

VITALY VYGODSKY

**The
Economic
Substantiation
of the
Theory
of
Socialism**



PROGRESS PUBLISHERS

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by JANE SAYER

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"With the same certainty with which we can develop from given mathematical principles a new mathematical proposition, with the same certainty we can deduce from the existing economic relations and the principles of political economy the imminence of social revolution."

F. Engels (3, 262) ¹

This work deals with the substantiation of scientific communism provided by Marx and Engels when they elaborated their economic theory. The author studies the development of the economic doctrine in connection with the theory of scientific communism, proceeding from the fact that Marxism has always developed as a unity of its component parts, but also realising that because of the inevitable differentiation of scientific knowledge the main sections of the theory and history of Marxism are often dealt with in isolation from one another. The internal unity of all the parts of the theoretical heritage of Marx and Engels arises from the common goal they set themselves in their research: to transform socialism from a utopia into a science, i.e., to provide it with a scientific basis.

The utopian character of the socialist and communist views of the time became clear to Marx as early as 1842, and it was then that he set himself the task of "the *theoretical elaboration* of communist ideas" (see 1, 220). Yet, as Engels remarked, this became possible only after Marx had made his two great discoveries: his formulation, jointly with Engels, of the materialist conception of history and the elaboration of the theory of surplus-value. "With these discoveries socialism became a science" (22, 38).

The materialist conception of history was worked out by Marx and Engels between 1843 and 1846 on the basis of their philosophical, historical and economic research. It was then, too, that they formulated the general princi-

¹ See List of Quoted and Mentioned Literature at the end of the book. The first number in the brackets indicates the source according to this list, the following numbers indicate the pages.

ples of the theory of scientific communism, as the chief conclusion deriving from this conception. Their essence, as described by Lenin, was that they brought out "the historic role of the proletariat as the builder of socialist society", this being, in Lenin's opinion, "the chief thing in the doctrine of Marx" (44, 582). Indeed, since in late 1843 and early 1844 Marx first came to the conclusion, in his work *Contribution to the Critique of Hegel's Philosophy of Law. Introduction*, that the proletariat, in order to liberate itself from the oppression it suffered in bourgeois society, based on private property, would have to destroy that society and build a classless, communist society—since then, in Engels' words, "the theoretical expression of the position of the proletariat" in the class struggle against the bourgeoisie, "the theoretical summation of the conditions for the liberation of the proletariat" (5, 303-04) becomes the central task of the Marxist teaching. Engels focused attention on the revolutionary character of the conclusions following on from the materialist conception of history: "The prospect of a gigantic revolution, the most gigantic revolution that has ever taken place, accordingly presents itself to us as soon as we pursue our materialist thesis further and apply it to the present time" (21, 220).

Yet the theoretical development of the materialist conception of history and of the theory of scientific communism arising from it was by no means completed in the 1840s. This work had only just begun. It was, so far, no more than a scientific hypothesis but, as Lenin wrote, "one which first created the possibility of a strictly scientific approach to historical and social problems" (39, 139). In particular, the materialist conception of history indicated the way to take in further elaborating and substantiating the theory of scientific communism.

To determine the real position of the working class in bourgeois society and to make a scientific forecast of its future, it was essential to ascertain the fundamental trends in the development of bourgeois society and the mechanism by which it functioned. It followed from the materialist conception of history that bourgeois society was based on the capitalist mode of production, the priority task therefore being to identify and study "the economic law of motion" (14, 20) of this society. "Having recognised that the economic system is the foundation on which the polit-

ical superstructure is erected, Marx devoted his greatest attention to the study of this economic system" (46, 25). The theory of surplus-value developed in *Capital* made it possible for Marx to reveal the way the capitalist mode of production functioned and to ascertain the fundamental trends in its development; as such it actually constituted an economic substantiation of the theory of scientific communism. Lenin stressed that "Marx deduces the inevitability of the transformation of capitalist society into socialist society wholly and exclusively from the economic law of the development of contemporary society" (47, 71). Thus, the appearance of *Capital* signified the completion of the process by which socialism was transformed from a hypothesis into a scientifically proved doctrine (see 39, 142-43).

In Marxist literature, the study of the problems of scientific communism is usually linked with a philosophical vindication of it. Indeed, the creation of the materialist conception of history meant, at the same time, a *philosophical* substantiation of the theory of scientific communism. It would be wrong, however, to confine studies to the philosophical aspect of this theory's elaboration. An equally important role in the development of the theory of scientific communism is played by the *economic* justification of it.

Marx's economic doctrine provided an economic back-up for the theory of scientific communism not only because his economic conclusions fully confirmed the basic propositions of this theory. Probably the most important thing is that, by elaborating his economic doctrine, Marx was able to *develop* and specify these propositions so that they could be thoroughly and comprehensively tested in the class battles of the proletariat. The theory of scientific communism was put to the test in the 1848-49 revolutions. The history of the First International shows that, at this time, Marx's theory was becoming a genuine guide to action for the working class in its political and economic struggle with the class of capitalists. The historical confirmation received by the theory of scientific communism at the time of the First International and in subsequent periods stimulated the further development of this theory. At the same time, it showed that Marx's economic doctrine, on which this theory is based, gives a true reflection of the

capitalist mode of production, of the way it functions and the fundamental trends in its development. Lenin wrote that "Marx's economic doctrine is the most profound, comprehensive and detailed confirmation and application of his theory" (47, 59).

Marx built up his economic foundation for the theory of scientific communism gradually, as he developed his economic doctrine. There can be no doubt that the conclusions drawn from this doctrine with respect to the theory of scientific communism during various historical periods must be considered from the angle of the degree of maturity of that doctrine at the period in question. This obliges the researcher to consider these conclusions in the historical order in which they were made and developed.

A *historical approach* makes it possible to ascertain the development of Marx's and Engels' views and creatively to assimilate Marx's economic theory and its conclusions. "It is not the bare conclusions of which we are in such need, but rather *study*;" Engels wrote in 1844, "the conclusions are nothing without the reasoning that has led up to them; this we have known since Hegel; and the conclusions are worse than useless if they are final in themselves, if they are not turned into premises for further deductions" (2, 457).

The nature of the proposed work makes us concentrate on the propositions and conclusions of Marx's economic theory that are *directly* linked with the economic substantiation of the theory of scientific communism. This angle of approach to Marx's economic doctrine is not met with frequently in modern Marxist literature (some works of this type will be discussed later), though this aspect was the most important one for Marx, Engels and Lenin. Lenin spoke of Marxist political economy as "socialist political economy". "Marx's economic theory alone," he wrote, "has explained the true position of the proletariat in the general system of capitalism" (44, 35; 46, 28).

