdened with an introduction by the Trotskyist epigone, Ernest Mandel, who spreads himself over some 75 pages of "Introduction."

From the very beginning — in the first section Mandel dares entitle "The Purpose of *Capital*" — he does not merely peddle his view of Russia as "socialist," and does not only seek to disjoint the "scientific" from its revolutionary content, but unashamedly hooks these views to "the distinction" Marx drew between "utopian and scientific socialism," as if Marx would not have stopped short of tolerating forced labor camps!

That the two — the new edition of Marx's *Capital*, and analyses of today's global crises — do not hang apart, but are integrally related, is clear enough. What is clearer still is that Mandel is presenting, not Marx's views, but his own. No wonder he also sees "stabilizers" in private capitalism's development, though, as revolutionary, he wishes that overthrown. Vulgarization of Marxism has its own dialectic. It is necessary, therefore, to disentangle Marx from Mandel, to remain rooted in Marx's philosophy of liberation as a totality, and to face with sober senses the alienated world reality that must be uprooted if we are to release the revolutions-to-be from the crisis-ridden state-capitalist age.

It is not a question of needing "to know" Marx's *Capital* "in order correctly" to be able to analyze today's global crises. Rather, it is that today's economic crises *compel* one not to separate economics from politics, and not only as the capitalists naturally do from their class point of view, but objectively as the antagonistic relationships *at the point of production* are seen to produce market crises created in production.

Thus, it is not just that the "investment drought" is a great deal more than just "hesitant." What is interesting in the *Foreign Affairs* analysis of "The Troubled World Economy" is that it recognizes that inseparable from that pivotal "investment drought," even when there is some growth, is the rise in energy cost which means that, along with the rising cost of automated equipment, too much value is invested, com-

14 *For Marx*, p. 35. Althusser's new Preface to the French edition of *Capital*, Vol. I, is reproduced in the British edition of *Lenin and Philosophy and Other Essays*, pp. 69-101. See also my "Critique of Althusser's Anti-Hegelianism," *News & Letters*, Oct. 1969.



pared to labor productivity, when so little living labor is being used in production. Therefore it is telling "the West" not to be overly happy with their "petro-recyclers," that is to say, Big Capital's way of getting those oil billions from the four-fold increase of prices back from the Middle East potentates, and into its own hands by selling machinery and military hardware.

The point is that the recession is so deep, so internal, as well as so linked with the *world* market, that the highly industrialized countries are not programming great expenditures for new plants and equipment. This is at a time when profits are high, and so shaky are European economies and so great the fear of revolutions (or at least "Communists in government"), that the U.S. has become a magnet for foreign capital investment even as Europe was that magnet for U.S. Big Capital's investment going abroad in the 1950s.

Finally, even bourgeois economists understand that the centerpiece, the nerve, the muscle as well as the soul of all capitalist production is labor — the extraction from living labor of all the unpaid hours of labor that is the surplus value, the profits — and that, therefore, neither the market, nor political manipulation by the state, nor control of that crucial commodity *at this moment* — oil — can go on endlessly without its relationship to the life-and-death commodity: labor power. *Foreign Affairs* concludes: "cartels don't have infinite lives . . . and thus will one day narrow the conditions between prices of energy and cost of production."

One would think that so erudite an economist as Mandel knows the relationship of value to price, and I do not doubt that *abstractly* he does. But watch what he does as he hits out at Marxists who have criticized him for attaching too much importance to the market. He lectures them thusly:

" . . . the capitalist mode is the production of commodities . . . this *production* in no way implies the automatic *sale* of the commodities produced . . . the sale of commodities at prices yielding the average rate of profit . . . in the final analysis."<sup>15</sup>

As if this vulgarization of Marx's analysis of the dialectical relationship between production and its reflection in the market crisis were not far enough a distance from Marxian "economics," Mandel reaches for Marx's most crucial analysis of the unemployed army as "*the absolute general law*" of capitalist production. Here is how he strips the "absolute general law" to fit, in answer to the monetarist Prof. Brunner's bourgeois defense of the need to lower inflation, even though its "price is unemployment":

<sup>15</sup> *Intercontinental Press*, 11-29-76.

"There can be no better confirmation of the analysis of Karl Marx made in *Capital*, more than a century ago: in the long run capitalism cannot survive without an industrial reserve army . . ."

Though one acquainted with Mandel's economist specialization should be accustomed to the many ways he has of turning Marx upside down, this is enough to make one's hair stand on end. Far from saying that capitalism "cannot survive without an industrial reserve army," Marx says "*the absolute general law of capitalist accumulation*" — the unemployed army "and the dead weight of pauperism" — would bring capitalism down. The antagonistic character of capitalist accumulation sounds "the knell of capitalist private property. The expropriators are expropriated" (p. 929).

Now it isn't that Mandel doesn't "know" such ABCs of Marxism. It is that a pragmatist's ideology is as blinding as the "science" of today's myriad market transactions, and one extra moment's look at the market, away from irreconcilable class contradiction at the point of production, and the inescapable turns out to be the violation of the Marxism of Marx! It is high time to turn to Marx's methodology in his greatest theoretical work, *Capital*. It was no accident, whatever, why, *precisely why*, Marx refused to deal with the market until after — some 850 pages after — he dealt dialectically and from every possible angle with the process of production. It is time we took a deeper look at Mandel, away from the market, as "pure" theoretician and revolutionary.

As we showed before, Mandel, from the very first section of his Introduction to *Capital* — "The Purpose of *Capital*" — tries to hang on Marx a 20th-century epigone's contention that Russia is "socialist." By the end of that section, Mandel has separated Marx's "scientific . . . cornerstone" by still another restatement about capitalism creating "the economic, material and social preconditions for a society of associated producers" (p. 17). Such "rock-like foundation of scientific truth" left out but a single word — "*freely*" (my emphasis). *Freely* is the *specific* word, concept, living reality that was *the* determinate of Marx's "objective and strictly scientific way" not only of distinguishing his analyses from all others, but characterizing his *whole life*. Marx's own words read:

"Let us finally imagine, for a change, an association of free men, working with the means of production held in common . . . The veil is not removed from the countenance of the social life-process, i.e., the process of material production, until it becomes production by freely associated men, and stands under their conscious and planned control." (p. 171, p. 173)

Marx's sentence is from that greatest and most concise of all sections in *Capital*, on the dialectical method. Though dialectics is not only method, but the dialectics of liberation, the last section of Chapter 1 of

*Capital* — “The Fetishism of Commodities” — makes no entrance in Mandel’s section entitled “The Method of *Capital*.” In my text that follows from *Marxism and Freedom*, I have gone into great detail on the relationship of the historic experience of the Paris Commune to Marx’s dialectical concept of the “fetishism” of the commodity-form. Here it is sufficient to point to the fact that neither friends nor enemies, no matter how “new” and “independent” they thought their own philosophy to be, (as, for instance, Sartre’s Existentialism<sup>16</sup>), has denied the pivotal role of that section to any comprehension of Marx’s *Capital*, especially its dialectics.

Fetishism contained Marx’s very original dialectic, which, though rooted, as is all dialectics, in the Hegelian, has a live, concrete, revolutionary subject — the proletariat. This is not “a political conclusion” tacked onto economics. Rather, it is the “variable capital” in its live form of the wage worker who, at the point of production, is so infuriated at the attempt to transform him into “an appendage” to a machine, that he rises up — from strikes to outright revolutions — to uproot the old society and create totally new, truly human relations as *freely* associated men. Mandel, however, as we saw not only makes no mention of the section on Fetishism,<sup>17</sup> but perverts the whole concept of freedom by reducing “*freely* associated men” to just “a society of associated producers.” And so proud is he of his interpretation that that phrase becomes, literally, the final word of the whole Introduction (p. 86).

Marx, on the other hand, after devoting a lifetime to completing Vol. I of *Capital* in 1867, did not feel satisfied with his concretization of “the fetishism” of the commodity-form. It was only after the Paris Commune, as he worked out the French edition of *Capital*, 1872-75, that he reworked the section yet once again, and called attention to it and other changes by asking all to read that edition as “it possesses a scientific value independent of the original and should be consulted even by readers familiar with the German” (p. 105).

**A**S FOR LENIN, it took nothing short of the outbreak of the First World War and the collapse of the Second International, and his own restudy of Hegel’s *Science of Logic* in that cataclysmic period, to write:

16 See Sartre’s *Search For A Method* and *Critique de la Raison Dialectique*. See also my critique “Jean-Paul Sartre: Outsider Looking In,” Chapter 6, *Philosophy and Revolution*, pp. 188-210.

17 By no accident whatever, Mandel’s half-sentence reference (p. 74) to the existence of the section on “Fetishism of Commodities” is in what could be called the sales section of his Introduction, “Marx’s Theory of Money.”

“It is impossible completely to understand Marx’s *Capital*, and especially its first chapter, without having thoroughly studied and understood the *whole* of Hegel’s *Logic*. Consequently, half a century later none of the Marxists understood Marx!”<sup>18</sup>

Evidently, Mandel thinks he has done Lenin one better when, in explaining dialectical method, he points to the fact that Marx’s dialectical method helps “pierce through new layers of mystery” not alone by contrasting appearance to essence, but in showing “why a given ‘essence’ appears in given concrete forms and not in others” (p. 20). Too bad it made Mandel think that he has pierced through that mystery, not by sticking with the *specificity of the commodity-form*, but by plunging into “sales,” to which he adds “real history.” What he fails to cite is that the *real history* of that first chapter, as well as its dialectics, is exactly what, in 1943, Stalin ordered excised in the “teaching” of *Capital*.<sup>19</sup>

On the contrary. Mandel skips over both the fact and the why of Stalin’s “academic” order in the midst of the holocaust and, instead, hails as a “rebirth of true Marxism” the 1954 codification of that very revision of the law of value in the *Textbook of Political Economy*. The Russians labored 10 years before they could write as if that had always been the interpretation of Marxian economics. Mandel begins there straightaway.

This is not because Mandel is the brilliant one. The Russians have a 20-year priority in that field. But the Communist state-capitalists *had to*, first — upon the direct orders of Stalin — make the admission that they were changing “the teaching” of Marxian political economy. They then *had to* make sure that the texts prior to 1943 did a “disappearing act” in order, from then on, to begin writing without further ado about the “orthodox” interpretation of the law of value. Above all, they had to work out the consequences of the break with the structure of *Capital* which reveals not only the exploitative nature but also the perversity of capitalism: The machine is master of man, which gives rise to the fetishistic appearance of commodities and presents the relations between men as if they were mere exchange of things.

Then, and only then, could the Russian theoreticians, Stalinized and “deStalinized,” write as if the startling 1943 revision was “Marx-

18 Lenin, *Collected Works*, Vol. 38, p. 180.

19 This was first revealed in the article in *Pod Znamenem Marxizma (Under The Banner of Marxism)*, No. 7-8, 1943. However, the magazine did not reach this country until 1944, at which time I translated it into English and it was published in the *American Economic Review*, No. 3, 1944, under the title, “Teaching of Economics in the Soviet Union.” See also Will Lissner in the *New York Times*, Oct. 1, 1944. The controversy in this country, on the startling reversal in Marxian teachings, continued in the pages of the *American Economic Review* for an entire year. See especially Paul Baran’s “New Trends in Russian Economic Thinking,” December, 1944. My rebuttal, “Revision or Reaffirmation of Marxism,” *American Economic Review*, No. 3, appeared in September, 1945.

ism." It isn't that the erudite Mandel hadn't "read" the controversies. Rather, the loss of memory was planned for purposes of presenting a "true rebirth": "After Stalin's death, and especially after the effects of Khrushchev's reforms had been exhausted, Soviet economic thought underwent a true rebirth."<sup>20</sup>

Mandel's "real history" turns out to be a complete jumble — "pre-suppositions," plus mixing up dead and living labor: "Commodity production as a basic and dominant feature of economic life presupposes capitalism, that is a society in which labor-power and instruments of labor have themselves become commodities" (p. 21, my emphasis). Turning Marx so far upside down that "instruments of labor" are on the same level as the *differentia specifica* of capitalism — labor power as a commodity — cannot but lead to his climactic separation of logic and history: "In that sense it is true that the analysis of Vol. I of *Capital* is logical (based upon dialectical logic) and not historical" (p. 21).

Now Marx *methodologically* left the genuine historic origins of capitalism to the end of the volume, so that its *tendency* — *law of motion*, not, as Mandel would have it, *laws of motion* — should not become a matter of diverting us from what is the result of strict, commodity-production capitalism, no matter how that "first dollar," so to speak, was obtained. Just as trying to take Chapter 1 out of its structural order (as Stalin felt compelled to do in 1943 as he prepared to make sure that the workers in post-World War II Russia would work hard and harder) was a total violation of the dialectical structure of Marx's *Capital*, so, too, is Mandel's mixing up the "real history" of the rise of capitalism instead of presenting it dialectically. Marx moved it to the end, *not* because there is a division between history and dialectics, but because dialectics contains both, and, therefore, the discernment of the law of motion of capitalist production, strict commodity production, could be grasped best when one limited oneself to capitalist production and capitalist production alone.

Marx never tired of repeating that his original contribution was the split in the category of labor — abstract and concrete labor; labor as activity and labor-power as commodity; labor as not only the source of all value which includes surplus value, but the subject who would uproot it. So "single purpose" a revolutionary theoretician was Marx in all his multitudinous and basic discoveries that, though he devoted some 850 pages (it is over 1,000 pages in the Pelican edition which includes the famous heretofore unpublished "Chapter 6" of the Archives) in Vol. I to that question, he no sooner started Vol. II than he repeated: "The peculiar characteristic is not that the commodity labor-power is saleable, but that labor-power appears in the shape of a commodity."<sup>21</sup>

20 Ernest Mandel, *Marxist Economic Theory*, p. 726.

21 *Capital*, Vol. II, p. 37.

Mandel, however, is convinced that — once he has "explained" what he calls "historic dimension"<sup>22</sup> as being the opposite of the eternal; and contrasted appearance to essence where nevertheless appearance is significant; and then separated logical from historical where nevertheless "the logical analysis does reflect some basic trends of historical development after all" (p. 22) — he has thereby been faithful to Marx, as against those "from Bernstein to Popper" who called for the "removal of the dialectical scaffolding" as "mystical." Mandel thereupon plunges into "The Plan of *Capital*," as if that were only a matter of dates and pages, instead of the actual restructuring of *Capital* on the basis of what did come not only historically, but *from below*.

What Marx did, in restructuring *Capital*, was based on these struggles from below — the workers' struggle for the 8-hour day and the Civil War in France where the Paris Communards had "stormed the heavens." There was no State Plan, no State Property, no Party. The Commune's greatest achievement, he concluded, was "*its own working existence*" (my emphasis).

But what does Mandel choose to illustrate what a commodity is? Here is his definition: "If a pound of opium, a box of dum-dum bullets or a portrait of Hitler find customers on the market, the labor which has been spent on their output is socially necessary labor" (p. 43-44). Nothing could possibly be a more total absolute opposite of what Marx analyzed in socially necessary labor time which, in the case of capitalism, is "dead labor dominating living labor" and, in the case of socialism, is the "place for human self-development."

Mandel is oblivious to all this. Instead, he writes of "Marx's key discovery: theory of surplus value," as if that too involved mostly market, sales, money — the whole distributive sphere which Marx held would blind us not only to the primacy of relations of production, but make us, indeed, fall victim to the fetishism of commodities, which freely — *and only freely* — associated men can possibly strip off.

Marx, however, was so determined to stress the freedom that he warned the Paris Communards that unless control is totally in their own hands, even cooperative labor can become a "sham and a snare." He returned to the subject in Vol. II of *Capital*:

22 "The historical principle" is exactly what the Russians used as the reason for cutting out Chapter 1 of *Capital*. As I wrote in my commentary then (1944): The ideas and methodology of the article are not accidental. They are the methodology of an "intelligentsia" concerned with the acquisition of "surplus products." What is important is that this departure from "past teaching of political economy" actually mirrors economic reality. The Soviet Union has entered the period of "applied economics." Instead of theory, the article presents an administrative formula for minimum costs and maximum production. It is the constitution of Russia's post-war economy.

“... we must not follow the manner copied by Proudhon from bourgeois economics, which looks upon this matter as though a society with a capitalist mode of production would lose its specific historical and economic characteristics by being taken as a unit. Not at all. We have in that case to deal with the aggregate capitalist.”<sup>23</sup>

**T**ODAY'S GLOBAL CRISES elicited from Mandel what is not obvious in his Introduction to Marx's *Capital*, but in fact underlies his total *misconception*, and that is the concept of an existing equilibrium — and in our crisis-ridden age, at that. Thus, as he got to the “Deeper Causes” in his analysis of “A Hesitant, Uneven, Inflationary Upturn,” he cited what in fact characterizes all his books and articles, and that is Kondratiev's “long wave theory.”

The fact that the editor — *New Left Review* — of this new edition of Marx's *Capital* can, in two succeeding issues of *New Left Review*, both praise Mandel's *Late Capitalism* and also catch the revisionism<sup>24</sup> both of Marxism and Trotskyism inherent in Mandel's adherence to Kondratiev's “long wave theory,” shows the confusion prevalent in all modern-day Marxist theoreticians who try to keep away from the theory of state-capitalism, leaving all their “newness” contained in the time-abstraction of “Late Capitalism” — not to mention academicians à la Daniel Bell who call it “post-industrial.” As if the transformation into opposite of Lenin's into Stalin's Russia were a mere *passing* “historical detour,” from which “dark interlude” it “slowly began to emerge in the 1950s” (p. 85), Mandel shows further how very “au courant” he really is by referring not only to James Burnham's *Managerial Revolution* of the early 1940s but also Galbraith's “technostructure” *New Industrial State* of the 1960s (p. 81), not to mention Paul Samuelson's concept of “mixed economy” — every thesis except the real issue which tore Trotskyism apart before World War II, and wreaked havoc within Stalinism in the post-World War II period and is continuing to this day in Eastern Europe.

What did split Trotskyism and what is at issue at this very moment, whether we look at the global crisis of “the West” or the whole world and its “restructuring,” especially the North-South dialogue, is the question of the class nature of Russia.<sup>25</sup> To treat the question seriously, we must

23 *Capital*, Vol. II, p. 503.


24 *New Left Review*, #99, Sept.-Oct. 1976, “The Theory of Long Waves: Kondratiev, Trotsky, Mandel,” by Richard B. Day: “No amount of subtlety can overcome the basic fact that, in Trotsky's view, long-waves — or long cycles — were incompatible with a Marxist periodization of the history of capitalism.”

25 It isn't that Mandel doesn't know of the class nature of Russia that was designated as state-capitalism. Ernest Mandel happened to have been the person who debated me in 1947 when I presented the theory of state-capitalism, which I

neither stop at journalistic phrases, nor at Mao's late discovery *after* he broke with “deStalinized” Russia and first then began to designate Russia as “state-capitalist.” No, we must begin at the beginning, when Marx first projected, in the crucial, famous, irreversible French edition, 1872-75, the idea that the law of concentration and centralization of capital would reach its ultimate when “the entire social capital was united in the hands of either a single capitalist or a single capitalist company” (p. 779).

Now, though Mandel does even less about this addition to *Capital* than he did with fetishism, which he mentioned in a single phrase, the fact is that this is not all Marx said of the ultimate development of concentration and centralization of capital. Nor is it only that his closest collaborator, Frederick Engels, who edited Vols. II and III of *Capital*, added some statements about Marx's prediction of monopoly. The additions to the 1872-75 French publication were, in turn, followed by *Anti-Dühring* upon which Marx collaborated with Engels. It reads:

“The more productive forces it (the state) takes over, the more it becomes the collective body of capitalists, the more citizens it exploits . . . State ownership of the productive forces is not the solution of the conflict . . .”

Far from “ownership” alone determining the class relationship, Marx, from his first break with bourgeois society in 1843, through his leadership in the Workingmen's (First) International Association in 1864, to his death in 1883, never varied from “dead labor dominating living labor” as the determinant of capitalism. 

As always, however, it is only when a concrete objective crisis makes philosophy a matter of concrete urgency for revolutionaries, that theory becomes “practical.” It was not only when the Second International collapsed along with private, competitive capitalism, that Lenin saw the dialectical transformation into opposite, the counter-revolution *within* revolution. He saw it in the workers' state itself. He worried about its *revolutionary* leadership — its main “theoretician,” Bukharin, and his mechanical materialism. Lenin suddenly feared that his co-leader was not “fully a Marxist” since he “did not fully understand the dialectic.”

It wasn't a question of the word, “state-capitalism.” Bukharin had used the expression “state-capitalism.” So did Leon Trotsky who, in 1919,

was the first to work out from original Russian sources on the basis of the first three Five Year Plans, when the Russians were still denying the operation of the law of value in their “socialist land.” (See “Analysis of the Russian Economy,” *New International*, December, 1942, January, 1943, February, 1943; and again in December, 1946 and January, 1947. After World War II, I analyzed the fourth Five Year Plan, “New Developments in Stalin's Russia,” in *Labor Action*, October, 1946.) Following that conference of the Fourth International, the French Trotskyist theoretical journal, of which Mandel was an editor, published my article on the Varga controversy (see *Quatrième Internationale*, Jan.-Feb. 1948.)

in the *First Manifesto of the Third International*, wrote:

"The state control of social life for which capitalism so strived, is become reality. There is no turning back either to free competition or to the domination of trusts . . . The question consists solely in this: who shall control state production in the future — the imperialist state, or the state of the victorious proletariat?"

Now it is true that Trotsky recognized this only theoretically, and, in fact, did not accept state-capitalism as the designation for Stalinist Russia, though he fought Stalinism and held that "The Revolution [Was] Betrayed." It is not true that Lenin didn't see both state-capitalism and its absolute opposite — the revolutionary, self-determining subject, the proletariat that was the whole, without which there was no new society. Which is why his *Will* was almost as adamant against the "administrative mentality" (Trotsky and Bukharin) as against the one whose removal he demanded — Stalin.

In any case, once World War II ended, and capitalism had also learned "to plan" and "to nationalize," Varga saw no signs of a general economic crisis coming any earlier than a decade hence, whereupon Stalin had the whole Institute of World Economics turn against him. Varga was made to repudiate his written view of the post-war economy as any new stage of world economy. Maria Natovna-Smit was left standing alone, defending the position that the stage of world economy was "state-capitalism" and quoting Lenin, who had seen its element in World War I:

"During the war, world capitalism took a step forward not only toward concentration in general, but also toward state-capitalism in even a greater degree than formerly."<sup>26</sup>

Just as Stalin buried Lenin's first grappling with elements of state-capitalism, so the Trotskyist epigones evaded the whole theoretical question of state-capitalism in Russia, which had led to such deep splits in the Fourth International, that Mandel now (and not only in his journalistic writings but in his new book *Late Capitalism*) has "rehabilitated" Kondratiev and his long-term equilibrium analysis!

In Stalinist Russia, with its Draconian laws against labor, and dehumanized forced-labor camps, the 1943 revision in the law of value was followed by Zhdanov's 1947 revision in philosophy, which invented nothing short of "a new dialectical law" — "Criticism and Self-Criticism" — in place of the objectivity of the contradiction of class struggle and "negation of negation," that is to say, proletarian revolution. De-Stalin-

<sup>26</sup> Lenin, *Collected Works*, Vol. XXX, p. 300 (Russian edition). The Stenographic Report of that debate was published in English by Public Affairs Press, Washington, D.C., 1948.

ized Russia did nothing to change this wholesale revision of Marx's Historical-Dialectical Materialism.

Mandel's bringing in "history" now is indistinguishable from Stalinism's claim that the commodity-form and law of value have existed before capitalism and after, and are not "only" capitalistic. It is sad, indeed, to have to record also that Trotskyism, despite the fact that Trotsky had always fought Stalinism, thus not besmirching any concept of socialism, nowadays keeps its political battles so far afield from its economics and philosophy that its major leader, Mandel, can actually hail Russian post-war revisions as a "true rebirth" of Marxism.

The result is a violation of both Marxian theory and practice, not only "in general," but as it affects the view of the present global crises, not just on the question of analysis of any set of crises. The question goes far beyond any "rejiggering of the world's economic balance sheet" by playing around with the latest bag of tricks on bourgeois and developing countries, such as "indexing" the prices of raw materials.

The point is that, even if one didn't wish to accept our analysis of state-capitalism as the total contradiction, absolute antagonism in which is concentrated nothing short of revolution, and counter-revolution, one would have to admit that the totality of the contradictions compels a total philosophic outlook. Today's dialectics is not just philosophy, but dialectics of liberation, of self-emancipation by all forces of revolution — proletariat, Black, women, youth. The beginning and end of all revolves around labor. Therein is the genius of Marx, who, though he wrote during a "free enterprise, private property, competitive capitalistic era," saw that, instead of plan vs. market chaos being the absolute opposites, the chaos in the market was, in fact, the expression of the hierarchic, despotic plan of capital at the point of production. "Materialism" without dialectics is "idealism," bourgeois idealism of the state-capitalist age. As I pointed out in my critique of Mandel's *Marxist Economic Theory*:

No wonder that the bourgeois reviewers were so pleased with Mandel's view of the market mechanisms acting as "stabilizers." Mandel wanted to synthesize the overproduction, underconsumption disproportionality theories of crises with Marx's, which is related strictly to the law of value and surplus value. But as Marx said of Proudhon, "He wishes to be a synthesis, he is a composite error."<sup>27</sup>

September 21, 1977  
Detroit, Michigan

<sup>27</sup> *Poverty of Philosophy*, p. 228.

dialectics  
philosophy  
political  
economics



## THE IMPACT OF THE CIVIL WAR IN THE UNITED STATES ON THE STRUCTURE OF *CAPITAL*

The decade of the 1860's was decisive for the structure of Marx's greatest theoretical work, *CAPITAL*. No one is more blind to the greatness of Marx's contributions than those who praise him to the skies for his genius as if that genius matured outside of the actual struggles of the historic period in which he lived. As if he gained the impulses from the sheer development of his own thoughts instead of from living workers changing living reality by their actions. We shall see in a moment that Marx's *Critique of Political Economy* is proof of the limitations of a theoretical work when the workers themselves are not in motion. *CAPITAL*, on the other hand, is proof of the creative impact of masses in motion on theory. The historic circumstances in which this greatest theoretical work of Marxism takes final shape were not simply "background" for a genius who coincidentally "happened" to complete his theoretical studies of more than two decades. A glance at the objective events that made him, as he put it, "turn everything around," will show us *how* he reconstructed his own work.

### 1) *The Abolitionists, the Civil War, and the First International*

On January 11, 1860, Marx wrote to Engels: "In my opinion, the biggest things that are happening in the world today are on the one hand the movement of the slaves in America started by the death of John Brown and, on the other, the movement of the

serfs in Russia. . . . I have just seen in the *Tribune* that there has been a fresh rising of slaves in Missouri, naturally suppressed. But the signal has now been given."

From now on he will not only keep his eyes glued to the mass movement; he will participate in it. The decade of the Civil War in the United States is also the decade of the Polish Insurrection, the strikes in France, and the mass demonstrations in England which culminate in the creation of the International Working Men's Association headed by Marx.

The Civil War was the first modern war of mass armies and total involvement.<sup>48</sup> It lasted four years and cost the lives of a million men. The cost in lives was so frightful and the duration so long because Lincoln sought to confine the conflict as a white man's war. Though slavery was the root, and the creative energies of the runaway slaves the vital force, Lincoln's main strategic concern was to conciliate the so-called "moderate" border slave states which remained in the Union. Consequently, he wanted neither to free the slaves nor to allow them to participate in the war as soldiers. As Marx put it in letters to Engels: "All Lincoln's acts appear like the mean pettifogging conditions which one lawyer puts to his opposing lawyer. But this does not alter their historic content. . . . The events over there are a world upheaval. . . ."

Even from the narrowest military point of view, Marx knew that Lincoln would *have* to move towards emancipation of the slaves. "I do not think that all is up. . . ." he wrote Engels. "A single Negro regiment would have a remarkable effect on Southern nerves. . . . A war of this kind must be conducted on revolutionary lines while the Yankees have thus far been trying to conduct it constitutionally." Long before sheer military necessity forced Lincoln to bow to the inevitable and issue the Emancipation Proclamation, Marx recorded the views of the Abolitionists.<sup>49</sup> In one of his columns for the *Vienna Presse*, at the very time that both the American and English press were attacking Wendell Phillips he summarized a speech by him. This is the introduction Marx gave his summary: "Together with Garrison and G. Smith, Wendell Phillips is the leader of the Abolitionists in New England. For thirty years he has without intermission and at the risk of his life proclaimed the emancipation of the slaves as his battle-cry,

## IMPACT OF CIVIL WAR IN U.S. ON STRUCTURE OF CAPITAL

regardless alike of the persiflage of the press, the enraged howls of paid rowdies and the conciliatory representations of solicitous friends. . . . In the present state of affairs Wendell Phillips' speech is of greater importance than a battle bulletin."

The movement of the runaway slaves,<sup>50</sup> who followed the North Star to freedom, brought on the Civil War. But Lincoln's generals fought to maintain slavery and therefore they fought in vain. "I do not say," Marx quoted Wendell Phillips, "that McClellan is a traitor; but I say that if he were a traitor, he must have acted exactly as he has done. . . . The President has not put the Confiscation Act into operation. He may be honest, but what has his honesty to do with the matter? He has neither insight nor foresight. . . . I know Lincoln. I have taken his measure in Washington. He is a first-rate *second-rate* man."<sup>51</sup>

Marx was watching the impact which the Civil War was having upon the European working class. As the foreign correspondent for the newspapers he represented—the *New York Tribune* and *Die Vienna Presse*—Marx reported the mammoth meeting of the English workers which prevented the government's intervention on the side of the South. It was under the impact of the Civil War and the response of the European workers as well as the Polish insurrection, that the International Working Men's Association, known as the First International, was born. In the name of the International Marx wrote to Lincoln: "From the commencement of the titanic American strife the workingmen of Europe felt instinctively that the star-spangled banner carried the destiny of their class. . . . Everywhere they bore therefore patiently the hardships imposed upon them by the cotton crisis, opposed enthusiastically the pro-slavery intervention, importunities of their 'betters,' and from most parts of Europe contributed their quota of blood to the good cause.

"While the workingmen, the true political power of the North, allowed slavery to defile their own republic; while before the Negro, mastered and sold without his concurrence, they boasted it the highest prerogative of the white-skinned laborer to sell himself and choose his own master; they were unable to attain the true freedom of labor or to support their European brethren

in their struggle for emancipation, but this barrier to progress has been swept off by the red sea of civil war."<sup>52</sup>

We can see from the very contents of CAPITAL that this was by no means sheer "diplomacy." Marx separated himself from the self-styled American Marxists who evaded the whole issue of the Civil War by saying they were opposed to "all slavery, wage and chattel."<sup>53</sup> His analysis of the struggle for the shortening of the working day comes to a climax, as we shall see later, when he writes of the relationship of the end of slavery to the struggle for the eight hour day: "In the United States of North America, every independent movement of the workers was paralyzed so long as slavery disfigured a part of the Republic. Labor cannot emancipate itself in the white skin where in the black it is branded. But out of the death of slavery a new life at once arose. The first fruit of the Civil War was the eight hours' agitation, that ran with the seven-leagued boots of the locomotive from the Atlantic to the Pacific, from New England to California. The General Congress of Labor at Baltimore (August 16, 1866) declared: 'The first and great necessity of the present, to free the labor of this country from capitalistic slavery, is the passing of a law by which eight hours shall be the normal working-day in all States of the American Union. We are resolved to put forth all our strength until this glorious result is attained.'<sup>54</sup>

The impact of the Civil War on the European revolution (the Paris Commune) is stated succinctly enough right at the start of CAPITAL. Its preface states: "As in the eighteenth century the American war of independence sounded the tocsin for the European middle-class, so in the nineteenth century the American Civil War sounded it for the European working class." We now turn to the impact it had on the structure of CAPITAL.

2) *The Relationship of History to Theory*

In contrast to the actions of the European masses, the arrogant insensitivity of European intellectuals to the Civil War in the United States is best exemplified by Lassalle. Where Marx turned his attention to the world-shaking event, Lassalle dismissed it. In a letter to Engels, dated July 30, 1862, Marx reports La-

salle's views: "The Yankees have no 'ideas.' 'Individual liberty' is merely a 'negative idea,' etc., and more of this old, decayed, speculative rubbish."<sup>53</sup>

Under the impact of the Civil War, Marx, on the other hand, gave an entirely new structure to his theoretical work. He had long since dismissed Lassalle's pretense of being a dialectician: "He will learn to his cost," Marx wrote on February 1, 1858, "that to bring a science by criticism to the point where it can be dialectically presented is an altogether different thing from applying an abstract ready-made system of logic to mere inklings of such a system." The result of Marx's own study, at that time, was called *A Contribution to the Critique of Political Economy*.<sup>54</sup>

a) *Critique of Political Economy*: The Limits of an Intellectual Work

Marx begins with that everyday thing, the commodity, and immediately points to the *duality* of this thing which is a use-value and an exchange-value all at once. Hence, it is not just a thing, not just a utility, but a value. It could not have this two-fold nature as a product of labor if the *labor itself* did not have that character. The commodity in embryo contains all the contradictions of capitalism precisely because of the contradictory nature of labor. That is the key to *all* contradiction. That, Marx will point out again in CAPITAL, is his original contribution to political economy. Without that, it is impossible to comprehend political economy.

Exchange value, Marx continues, only *appears* to be a quantitative relation, that is, a given proportion of time embodied in wheat being exchanged for a given proportion of time embodied in linen. But the question is: what *kind of labor* creates value? It cannot be concrete labor: "Tailoring, e.g., in its material manifestation as a distinct productive activity produces a coat, but not the exchange value of a coat. The latter is produced not by the labor of the tailor as such but by abstract universal labor that belongs to a certain organization of society which has not been brought about by the tailor."<sup>57</sup>

This *organization of society*, which has not been brought about by the tailor, is the capitalistic organization where all labor, no matter what its concrete nature, is timed according to what is socially necessary. It becomes one mass of abstract labor precisely because the laborer himself is paid at value, that is, the necessities of life needed to sustain him. "Thus relative value measured by labor time is fatally the formula of modern slavery of the worker instead of being, as M. Proudhon would have it, the revolutionary formula of the emancipation of the proletariat."

The very duality of the labor, the very duality *within* the commodity, is what has made it necessary for one single commodity, money, to act as the value measure of the commodity. For his commodity, the capitalist wants to buy not another use-value, but money, which buys "all things." The division of commodities and money makes that possible. Money, like any other commodity, is equal to the labor time that it took to produce, to mine it and mint it; but unlike any other commodity, it is universally recognized to be just that and hence acts as a "natural" measure. But that measure is natural to it only because it is the recognized representative of labor in its abstract form. In other words, like labor, it is not a thing, but a social relationship.

The very fact that Proudhon wants it to be "no more than" a circulating medium, which is precisely its function, shows that even he recognizes that it hides an exploitative production relationship. Only he thinks not to break up that production relationship which is the cause of it, but only to alter its appearance in money. Under capitalism, money can no more be made available to everyone than classes can be abolished by fiat—from Proudhon or from the government.

In this work, Marx limits himself to the question of exchange. He does no more than point to the fact that behind the exchange of things there is a relationship of production. Only comparatively recently, (1939), have we seen the publication of his immense intellectual labors and writings for the year 1857-1858.<sup>58</sup> They show a tremendous dialectical and original economic development. Marx himself allowed only the first chapters to be published as the *Critique*. In the preface to that he states why he omits "a general introduction which I had prepared as on second thought



any anticipation of results that are still to be proven seemed to be objectionable, and the reader who wishes to follow me at all must make up his mind to pass from the special to the general." The truth is that the work, both in its special and in its general aspects, lacks a structure, a shape that can come only out of the developing class itself. That is why Marx started "all over" in CAPITAL.

It is not that labor had not been central to Marx. But in the period of the 1850's, following the defeat of the 1848 Revolutions, the workers were quiescent. What happens to a theoretician, to any theoretician, even to a Marx, when the proletarian revolutions are crushed, is that he must watch the laws of economic development of the old social order without being able to see the specific form of revolt with which the workers mean to meet the new stage of production.

The *Critique* turned out to be an intellectual, that is, a remote work; a theoretical answer to an actual problem. Or, to put it differently, it was an application of dialectics to political economy, instead of the creation of the dialectic that would arise out of the workers' struggles themselves.

Marx had no sooner finished the work than he became dissatisfied with it. Although his *Critique* was by no means mere "inklings of a system" but the whole of classical political economy subjected to a profound criticism, Marx decided not to continue with it. The great historic events of the 1860's wrought basic changes in society, in politics, in thinking. As the proletariat began to move positively towards its own emancipation, they illuminated all the studies Marx had undertaken in the previous period, and gave new insights into the development of capitalist production.

#### b) *The Working Day and the Break with the Concept of Theory*

Between 1861 and 1867 the manuscript of the *Critique*, now become CAPITAL, underwent two fundamental changes, one in 1863, and the other in 1866. We can trace the changes both by comparing CAPITAL to the state the manuscripts were left in, which Engels describes in the Preface to Volume II of CAPITAL, as well as from Marx's own letters. As he puts it in the letter to

Engels on August 15, 1863, he has had "to turn everything around": ". . . when I look at this compilation (the manuscripts of the *Critique*, which he is now re-working under the title of CAPITAL) and see how I have had to turn everything around and how I had to make even the *historical* part out of material of which some was quite unknown, then he (Lassalle) does seem funny with 'his' economy already in his pocket. . . ." By the time, three years later, that he has finally prepared everything for the printer, he informs Engels about yet a new addition: "Historically I developed a part about *the working day* which did not enter into my first plan." (February 10, 1866)

It sounds fantastic to say that until 1866 Marx had not worked out the seventy pages on the Working Day. Yet so inherent in theory itself is its own limitation that even when Marx turned the monographs for the *Critique* entirely around, and wrote the first draft of his new work, CAPITAL, even this work at first had no section on the Working Day. That Ricardo didn't concern himself with the working day is understandable because he evaded the whole problem of the *origin* of surplus value. That socialists, from the utopians through Proudhon to Lassalle, were not weighted down by this problem is explained easily enough since they were too busy with their plans ever to study the real workers' movement. But for Marx, who had never once taken his eyes off the proletarian movement, not to have had a section on the Working Day in his major theoretical work seems incomprehensible.

It seems even more incomprehensible when we realize that Marx had already written the "Primitive Accumulation" of CAPITAL, which describes the "Bloody Legislation against the Expropriated," in which he dealt with laws that made the lengthening of the working day compulsory. The concept of the theory of surplus value includes the division of the working day into paid and unpaid labor. But that still leaves the exact analysis of the working day, for the most part, undetermined. As he was to put it later about his adversary, Dühring: "One thing in his account has struck me very much. Namely, so long as the determination of value by working time is itself left 'undetermined,' as it is by Ricardo, it does not make people shaky. But as soon as it is brought

into exact connection with the working day and its variations, a very unpleasant light dawns upon them."<sup>59</sup>

"The establishment of a normal working day," he wrote, "is the result of centuries of struggle between capitalist and laborer."<sup>60</sup> Marx's method of analysis was revolutionized thereby. Where, in his *Critique*, history and theory are separated, with a historical explanation attached to each theoretical chapter; in CAPITAL, history and theory are inseparable. Where, in *Critique*, history is the history of theory; in CAPITAL, history is the history of the class struggle.

He who glorifies theory and genius but fails to recognize the limits of a theoretical work, fails likewise to recognize the indispensability of the theoretician. All of history is the history of the struggle for freedom. If, as a theoretician, one's ears are attuned to the new impulses from the workers, new "categories" will be created, a new way of thinking, a step forward in philosophic cognition.

Marx's shift from the history of theory to the history of production relations gives flesh and blood to the generalization that Marxism is the theoretical expression of the instinctive strivings of the proletariat for liberation. More than that. He says that ultimately the fundamental abolition of inequality lies in the shortening of the working day. In 1866, he made this the historical framework of capitalism itself. The struggles of the workers over the working day develop capitalist production. The ultimate creation of freedom rests upon the shortening of the working day. The philosophy of the shortening of the working day, which arose out of the actual struggles, embraces all concepts inside and outside of it. Thus, the thinking of the theoretician is constantly filled with more and more content, filled by workers' struggles and workers' thoughts.

Beginning in 1866, Marx had been developing the section on the Working Day. By the time CAPITAL is published in 1867, we read this tribute to the workers' own thinking: "In place of the pompous catalogue of the 'inalienable rights of man' comes the modest Magna Charta of a legally limited working day which shall make clear when the time which the worker sells is ended, and when his own begins. *Quantum mutatus ab illo.*"<sup>61</sup>

The real movement of the proletariat, at this specific stage of capitalist development, revealed not only the negative aspects in the fight for the working day—the struggle against unlimited capitalist exploitation—but the positive aspects—a road to freedom. This then, was a new philosophy, the philosophy of labor, arrived at naturally out of its own concrete struggles. We see why Marx had "to turn everything around." Now let us look at how he did it. Engels tells us the original manuscripts consisted of 1472 pages, as follows:<sup>62</sup>

(1) Pages one to 220 and again pages 1159 to 1472 are the first draft of Volume I, beginning with transformation of money into capital and continuing to the end of the volume. Note that this does not account for pages 220 to 1159. The skipped pages turn out to have dealt with the question of the history of theory and the decline in the rate of profit, thus:

(2) Pages 978 to 1158 comprise the first draft of the subject material of capital, profit and rate of profit. Ultimately that formed the subject matter of Volume III. Originally, however, he intended to include, as part of Volume I, the subject matter dealt with on these pages. This type of procedure was later castigated by Marx: "We shall show in Book III that the rate of profit is no mystery so soon as we know the laws of surplus value. If we reverse the process we cannot comprehend either the one or the other."<sup>63</sup>

(3) Now then, pages 220 to 972 constitute what Marx later considered to be Book IV of CAPITAL, and entitled "History of Theory."<sup>64</sup> In this first draft, however, these 750 pages would have followed directly after the buying and selling of labor power. A look at the published *Critique* will reveal what this first plan meant in the actual structure. After each chapter of the *Critique*—Commodities; Money—there follows an excursus on the history of the theory of the same subject, somewhat on the order of Hegel's "Observations" in the *Logic*. Marx meant to follow that same procedure for the rest of the work. That is to say, as soon as he would state his theory on any subject he would have followed it up with arguments against other theorists. Somewhere he says that this is the natural procedure as one works something out for himself. It is an ordinary procedure for an intellectual to study the history of other theories and to separate himself from them on

their ground. It is the method which Marx discarded when he decided "to turn everything around."