An analysis of Marx's economic theory with respect to the theory of scientific communism is, apart from anything else, of considerable importance for the struggle against those critics of Marxism who reject the revolutionary conclusions of Marxist theory, isolate scientific communism from Marx's economic doctrine, and set various periods in the development of Marxism, Marxism and Leninism,

against one another. While recognising Marx the researcher, bourgeois and revisionist theoreticians often try to isolate him from Marx the revolutionary. They assert that his theory is incomplete and that, therefore, there has been no transition from utopian socialism to scientific socialism. The best refutation of such assertions is profound research into Marx's economic theory as it was developed, which makes it possible to bring out the organic link between this theory and the revolutionary conclusions of scientific communism. The author hopes that the study presented in this work will show that there is no justification for opposing the "scientific communism" aspect of *Capital* to the rest of its contents. The two are inseparably linked. In particular, a study of Marx's economic theory from this angle reveals the untenability of the currently widespread theory of convergence (in its different variants), the theory that the capitalist and socialist social systems are drawing together. One of the fundamental propositions arising from Marx's economic doctrine is the conclusion that capitalism and communism are complete social opposites, which does not suit the convergence theorists at all.

Critics of Marx's theory very often distort its propositions—not only (or always) because this is their intention but also because of their vulgar, dogmatic views of the essence of the Marxist doctrine. The best way to refute such distortions is to consider the views of Marx and Engels from a historical angle which makes it possible to trace their development and their true place in Marxist theory.

The economic substantiation provided in the works of Marx and Engels of the historical role of the proletariat is considered from three angles in this book: analysis of the position and struggle of the working class in capitalist society, proof of the inevitability of socialist revolution and the dictatorship of the proletariat, and scientific forecasting of communist society.¹

In accordance with the method used here for considering the works of Marx and Engels historically, the task set is

¹ The theory of scientific communism is, of course, much broader in content. We have chosen these three aspects, first, because they apply to the central problems of scientific communism and, second, because they received the most detailed substantiation in Marx's economic theory.

to ascertain the consecutive stages in the economic substantiation provided by Marx and Engels for the theory of scientific communism. Since economic substantiation was naturally subordinated to the logic of Marx's economic research, a periodisation of Marx's work on his economic doctrine—the history of the writing of *Capital*—is taken as the basis for the structure of this book.

Chapter One deals with the first steps in elaborating the economic theory, i.e., the first elements in the economic substantiation of the nascent theory of scientific communism, as formulated in the works of Marx and Engels written between 1843 and 1849. It was at this time that the urgent need became apparent for a further elaboration of the economic doctrine as a basis for the development of scientific communism. At the same time, during this period the necessary methodological preconditions for this were established, above all the dialectical materialist conception of the history of human society.

Chapters Two and Three are devoted to the economic substantiation of the theory of scientific communism during the period when Marx was developing the principles of his economic theory (1857-1865). Over these years, he produced three rough versions of *Capital*, working out the theory of surplus-value, which played the decisive role in the economic substantiation of the theory of scientific communism.

An important feature of the rough manuscripts of *Capital* is that they reflect the very process of the theoretical inquiry into the capitalist economy, which is not repeated in the three volumes of *Capital presenting the results* of this research. Consequently, a study of the rough manuscripts of *Capital* is essential for establishing all the links in Marx's elaboration of his economic theory and, correspondingly, in the substantiation of scientific communism. Moreover, the rough manuscripts contain considerable theoretical material that, for a variety of reasons, was not included in the final version of *Capital*. This prompts the conclusion that only the economic heritage of Marx and Engels in its entirety can give a correct idea of the Marxist economic theory and Marx's method.

Chapters Four and Five consider a very important stage in the economic substantiation of the theory of scientific communism—that connected with the publication of sev-

eral editions of Volume I of *Capital* and Marx's work on Volume II (1867-1879). Volume I summed up Marx's previous economic research and constituted a new stage in the economic substantiation and development of scientific communism. While working on Volume II, Marx studied the actual mechanism by which the capitalist economy functioned, formulated the principles of the theory of social reproduction and, on this basis, drew important conclusions concerning communist society. This was also the period during which Engels' *Anti-Dühring* and Marx's *Critique of the Gotha Programme* were written, their aim being largely to specify the conclusions of Marx's economic theory with respect to scientific communism.

Chapter Six examines Lenin's contribution to the economic substantiation of the theory of scientific communism, which consisted in further developing and specifying Marx's theory in the new historical conditions.

Engels drew attention to the fact that Marx's "way of viewing things is not a doctrine but a method. It does not provide ready-made dogmas, but criteria for further research and the method for this research" (13, 455). By tracing the development of Marxist economic theory it becomes possible to identify certain characteristic features of Marx's method of inquiry that are of great importance for research into current reality. The study of Marx's method of economic research (to which considerable attention is given in the book) and the role it is called upon to play in the further development of the theory of scientific communism leads to the conclusion that Marx's economic theory provides the key to understanding contemporary social processes.¹ This important aspect of Marx's economic theory was confirmed by Lenin's research. In their methodological principles, Lenin's works correspond to those of Marx and Engels and, at the same time, add to them considerably, being an example of a genuine dialectical approach to Marxist doctrine.

Since the time of Marx, Engels and Lenin, Marxist parties have worked consistently to further substantiate scientific communism, in particular by economic research. "Our Party is a party of scientific communism," said Leonid

¹ Of course this requires a further specification and development of economic theory.

Brezhnev, General Secretary of the CPSU Central Committee. "Theoretical understanding of the phenomena of social life and of its main trends enables the Party to foresee the course of social processes, work out a concrete political line and avoid errors and subjectivistic decisions." (58, 121) Addressing the 18th Congress of the Lenin All-Union Young Communist League, Leonid Brezhnev said: "The Marxist-Leninist teaching on the laws of social development is our main guide on the road to communism" (57, 9).

The author intends his work for all those interested in the problems of Marxist-Leninist theory, the theory of scientific communism and political economy.

Chapter One

THE INITIAL ELEMENTS IN THE ECONOMIC SUBSTANTIATION OF SCIENTIFIC COMMUNISM (1843-1849)

For Marx and Engels, the 1840s were primarily the period during which they evolved the dialectical materialist conception of the historical process, which they immediately applied in their research into capitalist reality. As a result, the initial principles of the theory of scientific communism were formulated, the materialist concept of history providing the philosophical substantiation for it.