Once he decides to do this, he separates the material dealing with the phenomena of profit and rate of profit, or "forms of the process of production as a whole," from the process of production itself. At the same time, he takes out the voluminous material on the "History of Theory," and relegates it to the very end of all three volumes, as Book IV. *He is breaking with the whole concept of theory as something intellectual, a dispute between theoreticians.*

Instead of keeping up a running argument with theorists, he goes directly into the labor process itself, and thence to the Working Day. He no sooner relegated the history of theory to the end of the whole work, and began to look at the history of production relations, than he of necessity created a new dialectic instead of applying one. Or, more precisely, a new dialectic flowed out of the labor process. This new dialectic led him to meet, theoretically, the workers' resistance inside the factory and outside of it. The result is the new section in CAPITAL, "The Working Day."

Marx, the theoretician, created new categories out of the impulses from the workers. It wasn't he, however, who decided that the Civil War in the United States was a holy war of labor. It was the working class of England, the very ones who suffered most, who decided that.

From start to finish, Marx is concerned with the revolutionary actions of the proletariat. The concept of theory now is something unified with action. Or, more correctly, theory is not something the intellectual works out alone. Rather, the actions of the proletariat create the possibility for the intellectual to work out theory. Here then, we have the really fundamental break with Hegel. It is in this that CAPITAL is distinguished from the *Logic* and yet contains it, for CAPITAL is the dialectic of bourgeois society, its development and downfall. As Lenin was to put it in 1915: "If Marx did not leave a *Logic* (with a capital letter), he left the *logic* of CAPITAL. . . . In CAPITAL the logic, dialectic and theory of knowledge of materialism (three words are not necessary: they are one and the same) are applied to one science, taking all of value in Hegel and moving this value forward."<sup>65</sup>

## THE PARIS COMMUNE ILLUMINATES AND DEEPENS THE CONTENT OF CAPITAL

### 1) *The Despotic Plan of Capital vs. the Cooperation of Freely Associated Labor*

Marx had begun his analysis of capitalism some three decades before the establishment of the Paris commune in 1871. Labor was the pivot of his theory from the start. It was the concept of alienated labor that enabled him to dig deep into the inner mechanism of capitalist production. The first edition of CAPITAL, published in 1867, disclosed that what appeared, ideally, as plan, revealed itself, in reality, in the labor process, to be but the undisputed authority of the capitalist. For Marx, the theoretical axis of CAPITAL—the central core around which all else develops—is the question of plan: the despotic plan of capital against the cooperative plan of freely associated labor.

The despotic plan inherent in capitalist production reveals itself in a form all its own—the hierarchic structure of control over social labor. To keep production going on an ever-expanding scale, to extract the greatest amount of surplus or unpaid labor, requires a whole army of foremen, managers, superintendents. These all work for the capitalist with one aim and purpose: to force labor out of the many laborers. The attempt to control cooperative labor within capitalist confines must of necessity assume a despotic form. Planned despotism arises out of the *antagonistic* relationship between the workers, on the one hand, and the capitalist and his bureaucracy on the other hand.

Cooperation under the mastership of the capitalist is in direct opposition to the cooperating laborers. The worker had lost his

individual skill to the machine. But he gained a new power in cooperating with his fellow workers. From the start this is a *mass power*. The opposition is between the *nature* of the cooperative form of labor and the capitalistic *form of value production*.

Cooperation is in itself a productive power, the power of social labor. Under capitalistic control, this cooperative labor is not allowed to develop freely. Its function is confined to the production of value. It cannot release its new, social, human energies so long as the old mode of production continues. Thus the *nature* of the cooperative form of labor power is in opposition to the capitalist integument, the *value-form*. At the same time the monstrous creation of monotony, speed-up, uniformity, military regularity and more speed-up robs science also of its self-development, confining it to the single purpose of extracting ever greater amounts of surplus, unpaid labor from the workers.

This develops into the *absolute contradiction* between the *nature* of machine industry and the value-form of its operation. Technological writing had analyzed the few main fundamental motions. There it stopped. It could go no further because there is no such thing as an abstract, remote, classless development of machinery. Technology is an integral part of the development of the productive forces. To exclude from it the greatest productive force—living labor—cripples and emasculates science itself. Under capitalism, the separation of the intellectual powers of production from manual labor, the incorporation of all science into the machine, means the transformation of intellectual power into the might of capital over labor, the engineer and technician against the worker. In a word, it means the transformation of man into a mere fragment of a man, just when the narrow technical needs of the machine itself demand variation in labor, fluidity, and mobility—all rounded, fully developed human beings using all of their human talents, both natural and acquired.

This is what Marx announced to the whole world in 1867. Before this theoretic onslaught, so total as to include both history and the actuality of the class struggle, bourgeois economics lay prostrate. Whereas nearly fifty years earlier, in 1821, Ricardo had at least *posed* the contradiction in machine production, vulgar economy was now, in 1867, reduced to denying this contradiction

altogether. The emptiness of bourgeois economic thinking can be seen in their argument: since the contradiction is not inherent in machinery "as such," it is a delusion to think that there are contradictions in machinery under capitalist control. This adding of two and two and coming up with zero did not stop the bourgeois economist, however, from declaiming against the "backwardness" and stupidity of the worker who broke up the machinery. The capitalist ideologist tries to argue away the workers' enslavement to capital at the same time that society itself is threatened with the destruction of its human resources.

If the workers are too absorbed in their concrete struggles to indulge in abstract arguments about machinery "as such," the very struggles nevertheless reveal them to be full of new perceptions. True, they fought the machine itself as a competitor. But the first appearance of machinery as a handmaiden of capital was its *true* appearance. Their instinct was right while the economist's thinking was abstract. There is no such thing as machinery "as such." The worker could not possibly regard the machine "as such"—as standing above and apart from the capitalistic mode of production under which the machine was developed to extract relatively greater amounts of unpaid labor from the workers. In the further struggles against capital, the worker learned to fight not the instrument of labor, but the capitalistic employment of it—the conditions of production which transformed him into a mere cog in the machine. ✓

Due to the cooperative form of the labor process the *resistance* of the workers is also a mass power. The workers' revolt develops from their fight against the instruments of labor into their struggle against the capitalistic conditions of labor. *The workers thus at one and same time fight for their emancipation and against the capitalistic limitations of science and technology.* The depth and breadth of the class struggles are a sign that the contradictions of capitalistic production are driving toward a new resolution. The resolution toward which the Paris Commune drove shed such strong illumination on the fetishism of commodities and the law of motion of capitalism that it deepened the very content of CAPITAL.

2) *The Paris Commune—a Form of Workers' Rule*

The social revolution that erupted in Paris on March 18, 1871 was not like anything ever before seen in history. The treason of the ruling class necessitated the saving of French civilization by the proletariat. A few months earlier, Napoleon III had suffered defeat in the Franco-Prussian war. The bourgeois republic which took over the reins of government was more afraid of revolutionary Paris than of Bismarck's army. With the flight of this government to Versailles, the revolutionary proletariat reached the greatest turning point in history—the remolding of itself as the ruling class.

Louis Blanqui, famous revolutionary and head of a secret armed force, had been plotting insurrection, seriously and unremittingly, for years. He tried again when the Republic of France showed itself ready to sell out to Bismarck. Without mass support, the insurrectionary plan of his elite group failed of necessity. In real life, the insurrection came at the peak of ascending revolution, not vice versa, and not as a plot.

On March 18th, the soldiers were ordered by M. Thiers, the head of the reactionary government, to transport the cannon of Paris to Versailles. The milkmaids, who were on the streets before dawn, saw what was afoot and thwarted the treacherous plans of the reactionary government. They surrounded the soldiers and prevented them from carrying out Thiers' orders. Although the men had not yet come into the streets on this early morning, and although the women were not armed, they held their own. As in every real peoples' revolution, new strata of the population were awakened. This time it was the women\* who were to act first. When reveille was sounded, all of Paris was in the streets. Thiers' spies barely escaped with the information that it was impossible to inform on who the leaders of the uprising were, since the *entire* population was involved.

This act of self-defense by the Parisian masses was also the act of self-government. Just as the Second Empire was the natural offspring of the parliamentary government which had crushed the 1848 Revolution, so the parliamentary government that had

\*Since the publication of *Marxism and Freedom* in 1958, a beautiful work on the activities of women in the Paris Commune, which also takes up their relationship to Marx, has been published. See *The Women Incendiaries* by Edith Thomas (Seeker & Warburg, London, 1967; George Braziller, NY, 1966).

succeeded Napoleon III had but one function—to be the engine of class despotism.

The first act of the Revolution was to arm itself. The armed people struck out against the everywhere present state organs—the army, the police, officialdom—which were such a faithful copy of the hierarchic division of labor in the factory. The first workers' state in history, called the Commune of Paris, was born.

The Commune was composed, in the main, of Blanquists and Proudhonists. But the Blanquists became Communards only by giving up their insurrectionary plan and riding on the wave of the peoples' revolution. The Proudhonists likewise had to give up their utopian schemes. The development of large-scale production had already undermined the artisan type who formed the social base for Proudhonism. Now, the 1871 Revolution destroyed entirely the Proudhonist philosophy of "no political activity." The Parisian workers, who had just overthrown bourgeois domination, got down to the task of ruling themselves and setting down the conditions of their labor. All this was being done while the enemy was at the gates.

The first decree of the first workers' state was the abolition of the standing army. The first announcement of the *type* of political rule to be set up is typical: "*All public services are reorganized and simplified.*"

The armed people smashed parliamentarianism. The people's assembly was not to be a parliamentary talking-shop but a *working* body. Those who passed the laws were also to execute them. There was thus to be no division between the executive and legislative bodies. The sham independence of the judiciary was similarly eliminated. Judges, as all other representatives, were to be elected and subject to recall. Representatives of the proletariat, however, were not yet the proletariat as a whole. Therefore, to assure control over the elected representatives, they too were subject to recall. Thus, the power remained always in the hands of the mass as a whole. ↓

Public service was to be performed at a workman's wage. Thus was laid the basis of inexpensive government. The hierarchic divisions of labor were given further blows. The decree separating church and state abolished religious control of education and

kindled intellectual life on all fronts. True to their proletarian spirit, some districts began immediately to clothe and feed their children. Education was to be open and free to all. Even above that, the reorganization of the methods of education was to begin with the fullest participation of the whole people. The first call went out to teachers and parents. The teachers were instructed "to employ exclusively the experimental and scientific method, that which starts from facts, physical, moral and intellectual."

The utopians had been busy inventing political forms of rule; the anarchists had been ignoring all political forms; the petty-bourgeois democrats had been accepting the parliamentary form. But this Commune was what the workers came up with—*smash* the state form of capital's rule; *supercede* it by a commune-type of self-government. This then was "the political form at last discovered to work out the economic emancipation of the proletariat." Marx had deduced from history that the bourgeois state form would disappear and the proletariat, organized as the ruling class, would be the point of transition to a classless society. He hailed the heroism of the Communards. He studied their specific form of proletarian rule and disclosed its secret: "The political rule of the producer cannot coexist with the perpetuation of his social slavery."<sup>68</sup>

The inseparability of politics and economics was established by the Commune, by its own working existence. Its Commission of Labor and Exchange, staffed mainly by members of the International, accomplished its greatest work, not in the decrees it passed, but in the stimulation it gave to workers to take things into their own hands. It began by asking the workers to reopen the works which had been abandoned by their owners and to run them by "the cooperative association of the workers employed in them." The aim was to transform land and means of production into mere instruments of "free and associated labor." ↓

The Commune's workshops were models of proletarian democracy. The workers themselves appointed the directors, shop and bench foremen. These were subject to dismissal by the workers if relations or conditions proved unsatisfactory. Not only were wages, hours, and working conditions set, above all, a *factory committee met every evening to discuss the next day's work.*

Thus, plain working men, under circumstances of unexampled difficulty, governed themselves. The Commune, by being the self-government of the producers, set free all the elements of the future society. Marx described it as "Working, thinking, fighting, bleeding Paris—almost forgetful, in its incubation of a new society, of the cannibals at its gates—radiant in the enthusiasm of its historic initiative!"<sup>67</sup>

The spontaneous mass outburst that took this form of the Commune of Paris lasted only two months before the Parisian workers were massacred in one of the bloodiest terrors in history. But, in those two short months before the blood bath, the workers accomplished more miracles than capitalism had in as many centuries. The greatest miracle was its working existence. It abolished the standing army and armed the people instead. It smashed to smithereens State bureaucratism, placed public officials on a workman's salary and made them subject to recall. It abolished the division of labor between the legislative and the executive and transformed the parliament from a talking to a working body. It created new conditions for labor. On all fronts, the creative initiative of the masses had ensured the maximum activity for the masses and the minimum for their elected representatives. It thus stripped the fetishisms off all forms of rule: economic, political, intellectual.

### 3) *The Fetishism of Commodities and Plan vs. Freely Associated Labor and Control of Production*

The totality of the reorganization of society by the Communards shed new insight into the perversity of relations under capitalism. By smashing the old State-form and superseding it with the Commune, an end had been put to the hierarchic division of labor, including the division between politics and economics. By exposing the bourgeois State as the public force of social enslavement that it was, the proletariat demonstrated how the *absolutely new form of cooperation*, released from its *value-integument*, expresses itself. This was so clearly the absolute opposite of the dialectic movement of labor under capitalism, forced into a value-form, that all the fetishisms were stripped off of capitalist production.

Before the Commune, Marx had written that only freely associated labor could strip off the fetishism from commodities. Now that the Communards did precisely that, the concrete *doing* extended the *theory*. In the "Civil War in France," Marx writes that what has now become clear is this: if cooperative production itself is not to become "a sham and a snare," it must be under the workers' own control. At the same time, he prepares a new, French edition of CAPITAL and there, as he tells us in the afterword,<sup>68</sup> he has changed the section on fetishism of commodities "in a significant manner." Marx asks: "Whence then arises the enigmatical character of the product of labour, so soon as it assumes the *form* of commodities?"<sup>69</sup> And he answers simply: "Clearly from this form itself."

Previous to this edition, this was not so clear to anyone, not even to Marx. The simplicity of expression achieved in 1872 is worth tracing, especially since the significance has been lost.

There is nothing simple about a commodity. It is a great fetish that makes the despotic *conditions* of capitalist production appear as if they were self-evident truths of social production. Nothing could be further from the truth. Just as these conditions were *historically* determined and rest on the servitude of the laborer, so the commodity, from the start of capitalism, is a reflection of the dual character of labor. It is, from the start, a unity of opposites—use-value and value—which, in embryo, contains *all* the contradictions of capitalism.

This simple relationship was beyond the perception of the greatest bourgeois economist, Ricardo, despite the earlier discovery of labor as the source of value. Although classical political economy had reduced value to its labor content, it had never once asked WHY did this *content*, labor, assume this *form*, value?

Long before CAPITAL, Marx had analyzed the duality pervading bourgeois society: "In our days everything seems pregnant with its contrary; machinery, gifted with the wonderful power of shortening and fructifying human labor, we behold starving and overworking it. The new-fangled sources of wealth, by some strange weird spell, are turned into sources of want. The victories of arms seem bought by the loss of character. At the same pace that mankind masters nature, man seems to become enslaved to other men

or to his own infamy. Even the pure light of science seems unable to shine but on a dark background of ignorance. All our inventions and progress seem to result in endowing material forces with intellectual life, and in stultifying human life into a material force. This antagonism between modern industry and science on the one hand, modern misery and dissolution on the other hand; this antagonism between the productive powers and the social relations of our epoch is a fact, palpable, overwhelming, and not to be controverted."<sup>70</sup>

In general, *but only in general*, the logic of content and form of labor was actual to Marx's thinking from the very beginning when he worked out the concept of alienated labor. Nevertheless, insofar as economic categories were concerned, he accepted them, more or less, as worked out by classical political economy. That is true as late as the publication of *Critique of Political Economy* in 1859, when he still used exchange-value in the sense of value and not in the sense of value-form. He still was "taking for granted" that "everyone knows" that production relations are really involved in the exchange of things.

By 1867, in the first edition of CAPITAL, he singles out the commodity-form as the fetish. Even here, the main emphasis is on the *fantastic* form of appearance of production relations as exchange of things. It is only after the eruption of the Paris Commune that his French edition shifts the emphasis from the fantastic form of appearance to the necessity of that form of appearance because that is, in truth, what relations of people are at the point of production: "material relations between persons and social relations between things."

Having located the trouble at its source, Marx sees that a product of labor *can have no other form than that of a commodity*. Thus, to the question: whence the fetishism of commodities?—the answer is simple and direct: "Clearly from the form itself."

It is not that Marx did not "know," before the Paris Commune, that everything under capitalism is perverted. He "knew" that the machine dominates man, not man the machine. He "knew" that all science is embodied in the machine rather than in the actual producers. He wrote often enough that all human relations are confined and perverted under capitalism. He stressed that it can-

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not be otherwise so long as the process of production has mastery over man instead of being controlled by him.

This perverse relation of subject to object is so all-pervading that it has in its grip the oppressor class. That is why classical political economy could not dissolve the mystery. *It met here its historic barrier.*

✓ "The value-form of the product of labor is not only the most abstract, but is also the most universal form, taken by the product in bourgeois production, and stamps that production as a particular species of social production and thereby gives it its special historical character. If then we treat this mode of production as one eternally fixed for every state of society, we necessarily overlook that which is the *differentia specifica* of the value-form, and consequently the commodity-form and of the further developments, money-form, capital-form, etc."<sup>71</sup>

What was *new* was that the Commune, by releasing labor from the confines of value production, showed *how* people associated freely without the despotism of capital or the mediation of things. Contrast the *expansiveness* of that movement with the mutilation of labor under capitalism, which robs the workers of all individuality and reduces them merely to a component of labor *in general*. That is the specific character of labor under capitalism. The *value-form*, which alone contains the *reduction* of the many, varied, concrete labors into one abstract mass, is the necessary result of this *specific* character of capitalist labor.

The Commune transformed the *whole question of form* from a debate among intellectuals to the *serious activity* of workers—"facing with sober senses the conditions of their being and their relations with their kind." By dealing with their social relations openly and directly, they reorganized them completely and thus established a new social order. All existing relations were involved: production, property, the State, the market, the plan, the law of motion of the economy. The full and free development of each individual, once begun in the Commune, had become the condition for the full and free development of all.

The richness of human traits, revealed in the Commune, showed in sharp relief that the fetishism of commodities arises from the commodity form itself. This deepened the meaning of the

form of value both as a logical development and as a social phenomenon.

Marx never looked at concrete events one-sidedly to see how they conformed to his previously-established theory. The theory always gained in depth by the processes of history itself. Not alone was the form of value fully illuminated. Important additions were introduced into the final part, on the "Accumulation of Capital." In analyzing the "General Law of Capitalist Accumulation," Marx now poses the question of the *ultimate* development of the law of concentration and centralization of capital: "In a given society, the limit would be reached at the moment when the entire social capital were united in the hands either of a single capitalist or a single capitalist corporation."<sup>72</sup>

Yet the importance of this crucial addition, with which we shall deal in detail when we analyze our own age of state capitalism in Part V, is *not* in the prediction of state capitalism, but in the fact that nothing fundamental is changed in the relations between classes by such an extreme development. On the contrary, all contradictions are pushed to the extreme. What was *new* was the concreteness this gave to Marx's concept of the relationship of the ideal to the real. "They (the Communards) have no ideals to realize," he writes, "but to set free the elements of the new society."<sup>73</sup>



## CHAPTER SEVEN

## THE HUMANISM AND DIALECTIC OF CAPITAL, VOLUME I, 1867 TO 1883

### 1) *The Split in the Category of Labor: Abstract and Concrete Labor, Labor and Labor Power*

"All understanding of the facts depends upon a comprehension of this dual character of labor."—K. Marx

Marx begins CAPITAL as he began *Critique*, with an analysis of the dual character of the commodity. He moves straightaway from the duality of use-value and value of the commodity to the dual character of labor itself. He considers the analysis of abstract and concrete labor as his original contribution to political economy, "the pivot on which a clear comprehension of political economy turns."<sup>74</sup> He tirelessly reminds us, in his correspondence, that since "all" understanding depends upon this, "It is emphasized in the first chapter."<sup>75</sup> As we saw from his earlier writings, for Marx the whole of human history could be traced through the development of labor. The evolution of man from lower to higher stages takes place by means of the developing process of labor. Labor has transformed the natural conditions of human existence into social conditions. In primitive communism, labor was a mode of self-activity, the creative function of man, which flowed from his natural capacities and developed his natural talents further. In his contact with nature, primitive man, despite the limitations of his knowledge, exercised not only his labor power but his judgment as well. He thus developed himself and nature.

The social division of labor was the necessary prerequisite for moulding nature to man's will and creating new productive forces. However, this undermined the collective nature of production and appropriation. Producers no longer consumed directly what they produced and they lost control over the products of their labor. Man is essentially a tool-making animal and the process of the production of his material life, the process of labor, means the process of the growth of the productive forces and his command over nature. We have seen Marx explain industry as "the real historic relation of nature, and consequently the science of nature, to man."