Yet Marx and Engels formulated these initial propositions of the theory of scientific communism not only as conclusions deriving from the materialist conception of history, but also as a result of the economic research they carried out during the 1840s. In the course of this research, the urgent need became clear for an economic substantiation of the theory of scientific communism and for a Marxist economic theory to be elaborated as an organic component of the Marxist doctrine as a whole. At the same time, the dialectical materialist conception of history established the necessary methodological preconditions for the economic research carried out by Marx in the 1850s and later.¹

1. GENERAL DESCRIPTION OF CAPITALIST EXPLOITATION

In the *Economic and Philosophic Manuscripts of 1844* Marx set himself the task of explaining the origin of private property as the determining element of "civil society",

¹ Describing Marx's work on the *Rheinische Zeitung* in the early 1840s, which had provided the stimulus for his economic research, Lenin wrote "here we see signs of Marx's transition from idealism to materialism and from revolutionary democracy to communism" (47, 80).

i.e., the economic basis of capitalism.¹ The outcome was his formulation of the thesis of primacy, i.e., the determining role of *material production* in the life of human society. First, Marx showed that private property is a direct consequence of the specific nature of labour in bourgeois society ("alienated labour"). Second, he showed that social relations, the political superstructure and forms of social consciousness are determined by material production. "Religion, family, state, law, morality, science, art, etc.," Marx writes, "are only *particular* modes of production, and fall under its general law" (2, 297). By making the transition from "civil society" to material production as the determining factor in social development, Marx created the preconditions for understanding the mainspring of the historical development of "civil society" itself—the system of material relations, for these are what take shape in the process of social production.

The fact that Marx recognised the decisive role of material production in social development allowed him, even in the *Economic and Philosophic Manuscripts of 1844*, to make important advances in his study of the position of the working class in bourgeois society. In this context, he specified the primacy of material production, concluding that the position of the working class is determined by the development of capitalist production and that it derives from the "essence of present-day labour itself" (2, 239). The pinpointing of the essence of wage-labour thus occupies a central place in Marx's research as set out in the *Economic and Philosophic Manuscripts*.

As his point of departure, Marx takes "an actual economic fact" (2, 271), which, in his opinion, consists in the progressive impoverishment of the working class as the social wealth created by them grows. Using Adam Smith's analysis of the three different states of social development—when social wealth goes into decline, when it progresses, and when it reaches its maximum level—Marx considers the position of the working class as a direct result of the process of capitalist accumulation. This view subsequently

¹ Later Engels described "civil society" as "the realm of economic relations" (12, 369). The fact that "civil society" in the bourgeois era is determined by the dominance of private property was established by Marx in 1843 (see 94).

constituted a fundamental feature of the Marxist conception of the impoverishment of the working class in bourgeois society (the basic proposition of this conception was later formulated by Marx as the general law of capitalist accumulation), but the conception itself, as we shall see, underwent considerable changes on the basis of the economic theory developed by Marx.

For the time being, Marx concludes that there is a progressive, steady impoverishment of the proletariat in the course of social development. "Thus in a declining state of society—increasing misery of the worker; in an advancing state—misery with complications; and in a fully developed state of society—static misery" (2, 239). Marx still assumes that a rise in wages is economically pointless, for it affects the price of commodities as "simple interest" (2, 239), i.e., engenders a proportional rise in commodity prices. Later Marx noted Ricardo's major contribution of having refuted this apologetic thesis of vulgar political economy,¹ directed against the struggle of the working class to improve their economic position. The concept of the "relative wage" in Ricardo's theory made it possible to consider the actual correlation between prices, wages and profit, and to compare economically the relative position of the working and capitalist classes. (Below we shall see that already in the *Economic and Philosophic Manuscripts of 1844*, Marx treated the inverse ratio of wages and profit—in the form of interest on capital—established in Ricardo's theory as the economic basis of the contradiction between labour and capital.) Even at this stage, however, Marx is pondering on the process of the *relative* impoverishment of the working class under capitalism, as evidenced by the extensive quotations in the *Economic and Philosophic Manuscripts of 1844* from the book *Die Bewegung der Production*, then just published, by the German essayist Wilhelm Schulz, who later participated in the bourgeois-democratic revolution of 1848-49. In particular, Marx quoted the following

¹ Vulgar political economy replaced classical bourgeois political economy. It still predominates in the capitalist world today. Its first representatives—J. B. Say (1767-1832), T. R. Malthus (1766-1834), J. Mill (1773-1836), J. R. McCulloch (1789-1864) and others—in contrast to the classics, substitute a description of the external, superficial phenomena of economic affairs in society for a scientific investigation of the laws governing economic development and, consciously or unconsciously, act as apologists for capitalism.—Ed.

from this book: "...Even if it were as true as it is false that the average income of every class of society has increased, the income-differences and relative income-distances may nevertheless have become greater and the contrasts between wealth and poverty accordingly stand out more sharply. For just because total production rises—and in the same measure as it rises—needs, desires and claims also multiply and thus relative poverty can increase whilst absolute poverty diminishes" (2, 242).¹

Marx agrees with these arguments by Schulz and writes that bourgeois political economy "knows the worker only as a working animal—as a beast reduced to the strictest bodily needs" (ibid.). Yet it is this particular notion of bourgeois political economy that is economically embodied in the category of the minimum wage, towards which the worker's average wage is allegedly drawn like a magnet. The concept of the minimum wage, which Marx still supported during the 1840s,² played a major role in his theory of the proletarian revolution at the time, which was based on the progressive impoverishment of the working class. Marx noted that, in the course of the competitive struggle between agricultural workers, capitalists renting land and landowners, "wages, which have already been reduced to a minimum, must be reduced yet further, to meet the new competition. This then necessarily leads to revolution" (2, 270). Later, when Marx had evolved his own economic theory, he was also able to refute the thesis that the value of labour-power coincides with the minimum wage. As Engels wrote in 1885, "in reality wages have a con-

¹ Marx's other quotations from Schulz's book also deserve attention, particularly those on the category of free time and its material preconditions, and on the progressive role of large-scale machine production. Later these propositions were developed in detail by Marx in the 1857-58 manuscript *Outlines of a Critique of Political Economy* (the *Grundrisse*). Marx also quoted from Schulz in the second manuscript of *Capital*—that of 1861-63 (see 32, 478). In Volume I of *Capital*, Marx wrote about Schulz's book that it was "in many respects a book to be recommended" (see 14, 352).

² Thus, defining wages as the value or price of labour, Marx wrote in *Wage-Labour and Capital*: "...The same general laws that regulate the price of commodities in general of course also regulate wages, the price of labour.... The price of labour will be determined by the cost of production, by the labour-time necessary to produce

stant tendency to approach the minimum", but this only testifies to the ability of capitalists "to depress the price of labour-power more and more below its value"¹ (5, 125).

Let us return, however, to the *Economic and Philosophic Manuscripts*. The main problem requiring explanation in economically substantiating the impoverishment of the working class in bourgeois society consists, in Marx's opinion, in the fact that the product of the worker's labour is alienated from him and belongs not to the worker himself, but to the capitalist, and that "the worker is related to the product of his labour as to an alien object" (2, 272). Let us say immediately that, at this stage in his research, Marx was only approaching a solution of this problem, which is indeed of crucial importance for research into capitalist exploitation. Yet the very fact that he posed it was indicative of a fundamental advance in the formation of scientific communism. Socialists before Marx only maintained that there was no justification for the fact that the capitalist appropriated the product of the worker's labour, while Marx saw it as his task to explain the process, a logical one within the framework of capitalism, by which the capitalist exploited the worker, and to present it as an expression of "a necessary course of development" (2, 274).

In full accord with the thesis concerning the primacy of material production, Marx comes to the conclusion that, in order to explain the alienation of the product of the work-

this commodity—labour" (in the 1891 edition, the word "labour" is replaced by "labour-power"—Ed.). "The cost of production of simple labour, therefore, amounts to the cost of existence and reproduction of the worker.... Wages so determined are called the wage minimum" (6, 209). In the *Manifesto of the Communist Party*, Marx and Engels also noted that "the average price of wage-labour is the minimum wage" (5, 499). Later, in the 1860s, Marx established that the bourgeois economists' concept of the minimum wage went right back to the Physiocrats. "The minimum of wages... forms the pivotal point of Physiocratic theory," Marx noted in his *Theories of Surplus-Value*. "...They made the mistake of conceiving this minimum as an unchangeable magnitude—which in their view is determined entirely by nature and not by the stage of historical development, which is itself a magnitude subject to fluctuations" (17, 45).

¹ Engels noted further that, in the 1840s, he also shared this erroneous concept of the minimum wage, as evidenced by the *Outlines of a Critique of Political Economy* and *The Condition of the Working-Class in England*. "Marx at that time accepted the thesis. Lassalle took it over from both of us," Engels wrote (17, 125).

er's labour from the worker himself, it is "*the direct relationship between the worker (labour) and production*", "*the relationship of the worker to the objects of his production*" that must be considered, for here lies the "*essential relationship of labour*" in capitalist society (2, 273, 274). Thus Marx goes over from considering the alienation of the product of labour to considering labour itself, whose distinguishing feature in bourgeois society he describes as a "*self-estrangement of labour*". This term means that the estrangement is a result of the worker's own activity. "... The estrangement is manifested not only in the result but in the *act of production*, within the *producing activity* itself. How could the worker come to face the product of his activity as a stranger, were it not that in the very act of production he was estranging himself from himself? ... In the estrangement of the object of labour is merely summarised the estrangement, the alienation, in the activity of labour itself" (2, 274).

The self-estrangement of labour in bourgeois society comes down, as Marx sees it, to four basic characteristics:

First, there is estrangement of the product of the worker's labour from the worker himself, "the relation of the worker to the *product of labour* as an alien object exercising power over him. This relation is at the same time the relation to the sensuous external world, to the objects of nature, as an alien world inimically opposed to him" (2, 274).

Second, the very activity of the worker is estranged labour; self-estrangement of labour takes place. The worker's labour is compulsory, "*forced labour*" (2, 274). The worker during the labour-process and his actual labour do not belong to him. "The worker's activity is not his spontaneous activity" (2, 74), i.e., this activity is not motivated by his free will.

Third, the species-being of the worker becomes estranged from him—all social forces, as well as natural ones, become isolated from the worker and are opposed to him. As a result, the worker's life-activity becomes "a mere means to his *existence*" (2, 276). This shows the extreme degradation of the worker's human essence: both the nature that surrounds him and his own spiritual essence are estranged from him. "The sophistication of needs and of the means [of their satisfaction] on the one side produces a bestial bar-

barisation, a complete, crude, abstract simplicity of need, on the other" (2, 307). The worker's "frugality" emerges (2, 311).

Finally, society becomes atomised, people are estranged from one another—as a consequence of the fact that each of them is estranged from his own human essence.

Before considering the further conclusions drawn from Marx's analysis of the estranged nature of labour in bourgeois society, let us note that his description of the self-estrangement of labour under capitalism constitutes an organic, component part of his economic theory and, consequently, equally of his economic substantiation of the theory of scientific communism. We believe that the study of the self-estrangement of labour in bourgeois society enabled Marx to give as yet only the most *general description* of the condition of the working class under capitalism. Subsequently, in his theory of surplus-value, Marx developed this description, pointing out, together with many new general features, the specific correlations reflecting capitalist exploitation. A resumé of these correlations is provided in such categories of Marxist political economy as surplus-value—both absolute and relative, the rate of surplus-value, profit in its various forms, and so on. Yet these new correlations merely develop and supplement the more general description of capitalist exploitation and the condition of the working masses in bourgeois society, as given in the *Economic and Philosophic Manuscripts*, but by no means replace it. On the contrary, this description is so profound that a number of the fundamental processes at present taking place in the highly developed capitalist countries can be explained by it. (Perhaps this is why such a great interest is shown at present in the *Economic and Philosophic Manuscripts* throughout the world). The rather high standard of living achieved in these countries is accompanied by a sharp intensification of capitalist exploitation and, at the same time, a very significant increase in the alienation of the working masses from all aspects of the life of society.¹

¹ Speaking at the 24th Congress of the CPSU, Gus Hall, General Secretary of the Communist Party of the USA, said that new criteria for comparing the two world systems were arising in the minds of millions of people in the capitalist world. People did not confine themselves to superficial comparisons; they took account

Marx goes on to show that capitalist private property is a direct consequence of the alienated nature of labour, for, just as the worker "creates his own production as the loss of his reality, as his punishment; his own product as a loss, as a product not belonging to him; so he creates the domination of the person who does not produce over production and over the product" (2, 279). In turn, the "*movement of private property*" (2, 279) results in a self-alienation of labour and acts as "the material, summary expression of alienated labour" (2, 281). Thus, the relationship between capitalist private property and the self-alienation of labour is a "reciprocal relationship" (2, 280).