The Industrial Revolution, the progress of natural science and the general technological advance so revolutionized the mode of production that finally there arose a true basis for freedom. However, with the division of labor—the most monstrous of which is the division between mental and manual labor—class societies arose. The separation of intellectual and physical labor stands in the way of man's full development. Labor in class societies—whether they be slave, feudal or capitalist orders—no longer means the free development of the physical and intellectual energy of man. It has reached its most alienated aspect under capitalism where not only the product of his labor is alienated from the laborer, but his very mode of activity also. It has ceased to be "the first necessity of living" and has become a mere means to life. Labor has become a drudgery man must perform to earn a living, and not a mode of activity in which he realizes his physical and mental potentialities. He is no longer interested in the development of the productive forces and, in fact, the productive forces seem to develop independently of him. Labor has become a means of creating wealth and "is no longer grown together with the individual into one particular destination."<sup>76</sup>

What is new in CAPITAL, both as compared to the early works where he uses the term alienated labor and calls for "its abolition," and as compared to the *Critique* where it "is no longer grown together with the individual into one particular destination," is that Marx now goes directly to the labor process itself. The analysis of the capitalistic labor process is the cornerstone of the Marxian theory. Here we see what kind of labor produces

## THE HUMANISM AND DIALECTIC OF CAPITAL, VOL. I

value—abstract labor—and *how* concrete individual labor with specific skills becomes *reduced*, by the discipline of the factory clock, to nothing but a producer of a mass of congealed, abstract labor.

There is no such creature as an "abstract laborer"; one is a miner or a tailor or a steelworker or a baker. Nevertheless, the *perverse* nature of capitalist production is such that man is not master of the machine; the machine is master of the man. Through the instrumentality of the machine, which expresses itself in the ticking of a factory clock, it has indeed become immaterial what the skill of man is so long as each produces a given quantity of products in a given time. Socially-necessary labor time is the hand-  
 maid of the machine which accomplishes the fantastic transformation of all concrete labors into one abstract mass. Constant technological revolutions change *how much* labor time is socially necessary. If what took an hour to produce yesterday takes only one-half hour to produce today, that is what the factory clock is now set at. Specific skills do not count. All must subordinate themselves to the newly-set socially necessary time to be expended on commodities. Competition in the market will see that it be done.

Paid or unpaid, all labor is *forced* labor. *Every instant* of it. With his analysis of what kind of labor produces value and surplus value, and how this is done, Marx transcended Ricardo. At one and the same time, he extricated the Ricardian labor theory of value from its contradictions and transformed it into a theory of surplus value.

Some Marxists have treated the phenomenon of alienated labor as if it were a leftover from Marx's Young Hegelian days that stuck to him before he succeeded in working his way out of philosophic jargon into "materialism." The mature Marx, on the other hand, shows *that* to be the very pivot on which turns, not alone the science or literature of political economy, but the productive system itself. There is nothing intellectual or deductive about the worker's individual skills being alienated from him to become social labor whose only specific feature is that it is "human." It is a very real and very degrading labor process which accomplishes this transformation. It is called the factory. Marx's concept of the degraded worker seeking universality, seeking to be a whole man,

transformed the science of political economy into the science of human liberation.

As we showed, Marxism is wrongly considered to be "a new political economy." In truth, it is a critique of the very foundations of political economy which is nothing else than the bourgeois mode of *thought* of the bourgeois mode of *production*. By introducing the laborer into political economy, Marx transformed it from a science which deals with *things*, such as commodities, money, wages, profits, into one which analyzes *relations of men* at the point of production. It is true that man's cardinal tie, in this historic, that is, *transitory*, system called capitalism, is exchange and that this makes social relations between men appear as relations between things. But these things belie, instead of manifest, the essence. To separate the essence—the social relations—from the appearance—the exchange of things—required a new science that was at the same time a philosophy of history. That new phenomenon is Marxism.

It is characteristic of Marx, known the world over as the creator of the theory of surplus value, to disclaim the honor because the theory was "implicit" in the classical theory of labor value. What he did that was new, he said, was to make this explicit by showing what *type* of labor creates values and hence surplus values, and the *process* by which this is done. What kept others from seeing it, is that they had kept a goodly distance away from the factory. They remained in the market place, in the sphere of circulation, and it is this "which furnishes the 'Free-trader Vulgaris' with his views and ideas and the standard by which he judges society based on capital and wages." But once you leave the market place where "alone rule Freedom, Equality, Property and Bentham," you can perceive "a change in the physiognomy of our *dramatis personae*. He who before was the money owner, now strides in front as the capitalist; the possessor of labor power follows as his laborer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like the one who is bringing his own hide to market and has nothing to expect but—a hiding."<sup>77</sup>

Ricardo had been unable to extricate his labor theory of value from the contradictions that befell it when it came to this most

important exchange between capital and labor. Marx, on the other hand, was able to demonstrate how *inequality* arose out of the *equality* of the market.

That is because, in the millions of commodities exchanged daily, *one and only one*, labor power, is incorporated in a living person. A \$5 bill or a piece of cloth has the same value in the market as at home or in the factory or in the pocket. Labor power, on the other hand, has first to be utilized, put to work in the factory. The laborer, therefore, can be, and is, made to work more than it takes to reproduce him. When he finds that out, his voice "stifled in the storm and stress of the process of production," cries out: "That which appears on your side as self-expansion of value, is, on my side, an extra expenditure of labor power." It is too late. His commodity, labor power, no longer belongs to him, but to the one who bought it. He is therefore told unceremoniously that he can quit if he wants to, but so long as he is in the factory he must work under the command of the capitalist. He must subordinate himself to the machine and obey the factory clock.

The capitalist is most righteous about the whole transaction. He hasn't cheated. He has a contract with the laborer, duly executed according to the laws of exchange: so much money for so many hours of labor. The *utility* of a thing, he tells the laborer, belongs to him who has paid the exchange value. He has paid so much money for a day's labor, and he has as much right over it as the laborer over his wages. He, the capitalist, doesn't follow him, the worker, to see whether he is a good provider and brings his \$5 bill home to his wife, or whether he goes to the bar to drink it down. Why then can't the laborer be as considerate of the capitalist's right over his product? In any case, the worker can take it or leave it. But so long as he is in the factory—and here the voice of "Mr. Moneybags" is full of unquestioned, military authority—the worker had better know who is boss.

It is too bad that labor power cannot be disembodied from the laborer. If it could, he would let the laborer go and use only the commodity—labor power—which rightfully belongs to him since he has paid for it. Thus he concludes quite piously that he hasn't violated any laws including the Ricardian law of value.

This is true. The law does hold in the factory. But in the factory "it" is no longer a commodity—"it" is the *activity* itself, labor. True, the living laborer is made to work beyond the value of his labor power. His sweat congeals into unpaid labor. That precisely is the "miracle" of surplus value: that labor power is incorporated in the living laborer, who can be, and is, made to produce a greater value than he himself is.

The failure of the Ricardian theory to explain the exchange between capital and labor, on the basis of its own primary law of labor value, meant the disintegration of that school. It was a fatal failure for it could not explain how it is that labor—the source and creator of all values—becomes the poorer the more values the worker creates. Utopian socialism could move nowhere because it remained a prisoner of the economic categories of Ricardo.

Marx broke through the barriers both because he split the categories created by classical political economy, and created new categories. He rejected the concept of labor as a commodity. Labor is an *activity*, not a commodity. It was no accident that Ricardo used one and the same word for the activity and for the commodity. He was a prisoner of his concept of the human laborer as a thing. Marx, on the other hand, showed that what the laborer sold was not his labor, but only his capacity to labor, his *labor power*.

Two principles are involved here, one flowing from theory and the other from practice. By splitting the old category, labor, into (1) labor as activity or function, and (2) ability to labor, or labor power, the commodity, Marx forged a new theoretical weapon with which to investigate the new material forces that developed outside of the old category. The very term, *labor power*, opened all sorts of new doors of comprehension. It enabled him to make a leap in thought to correspond with the new activity of workers.

Proof of this new power on the part of the theoretician, even as the new power in the worker, is to be seen most clearly in the short chapter in CAPITAL on "Cooperation." Its twenty-five pages seem merely to describe how men work together to produce things, but in reality, by analyzing how men work to-

gether, Marx described how a new social power is created. He could discover this new social power in production because, first of all, he distinguished between the productivity of machines and the productivity of men. What characterizes CAPITAL from beginning to end is the concern with living human beings. Marx lived in the second half of the nineteenth century when most theoreticians believed that as technology advanced, all of humanity's problems would be solved. Because Marx thought first and foremost of how the workers feel, he could anticipate the key question of our epoch: is productivity to be increased by the expansion of machinery or by the expansion of human capacities?

Capitalists and their ideologists think always of expanding productivity by more perfect machines. What happens to the worker as a result, well, that is just something that "can't be helped." Their governing principle is to keep their eyes on economies and the expansion of machinery. That, said Marx, is "quite in keeping with the spirit of capitalist production."

At the opposite pole from these, Marx was concerned with the worker's "own personal productiveness." That is the *class line* which he draws. Starting from these premises—so strange to the intellectual and so natural to the worker who has worked in large-scale production—Marx was able to discover that what is involved in the cooperation of many workers is a productive force. Marx is not dealing with a simple sum of individuals. No words can substitute for Marx's: "Not only have we here an increase in the productive power of the individual by means of cooperation, but the creation of a new power, namely, the collective power of masses."<sup>79</sup>

New powers are not easily imagined or created. It requires a revolution in thought to understand them, as it requires a revolution in society to create them. Marx analyzed this new social power. He indicated the new psychological powers that are developed through cooperation: "hands and eyes both before and behind." He insisted that this new capacity must not be explained away merely by calling it a heightening in the mechanical force of labor; nor was it merely an extension of action over a greater space. What is developed is a new social force:

"The special productive power of the combined working day is, under all circumstances, the social productive force of labor,

or the productive power of social labor. This power is due to cooperation itself. When the laborer cooperates systematically with others, he strips off the fetters of his individuality and develops the capacities of his species."<sup>80</sup>

Marx has here deepened his earlier concept of the workers' "quest for universality." It is no longer an ideological force alone, it has now become a powerful material force as well. In *Poverty of Philosophy*, Marx wrote: "But from the moment that all special development ceases, the need for universality, the tendency towards an integral development of the individual begins to make itself felt."<sup>81</sup>

In CAPITAL, he shows *how* the stripping off the fetters of individuality and the development of capacities of the human species, discloses what is second nature to workers as the result of years in large-scale production—the vast store of creative energy latent in them. ✓

Capitalism knows this new social power as a rival and an opponent. The capitalist Plan exists to stifle and suppress it. In his chapter on "Cooperation," Marx first develops his concept of capitalist Plan, how to the workers "the connection existing between their various labors appears to them, ideally, in the shape of a preconceived plan of the capitalist, and practically in the shape of the authority of the same capitalist, in the shape of the powerful will of another, who subjects their activity to his aims."<sup>82</sup> Our age sheds a new illumination here since we see that management, whether state capitalist or private corporative, claims its Plan is necessary because the work is complicated and requires direction. The workers are not deceived by these claims. They know from their daily experiences of the wanton waste which goes hand in hand with the tyranny of capitalist Plans. The intellectuals are the ones who are deceived. They say there are two sides of the Capitalist Plan: the "good" side of leadership and foresight, and the "bad" side of domination.

This distinction exists only in their minds. Practically, in the lives of the workers the authority of the capitalists is "the powerful will of another who subjects their activities to his aims." Here, again, because the only reality for Marx is the actual experience of the workers, he cuts through the treacherous illusions about Plan.

Ideology and economy are as integrally connected with the historic movement as are content and form to a work of literature.<sup>83</sup> This shines forth from that most remarkable piece of analysis in the annals of political economy, "The Fetishism of Commodities." In this section, Marx demonstrates that the appearance of capitalist wealth, as an accumulation of commodities, is *not* mere show. The appearance dazzles the sight and makes relations between men seem to partake of "the mystical character of commodities." That a relationship between men appears as a relationship between things is, of course, fantastic. It is characteristic of the narrowness of bourgeois thought which not only created the fetishism, but became its victim. Even classical political economy, which discovered labor as the source of value, could not escape being held a prisoner by this "mystical character of commodities."

Under capitalism, relations between men appear as relations between things because that is what "they really are." The machine is master of man and consequently man is less than a thing. So perverse is the nature of capitalist production that the fantastic fetishism of commodities is its *true* nature. Marx states that only *freely* associated labor will be able to strip the fetishism off of commodities.

By tracing the dialectical development of this fetishism, Marx arrives at the *class nature* of the *value form*. That is when Marx first asks the question: Whence does the fetishism arise?—and answers, "Clearly from the form itself." The fetishism of commodities is the opiate which passes itself off as the mind,<sup>84</sup> the ideology of capitalistic society. It is false from top to bottom and holds prisoner both the capitalist and his intellectual representative. As far back as in the *Communist Manifesto*, Marx showed that the capitalists are unable to grasp the truth that capitalism is a transitional social order because they and their ideologists transform "into eternal laws of nature and reason the social forms springing from the present mode of production." Because they do not see the future, the next social order, they cannot understand the present. Proletarian knowledge, on the other hand, grasps the truth of the present. Because it is not a passive, but an active force, it at the same time restores the unity of theory and practice.

2) *The Marxian Economic Categories and the Struggle at the Point of Production: Constant and Variable Capital, or the Domination of Dead over Living Labor*

"The Hegelian contradiction (is) the source of all dialectic."<sup>85</sup>

In analyzing the economic system of capitalism, Marx wrote some five thousand pages, or about two million words. Throughout this gigantic work, he was able to use the categories already established by classical economy. He refined value—and with it surplus value—but he took over the categories themselves from classical economics. In three instances, and in three instances only, he had to create entirely new categories. These are: labor power, constant capital and variable capital. It cannot be stressed often enough that all the new categories flow from Marx's original contribution to political economy—the analysis of the duality of labor itself—for it is out of the split in the category of labor into concrete and abstract labor that these new categories emerged. Having already dealt with labor power, we now turn to the other two categories.

Heretofore economic science had made a distinction only between fixed and circulating capital. This distinction flowed from the process of circulation, *not* from the process of production. The process of production, however, is what determines all else. Constant and variable capital are of the essence once you try to analyze the process of production itself. Labor power and means of production are of course the main elements of any social system of production but only under capitalism do they unite as "the different modes of existence which the value of the original capital assumed when being money it was transformed into the various factors of the labor process": variable capital and constant capital.

(1) Constant capital comprises the means of production and raw materials, the dead labor. They undergo no change in magnitude in the process of production. Their value has been established by the labor process from which they issued. In whole or in part

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they yield their value to the commodities, but they cannot yield more than they have.

(2) *Variable capital* is labor power in the actual process of production. It does undergo a variation in the magnitude since it reproduces not only its own value, but an unpaid surplus. In a word, the laborer cannot quit work when he sees he has already produced the equivalent of his wages because the factory clock says it is only noon, and not quitting time.

Marx is most specific and adamant about naming both factors of production *capital*.

There was dead labor or machines, or at least tools in pre-capitalist societies but dead labor did not dominate living labor. The savage was the complete master of his bow and arrow. It did not dominate him; he dominated it. The serf was without a tractor and had to use a wooden hoe. But that crude instrument did not have a value which asserted its independence in the process of production so that the energy of the living laborer was a mere means for its expansion. Automation, however, means that more and more machines need less and less living labor, and more and more efficient machines need less and less skill in the general mass of human labor.

The worker is unable to resist this "process of suction"<sup>86</sup> because he is now but a component part of capital, "a simple, monotonous, productive force that does not have to have either bodily or intellectual faculties." The radio assembler whose line has to produce 75 to 90 radios an hour will not stop to inquire into its mechanics. He will know only that it means making eight connections per radio, and the wires mean to him only blue, red and green colors so that his eye can pick them out without stopping to consider. He will twist about 4800 wires per day, and his hands will handle the pair of pliers with such speed that the chassis do not pile up alongside his bench. That will be proof to the boss that he can keep up with the line, that he is a good means for the expansion of value.

This, Marx calls the real subordination of labor to capital. That is how accumulated labor dominates living labor. It is this domination which turns accumulated labor into capital, a force divorced from the direct producer and exploiting him. Therein is

the antagonism between accumulated labor and living labor. Living labor faces dead labor as its mortal enemy. Under capitalism, wrote Marx, all conditions of existence have become so concentrated and sharpened that they have been reduced to two: accumulated labor and living labor, that is to say, constant capital and variable capital.

The antagonism between accumulated labor and living labor becomes personified in the struggle between the capitalist and the worker but the mastery of the capitalist over the worker is "only the mastery of things over man, of dead labor over living labor."<sup>87</sup>

Because the domination of dead over living labor characterizes the whole of modern society, Marx calls capital "value big with value, a live monster that is fruitful and multiplies."<sup>88</sup> Yet at every critical turn in history even Marxists, as we shall see when we deal with Rosa Luxemburg, have tried to denude these categories of their specifically capitalist character which, as Engels put it, gives them their "peculiar distinctness." They have blinded themselves to Marx's methodology which took its point of departure from the real world in which he lived.

The economic reality determined the structure of Marx's work. He no sooner established the two new categories—constant and variable capital—than he departed from the abstraction of theory to the actual struggles of the working class against what he called the capitalist's "werewolf hunger for surplus labor," which expresses itself at first in an unremitting attempt to lengthen the working day. Surplus value produced through the extension of the working day Marx calls *absolute surplus value*.

Whoever thinks that Marx spent sixty-four pages on "sob-story stuff" is totally blind to the fact that society itself would have collapsed had the worker not fought for the shortening of the working day. The section on the "Working Day" is one of the unique contributions to the analysis of human society. Any struggle by the workers to establish a normal working day was met with hostile opposition by the powers of the State as well as by the might of the capitalist. This "protracted civil war"<sup>89</sup> curbed the capitalist's disregard for human life. In three generations, capitalism used up nine generations of spinners. The workers learned

labor solidarity and organized themselves against this mass slaughter.

Capitalism fought back with an even more potent factor than the State's extension of the working day. Technological development made possible the extraction of greater surplus value *within the same working day*. By the time we reach Machinofacture, we can see how Marx's new categories—constant and variable capital—illuminate the ever greater contradictions of capitalist production. The constant capital—the machinery—undergoes no change in value, no matter how light or how hard it is worked. The laborer, with his concrete type of labor, can transfer the value of the machine to the new product only to the extent of its original value, that is to say, the socially necessary labor time it took to produce it. As dead matter, machinery is incapable of creating value and gains nothing from the labor process. The capitalist is therefore fully dependent on his other type of capital, variable capital—the labor power of the living laborer, who, therefore, must be forced to produce ever more. When this can no longer be done through the lengthening of the working day, it must be done by speed-up. This is where the factory clock plays its part. It is now not merely a sort of counting machine for the quantity of output. It has become a *measure of the intensity of labor itself*. The surplus labor or value thus extracted is related *directly* to the wear and tear of the laborer himself. Where the extraction of surplus value, by lengthening the working day, was the production of absolute surplus value, the extraction of surplus value with a given working day is the *production of relative surplus value*. In machine-ism, capitalism has not merely a *productive force*; it has a *force* to strike down the hand of labor to the right degree of intensity and docility, "a barrack discipline."<sup>90</sup>

When machine-ism is organized into a system, when it becomes the *body* of the factory, its *spirit* is incorporated in the factory clock! The function of the capitalist is to extract as much, and more, surplus value within the *given* working day, as he had previously extracted during an elastic working day. The machine must justify its cost of production by lengthening that part of the working day in which the worker produces the surplus

above what is necessary to maintain him and have him reproduce his kind.

Cheaper goods make this possible. That is all the liberals saw. Marx saw the greater exploitation of the worker, the greater contradiction in capitalist production. From the very start Marx noted: "An increase in the quantity of use-values is an increase of material wealth. With two coats two men can be clothed, with one coat only one man. Nevertheless, an increased quantity of material wealth may correspond to a simultaneous fall in the magnitude of its value. The antagonistic movement has its origin in the two-fold character of labor."<sup>91</sup>

At the beginning, the bourgeois ideologists' relation to science was unambiguous. Professor Ure was most frank: "When capitalism enlists science into her service, the refractory hand of labor will always be taught docility."<sup>92</sup> The rejoicing was loud and clear. "One of the most singular advantages we derive from machinery," Marx quotes Babbage, "is in the check it affords against the inattention, idleness and knavery of human agents." If, with Automation, and the experience of a few revolutions, the capitalists and their ideologists boast only of "the magic carpet" of the new industrial revolution which "lightens" work, it is nevertheless true that machinery has not only superseded the skill and strength of the worker, it has put a greater nervous as well as physical strain on him the greater effort per unit of labor time. Marx saw all this one hundred years ago. He described the method whereby millions of specific types of labor are transformed into one abstract mass, and he focused on the domination of capital through the "peculiar distinctness" of his original categories: constant and variable capital.

The role played in the production of absolute surplus value by the struggle for the shortening of the working day is now played by the "Strife between Workman and Machinery." Professional Marxists have too sophisticated an attitude to the revolts which have raged throughout the history of capitalism. They manage to "take the revolts for granted."