Marx shows that the categories of alienated labour and private property are basic ones, and that "we can develop every *category* of political economy with the help of these two factors; and we shall find again in each category, e.g., trade, competition, capital, money, only a *particular* and *developed expression* of these first elements" (2, 281).¹ Subsequently, a profound analysis of the labour-process in the framework of capitalist private property brought Marx to his theory of value and, on this basis, that of surplus-value. As already noted, these theories in no way conflict with the description of labour under capitalism as alienated labour; they constitute a further specification of that description. Marx did, indeed, later draw all economic categories from those of value and surplus-value. For the time

not only of indicators of industrial growth or commodity prices. Now it was the entire *qualitative* aspect of life that was being weighed, with the level of material welfare playing a very important role, but the measurement scale having become much broader. It included the entire range of human values, their comparative significance, which was determined by the internal laws of each system: concepts of morals, culture and philosophy inherent in these systems. Many of these new components which affected the *qualitative* side of life, could not be measured in any quantitative terms. Among the most important qualitative characteristics of the working people's condition in the capitalist countries today, Gus Hall includes a profound lack of confidence in the future, a growing feeling of *alienation* and disappointment arising from people's isolation from active participation in the life of society (107, 416; author's italics).

¹ It should be stressed again that here Marx is identifying, for specifically capitalist conditions, the major categories determining the mode of production: productive forces (alienated labour) and relations of production (private property), as well as stating that they interact.

being, from the category of alienated labour he derives the natural tendency of wages to diminish to the minimum under capitalism and, in this connection, concludes that "an enforced *increase of wages* (disregarding all other difficulties, including the fact that it would only be by force, too, that such an increase, being an anomaly, could be maintained) would therefore be nothing but better *payment for the slave*, and would not win either for the worker or for labour their human status and dignity" (2, 280).

At this time, Marx had not yet come to the conclusion that a continuous struggle was necessary on the part of workers in bourgeois society for wage rises, which corresponded to what was already happening within the working-class movement, i.e., the strike struggle. Later we shall see that by further elaborating his economic theory, Marx discovered the correct balance between the economic and political struggles waged by the working class. Yet Marx's criticism of the "piecemeal reformers, who ... want to raise wages and in this way to improve the situation of the working class" (2, 241), contained the important idea of the *inadequacy of reforms*, carried out under capitalism, for truly liberating the working class from capitalist exploitation. The very explanation of the alienated character of labour under capitalism and the derivative category of wages as the measure of labour, which "occurs only in the form of *activity as a source of livelihood*", permitted Marx to show the absurdity of the ideas of Proudhon, who saw "equality of wages ... as the goal of social revolution" (2, 241). "...*The equality of wages*, as demanded by Proudhon, only transforms the relationship of the present-day worker to his labour into the relationship of all men to labour" (2, 280).

Such were the initial elements of the substantiation of the need for a proletarian revolution, for the abolition of capitalist private property as a means for emancipating the whole of society, because "the whole of human servitude is involved in the relation of the worker to production, and all relations of servitude are but modifications and consequences of this relation" (2, 280). Marx later ascertained the economic factors forming the basis of the common interests of the working class and all the working people in abolishing the capitalist system. Meanwhile, the establishment of the primacy of material production allowed him

to identify the basic contradiction of bourgeois society, that between labour and capital. "This contradiction, driven to the limit, is of necessity the limit, the culmination, and the downfall of the whole private-property relationship" (2, 285).

The economic basis of this opposition is the inversely proportional dependence between wages and the interest on capital (by which Marx means, in effect, capitalist profit), as established by "modern English political economy" (i.e., Ricardo and his school). As a result of this, "the capitalist could normally *only* gain by pressing down wages,¹ and vice versa. Not the defrauding of the consumer, but the capitalist and the worker taking advantage of each other, is shown to be the *normal* relationship" (2, 284-85). The opposition between labour and capital appears here as that between the economic interests of workers and capitalists, making a revolutionary transformation of bourgeois society essential. Marx views this transformation as "a very rough and protracted process". "In order to abolish the *idea* of private property", he notes, "the *idea* of communism is quite sufficient. It takes *actual* communist action to abolish actual private property. History will lead to it..." (2, 313).

Yet, while criticising capitalist private property, even in the *Economic and Philosophic Manuscripts*, Marx firmly stresses its "historical necessity" (2, 298), for it is within the framework of private property that the "*social character of labour*" (2, 317) develops appearing in the form of the division of labour and exchange. In his resumé of the bourgeois economists' analysis of the division of labour, Marx notes their view that it "bestows on labour infinite productive capacity" (2, 320) while also, within the framework of private property, causing "the impoverishment of individual activity, and its loss of character" (2, 321). "Precisely in the fact that *division of labour* and *exchange* are aspects of private property," writes Marx, "lies the twofold proof, on the one hand that *human life* required

¹ It is essentially a matter of a drop in the *share* of wages in newly created value, i.e., of a rise in the rate of exploitation. Only considerably later, when developing his economic theory, did Marx come to these categories, reflecting the very essence of capitalist exploitation.

private property for its realisation, and on the other hand that it now requires the supersession of private property" (2, 321).

2. THE FIRST STEPS IN THE SCIENTIFIC FORECASTING OF COMMUNIST ECONOMY

Engels' *Outlines of a Critique of Political Economy* are based on a criticism of the rationale of private property, this being closely tied in with a criticism of capitalist *competition* as the regulator of social production. He writes: "Competition has penetrated all the relationships of our life and completed the reciprocal bondage in which men now hold themselves. Competition is the great mainspring which again and again jerks into activity our aging and withering social order, or rather disorder; but with each new exertion it also saps a part of this order's waning strength" (2, 442). In the *Economic and Philosophic Manuscripts*, Marx writes that, under competitive conditions "the hostile antagonism of interests, the struggle, the war is recognised ... as the basis of social organisation" (2, 260), and that a concentration of capital "in the hands of a few" (2, 251) is an inevitable consequence of competition. Thus Marx, and particularly Engels, see competition as a basic social factor, characteristic of the capitalist economy and the economic relations of bourgeois society.

By analysing capitalist competition, Engels shows that it inevitably entails a monopoly of capitalist private property.¹ An abolition of competition is only conceivable if accompanied by an abolition of this monopoly. Engels contrasts the anarchy of bourgeois society with the conscious production under communism, and notes that "if the producers as such knew how much the consumers required, if they

¹ Hence Engels derives the diametric opposition between public and private interests under capitalism. "The contradiction of competition is that each cannot but desire the monopoly, whilst the whole as such is bound to lose by monopoly and must therefore remove it" (2, 432). Looking back on the early works of Marx and Engels, we find much needed by us even today. After all, one of the most important tasks facing the social sciences under socialism is to find the optimal correlation between individual and common interests. The possibility of establishing such an optimum, as Engels shows, emerges only as a result of abolishing the monopoly of capitalist private property.

were to organise production, if they were to share it out amongst themselves, then the fluctuations of competition and its tendency to crisis would be impossible" (2, 434). In communist society, "competition" would be "the relation of consumption to productivity" (2, 435). "The community will have to calculate what it can produce with the means at its disposal; and in accordance with the relationship of this productive power to the mass of consumers it will determine how far it has to raise or lower production, how far it has to give way to, or curtail, luxury" (2, 435). Under these conditions, competition is tantamount to emulation,¹ which will be organically inherent in society.

In the *Outlines*, Engels sets himself the extremely interesting task of showing how the most important categories of political economy—value, rent and others—operate when private property and its inseparable companion, competition, are absent, i.e., under the conditions of communist society. A considerable part of Engels' work is, therefore, an attempt to give a scientific forecast of communist society. This was the first use of the method, later applied by Marx and Engels as the basis for scientific forecasting of the communist economy, of distinguishing between the material content and social form² of all economic processes, or, as Engels says in the *Outlines*, their "natural" and "hu-

¹ In this context Engels points to Fourier and the English socialists as the source of his ideas on a rational social structure being a condition of great importance for the growth of productive forces.

² The method of distinguishing between the material content and social form of economic processes is a specification of the general dialectical requirement for "the splitting of a single whole and the cognition of its contradictory parts" (54, 359). In accordance with this method, Marx and Engels considered social production as a contradictory unity of productive forces (the material content) and relations of production (social form). With respect to the social wealth, Marx wrote in *Capital* that "use-values ... constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider, they are, in addition, the material depositories of exchange-value" (14, 44). Thus, the material content of a commodity is its use-value, while value constitutes its social form. The material content of surplus-value is surplus-labour, and so on. It is precisely because the material content of economic processes and the economic categories reflecting these processes provide the basis common to "all social modes of production" (16, 876) that the given method is behind all scientific forecasting of the communist economy.

man" aspects (2, 432). A similar distinction between the "human kernel" of factory industry and its capitalist "dirty outer shell" was drawn at the same time by Marx (3, 282). Later we shall discuss this method in more detail but, for the time being, note that to abstract from competition in considering the most important economic categories meant, in essence, to view them from the angle of their material content, conditioned, as Marx and Engels later explained, by the development of the productive forces. Yet, in as far as the productive forces are retained during the transition from one socio-economic formation to another, so is the material content of the basic economic categories. For this reason, a study of the material content of economic processes taking place under capitalism constitutes an extremely important advance in forecasting the character of these processes for the conditions of communist society.

The *Outlines* attempt to provide an analysis of value from the position of Marxist political economy, which was then taking shape. Continuing to use the terminology of bourgeois political economy, for the time being, Engels describes value as "the relation of production costs to utility."¹ The first application of value is the decision as to whether a thing ought to be produced at all; i.e., as to whether utility counterbalances production costs" (2, 426). Under capitalist conditions, the utility of an object is determined only in the course of trade exchange, i.e., essentially incorrectly. Yet "once this [private property] is superseded, there can no longer be any question of exchange as it exists at present. The practical application of the concept of value will then be increasingly confined to the decision about production, and that is its proper sphere" (2, 426). Subsequently, in his work *Anti-Dühring*, Engels noted: "As long ago as 1844 I stated that the ... balancing of useful effects and expenditure of labour on making decisions concerning production was all that would be left, in a communist society, of the politico-economic concept of value.... The scientific justification for this statement, however, as can be seen, was made possible only by Marx's *Capital*" (21, 367-68).

¹ In *The Holy Family*, Marx repeats this definition of value, noting that it is given by bourgeois economists (3, 32).

There is a considerable difference between the interpretation of value given in the *Outlines* and that in *Anti-Dühring*. In his earlier work, Engels merely states that, in bourgeois society, where private property prevails, the only possible form in which the law of value might appear is a divergence of prices from value, but gives no explanation of this fact. Moreover, at that time Engels believed that the law of value did not, in fact, operate under capitalism, since he held that equivalent exchange was impossible there. The fact that the price (exchange-value) was not equal to the value (the "real value"), he saw as evidence of the "immorality of trade". "The difference between real value and exchange-value is based on a fact—namely, that the value of a thing differs from the so-called equivalent given for it in trade; i.e., that this equivalent is not an equivalent" (2, 427). Referring to this passage, Marx noted in his 1861-1863 manuscript: "Engels seeks . . . to explain the difference between exchange-value¹ and price by the fact that trade is impossible if commodities are exchanged at their value" (23, 25).²

In *Anti-Dühring*, on the basis of Marx's theory of value, especially his ideas on the duality of labour, Engels shows that the fundamental difference between the category of value in bourgeois society and that which "is left" of this category under communism arises from the basic difference in the nature of labour: the directly social labour in communist society makes possible a planned comparison of "useful effects and expenditure of labour". Let us add that only once the mechanism by which the law of value operates under the fundamentally different conditions of capitalism and communism had been ascertained in theory did it become possible to reveal how this law operates under the transitional conditions of the first phase of communism, i.e., under the conditions of socialist society as it exists today.³

¹ By exchange-value, Marx here means the same thing as Engels by real value.

² See also 14, 161. In the first half of the 1840s, however, Marx also rejected the labour theory of value. See, for example, his critical commentary, written in 1844, on Ricardo's main work *On the Principles of Political Economy and Taxation* (22, 494, 502).

³ On the operation of the law of value under socialism see 94, 95, 114.