They act as if they were ashamed (and many are) of the period when workers broke up machines. They would have "preferred" it if the workers had, instead, fought with "the real

enemy" on the political front. Yet these very acts by the workers against the machines Marx called "revolts against this particular form of the means of production as being the material basis of the capitalist mode of production." These professional Marxists thus miss the central point of Marxian theory that revolt marks every stage of capitalist progress. As Marx puts it: "It would be possible to write quite a history of the inventions, made since 1830, for the sole purpose of supplying capital with weapons against the revolts of the working class."<sup>93</sup> The revolt caused the change to advanced methods; the revolt saved the life of the country. In turn, each revolt caused a greater centralization, exploitation, socialization and greater organization, both objectively and subjectively, of the proletariat.

There are two movements in CAPITAL: the historical and the logical. The historical includes the origins of capitalism which Marx calls "The Primitive Accumulation of Capital." The power of the State was employed "to hasten, in hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode." Marx shows, first, that "the expropriation of the agricultural producer, of the peasant, from the soil, is the basis of the whole process,"<sup>94</sup> and then says, of the genesis of the industrial capitalist: "The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation."<sup>95</sup> But all this is preliminary to the actual development of capitalist production.

The three stages of development of capitalist production itself are: (1) Cooperation; (2) Division of Labor and Manufacture; and (3) Machinofacture. Just as out of the historical development of the expropriated peasant, so out of the logical development of capitalism, we reach the point of no return—concentration and centralization of capital at one end, and the socialization and revolt of labor, at the other end.

The commodity of commodities in capitalist society is labor power. The whole society is governed by the necessity of producing

labor power according to the labor time necessary for the production of this commodity. Hence the cost of the laborer is the first consideration of the capitalist. Let us repeat: it is his first consideration. He must keep its cost down.

Unless he constantly increases the amount of accumulated labor, expands, reorganizes his plant or does all three things, the value of his productive system not only declines but disappears altogether. In normal times he loses his market because he cannot sell. In abnormal times he is defeated in battle and his whole productive system is bodily taken away from him. Therefore his main concern must always be to increase the value of such capital as he has. Now—and again we owe this to Marx—the only power of increasing the capital is the amount of living labor which he can apply to the capital which he already has. Therefore his main concern is to augment value, that is, to create surplus value, to gain a value greater than the value which he expends. This is the essence of capitalist production. This is what Marx called "the characteristic specific nature of capitalist production."

The modern bourgeoisie has emasculated the word, revolutionary, so that it is equivalent to nothing but a violent overthrow in the dark of night, "a conspiracy." In truth, as compared to every previous social order, capitalism was the most revolutionary not because of its violent overthrow of the old, feudal order, but because of its daily technological revolutions. In the *Communist Manifesto*, the young Marx had written:

"The bourgeoisie cannot exist without continually revolutionizing the instruments of production, and thereby the relations of production and all the social relations. Conservatism, in an unaltered form, of the old modes of production, was on the contrary the first condition of existence for all earlier industrial classes. Constant revolution in production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation, distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life, and his relations with his kind."

Production  
of  
Labor-power<sup>62</sup>



The mature Marx quotes precisely this passage when, in his analysis of "Machinery and Modern Industry," he reaches the "absolute contradiction between the technical necessities of Modern Industry and the social character inherent in its capitalistic form," and sees how "this antagonism vents its rage in the creation of that monstrosity, an industrial reserve army," and "the devastation caused by a social anarchy which turns every economical progress into a social calamity."<sup>96</sup>

Marx stresses that this is "the negative side." He shows how the *resistance* of the workers is the positive aspect which compels Modern Industry "under the penalty of death" to replace the mere fragment of a man "by the fully developed individual, fit for a variety of labors, ready to face any change in production, and to whom the different social functions he performs, are but so many modes of giving free scope to his own natural and acquired powers."<sup>97</sup>

Having traced the dialectical development of the two opposites, living labor and dead labor, labor and machinery, from "Cooperation" through the "Division of Labor and Manufacture" to "Machinery and Modern Industry," Marx concludes that there is no other than the *historical* solution to the "revolutionary ferment, the final result of which is the abolition of the old division of labor, diametrically opposed to the capitalistic form of production and to the economic status of the laborer corresponding to that form."<sup>97</sup> The penalty of death hanging over the capitalistic mode of production, and the elements of the socialist society which are imbedded in the old, will clash head-on in "*The Accumulation of Capital*," the final part of Marx's great work.

### 3) *Accumulation of Capital, and the New Forces and New Passions*

"It is the ultimate aim of this work to lay bare the economic law of motion of modern society." (Preface to CAPITAL)

The historical and logical in CAPITAL are not two separate movements: the dialectic contains them both. It is not that Marx has interrelated them. It is the very nature and life of the one to contain the other. What Marx has as his underlying assumption is that history has not discharged theory from the need to transcend the given society. With Marx, theory is not kept above the earth, but rather takes its departure from reality, which is also its point of return. It is the reality out of which the movement comes, and what Marx does is to see that object and subject are kept as one. The two together, theory and practice, make up the truth at any moment. The very first sentence in the chapter which is the climax to the whole of Volume I—"The General Law of Capitalist Accumulation"—states: "In this chapter we consider the influence of the growth of capital on the lot of the working class."<sup>98</sup> This is not mere agitation. It can be and is expressed in the most precise scientific terms yet discovered to discern the law of motion of capitalist society. "The most important factor in this inquiry," Marx's very next sentence reads, "is the composition of capital."

The law of the ever greater growth of machinery at the expense of the working class, which had heretofore been expressed as the growth of constant over variable capital, is now, when viewed as a totality, expressed as the *value* and *technical* composition of capital, which Marx calls "the *organic composition of capital*." That is to say, they are part of the very organism and can no more be separated, one from the other, than can the head from the body and still live.

From the very beginning of CAPITAL we learned of the interdependence of use-value. Value, wrote Marx, may be indifferent to the use-value by which it is borne, but it must be borne by some use-value. This bodily form assumes added significance in the ques-

tion of accumulation or expanded reproduction: "Surplus value is convertible into capital solely because the surplus product whose value it is, already comprises the material elements of new capital."<sup>99</sup>

Capital, which is "value big with value," deepens the contradiction between use-value and value. This is so because not only are the material and value forms of capital in constant conflict, but so are the *class relations* which "interfere with" the production process. Capital is not a thing but a relation of production established by the instrumentality of things. Expanded production further aggravates this class relationship which is produced and reproduced by capitalist production. Capitalist private property turns out to be the right on the part of the capitalist to appropriate unpaid labor of others or its product, and to be the impossibility, on the part of the laborer, of appropriating his own product."<sup>100</sup>

Out of the innermost needs of capitalist production, whose motive force is the production of surplus value, comes the drive to pay the laborer the *minimum* and to extract from him the *maximum*. The class struggle produced thereby leads, under certain circumstances, to a rise in wages. But that rise is never so high as to threaten the *foundations* of capitalist production. The law of value, dominating over this mode of production, leads, on the one hand, to the centralization of the means of production and, on the other hand, to the socialization of labor.

Capitalism develops according to these two fundamental laws: the law of centralization of capital, and the law of the socialization of labor. "One capitalist always kills many," writes Marx, adding that, "hand in hand with this centralization, or this expropriation of many capitalists by a few, develop, on an ever-extending scale, the cooperative form of the labor-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labor into instruments of labor only usable in common, the economizing of all means of production by their use as the means of production of combined socialized labor, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalist regime."<sup>101</sup>

Note the phrase "the cooperative form of the labor process." Marx has his eyes fixed on what is happening in production, the law of the socialization of labor. Every stage in this process of development of cooperative, socialized labor increases its numbers, unites it, disciplines it, organizes it. When Ford builds the River Rouge plant, needing some 60,000 workers, he has thereby—by the very fact that they work together in one large production unit—organized those 60,000 into a social force. There were no Rouge plants in Marx's day, but, in the workers, trained to cooperative labor by the organization of large-scale production, he saw that capitalism itself "produces its own grave-diggers."

Others, besides Marx, had noticed the cooperative form of labor, and they believed that higher and higher standards of living, more and more democracy, more and more equality would be the consequence. Marx laughed them to scorn. He insisted that it was the *workers* who were being trained to cooperation. It was the cooperative form of the *labor* process which grew continually. The more the workers were knit into huge cooperative units, the more capital had to attack and suppress them. Instead of a continuous growth of equality and democracy, you would have such class struggles as the world had never seen before, and a growing and unceasing revolt of the workers. Here are his own words:

"Along with the constantly diminishing number of the magnates of capital who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation, but with this too grows the revolt of the working class, a class always increasing in numbers and disciplined, united, organized by the very mechanism of the process of production itself."<sup>102</sup>

Marx wrote this in 1867, ninety years ago. Since that time, the unity, discipline and organization of the working class has grown until today it is the most powerful social class the world has ever seen. As centralization has increased and the number of capitalist magnates diminished, so of necessity has the labor bureaucracy grown. For the magnates by themselves are too few to discipline tens of millions of workers. This bureaucracy is their weapon against the cooperative society. Every worker in large-scale industry recognizes that today, hence the wildcats.


The foreman does not tell the worker *how* to do his work. Neither does the committeeman. They are there to discipline the worker. Every day *that* becomes harder to do. Hence, more bureaucracy, more supervision, more time-study men, more negotiations, more "fact-finders." The ultimate end of all this is what there is in Russia, the completely bureaucratized State of totalitarianism with its slave labor camps. It is the final centralization within a single country. The relations of production in any society determine, shape, put their stamp upon all other relations. As production expands and is bureaucratized, so is it with all other spheres of social activity. All this bureaucratism, ending in the One-Party State, is rooted in the need to discipline workers in production.

Marx foresaw this trend because he carried through to the logical conclusion all the laws of capitalist development. He showed first how the centralization of the means of production ends in trustification and, ultimately, in statification. Whether this ultimate development of the centralization of capital would be accompanied by "the violent means of annexation" or the "smooth road of forming stock companies"—the results are the same: "With the advance of accumulation, therefore, the proportion of constant to variable capital changes. If it was originally, say, 1:1, it now becomes successively 2:1, 3:1, 4:1, 5:1, 7:1, etc., so that, as the capital increases, instead of  $\frac{1}{2}$  of its total value, only  $\frac{1}{3}$ ,  $\frac{1}{4}$ ,  $\frac{1}{5}$ ,  $\frac{1}{7}$ , etc., is transformed into labor power and, on the other hand,  $\frac{2}{3}$ ,  $\frac{3}{4}$ ,  $\frac{4}{5}$ ,  $\frac{5}{6}$ ,  $\frac{7}{8}$  into means of production."<sup>108</sup>


The end result of this relationship of capital to the lot of the working class is the great, the insoluble contradiction which is wrecking the entire system—the unemployed army. Marx calls this "the absolute general law of capitalist accumulation." The greater the use of machinery, or constant capital, the lesser *relatively* the need for variable or living labor power. There may now be 30 million workers where formerly there were half as many, but the investment of capital is sevenfold. And with it will always come unemployment. Thus, on the one hand, capitalism keeps reproducing the wage laborer; on the other hand, he throws him into unemployment.

This failure to give "full employment" to labor shakes the whole structure of capitalist society. Marx emphasizes that "every special historic mode of production has its own special laws of population, historically valid within its limits alone."<sup>104</sup> For capitalist production, as we saw, that law is the law of the surplus army, surplus, that is to the capitalist mode of production.

The incapacity of capitalism to reproduce its own value-creating substance—labor power in the shape of the living, employed laborer—signals the doom of capitalism. Marx defines this doom in the final part—Part VIII<sup>105</sup>—where he deals with the historical genesis and then with the historical tendency of capitalistic accumulation.

The historic beginnings of capitalism, described under "The So-Called Primitive Accumulation of Capital," has, as we saw, highly-charged agitation material. The fact that Marx relegates this material to the end, instead of the beginning of CAPITAL, cannot be overestimated. It means that Marx wished, above all, to analyze the law of development of capitalism. For, no matter what its beginnings were, the contradictions arise not from its origin but from its inherent nature, which "begets with the inexorability of a law of Nature, its own negation."<sup>106</sup> 

The law of motion of capitalistic society is therefore the law of its collapse. Marx discerned this law through the application of dialectical materialism to the developmental laws of capitalist production.

"All means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the laborer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labor process in the same proportion as science is incorporated in it as an independent power, they distort the conditions under which he works, subject him during the labor process to a despotism the more hateful for its meanness; they transform his life-time into workingtime, and drag his wife and child beneath the wheels of the Juggernaut of capital."<sup>107</sup> 

How many have, at this point, stopped and bemoaned that nevertheless the worker is out only for higher wages, and that once he gets it, he is satisfied "because he is better off." *Marx says the exact opposite.* As he continues, Marx stresses that whether "his payment is high or low" his lot is worse:

"It follows therefore that in proportion as capital is accumulated, the lot of the laborer, be his payment high or low, must grow worse. The law, finally, that always equilibrates the relative surplus population, or industrial reserve army, to the extent and energy of accumulation, this law rivets the laborer to capital more firmly than the sledges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery, corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital."<sup>108</sup>

"Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. The integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."<sup>109</sup> *Yee!*

*See!* The positive side of all this is that "it brings forth the material agencies for its own dissolution. From that moment new forces and new passions spring up in the bosom of society; but the old social organization fetters them and keeps them down. It must be annihilated. It is annihilated."<sup>110</sup>

Thus the development of capitalism itself creates the basis of a new Humanism—the "new forces and new passions" which will reconstruct society on new, truly human beginnings, "a society in which the full and free development of every individual is the ruling principle."<sup>111</sup> It is because Marx based himself on this Humanism, more popularly called "the inevitability of socialism," that he could discern the law of motion of capitalist society, the inevitability of its collapse. The Humanism of CAPITAL runs like a red thread throughout the work. This gives it both its profundity and its force and direction.

THE LOGIC AND SCOPE OF CAPITAL,  
VOLUMES II AND III

"All science would be superfluous if the appearance, the form and the nature of things were wholly identical." (CAPITAL, Vol. III).

Political economy has produced two theories between which it oscillated: (1) that production creates its own market; and (2) that it is impossible for the worker "to buy back" the products he himself produced. Marx's great contribution consisted in dialectically combining these. The dominant feature remained the fact that production did create its own market. But this did not negate the existence of under-consumption. It merely showed that within capitalistic production there resides a disregard for the limits of consumption.

The outstanding characteristic of Volume II, whose subject is the process of circulation, is its demonstration that "realizing surplus value," that is, selling, is *not* the problem. The significance of the first two parts dealing with the metamorphoses and turnover of capital lies in the analysis that the very *continuity* of the process of circulation involves the sphere of *reproduction*. Thus, even when Marx's point of departure is the market, reproduction is of the essence.

Reproduction, he states, must be posed "in its fundamental simplicity," that is to say, it is necessary not to get lost in "a vicious circle of prerequisites"—of constantly going to market with the products produced and returning from market with commodities bought.

1) *The Two Departments of Social Production: Means of Production and Means of Consumption*

To cut through the tangle of markets, Marx divides the entire social product into two, *and only two*, main departments: Department I produces means of production, and Department II produces means of consumption.<sup>113</sup> The division is symptomatic of the class division in society. Marx categorically refused to divide social production into more than two departments, for example, a third department for the production of gold, although gold is neither a means of production nor a means of consumption, but rather a means of circulation. That is an entirely subordinate question, however, to the basic postulate of a closed society in which there are only two classes and hence only two decisive divisions of social production. It is the premise that decides the boundaries of the problem. The relationship between the two branches is not merely a technical one. It is rooted in the class relationship between the worker and the capitalist.

Surplus value is not some disembodied spirit floating between heaven and earth, but is embodied within means of production and within means of consumption. To try to separate surplus value from means of production and from means of consumption is to fall into the petty-bourgeois quagmire of underconsumptionism. It is impossible to have the slightest comprehension of the economic laws of capitalistic production without being oppressively aware of the role of the material form of constant capital. The material elements of simple production and reproduction—labor power, raw materials and means of production—are the elements of expanded reproduction. In order to produce ever greater quantities of products, more means of production are necessary. That, and not the “market,” is the *differentia specifica* of expanded reproduction.

Marx established that the social product cannot be “either” means of production “or” means of consumption. There is a *preponderance* of means of production over means of consumption. Marx's point here is that the *bodily* form of value predetermines the *destination* of commodities: iron is not consumed by people

but by steel; sugar is not consumed by machines but by people. Value may be indifferent to the useful form which holds it, but it must be incorporated in some use-value to be realized. Just because the capitalist is only interested in surplus value (profit) doesn't mean that he can disembody it from the article in which it is embodied.

The division of the whole product into but two departments is not a hypothesis. It is a fact. It not only is so. It must be so, for the use-values produced are not those used by workers, nor even by capitalists, but by capital. We can see this most clearly in this country, for example, where ninety per cent of pig iron is “consumed” by the companies which produce it; fifty per cent of the “market” for the products of the steel industry is the transportation industry. Where all utilitarian economists were floundering in talking of use-values because they were talking of articles for consumption, Marx shows that the use-value of the means of production shows how important is “the determination of use-value in the determination of economic orders.”<sup>114</sup> Under capitalism, the means of production form the greater part of the two departments of social production and, therefore, also of the “market.” That is what Marx called “the real being of capital,” and that is why the market was not the problem.

The consumption market is limited to the luxuries of the capitalists, and the needs of the workers, paid at value. *It cannot be larger.* The only market that can expand beyond the limits of the workers paid at value is the capital goods market. Means of production literally shoot up to the sky. To illustrate this for both simple and expanded reproduction, Marx devised his famous formulas which show constant capital to be greater than variable capital and surplus value.

To understand the formulas one must comprehend the premise upon which they are built: a closed capitalist society, that is, an isolated society dominated by the law of value. For Marx, the fundamental conflict in a capitalist society is that between capital and labor; all other elements are subordinate. If this is so in life, then the first necessity in theory is to pose the problem as one between the capitalist and the worker, purely and simply. Hence, the assumption of a society consisting only of workers and cap-

italists. Hence, the exclusion of "third groups" and, as he states repeatedly, the exclusion of foreign trade as having nothing to do fundamentally with the conflict between the worker and the capitalist.

A capitalist society is distinguished from all previous societies by being a value-producing society. The law of value has nothing in common with the fact that in other class societies the worker was paid his means of subsistence. Under capitalism the thirst for unpaid hours of labor comes from the very nature of production and is not limited by the gluttony of the master. Value, the socially necessary labor time needed to produce commodities, is constantly changing due to the unceasing technological revolutions in production. This is a never-ending source of disturbance in the conditions of production as well as in the social relations, and distinguishes capitalism from all other modes of production. Marx's isolated capitalist society is dominated by this law of value, and Marx does not let us forget that this law is a law of the world market. "The industrialist always has the world market before him, compares and must continually compare his cost prices with those of the whole world, and not only with those of his home market."<sup>115</sup>

Thus, while Marx excludes foreign trade, he nevertheless places his society in the *environment* of the world market. These are the conditions of the problem.

Marx's formulas were designed to serve two purposes: (1) on the one hand, he wished to expose the "incredible aberration" of Adam Smith, who "spirited away" the constant portion of capital by asserting that "in the final analysis" it dissolved itself into wages; (2) on the other hand, Marx wanted to answer the under-consumptionist argument that continued capital accumulation was impossible because of inability to sell, that is, because of "overproduction."

Smith's "fundamentally perverted analysis"<sup>116</sup> became part of the dogma of political economy because it dovetailed with the class interests of the capitalists to have that error retained. If, as Smith maintained, the constant portion of capital "in the final analysis" dissolved itself into wages, then the workers need not struggle against a "temporary" appropriation of the unpaid hours of la-

bor. They need merely wait for the product of their labor to "dissolve" itself into wages. Marx proved the contrary to be true. Not only did the constant portion of capital not "dissolve" itself into wages, but it became the very instrumentality through which the capitalist gained the mastery over the living worker. Utopian socialists who didn't grasp *this* freed themselves of the actualities of the class struggle.

Each of the two departments of social production comprises three elements: (1) constant capital; (2) variable capital; and (3) surplus value. Just as the division of social production into two main departments was not merely technical, so this was not a merely technical division. It was rooted in the relationship of worker to capitalist, and was inseparable from the inherent laws of capitalist production. "It is purely a tautology to say that crises are caused by the scarcity of solvent consumers, or of a paying consumption. The capitalist system does not know any other modes of consumption but a paying one, except that of the pauper or of the 'thief'. . . . But if one were to attempt to clothe this tautology with a semblance of profounder justification by saying that the working class received too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely always preceded by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption. From the point of view of the advocates of 'simple' (!) common sense, such a period should rather remove a crisis."<sup>117</sup>

Marx spent a seemingly interminable time in exposing the error of Smith. This was so because this was the great divide *not alone* between bourgeois economics and Marxism, *but also* between petty-bourgeois criticism, or utopian socialism, and scientific socialism. There is not the wealth of statistical and historical material in Volume II, which Marx did not live to complete for publication, that there is in Volume I, which he prepared for the printer himself. This has given rise to as many misrepresentations among Marxists as among anti-Marxists. The chief objection is directed against Marx's thesis that production creates its own market. The objectors say that this implies a "balance" between pro-

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duction and consumption. The truth is that the proportional relationship between Departments I and II, in the Marxian formula, means the *exact opposite*. Marx based himself on the laws of accumulation which he analyzed in Volume I when he showed that constant capital keeps on expanding. The exact relationship to variable capital that he gives it is seven to one. It should therefore have been clear that the "balance" that exists in the formulas—which were built on the most extreme assumptions of "an isolated nation" with no foreign trade, nor with the ordinary headaches of sales—exists *solely* because of the production relations under capitalism which resulted in this fantastic proportion of seven to one. That is why Marx's categories are so immutable for capitalism and apply to no other society. They assume that what is produced is consumed because it is capitalist production, and capitalist production is the production of capital and hence is consumed by capital. Marx built his theory of capitalist breakdown on this. To deduce from the formulas that there was "no disproportion" in an ideal capitalism with no market troubles, is enough to make Marx turn in his grave.