None of this, however, detracts from the significance of the hypothesis concerning the way the law of value operates under communism and the abolition of private property as an essential condition for this, as formulated (though without a corresponding economic back-up) in the *Outlines of a Critique of Political Economy*.¹ On January 8, 1868, Marx wrote to Engels: "Indeed, *no form* of society can prevent the working time at the disposal of society from regulating production one way or another. So long, however, as this regulation is accomplished not by the direct and conscious control of society over its working time—which is possible only with common ownership—but by the movement of commodity prices, things remain as you have already quite aptly described them in the *Deutsch-Französische Jahrbücher*" (13, 187).² This excerpt clearly shows us how Engels' hypothesis later came to take its place in the Marxist theory of value, after having been transformed from a hypothesis into a scientifically proved principle.

In the *Outlines*, Engels considers science as the "mental element" of production. In bourgeois society, science is on the side of capital and is trained against labour. As Engels shows, this is fully proved by the results of the capitalist use of machines. The capitalist appropriates the fruits of scientific progress gratis, so "science is no concern" of the bourgeois economist, "... the advances of science go beyond his figures. But in a rational order... the mental element certainly belongs among the elements of production and will find its place, too, in economics among the costs of production. And here it is certainly gratifying to know that the promotion of science also brings its material reward; to know that a single achievement of science

¹ "This passage in the *Outlines*," writes G. A. Bagaturia, "possibly even contains a hint as to the *process* of the gradual limitation in the future—i.e., after the abolition of private property—of the law of value's sphere of operation. After all, Engels affirms literally the following: 'The practical application of the concept of value will then' (i.e., 'when private property has been abolished') 'be confined *increasingly* to the solution of the question about production...'. This assertion arises logically from the dialectical idea of the transition to communism as a protracted *process* and about the *development* of communist society itself" (64, 25).

² This is the journal in which the *Outlines of a Critique of Political Economy* were published.

like James Watt's steam-engine has brought in more for the world in the first fifty years of its existence than the world has spent on the promotion of science since the beginning of time" (2, 427-28).

In essence, Engels expresses here the profound idea that science is being turned into a direct productive force. Later, in the rough variants of *Capital*, Marx showed that such a transformation was, indeed, already taking place under capitalism, so that science is certainly "a concern" for both the capitalist and the apologist for him—the bourgeois economist; the successes of science are taken into full account by them, as the modern development of capitalism has confirmed to the full. Yet Engels was undoubtedly right that only "in a rational order", i.e., in communist society, is a genuine flourishing of science possible.

In the *Outlines*, Engels formulated the law of the growth of science: "...Science increases at least as much as population. The latter increases in proportion to the size of the previous generation, science advances in proportion to the knowledge bequeathed to it by the previous generation, and thus under the most ordinary conditions also in a geometrical progression" (2, 440).¹

Engels comes to the conclusion that an unlimited development of science and the ensuing increasing subordination of the forces of nature by people, "this immeasurable productive capacity, handled consciously and in the interest of all, would soon reduce to a minimum the labour falling to the share of mankind" (2, 436). This important idea was later developed comprehensively and substantiated in *Capital*.

Scientific progress, according to Engels, is the main factor refuting the Malthusian population theory. "The productive power at mankind's disposal is immeasurable. The productivity of the soil can be increased *ad infinitum* by the application of capital, labour and science" (2, 436). Yet, in order that this immeasurable productive capacity

¹ Academician B. M. Kedrov notes that the subsequent rapid development of the natural sciences confirmed the law formulated by Engels. "Modern research into science," he writes, "which includes measurement of quantitative indicators of the progress of science, testifies that the law as formulated ... by Engels apparently does reflect the accelerated development of modern science and the modern natural sciences" (75, 16).

be used in the interests of mankind, a fundamental transformation of society is required, if only because "...the education of the masses which it provides makes possible that moral restraint of the propagative instinct which Malthus himself presents as the most effective and easiest remedy for over-population" (2, 439).

3. PROCLAMATION OF THE HISTORICAL ROLE OF THE WORKING CLASS

As we have seen, in 1843-44 Marx and Engels made the first steps, and very significant ones, in the economic substantiation of their theory of scientific communism. They were, in fact, able to do this even before formulating their own economic theory, because they proceeded from the research carried out by the classics of bourgeois political economy. Yet, for the further development of the Marxist theory—the materialist conception of the historical process and the theory of scientific communism—an economic doctrine was required that would be an integral part of this theory.¹

Marx's discovery of the primacy of material production made a study of capitalist production and wage-labour his central problem. Only thus was it possible to ascertain the essence of capitalist exploitation, as summed up in the capitalist appropriating the product of the worker's labour. It was not until 1857-58 that Marx solved this problem, after many years of research that led to the elaboration of the theory of surplus-value, but even in the *Economic and Philosophic Manuscripts of 1844* he was able to give a general description of the process of capitalist exploitation, which he called the self-alienation of labour. The further evolution of capitalism (right up to the present

¹ The most vital task for Marx was to apply the dialectical materialist method to economic research, making it possible to overcome the anti-historical approach inherent in bourgeois political economy. This was also essential in order consistently to distinguish between the material content and the social form of economic processes. Bourgeois economists were not dialecticians and so were unable to do this in any consistent way. "...The economists," Marx wrote about them, "continually mix up the definite, specific form in which ... things constitute capital with their nature as things and as simple elements of every labour process" (19, 265).

day) has shown how profound this description actually was.

Proceeding from the fact that "... the entire revolutionary movement necessarily finds both its empirical and its theoretical basis in the movement of *private property*—more precisely, in that of the economy" (2, 297), Marx and Engels took the first steps in economically substantiating the need for a proletarian revolution. Even at this time, they were able to establish the general trend in capitalist production towards a concentration and centralisation of capital. "This law of the centralisation of private property," wrote Engels, "is as immanent in private property as all the others. The middle classes must increasingly disappear until the world is divided into millionaires and paupers, into large landowners and poor farm labourers... This result must and will come, unless it is anticipated by a total transformation of social conditions, a fusion of opposed interests, an abolition of private property" (2, 441).

In the opinion of Marx and Engels, the specific economic contradictions of capitalist production, which make its end inevitable, are as follows. First, the contradiction between labour and capital, based on the progressive enrichment of the capitalists and equally progressive impoverishment of the working class. Second, the law of capitalist competition leading to economic crises, "the law which produces revolution" (2, 433).

As we can see, the further elaboration of the economic theory allowed them to make their analysis of the contradictions of the capitalist economy substantially more profound, which, in a number of instances, led to a considerably more precise formulation of conclusions relating to the revolutionary transformation of bourgeois society.