What Marx did, in disproving the underconsumption theory was to demonstrate that there is no direct connection between production and consumption. As Lenin phrased it, in the most profound analysis that Volume II ever received: "The difference in view of the petty-bourgeois economists from the views of Marx does not consist in the fact that the first realize in general the connection between production and consumption in capitalist society, and the second do not. (This would be absurd.) The distinction consists in this, that the petty-bourgeois economists considered this tie between production and consumption to be a *direct* one, thought that *production follows consumption*. Marx shows that the connection is only an indirect one, that it is connected only in the final instance, because in capitalist society consumption follows production."<sup>118</sup>

The preponderance of production over consumption was considered to mean the "automatic" collapse of capitalist society. Where the classicists saw *only* the tendency toward equilibrium, the petty-bourgeois critics saw *only* the tendency away from equilibrium. Marx demonstrated that *both* tendencies were there, in-

extricably connected. Volume II is both a critique of bourgeois and petty-bourgeois thought, and an analysis of the actual movement of capitalist production. As Trotsky put it, when Stalin suddenly "discovered" that the formulas also "apply to a socialist society," "Marx's formulas," Trotsky wrote, "deal with a chemically pure capitalism which never existed and does not exist anywhere now. Precisely because of this, they revealed the basic tendency of *every* capitalism but precisely of *capitalism* and *only* of capitalism."

## 2) Appearance and Reality

Volume II of CAPITAL was published posthumously, in 1885, by Marx's lifelong collaborator, Frederick Engels. This posthumous publication hit a blank wall in the Second International. It seemed to pass by *both* the reformists *and* the revolutionaries within the International. In fact, the greatest revision came from the revolutionary martyr, Rosa Luxemburg. As for Karl Kautsky, the theoretical leader of the Second International, he wrote sophomoric essays on Volume II. The sole exception to this common obtuseness was Lenin. It was not because Lenin was "smarter" than Kautsky that he knew how "to apply" the concepts Marx developed in Volume II to the actual development of the Russian economy. In Russia, the question whether capitalism could develop without foreign markets was not the theoretical question it was in Germany, where imperialist expansion was conquering new markets daily. In backward Russia, which could not successfully compete for the world market, there arose a whole school of theoreticians, the Narodniki (Populists) who maintained that "since" capitalism could not exist without a market, and "since" Russia had come too late on the historic scene to secure one, Russia could "therefore" skip capitalism and go directly from the *mir* (peasant commune) to communism. Lenin hit out against them theoretically and practically. He combined both attacks in a most profound study of *The Development of Capitalism in Russia*. It cleared the ground for Marxism.

The main burden of Luxemburg's critique of Marx's theory of accumulation was directed against his assumption of a closed

capitalist society. She gave this assumption a twofold meaning: (1) a society composed solely of workers and capitalists; and (2) "the rule of capitalism in the entire world."

Marx, however, did not pose the rule of capital in the *entire world*, but its rule in a *single* isolated nation. When Luxemburg's critics<sup>119</sup> pointed this out to her, she poured vitriolic scorn upon them. To speak of a single capitalist society, wrote Luxemburg in her *Anticritique*,<sup>120</sup> was a "fantastic absurdity" characteristic of the "crassest epigonism." Marx, she insisted, could have had no such stratospheric conception in mind. Nevertheless, as Bukharin pointed out, Luxemburg was not only misinterpreting Marx's *concept*, but misreading the simple *fact*, which Marx had most clearly put on paper: "In order to simplify the question (of expanded reproduction) we abstract foreign trade and examine an isolated nation."<sup>121</sup>

Rosa Luxemburg falsely counterposed reality to theory. She argued that a "precise demonstration" from history would show that expanded reproduction has never taken place in a "closed society," i.e., in isolation from the world market, but rather through distribution to, and expropriation of "non-capitalistic strata and non-capitalist societies." Her critique flowed theoretically from this one fundamental error of falsely counterposing reality to theory. She was betrayed by the powerful historical development of imperialism that was taking place, to substitute the relationship of capitalism to non-capitalism for the relationship of capital to labor. This led her to deny Marx's assumption of a closed society. Once she had given up this basic premise of the whole of Marxist theory, there was no place for her to go but to the sphere of exchange and consumption.

This is most clearly revealed by Luxemburg herself. Some of her best writing in *Accumulation*, occurs where she describes the "real" process of accumulation through the conquest of Algeria, India, the Anglo-Boer war, the carving up of Africa, the opium wars against China, the extermination of the American Indian, the growing trade with non-capitalist societies, and her analysis of protective tariff and militarism. Marx gave at least as graphic a description of primitive accumulation as Rosa did of imperialist exploitation of backward lands. Though "capital comes dripping from hand to foot, from every pore with blood and dirt," never-

theless, primitive accumulation created only the *conditions* for real capitalism. It now had a certain accumulation of capital, propertyless workers, and a lot of subordination of labor to capital. However, it still remained merely "formal." As Marx put it, *so long as* "variable capital preponderated greatly over constant," there was "as yet no specific capitalist character."<sup>122</sup>

Luxemburg denied that this preponderance of constant over variable capital was inherently capitalistic. To her it was merely "capitalistic language" for the essential elements of production in any society. She offered to demonstrate this by taking up the relations of capitalism to non-capitalist lands. She began by supplementing CAPITAL. She ended by revising it.

Where Luxemburg maintained that Marx's formulas of expanded reproduction were incorrect in theory and did not correspond to real life in any one living nation, Lenin said they held in life and were correct in theory. Russia, even as America, however, seems to have the perfect soil for all sorts of theories of "exceptionalism" from "skipping capitalism" to having "communism" under totalitarianism. When Lenin argued theoretically, his critics said he didn't know *Russia*. When he showed from exhaustive Russian statistics that capitalism was indeed coming to Tsarist Russia, they said he didn't understand *theory*. When he both won on the theoretical front and routed the Narodniki on the organizational front as well, the ideological children of the Narodniki, present-day economists, state that it wasn't, after all, such a great feat for it was not Marxism but irrefutable economic facts which won out. Precisely. That is the logic of Volume II.

It is necessary to bear in mind, that the passage, in Volume I of CAPITAL, which deals with the ultimate development of the centralization of capital in the hands of a single capitalist or single capitalist corporation, did *not* appear in the early edition of the work. He added this passage only after the Paris Commune, which was the period when he discussed with Engels the concentration of all capital in the hands of the State.<sup>123</sup> Volume I, on which Marx never stopped working until the day of his death in 1883, is the one complete volume we have from his own hand. In a note to the French edition, and in all subsequent editions incorporating these changes, he asked the readers to acquaint



themselves with these additions because they "possessed scientific value independent of the original."<sup>124</sup>

Because our epoch has had concretely to face the problems posed only theoretically by Marx, we can see the reason why Marx built Volume II on what, in the 1870's was certainly a non-existent, fantastic society. Under such a society, he was saying, we would expect to see the following:

(1) *The worker will be paid at value.* Well-intentioned planners may, during the Depression, have wondered whether it wouldn't be possible to raise the standard of living of the workers—not of some Stakhanovites, but of the working class as a whole—if all capital were concentrated in the hands of the State and thus easily planned. But Russian totalitarianism is with us to puncture that grand illusion. For, the moment that working standards are raised, the cost of production of a commodity goes up above the cost of the surrounding world market and then the production inside the country is undersold by the product from a value-producing society, which means that the society cannot indefinitely continue. The jet plane would cost so much more to build that the competing countries on the world market would be able to defeat the particular country in the present form of capitalist competition, which is total war. It is not a question of simple competition or sale.<sup>125</sup> If the United States has the H-bomb and atomic energy and Automation, Russia had better discover them too, or be destroyed. She discovered these soon enough.

(2) *The means of production will far outdistance the means of consumption.* Because value production automatically limits the consumption goods of a community to the luxuries of the capitalist class plus the amount which the worker can buy when paid at value, and because the material form of production the world over shows that means of production outdistance means of consumption, Marx assumed the capitalist world as "one nation." It will be impossible, over a historic period, to avoid unemployment because the society will be straining every nerve to bring its plants to the level of the more advanced productive system. The only way "to stay in the race" is to pay the worker as little as possible and to have him produce as much as possible.

The fundamental error of those who cannot understand that a single capitalist society is governed by the same laws as a society composed of individual capitalists is that they simply will not understand that what happens in the market is merely the result and the consequence of the inherent difficulties in the process of production itself. Where Marx kept us in the process of production throughout Volume I, and there reached the ultimate limit of capitalist development into a closed, single capitalist company controlling everything, they seem to think that a single capitalist society will have a limitless market. The single capitalist—call him "Collective Leadership under Khrushchev, Inc.," if you will—will have, at a certain stage, a magnificent plant, completely automatized, or a jet bomber, but he cannot stop to raise the standard of the masses of workers. He may be able to avoid the more extreme forms of ordinary commercial crises, but even within the community itself he cannot escape the internal crisis of production. The Plan at no stage can stop to improve the conditions of the masses. Capital does not allow it. That is why Marx, throughout CAPITAL, insists that either you have the self-activity of the workers, the plan of *freely* associated labor, or you have the hierarchic structure of relations in the factory and the despotic Plan. *There is no in-between.*

The only possibility of avoiding capitalist crises is the abrogation of the law of value. That is to say, planning must be done according to the needs of the productive system as a *human* system. A system where human needs are *not* governed by the necessity to pay the laborer at *minimum* and to extract the *maximum* abstract labor for the purpose of keeping the productive system, as far as possible, within the lawless laws of the world market, dominated by the law of value.

It may seem that all this would not apply to a capitalist society of a "really" advanced stage of development, like the United States. If, for the sake of argument, we were to imagine the United States becoming a single capitalist society, even this, far from improving the conditions of the workers, would worsen them. It would then be a *given* capitalist society, which means the rest of the world market would exist. Thereupon, Europe and the Far East would probably combine against it, and the

struggle for the capitalist world market would result in a war which would either end in (1) a single capitalist state; (2) socialism; or (3) the destruction of civilization altogether. Backward country or advanced, the absolute law of capitalism, as analyzed by Marx, would hold good even if all capital were concentrated in the hands of one single capitalist or one single capitalist corporation. What to Marx was theory is a most concrete problem now. Russia is proof of the fact that the logic and scope of Marxian theory are as integrally connected as are appearance and reality in life.

The "mystic" Hegel saw clearer the relationship of the dialectic to life than our present pragmatists who laugh at the dialectic and meet each fact of life as an "unforeseen" phenomenon. "Wherever there is movement, wherever there is life, wherever anything is carried into effect in the practical world, there Dialectic is at work. It is also the soul of all knowledge which is truly scientific."<sup>126</sup>

3) *The Breakdown of Capitalism: Crises, Human Freedom, and Volume III of CAPITAL*

"At last we have arrived at the *forms of appearance* which serve as the *starting point* in the vulgar conception: ground rent, coming from the earth, profit (interest) from capital, wages from labor. . . . Finally, since these three (wages, ground rent, profit (interest)) constitute the respective sources of income of the three classes of landowners, capitalists, and wage laborers, we have in conclusion the *class struggle*, into which the movement of the whole *Scheisse* is resolved."—Marx to Engels<sup>127</sup>

Marxist textbooks, for generations, have repeated the following truisms: (1) Capitalism is a form of society in which the means of production and the land are the private property of the

capitalists. (2) The worker is compelled to sell his labor power at the cost of his production and reproduction in order to be able to live. (3) The motive force of this mode of production is the desire of the capitalist for profit. This profit is gained in the following manner: capitalist production produces commodities; commodities are sold for money. The money contains what the capitalist spent plus a surplus, part of which is his profit.

In order that the society may be looked upon as capitalist, it seems essential to have this process of money in the pocket of the private capitalist; the buying of labor power and means of production; the production of commodities; the selling of the commodities on the market for more money; etc. All this is true, but it is not the whole truth. Marx did not have to spend forty years to prove that.

Marx's primary theory is a theory of what he first called "alienated labor" and then "abstract" or "value-producing" labor. He analyzed commodities and showed that the exchange of commodities is an exchange of certain quantities of labor. Commodities in general had been exchanged more or less sporadically for centuries before capitalism. Capitalism begins when the capacity to labor becomes a commodity. As we saw in Volume I, production becomes capitalist commodity production from the moment when the direct producer must "instead of a commodity, sell his own capacity to labor, as a commodity."<sup>128</sup> Hence, it is more correct to call the Marxist theory of capital not a labor theory of value, but a value theory of labor.

Marx repudiated entirely the idea that the sale and purchase of labor power is the essential mark of capitalist society. In Volume I he showed how this pertained only on the surface; that it was only "an apparent exchange. . . . The relation of exchange subsisting between the capitalist and the laborer becomes a mere semblance pertaining to the circulation, a mere form, foreign to the real nature of the transaction and only to mystify it. The ever-repeated purchase and sale of labor power is now mere form; what really takes place is this—the capitalist again and again appropriates without equivalent, a portion of the previously materialized labor of others and exchanges it for a greater quantity of living labor."<sup>129</sup>

In Volume II, he wrote: "The peculiar characteristic is not that the commodity, labor power, is saleable, but that labor power appears in the shape of a commodity." This perversity is due to the perverse nature of capitalism where dead labor dominates over living labor and where relations between men appear as if they were relations between things: "It is, however, quite characteristic of the bourgeois horizon, which is entirely bounded by the craze for making money, not to see in the character of the mode of production the basis of the corresponding mode of circulation, but vice versa."<sup>130</sup>

In Volume III he stated: "The way in which surplus value is transformed into profit via the rate of profit is but a continued development of the perversion of subject and object taking place in the process of production."<sup>131</sup>

And again: "We have the complete mystification of the capitalist mode of production, the transformation of social conditions into things, the indiscriminate amalgamation of the material conditions of production with their historical and social forms. It is an enchanted, perverted, topsy-turvy world, in which Mister Capital and Mistress Land carry on their goblin tricks as social characters and at the same time as mere things."<sup>132</sup>

Indeed he says these same things in a thousand different ways throughout his work. That is the content and form, the essence and the absolute of the whole analysis.

It is obvious from the very nomenclature that the primary feature of commodities in general is that they are sold on the market. It should be equally obvious that the fundamental feature of labor power as a commodity is *not* that it is bought or sold on the market, but the specific function it performs in the process of production, where it is "*a source not only of value, but of more value than it has itself.*" This is the issue. This is the hub around which all Marxist economic theory—"production" (Volume I), "circulation" (Volume II), and "forms of the process as a whole" (Volume III)—revolves.

Marx develops his analysis of capitalism on different levels of abstraction and each level has its own dialectic. In Volume I, the categories which enabled us to comprehend the realities of production were: constant and variable capital (labor power).

In Volume II, where we are on the surface of society, the categories which disclose the inner mechanism are: *means of production and means of consumption.* In Volume III, it is the decline in the rate of profit, "the general contradiction of capitalistic production that reveals its law of motion and points to its collapse."

It took the crash of 1929 to open the skulls of the academic economists to Marx's analysis of the breakdown of capitalism. It then became a popular pastime to say that if Marx had only shed his "Hegelianism," taken off the "mysticism" with which he enveloped the concept of value, and begun instead with Volume III where he deals with "real life," that is to say the surface phenomena of competition, profit, rent, etc., his "prophecies" of Big Business and cyclical crises would have been easy to see and they would have learned "much" from him. Marx dealt with that type of argumentation a half century before. That is why he pointed out that: "The annual process of reproduction is easily understood so long as we keep in view merely the sum total of the year's production. But every single component of this product must be brought into the market as a commodity, and there the difficulty begins. The movement of the individual capital, and of the personal revenue, cross and intermingle and are lost in the general change of places, in the circulation of wealth and society; this dazes the sight and propounds very complicated problems for solution."<sup>133</sup> He not only pointed to the difficulty. We find that he warned against the easy way out, such as beginning with the surface phenomena of profit rather than the production reality of surplus value: "We shall show in Book III that the rate of profit is no mystery so soon as we know the laws of surplus value. If we reverse the process we cannot comprehend either the one or the other."<sup>134</sup>

The third volume, which presumably best meets the taste of the academic economists, analyzed life in the capitalist market as it really is. We learn that commodities sell, not at value, but at price of production; that surplus value is not an abstraction, congealed unpaid labor, but that its real form is threefold: (1) profit for the industrialist; (2) rent for the landlord; and (3) interest for the banker; that capital is not only a *social* relation of production, but that it has a *bodily* form of money-capital. Here

we study the role of credit and even get some glimpses into swindling.

And what is the grand result of learning all the facts of life? How have they changed the laws that arise from the strict process of production which the academic economists call "abstract"? Not at all. *Not at all.* At the end of all these intricate transformations of surplus value into ground rent, interest and profit, as well as the conversion of values into prices, rate of surplus value into rate of profit, etc.—at the end of it all, Marx takes us back to that on which it is based: production of value and surplus value. He shows us that in the final analysis the sum of all prices is equal to the sum of all values. Where the worker has created nothing, the capitalist manipulator can get nothing. Profit, even as surplus value, comes not from "ownership" but from production. To get at the real cause of crises Marx makes an abstraction of "the bogus transactions and speculations which the credit system favors."<sup>135</sup>

Nothing fundamental has changed; nothing whatever. Labor power, which is the supreme commodity of capitalist production because it alone creates capital, is still a commodity, sold at value, and—still in the process of production and *not* in the process of exchange or the market—creates a greater value than it itself is.

Note the far-reaching insight of Marx into the doom of *value production out of its own* inherent laws of development: "In order to produce the same rate of profit, when the constant capital set in motion by one laborer increases ten-fold, the surplus labor time would have to increase ten-fold, and soon the total labor time, and finally the fully twenty-four hours a day would not suffice, even if wholly appropriated by capital." (Vol. III, p. 468)

Even the concept of a single capitalist society pales before the concept of appropriating the value of "fully twenty-four hours a day." Marx makes this extreme assumption because in no other way can he express the fundamental movement. What Marx is saying is that even if the worker learned to live on air and could work all twenty-four hours a day, this ever-expanding monster of machine production could not keep on expanding without collapsing, since *living labor* is the only source of this value and surplus value. Since that is exactly what is constantly being cut *relatively*

to the ever greater machines that are being made and used, there just wouldn't be sufficient surplus value to keep the thing going.

"*The real barrier of capitalist production,*" Marx concludes, "*is capital itself.* It is the fact that capital and its self-expansion appear as the starting and closing point, as the motive and aim of production; that production is merely production for *capital*, and not vice versa, the means of production mere means for an ever expanding system of the life process for the benefit of the *society* of producers."<sup>136</sup> In opposition to this he points to the fact that "the realm of freedom does not commence until the point is passed where labor under the compulsion of necessity and external utility is required. In the very nature of things it lies beyond the sphere of material production in the strict meaning of the term."<sup>137</sup>

The constant revolutions in production, and the constant expansion of constant capital, writes Marx once again, necessitate, of course, an extension of the market. But as he has explained over and over again, both theoretically and practically, the enlargement of the market in a capitalist nation is limited by the fact that the worker is paid at value. This is the supreme manifestation of his simplifying assumption that the worker is paid at value. In Volume III, we see that this is the innermost cause of crisis—that in production, not in the market, labor creates a value greater than it is itself. The worker is a producer of overproduction. *It cannot be otherwise in a value-producing society, where the means of consumption, being but a moment in the reproduction of labor power, cannot be bigger than the needs of capital for labor power. That is the fatal defect of capitalist production. On the one hand, the capitalist must increase his market. On the other hand, it cannot be larger.*

The crisis that follows is not caused by a shortage in "effective demand." On the contrary, it is the crisis that causes a shortage in "effective demand." The worker employed yesterday is unemployed today. A crisis occurs not because there has been a scarcity of markets. As we saw in theory, and as 1929 showed in practice, the market is largest just before a crisis. *From the capitalist viewpoint, however, there is occurring an unsatisfactory distribution of "income" between recipients of wages and those of surplus value or profits. The capitalist decreases his investments and the*

Marx returns to the creative plan of the workers as the plan "most adequate to their human nature and most worthy of it": "Just as the savage must wrestle with nature in order to satisfy his wants, in order to maintain his life and reproduce it, so civilized man has to do it, and he must do it in all forms of society and all possible modes of production. With his development the realm of natural necessity expands, because his wants increase; but at the same time the forces of production increase by which these wants are satisfied. The freedom in this field cannot consist of anything else but of the fact that socialized man, the associated producers, regulate their interchange with nature rationally, bring it under their common control, instead of being ruled by it as by some blind power; that they accomplish their task with the least expenditure of energy under conditions most adequate to their human nature and most worthy of it. But it always remains a realm of necessity.

"Beyond it begins that development of human power which is its own end, the true realm of freedom, which, however, can flourish only upon the realm of necessity as its basis. The shortening of the working day is its fundamental premise."<sup>139</sup>

Thus we see that it isn't only the young Marx but the mature Marx to whom the creative role of labor is the key to all else. It isn't only that this creative plan of the workers, in opposition to the authoritarian Plan of the capitalist, permeates all three volumes of CAPITAL. It is that the actual necessity of revolt will arise out of the fact that capitalism, as conditions, activity, and purpose, is destroying society. The only force which can overcome this necessity therefore is a freedom which in itself and for itself inseparably combines objective conditions, subjective activity and purpose. In the *Grundrisse* Marx said that, once the productive process "is stripped of its antagonistic form," "the measure of wealth will then no longer be labor time, but leisure time."<sup>140</sup> The free time liberated from capitalist exploitation would be for the free development of the *individual's powers*. The conception of freedom that the young Marx had when he broke from bourgeois society as a revolutionary Hegelian remained with him throughout his life.

Essentially Marx said what he wanted to say. This is true not only of Volumes II and III, which Engels edited with scrupu-

lous care and presented exactly as Marx had written, but even Book IV, with the structure of which Karl Kautsky did tamper when he published it as *Theories of Surplus Value*. The reason is that Volume I, published by Marx is not only, as he put it, a whole in itself. *It is the whole*.

He reorganized<sup>141</sup> the last part, "Accumulation of Capital," in order to show (1) *where* Volumes II and III (including *Theories of Surplus Value* as Book IV of Volume III) belong logically; (2) *how* they are dialectically connected with Volume I; and (3) *what* is the law of motion of capitalism in general and the dialectic of his analysis in particular. The "Historical Tendency of Capitalist Accumulation" thus ends with the two absolute opposites—capital accumulation and the revolt of the workers headed for a clash and at the same time going in opposite directions—the first to its collapse, the second creating "the new passions and forces" for reconstructing society on new, socialist-humanist beginnings.

There are theoreticians who are willing to say that the analysis holds for Russia, but not in the exceptional soil of America. If it wasn't the American frontier that made America different, it was the American pragmatic character; and if not that, it is that the American workers "aren't class conscious." Be that as it may, the economists now do give Marx credit for understanding "history." Some even admit that economic theory has indeed been running a losing race with history, except in the case of Marx. One has even gone so far as to "admire" Marx for his "idea of theory" and his ability to transform historic narrative into "historic *raisonne*."<sup>142</sup> But none have the slightest conception that Marx's "idea of theory" is as profound as it is *only because* he had broken with the bourgeois conception of theory and placed the worker in the center of *all* his thinking. *There is no other source for social theory*.

It isn't that Marx "glorified" workers. It is that he knew what is their role in production. Just as history has not discharged theory from its mission of criticizing *existing* society, so the workers, on whose back all the exploitation occurs *must*—to straighten up to the height of men—throw all this off their backs and *therefore* can criticize it and overcome it and see ahead.

It isn't that Marx vilified capitalists and their ideologists. It is that he knew *their* role in production and how limited, therefore, their outlook. Because they were satisfied, they couldn't grasp all of reality, and *therefore* their ideology was false.

Marx, when he began, *didn't* know all the implications of his materialistic conception of history. Thus, although he saw the mode of production as determinant for ideology, he thought all that needs to be done to demonstrate the bankruptcy of bourgeois thought is to show that the bourgeoisie can no longer be scientific and that with the development of the class struggle their economic science has become "vulgar" and their ideologists "prize fighters." He, on the other hand, would show the decline, and then the workers as changing the world which had long had its interpreters. It was only in the 1860's, that he changed the very structure of CAPITAL and placed theories at the end of all volumes. As we saw, it was in that period that he gave the explanation that what was written first was put last because that is the ordinary way a theoretical work develops. That is to say, as an intellectual he needed to clear his own mind first. Only then comes the creative part with the workers themselves not only as activists but as thinkers. Thus, in the same way in which the "Primitive Accumulation of Capital," was placed at the *end* of Volume I, so the "History of Theory" (or, *Theories of Surplus Value*, as Kautsky renamed it) was put at the *end* of Volume III, that is to say, at the end of the entire work.

This is the outline of work as Marx set it down when Volume I was going to press:

Book I: Process of Production

Book II: Process of Circulation (both of these books were intended as Volume I, but only Book I was published by Marx during his lifetime)

Book III: Forms of the Process as a Whole

Book IV: History of Theory

The *entire* work had been completed when the first Volume went to press. After the second edition of CAPITAL, Volume I, Marx reworked Volume II. It is the last piece of work we have from his pen. If there is any truth at all to the incomplete state in which Volumes II and III were published, it is the exact opposite

of what is implied by those who are so anxious to stress the incomplete state of the manuscripts. Marx himself tells us how he intended to change the manuscripts, or rather the extent to which he would have changed them, had he lived to edit them himself. He says, in his letter to Danielson, the Russian translator of Volume I, not to wait for Volume II:<sup>143</sup> "First of all I would under no circumstances consent to publish the second volume before the present English industrial crisis has reached its limit . . . it is necessary scrupulously to follow the present development of events to their full maturity before you are in a position 'to utilize' these facts 'productively,' I mean 'theoretically' . . ."

"Meanwhile—strikes and disturbances everywhere.

"Secondly a tremendous mass of material received by me not only from *Russia* but also from the *United States*, etc., gives me a pleasant excuse to continue research instead of definitively working over for publication.

"The United States at present have overtaken England in the rapidity of economical progress, though they lag behind in the extent of acquired wealth; but at the same time the masses are quicker and have greater political means in their hands to resent the form of a progress accomplished at their expense. I need not prolong the antitheses."

It is clear that Russia and America were to play the role in Volumes II and III that England played in Volume I. Lenin filled it out for Russia. In their attitude to Automation, the American workers are concretizing this for America.

Marx removed the question of value from a dispute among intellectuals and transformed it into a question of the struggle of the proletariat for a new society. The material and the ideal were never too far apart.<sup>144</sup> He best summarized his own social vision when he defined the new social order as a society in which "the free development of each is the condition for the free development of all," and that never again would the rights of the State be counterposed to that of the individual. Human freedom is the principle toward which he worked and his philosophy can be most fittingly called a *New Humanism*.

There was no difference between Marx the Hegelian and Marx the revolutionary, nor between Marx the theoretician and

Marx the practical organizer. He finished CAPITAL and turned to the Paris Commune not merely as "activist" and "materialist" but as *idealist*. As we saw, he himself summed up most profoundly the fact that the ideal is never far from the real when he wrote that the Communards "have no ideals to realize but to set free the elements of the new society."

## Notes to chapters Five through Eight

48. Despite the mountain of books on the Civil War, its full history is yet to be written. In the opinion of this author there exists only one serious work, for example, on the much maligned period of the Reconstruction—W. E. B. Du Bois' *Black Reconstruction*. Of necessity I limit myself here to the impact of the War on the workingmen's movement in Europe and on Marx's works.

49. Of this great movement too, there is no definitive work. Some of the best works of the Abolitionists remain in obscure pamphlets, the most remarkable of which was the one written in 1829 by David Walker. So extraordinary a sensation was caused by the appearance of his pamphlet entitled, "Appeal to the Colored Citizens of the United States," that legislatures in the South were called into special session to enact laws against free Negroes as against slaves for reading it. They put a price of \$10,000 on the head of the author. 50,000 copies of this 76-page pamphlet were sold and circulated from hand to hand. Those who could not read had others read to them. The academic historians have yet to bring Walker out of obscurity. The *antebellum* South trembled at the simple words of this obscure Negro who told them prophetically that race prejudice would yet "root some of you out of the very face of the earth."

50. Consult the autobiography of Frederick Douglass. The Communists hope to ride to glory on the fact that they are publicizing the writings and works of the great Negro Abolitionists like Frederick Douglass, Sojourner Truth, Harriet Tubman, and others. The Communists will not succeed. The proof lies in the spontaneity of today's Negro struggles which completely ignore them. See *American Civilization on Trial: Black Masses as Vanguard* (News & Letters, Detroit, 1963).

51. The text of Phillips' speech, entitled, "The Cabinet," can be found in Wendell Phillips, *Speeches, Lectures and Letters*, first published in Boston, 1864, and difficult to obtain. Fortunately, many of these will soon appear in a book by Oscar Sherwin, *Prophet of Liberty: The Life and Times of Wendell Phillips*.

52. *The Civil War in the United States*, by Karl Marx, pp. 279-80.

53. Interestingly enough a non-Marxist Hegelian group came to the support of the North. It was the famous "St. Louis group" of intellectuals who, having become critical of the philosophies of Emerson and Thoreau, organized themselves for the study of Hegel's works. Led by the New Englander, W. T. Harris and the German emigrant, Brokmeyer, they made the first English translation of Hegel's *Science of Logic*; by 1867 they founded the first definitely philosophical periodical in this country, "The Journal of Speculative Philosophy." (See *A History of American Philosophy* by Herbert W. Schneider, Columbia University Press, 1946). Brockmeyer, incidentally, later became Lieutenant-Governor of Missouri.

News & Letters has since published *Then and Now: On the 100th Anniversary of the First General Strike in the U.S.* (Detroit, 1977) which takes up the St. Louis Hegelians and the two decades, 1857-1877.

54. CAPITAL, Vol. I, p. 329. All references to this work are to the standard Charles H. Kerr edition, *Capital*, Vol. I, Pelican Marx Library (Penguin Books, London, 1976), p. 415.

55. Marx and Engels: *The Civil War in the United States*, p. 252.

56. More popularly known as the *Critique of Political Economy*.

57. Karl Marx, *A Contribution to the Critique of Political Economy*, pp. 33-34.

58. *Grundrisse der Kritik der Politischen Oekonomie, 1857-1858*. Available only in German. Marx-Engels-Lenin Institute, Moscow, 1939. It is a sad commentary on the state of contemporary Marxist scholarship that these have yet to be analyzed.

The *Grundrisse* has recently been published in English in a Pelican Marx Library edition (Penguin Books, London, 1973). See also *Philosophy and Revolution*, Chapter 2, Section B, "The 1850s: The *Grundrisse*. Then and Now."

59. Letter from Marx to Engels, January 8, 1868.

60. CAPITAL, Vol. I, p. 297. Pelican, p. 382.

61. "What a distance we have traveled." CAPITAL, Vol. I, p. 330. Pelican, p. 416.

62. See Engels' Preface to CAPITAL, Volume II.

63. CAPITAL, Vol. I, p. 239, fn. 2. Pelican, p. 324, fn. 3.

64. This material has never been published in the exact form in which Marx left it. In 1905, Karl Kautsky, to whom Engels entrusted the manuscript, took some liberties with the structure and published it under the title *The Theories of Surplus Value*. To this day, except for one volume published in the United States under the title, *A History of Economic Doctrine*, the work is unavailable in English. For the past decade, the Russian Communists, who now own the manuscript, have been promising to publish it in its original form, but they have not done so. *Theories of Surplus Value* has since been published (1969) by Progress Publishers, Moscow.

65. See Appendix B.

The reference is to the first edition of *Marxism and Freedom* which included as Appendix B my translation of Lenin's "Abstract of Hegel's *Science of Logic*," which has since been published in Vol. 38 of Lenin's *Collected Works* (Foreign Languages, Moscow, 1961).

66. *The Civil War in France*, (included in *Selected Works*, Vol. II).

67. *The Civil War in France*.

68. This does not appear in the English editions. The International Publishers edition, edited by Dona Torr, does include some material from the French edition that is not in the standard Charles H. Kerr edition. The new Pelican edition does include all prefaces and postfaces.

69. CAPITAL, Vol. I, p. 82. Pelican, p. 164.

70. *Speech at the Anniversary of the PEOPLE'S PAPER*, April 1856, (included in *Selected Works*, Vol. II).

71. CAPITAL, Vol. I, p. 93, footnote. Pelican, p. 174.

72. CAPITAL, Vol. I, p. 689. Pelican, p. 779.

73. *Civil War in France*, (included in *Selected Works*, Vol. II).

74. CAPITAL, Vol. I, p. 48. Pelican, p. 132.

75. *Correspondence of Marx and Engels*, letter of August 24, 1867.

76. *Critique*, p. 299.

77. CAPITAL, Vol. I, p. 195-196. Pelican, p. 280.

78. CAPITAL, Vol. I, p. 258. Pelican, p. 342.

79. CAPITAL, Vol. I, pp. 337-8. Pelican, p. 443.

80. CAPITAL, Vol. I, p. 361. Pelican, p. 447.

81. *Poverty of Philosophy*, p. 157.

82. CAPITAL, Vol. I, p. 364. Pelican, p. 450.

83. "A work of art that wants the right form is for that very reason no right or true work of art. . . . Real works of art are those where content and form exhibit a thorough identity. . . . The content of Romeo and Juliet may similarly be said to be the ruin of two lovers through the discord between their families; but something more is needed to make Shakespeare's immortal tragedy."—Hegel's *Logic*, p. 243.

84. See Hegel on "The Third Attitude to Objectivity": "What I dis-

cover in my consciousness is thus exaggerated into a fact of the consciousness of all and even passed off for the very nature of the mind." (Hegel's *Logic*, first Wallace translation; in the second, more accessible edition, the wording is slightly different, see page 134.)

85. CAPITAL, Vol. I, p. 654, footnote. Pelican, p. 744, fn. 29.

86. *Archives of Marx and Engels*, Russian edition, Vol. II, (VII), p. 69. This is the famous "Chapter VI," or original ending of CAPITAL, when it was in manuscript form. Chapter Six has been translated into English and is published in the Pelican Marx Library edition of Vol. I, "Results of the Immediate Process of Production," pp. 949-1084.

87. *Ibid.*, p. 35.

88. CAPITAL, Vol. I, p. 217. Pelican, p. 302.

89. CAPITAL, Vol. I, p. 327. Pelican, p. 412.

90. CAPITAL, Vol. I, p. 463. Pelican, p. 549.

91. CAPITAL, Vol. I, p. 53. Pelican, p. 37.

92. *Philosophy of Manufacture*.

93. CAPITAL, Vol. I, p. 476. Pelican, p. 563.

94. CAPITAL, Vol. I, p. 787. Pelican, p. 876.

95. CAPITAL, Vol. I, p. 823. Pelican, p. 915.

96. CAPITAL, Vol. I, p. 533. Pelican, p. 618.

97. CAPITAL, Vol. I, p. 534. Pelican, p. 618.

98. CAPITAL, Vol. I, p. 671. Pelican, p. 762.

99. CAPITAL, Vol. I, p. 636. Pelican, p. 727.

100. CAPITAL, Vol. I, p. 640. Pelican, p. 730.

101. CAPITAL, Vol. I, pp. 836-837. Pelican, p. 929.

102. CAPITAL, Vol. I, pp. 836-7. Pelican, p. 929.

103. CAPITAL, Vol. I, p. 690. Pelican, p. 784.

104. CAPITAL, Vol. I, p. 693. Different as the situation appeared in Hitler's Germany and in Stalin's Russia, the capitalist law of population held true, although unemployment assumed a very different shape. See Part V. Pelican, pp. 783-4.

105. In the final edition, the part became separate chapters of Part VII.

106. CAPITAL, Vol. I, p. 837. Pelican, p. 929.

107. CAPITAL, Vol. I, p. 708. Pelican, p. 799.

108. CAPITAL, Vol. I, p. 709. Pelican, p. 799.

109. CAPITAL, Vol. I, p. 837. Pelican, p. 929.

110. CAPITAL, Vol. I, p. 835. Pelican, p. 929.

111. CAPITAL, Vol. I, p. 649. Pelican, p. 928.

112. This analysis includes also *Theories of Surplus Value*, which Marx had intended as Book IV of Vol. III (of CAPITAL), but which have not been translated into English to this day, except for the first part. (See footnote 64).

113. It wasn't only the Marxists who saw that this division had more theoretic sense than all that political economy has produced on the question of the "market." After the 1929 crash, some academic economists realized that if they were going to get any distance in understanding the crisis, they would have to understand production better. By 1942 Joan Robinson asserted that with this division of total output into two, and only two major groups, Marx had devised "a simple and penetrating argument." (Cf. Joan Robinson, *An Essay on Marxian Economics*, p. 51.)

114. *Theories of Surplus Value*, Vol. I, Part II, p. 170, Russian ed.

115. CAPITAL, Vol. III, p. 396.

116. CAPITAL, Vol. I, p. 647. Pelican, p. 736.

117. CAPITAL, Vol. II, pp. 475-6.

118. Chapter I of V.I. Lenin, *The Development of Capitalism in Russia*, Russian edition. This chapter has been omitted from the English edition.



My translation of this chapter appears in *New International*, October, November, and December, 1943, available in the Raya Dunayevskaya Collection, on deposit with the Labor History Archives of Wayne State University, Detroit, Michigan.

119. What complicated the argument was that most of her critics were reformists. She, however, attacked both reformists and revolutionaries indiscriminately, and labeled all her critics "epigones."

120. Page 401; Russian edition.

121. *Theories of Surplus Value*, Vol. II, Part II, page 161, Russian edition.

122. CAPITAL, Volume I, page 810. Pelican, p. 900.

123. Engels, *Herr Eugen Dühring's Revolution in Science*. A shortened and popular version of it, "Socialism, Utopian and Scientific," is included in *Selected Works*, Vol. II.

124. CAPITAL, Vol. I, p. 842, the Dona Torr, International Publishers edition. Pelican, p. 105.

125. Nothing is simple these days. In 1931 Russia found out that, although she had complete monopoly of everything including sales, her tractors just couldn't "compete," that is to say, stand up in production. To buy tractors from Ford meant, however, to pay in gold-standard money at a time when the agricultural crisis in her country made it impossible to have agricultural products to sell to get the money. At another time when she wanted to dump wheat on the international market she found doors closed there. See Part V.

126. Hegel, "Logic," Paragraph 81, p. 148.

127. Letter of July 11, 1868.

128. CAPITAL, Volume I, page 59. Pelican, p. 142.

129. CAPITAL, Volume I, p. 708. Pelican, p. 798.

130. CAPITAL, Volume II, pp. 132-133.

131. CAPITAL, Volume III, p. 58.

132. CAPITAL, Volume III, page 966.

133. CAPITAL, Vol. I, p. 647. Pelican, p. 737.

134. CAPITAL, Vol. I, p. 239. Pelican, p. 324, fn. 3.

135. CAPITAL, Vol. III, p. 568.

136. *Grundrisse*

137. CAPITAL, Vol. III, pp. 954-955.

138. CAPITAL, Vol. II, p. 503.

139. CAPITAL, Vol. III, p. 955.

140. *Grundrisse*, p. 596, German only. (see footnote 58).

141. Originally, Marx had intended to end Volume I with a Chapter VI, entitled, "The Direct Results of the Process of Production," which would have summed up the volume simply and made the transition to Volume II without anticipating its problems and results. Then, both because of health and because of his deepened comprehension of the subject, he rewrote the last part as the "Accumulation of Capital." It was this section, again, which had undergone the greatest revision for the second edition of CAPITAL. The original ending can be found in the *Archives of Marx-Engels, Vol. II (VII)*, both in the original German and in Russian translation. The best way to follow the changes in "Accumulation of Capital," is to get the Dona Torr edition which singles out the changed passages and publishes them separately at the end of the volume. The Kerr edition, which is the standard edition and which has been used here, publishes the French edition as corrected by Marx, but the changes are not singled out.

Marx's "Accumulation of Capital," in Volume I, anticipates Volumes II and III, in the same manner in which the "Absolute Idea," in Hegel's *Science of Logic*, anticipates the *Philosophy of Nature*, and *Philosophy of Mind*, which

ultimately completed his philosophic system. Marx's letter to S. Meyer, April 30, 1867, on his health, says: "I laugh at the so-called 'practical' men and their wisdom. If one chose to be an ox one could of course turn one's back on the agonies of mankind and look after one's own skin. But I should really have regarded myself as *unpractical* if I had pegged out *without completely finishing* my book, at least in the manuscript."

142. Joseph A. Schumpeter, *A History of Economic Analysis*.

143. Letter of April 10, 1879; *Letters on Capital*, Russian edition.

### Tony Cliff Reduces Lenin's Theory To "Uncanny Intuition"<sup>1</sup>

*If Marx did not leave behind him a "Logic" (with a capital letter), he did leave the logic of Capital . . . Intelligent idealism is closer to intelligent materialism than stupid materialism. Dialectical idealism instead of intelligent; metaphysical, undeveloped, dead, crude, rigid instead of stupid.*"

Lenin, *Philosophic Notebooks*<sup>2</sup>

*To grasp the meaning of Lenin's book [Imperialism], unlike that of let us say, Rosa Luxemburg's (The Accumulation of Capital) or Hilferding's, one does not have to be familiar with Marxist economic writings.*

Tony Cliff, *Lenin, Vol. Two* (pp. 59-60)

**M**ARX'S *CAPITAL* has gone on many adventures after the author's death, 1883. These became tortuous after the death of his lifelong collaborator, Engels, 1895. The first revolutionary to question Marx's theory of expanded reproduction was the very one — Rosa Luxemburg — who, with her brilliant pamphlet, *Reform or Revolution?*, had bested the revisionists who challenged Marx's "economic theories" and accused them of being weighted down by a "dialectical scaffolding." It wasn't that Luxemburg ever denied that battle of ideas,

<sup>1</sup> Tony Cliff, *Lenin, Vol. Two, All Power to the Soviets* (Pluto Press, London, 1976), p. 378. Pagination references to this book will appear directly in the following text.

<sup>2</sup> Lenin, *Collected Works*, Vol. 38 (Foreign Languages, Moscow, 1961), p. 319. The references to Lenin's works in my text which follows, as in my preceding Introduction, cite this volume. In the preceding chapters on *Capital*, however, the references were to my own translation of Lenin, which was published as "Appendix B" to the 1958 edition of *Marxism and Freedom*, as no "official" translation was then available. I was the first to translate into English Lenin's "Abstract of Hegel's *Science of Logic*." When Moscow finally published Lenin's *Philosophic Notebooks* in English, they not only left out Adoratsky's Introduction to the first Russian edition of 1930, but also the Lenin Institute's listing of what books Lenin called for, not just in Bern, 1914-16, but in Russia after taking power. It bears repeating Adoratsky: "Despite the fact . . . of the extreme situation and the necessity to give all attention and all energy to practical questions, Lenin continued to interest himself in questions of philosophy. This is evident from his readings . . . On June 24, 1921, he asked for a Russian translation of Hegel's *Logic* and *Phenomenology of Mind* . . . Lenin not only read but wrote on the question and philosophy. Nine-tenths of the remarks on Bukharin's *Economics of the Transition Period* concern the question of method."

but the horrid emergence of imperialism from the latest capitalist development led Luxemburg to question "what" Engels "made out of" the manuscripts Marx had left for Vols. II and III of *Capital*, especially Vol. II. In any case, the debates over her greatest theoretical work, *The Accumulation of Capital* (1913) — whether it was, as she claimed, a "supplement," or a revision — were still on when the greatest of all shockers befell Marxist revolutionaries: the betrayal of the German Social Democracy at the outbreak of World War I.

Under the circumstances, Lenin (who had made an outline of his critique of Luxemburg's work which he considered a new version of underconsumptionism not unlike the Narodniki<sup>3</sup>) changed his mind. Instead, he embarked on something totally new, and totally apart from what all other Marxist revolutionaries who had not betrayed were doing. Lenin, *at one and the same time*, along with taking the most extreme anti-war position, calling for the transformation of the imperialist war into a civil war, plunged into the study of Hegel's *Science of Logic*. Oh, yes, *Capital* was still the theoretic determinant, but Lenin was not arguing on the basis of what he or any other Marxist had written about it. Instead, Lenin proceeded to probe Marx's own roots in the Hegelian dialectic.

No doubt, his colleagues, had they known what he was doing in the Bern library when the world was, literally, going to pieces, would have thought it a strange sight to see him poring over Hegel's *Science of Logic* and concluding all Marxists (himself included, obviously) had not "completely" understood Marx's *Capital*, "especially its first chapter," since "it is impossible" to do so "without having thoroughly studied and understood the *whole* of Hegel's *Logic*" (p. 180). Later Lenin hit out especially hard against "the father of Marxism" in Russia, so recognized by all, especially Lenin, as the greatest Marxist philosopher:

"Plekhanov wrote on philosophy (dialectics) probably about 1,000 pages . . . Among them, *about* the larger *Logic*, in connection *with* it, its thought (i.e., *dialectics proper*, as philosophical science) *nil!*" (p. 277)

Long before Lenin had reached the end of the *Science of Logic*, he experienced a shock, *not* of betrayal, as with the German Social Democrats and with Plekhanov, *but of recognition*. Here is how Lenin first expressed his elation:

<sup>3</sup> *Leninski Sbornik*, Vol. 22 (Russian only) contains his outline of the article he intended to write. See following text, p. 105, for further detail. "The Theoretic Mistakes of the Narodniki" was, originally, Chapter I of Lenin's first major work, *The Development of Capitalism in Russia*. (Since that chapter had been left out of the English edition, I translated it during my debates on state-capitalism. See *New International*, October, November and December, 1943.)

"Movement and 'self-movement' (this NB!) . . . who would believe this is the core of 'Hegelianism,' of abstract and abstruse (ponderous, absurd?) Hegelianism?? . . . The idea of universal movement and change (1813 *Logic*) was conjectured before its application to life and society. In regard to society it was proclaimed earlier (1847) [*Communist Manifesto*] than it was demonstrated in application to man (1859) [*Origin of Species*]." (p. 141)

From then on, Lenin began to work out the integrality of philosophy and Marx's economic categories. Thus: "Hegel's analysis of syllogisms—U(niversal), P(articular), I(ndividual) — recalls Marx's imitation of Hegel in Chapter I [of *Capital*]" (p. 178). As we see, it was not just a question any longer of contrasting Essence vs. Appearance, which all Marxists had been ready to accept, along with "the materialist conception of history" as signifying economic structure as basic vs. ideological superstructure, or production as more fundamental than the market. No, by then Lenin was in the "idealist" Doctrine of the Notion.

Indeed, Lenin was to stop longest in the final chapter, "The Absolute Idea," precisely because he had worked out so new a relationship of ideal to real that he could write: "Alias: Man's consciousness not only reflects the objective world, but creates it" (p. 212). Which didn't mean that Lenin went up into the wild blue yonder. Quite the contrary. Every writing he then embarked on became the theoretic preparation for proletarian revolution. His philosophic break became the Great Divide in Marxism.

He no sooner finished reading the *Science of Logic* than on January 5, 1915, he addressed a letter to *Encyclopaedia Granat*, for which he had written the essay, "Karl Marx." He was trying to recall it in order to make "certain corrections in the section on dialectics . . . I have been studying this question of dialectics for the last month and a half and I could add something to it if there was time . . ." Evidently there was no time — or at least the bourgeois *Granat* found no time — to allow Lenin to make his correction. Lenin then decided that he no longer could accept any other Marxist's analysis of imperialism, although he had just a few months earlier favorably introduced Bukharin's study of imperialism and the world economy.

**C**ONTRAST THIS history to Tony Cliff's listings. His chronology does list: "23 August/5 September: Lenin arrives in Berne (Switzerland)" — and then proceeds to mention that Lenin presented his thesis on war to a Bolshevik conference. But neither there, nor in the whole 411 pages of text, Notes and Index of his second volume of the three-volume study of Lenin does Tony Cliff utter a single word that

Lenin repaired to the library to study Hegel's *Science of Logic* and that Lenin's "Abstract of Hegel's *Logic*" took from September to Dec. 17, 1914, to complete <sup>4</sup> — after which followed 1915 and more "On Dialectics," and everything from *Imperialism* to *Marxism and the State*, the first version of *State and Revolution*.

Tony Cliff's *Lenin* is a most curious compilation. Though subtitled "All Power to the Soviets," and although it follows the first volume which already had centered on "Building The Party" (and is so subtitled), it is that same vanguardist theme that permeates Vol. Two as well. Indeed, the Foreword explains that the reason for the book, when Trotsky's monumental *History of the Russian Revolution* had already covered that period so magnificently, is the latter's "serious defect": "The one thing noticeably missing is the Bolshevik Party: its rank and file, its cadres, its local committees, its Central Committee" (p. ix).

So weighted down is Tony Cliff with the concept of the vanguard party to lead and the "calibre of leadership," that he does not deign so much as to mention the philosophic break Lenin experienced at the shock of the simultaneity of the outbreak of World War I and the collapse of the Second International, and that all his political battles, not only with the Social Democrats who betrayed but with his Bolshevik co-leaders who didn't betray, were grounded in his new concept of dialectics.

A Marxist economist like Tony Cliff is so little concerned with Hegelian dialectics 62 years after Lenin's break that he fails to see the relevance of Lenin's study of Hegelian dialectics either to Marx's "economic" works or to Lenin's *Imperialism*. The miniscule Chapter 4, of five pages, Tony Cliff devotes to the question, with the excuse that he will deal with it in his third volume "which will deal with the Communist International." He will then develop *his* theory (his, not Lenin's, analysis of imperialism). He, of course, has a perfect right to his own views of imperialism. But that cannot be used as ground for not facing Lenin's theory at the time *when*, and the manner in which Lenin developed it. He only thereby proves that eclecticism, bereft of methodology, cannot appreciate methodology in others, in Lenin especially, *because* his own so totally deviates from that revolutionary vision which is in-

4 In Vol. One, (*Lenin: Building The Party*, 1975), Cliff does have one single reference (p. 291) to "dialectically terse and lively *Philosophic Notebooks*" at the point where he criticizes *Materialism and Empirio-Criticism*. One would have thought that, even if Cliff had no time for concretizing his terse single statement on the *Notebooks*, his preoccupation with the Party should have led him to see that, Stalinist detractors notwithstanding, Lenin himself had not a word on "party-ness of philosophy." Instead, Cliff's point is that it was supposedly only "in the period of reaction after the revolution" that "Marxist philosophy inevitably came to the fore" (Vol. One, p. 289). No wonder he could not see the *Notebooks* as Lenin's philosophic preparation for revolution.

separable from the concept of revolutionary Subject (the proletariat) as both force and Reason.

The ground for this reductionist attitude to Lenin as theoretician was, in fact, laid in Tony Cliff's first volume, where Cliff writes: "It was hardly an exaggeration for the Bolshevik historian M. N. Pokrovsky to write, 'You will not find in Lenin a single purely theoretical work; each has a propaganda aspect.'"<sup>5</sup> Whatever it was the "Bolshevik"<sup>6</sup> meant by "purely theoretical," it is clear that what Tony Cliff thinks of as "pure theory" is "pure economics."

Thus, when he does deign to praise Lenin, he condescendingly stresses that Lenin's writing a "popular pamphlet does not mean that he did not work hard on it," and then points to the fact that, as against the "booklet" *Imperialism*, the *Notebooks on Imperialism* are "a massive 739 pages," stressing especially that Lenin "read and annotated 148 books and 232 articles" (p. 59). For Tony Cliff, the unfortunate part here is that, very obviously, he has *not* read those 739 pages. Had he read them<sup>8</sup>, he would have seen that, from the start, Lenin was by no means only out for data, though that is massive, but had read philosophic works, from Lange's *History of Materialism* to Hegel's *Phenomenology of Mind*.

Whether Lenin had made as copious notes of the *Phenomenology* as of the *Science of Logic* we cannot know, as the Moscow Institute did not bother to inform us whether Lenin made them and they were lost, or he never annotated it. But there is no doubt that he had read it, and there is no doubt that the "phenomenon" of imperialism, and the "attitude" to it, owes much to the work. (Incidentally, Lenin had also made careful note, in his "Abstract of Hegel's *Science of Logic*," of the references Hegel himself made to his *Phenomenology*, which Hegel originally conceived as the "Introduction" to *Logic*.)

Tony Cliff remains unmoved, deaf to the integrality of philosophy in Marx's or Lenin's economic works. He is so preoccupied with "the breadth of analysis of Luxemburg or Hilferding," not to mention Buk-

5 Cliff, *Lenin, Vol. One*, p. 256.

6 Outside of the fact that, having belonged before World War I to Trotsky's Mezhrayontsy (Interdistrict) organization and afterward, becoming a complete Stalinist, Pokrovsky wasn't exactly an "Old Bolshevik" in the traditional sense, he does fit Lenin's reason for not attributing "significance to the desire to hold on to the word 'Bolshevism,' for I know some 'old Bolsheviks' from whom may God preserve me." ("The Nascent Tendency of 'Imperialist Economism'" was Lenin's reply to Bukharin. This thesis, along with Bukharin's, Trotsky's and all tendencies within the Bolsheviks, Mensheviks, etc. is included in *The Bolsheviks and the World War*, by Olga Hess Gankin and H. H. Fisher (Stanford University, California, 1940), which remains the best compilation of documents for that period.

7 Cliff's reference is not to the *Notebooks on Imperialism*, but to a May, 1959 article by L. G. Churchwood in *The Australian Journal of Politics and History*.

8 *Notebooks on Imperialism* (Russian edition), Moscow, 1939, p. 3.

harin, that he brings out this further "proof" of Lenin's failure of a theoretical grasp — "the realization of surplus value, which for Rosa Luxemburg became so central, [is] not even mentioned in Lenin's booklet," and that, my dear readers, Tony Cliff assures us, "is not accidental" (p. 60).

Now it is hard to believe that the erudite Tony Cliff, who is penning a three-volume study of Lenin, has not bothered to acquaint himself with what Lenin thought of Luxemburg's *Accumulation of Capital*. He has left himself the loophole of revealing all in the as-yet-unpublished Vol. Three of *Lenin*. But he would first then again violate the historic chronology. In any case, let me help him find it. In *Leninski Sbornik*, Vol. 22, pp. 343-348, Lenin commented on Luxemburg's work soon after it was published in 1913<sup>9</sup>. He outlines what he intends to write in his critique:

#### "ROSA LUXEMBURG'S UNSUCCESSFUL SUPPLEMENT TO MARXIST THEORY

For example:

- I. 14 years ago. The Narodniks against the Marxists. Legal Marxists and Social Democrats.
- II. R. Luxemburg's Perversion.
- III. Posing of the theoretical problem.
- IV. Rosa Luxemburg's ("supplement"). Criticism. Anti-criticism.
- V. Rosa Luxemburg's "supplement." A failure.
- VI. Dialectics and eclectics.
- VII. Imperialism and realization of surplus value. (Rothstein, etc.)"

Lenin's *Essay on Karl Marx* is, of course, also a "popular pamphlet," so it may not have interested Tony Cliff, but there, too, Lenin lists Luxemburg's *Accumulation of Capital* in his bibliography of Marxist works as "an incorrect interpretation of Marxist theory." And if Tony Cliff insists on "purely theoretical" works, then do please let him read Lenin's "Theoretic Mistakes of the Narodniki," not to mention *Imperialism*. Yes, *Imperialism*.

Instead, Cliff leads up to Chapter 4 by telling us (in the chapter on the National Question) that "many of the leading comrades in Russia did not understand why Lenin was so vehement in his opposition to Bukharin" (p. 56 footnote), and in the very chapter on *Imperialism*, skips to Lenin's *Will* (12/23-24/1922) to quote Lenin on Bukharin as

9 I have reproduced more of Lenin's Commentary from *Sbornik*, Vol. 22, in my debates on Luxemburg in *New Internationalist*, March, 1943. My 1944 critique of Luxemburg's *Accumulation of Capital* was reproduced on the 100th anniversary of the publication of Marx's *Capital*, as Appendix to my *State-Capitalism and Marx's Humanism* (News & Letters, 1967).

the "biggest theoretician," without so much as mentioning that a "but" follows:

"but his [Bukharin's] theoretical views can only with the very greatest doubt be regarded as fully Marxian, for there is something scholastic in him. (He has never learned, and I think never fully understood, the dialectic.)"

**W**HAT IS THIS dialectic that made Lenin say — and not just in a polemical way, but in his *Will* — that his Bolshevik co-leader, Bukharin, who had never betrayed, who was always a revolutionary, who was, in fact, "the favorite of the whole party" and a "major theoretician," was "not fully a Marxist" because he had "never fully understood the dialectic"? The very work that Tony Cliff considers so theoretically superior to Lenin's popularization was the one that Lenin had first introduced favorably, but after grappling with Hegel's dialectic, found so non-dialectical that he undertook his own study. Lenin reiterated his departure from Bukharin's "economism" also after conquest of power, when Bukharin's *Economics of the Transition Period*<sup>10</sup> once again demonstrated a lack of "dialectics," that is to say, disregard of the proletariat as Reason, as Subject.

Secondly, and foremost, Lenin found Bukharin's opposition to self-determination not just bereft of the "dialectic of history," but so total an impediment to working with new national revolutionary forces, such as the Irish revolutionaries, that he designated Bukharin's position as nothing short of "imperialist economism"! Again Lenin had to repeat his opposition to Bukharin's stand against self-determination after conquest of power, both in his debates on the new Program of the Party, and on the International.

Tony Cliff's singular empiricism — like all empiricism, bereft of all methodology — is beyond comprehending Lenin's theory — theory, not just a "popular outline." By leaving out Lenin's *Philosophic Notebooks*, Cliff not only skips over "philosophy," but the dialectics of liberation as self-developing Subject, that is to say, the actual masses in revolt. Thus, by no accident whatever, in the chapter on the "National Question," on which Cliff is supposed to agree with Lenin, not Bukharin, he has not a word to say about the Irish Revolution. Whether or not that, too, has been left by Tony Cliff for "Volume Three," it nevertheless was the concrete "topic" under discussion. What was decisive then were live revolutionaries. Their appearance on the historic stage had sharpened to a fever pitch all the tendencies fighting Lenin's *theoretic* position.

<sup>10</sup> The English translation of Bukharin's *Economics of the Transition Period* (Bergman Publishers, N.Y., 1971) includes Lenin's Critical Remarks of the work.

Tony Cliff chooses to begin the discussion on the National Question with the position of the Austrian Socialists in the 19th century, but it was not that debate, nor even Poland, 1912, when the National Question was still debated just as "principle," nor the Bund, that was at issue during World War I. Though Cliff still keeps away from referring to the Easter Rebellion, he is finally forced to quote Lenin:

"The dialectics of history are such that small nations, powerless as an *independent* factor in the struggle against imperialism, play a part as one of the ferments, one of the bacilli, which help the *real* anti-imperialist force, the socialist proletariat, to make its appearance on the scene."

But meanwhile they hadn't; 1917 was still to be. And when it did come, it was preceded by Lenin's *State and Revolution* that was first begun in those same critical years, 1914-16, when Lenin was grappling with Hegelian dialectics as philosophy, as politics, as economics, as self-developing Subject. "The dialectics proper" — Lenin's phrase — had to be shown as "the living tree of living, fertile, genuine, powerful, omnipotent, objective, absolute human knowledge" (p. 363).

Having eliminated this from his study of Lenin, it is no wonder that Tony Cliff reached the climax of his comprehension — I mean *non-comprehension* — of Lenin by singling out Lenin's "uncanny intuition. In a period of great changes, the number of unknown factors, not only in the enemy camp, but also in our own, is so great that sober analysis alone will not suffice. An unsurpassed ability to detect the mood of the masses was Lenin's most important gift." This reductionism, we must remember, is not something said only in Chapter 4 devoted to "Imperialism," or on any other single subject, but in the very last chapter, "Lenin Calls Up the Insurrection," on the penultimate page.

Cliff doesn't get any less arrogant as he moves from Chapter 4 to attributing "uncanny intuition" to Lenin in Chapter 19, praising "strategy" on the ultimate page of his work, where he writes: "The crucible of October furnished the supreme test of his [Lenin's] strategy and of the calibre of his leadership of the party and the class" (p. 379).

**I**T IS OF LITTLE matter whether Tony Cliff ever frees himself from the unbridgeable gulf he has dug between theory and practice, economics and politics, philosophy and revolution, as well as between leadership and ranks, and whether he will finally (i.e., in the last volume) attribute "theory" to Lenin's new universal that the population "to a man, woman and child" either controls production and the state, or we return "back to capitalism." Lenin's admonition to the party, that socialism cannot, *can not*, "be introduced by a minority, a party," will stand:

"Every citizen to a man must act as a judge and participate in the government of the country, and what is most important to us is to enlist all the toilers to a man in the government of the state. That is a tremendously difficult task but socialism cannot be introduced by a minority, a party."<sup>11</sup>

What does matter is that these points of departure in theory and practice have not become ground for working out what is urgent for our age, not only on the integrality of philosophy in economics, but in the relationship of spontaneity to organization. Elsewhere<sup>12</sup> I have shown that, though too many who consider themselves Marxists are forever clinging to the Party, Party, Party — as if Lenin had clung to the 1902 Social Democratic vanguard party concept unchanged — Lenin had actually changed his views many times. What is crucial here is what has happened in our age.

Lenin's break with his philosophic past began with Marx's *Capital* in hand, came to fruition the same way in the greatest proletarian revolution, and ended in the same way as he hit out against Bukharin's "economism" and lack of dialectics. Very obviously, Marx's *Capital's* adventures haven't ended yet, and no doubt will not end until we actually have achieved classless society on truly human foundations. But isn't it high time, 53 years after Lenin's death and all the aborted and incompleting revolutions since, that we at least rediscovered what Lenin had learned about the relationship of dialectics to economics, politics, revolution — in a word, dialectics of thought and dialectics of liberation? Irrespective of the correctness or "incorrectness" of what the position on any single issue was, or what later data occurred, shouldn't revolutionary Marxists instead be preoccupied with whether we are headed in the direction Marx thought was the goal — "the development of human power which is its own end, the true realm of freedom . . ."<sup>13</sup>

11 Lenin, *Selected Works*, Vol. VIII, p. 320. What is crucial also is Vol. IX, especially Lenin's debates with Bukharin and Trotsky on the Trade Unions.

12 For the period 1903-1923, see *Marxism and Freedom*, Ch. XI, "Forms of Organization: The Relationship of the Spontaneous Self-Organization of the Proletariat to the 'Vanguard Party'" and Ch. XII, "What Happens After." For the latest on the whole question of spontaneity and *apartidarismo* (anti-partyism), the Portuguese Revolution is most important. See *Portugal: Key Documents of the Revolutionary Process* which reproduces many documents and manifestoes of the Portuguese Revolution (People's Translation Service, 1735 Allston Way, Berkeley, Cal. 94703). See also my analysis "Will the Revolution in Portugal Advance?" (*News & Letters*, Jan.-Feb., 1976) and Perspectives 1977-78, "It's Later, Always Later — except when spontaneity upsurges and you realize it is here and now, and you aren't there and ready," published by News & Letters.

13 Marx, *Capital*, Vol. III, p. 954.

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