In connection with his criticism of competition as a mechanism of the capitalist economy, in his *Outlines*, Engels looked into the way a number of economic categories—value, rent, profit, and so on—operate under the conditions of communist society. The methodological basis for these Engels' first attempts at scientific forecasting of the communist economy, was the practical distinction he made between the material content and social form of economic processes. This constitutes a feature of materialist dialectics

as applied to political economy and is an essential condition for a concrete historical approach to economic phenomena.

While criticising capitalist private property, Marx and Engels also pointed out the historical necessity of it. They saw communism as an inevitable result of the internal economic development of bourgeois society. Worthy of particular attention in this context is the proposition contained in Marx's *Economic and Philosophic Manuscripts of 1844* that communism, being a necessary result of the negation of private property, is still not "true", "self-originating" communism (2, 313). Here it is easy to see the first indications of the doctrine of the two phases of communist society, as later developed in *Capital* and the *Critique of the Gotha Programme*.

The historical achievement of bourgeois society, based on capitalist private property, was seen by Marx and Engels as the development of productive forces¹ and the social character of labour, appearing in the form of the division of labour and exchange. "The examination of *division of labour and exchange* is of extreme interest", Marx noted (2, 321).² They continued their thorough research into the division of labour in 1845-46, in their next joint work—*The German Ideology*, in which the decisive step was made in elaborating the materialist conception of history and, on this basis, the key propositions of the theory of scientific communism formulated. Yet the work that had already been carried out in 1843-44 was sufficient for them to proclaim firmly in *The Holy Family* "the historical role"

¹ At that time, Marx and Engels believed that the level of development of productive forces already attained by society was adequate for the communist transformation of society. In 1845, speaking in Elberfeld, Engels said, "...human society has an abundance of productive forces at its disposal which only await a rational organisation, regulated distribution, in order to go into operation to the greatest benefit for all" (3, 251). In his draft of an article criticising the German economist Friedrich List, written in March 1845, Marx, too, asserted that industry had "almost exhausted its development on the present foundations of society" (3, 274). By 1847, Marx and Engels had made certain amendments to this conception (see Section 6 of this chapter).

² Later, in the economic manuscript of 1861-63, Marx wrote that the division of labour was "in a certain sense the category of all categories of political economy" (22, 242).

of the working class: "The proletariat executes the sentence that private property pronounces on itself by producing the proletariat, just as it executes the sentence that wage-labour pronounces on itself by producing wealth for others and poverty for itself. When the proletariat is victorious, it by no means becomes the absolute side of society, for it is victorious only by abolishing itself and its opposite. Then the proletariat disappears as well as the opposite which determines it, private property" (3, 36).

4. THE INITIAL THESES OF THE THEORY OF SCIENTIFIC COMMUNISM

In 1845-46, in their joint work *The German Ideology* (especially Chapter One), Marx and Engels continued their study of the structure of material production. Viewing material production as social production, they showed that it represented a dialectical unity of the productive forces and the relations of production.¹ It is the productive forces, which form the material content of material production, that play the decisive role in this unity.

¹ G. A. Bagaturia and N. I. Lapin hold with good reason that Marx and Engels came to this central point of the materialist conception of history through research into the division of labour. In fact, "on the one hand, the division of labour is a consequence and manifestation of the development of the productive forces; on the other, it forms the basis of the division of producers into specific groups and the whole of society into classes, i.e., the basis of the relations of production" (93, 140; see also 93, 131, 138-40).

G. A. Bagaturia also notes (94, 141) that the dialectical unity of the productive forces and the relations of production was connected with the duality of human activity discovered by Marx and Engels: production (the relationship between people and nature) and intercourse (their relations with one another). It is obvious that both the conception of material production as a dialectical unity of the productive forces and the relations of production, and the discovery of the duality of human activities constitute a further step in distinguishing between the material content and social form of social processes. Evidence of this is provided by the following excerpt from the first chapter of *The German Ideology*: "The production of life ... appears as a twofold relation: on the one hand as a natural, on the other as a social relation... It follows from this that a certain mode of production, or industrial stage, is always combined with a certain mode of co-operation, or social stage..." (4, 43).

The most obvious indicator of the level of development of the productive forces is the level of the division of labour. "Each new productive force ... causes a further development of the division of labour", and the latter gives rise to a change in the relations of production, primarily characterised as forms of property. "The various stages of development in the division of labour are just so many different forms of property, i.e., the existing stage in the division of labour determines also the relations of individuals to one another with reference to the material, instrument and product of labour" (4, 32).

Between the productive forces and the relations of production (in *The German Ideology*, Marx and Engels still use the terms "forms of intercourse", "mode of intercourse", "relations of intercourse", and "relations of production and intercourse", as well as "relations of production"), there is a certain correspondence: the development of the relations of production corresponds to that of the productive forces. Although the productive forces determine the relations of production, they are also influenced by them: "The form of intercourse determined by the existing productive forces at all previous historical stages, and in its turn determining these, is *civil society*" (4, 50). Marx and Engels describe the dialectics of the interaction between the productive forces and the relations of production in the following way: "...An earlier form of intercourse, which has become a fetter, is replaced by a new one corresponding to the more developed productive forces ... a form which in its turn becomes a fetter and is then replaced by another" (4, 82).

Thus, inherent in social production is an internal contradiction between the productive forces and the relations of production, a contradiction originating from the way the development of the productive forces outstrips that of the relations of production, as a result of which the correspondence between them is upset. Since the relations of production, in turn, determine the political and ideological superstructure and the various forms of social consciousness, this internal contradiction of social production entails a disturbance of the correspondence between the relations of production and other—non-material—social relations expressing the social consciousness. "...These three moments, the productive forces, the state of society and conscious-

ness, can and must come into contradiction with one another..." (4, 45). A specific class structure corresponds to a specific structure of social production, so this contradiction appears between the various classes in society (see 4, 40).

The contradiction between the productive forces that have grown up and their obsolete social form, the relations of production, thus determines all the historical collisions and is the cause of social revolutions that establish a relative correspondence between the material content and social form of material production for a certain historical period. The principle of the dialectical interaction between the productive forces and the relations of production thus formulated, just like the principle of the decisive role played by material production in the development of society, was consistently applied by Marx and Engels to the bourgeois society of the time, as a result of which the main features of the theory of scientific communism were elaborated.

The key initial theses of the theory of scientific communism, as formulated in Chapter One of *The German Ideology*, are as follows.

Capitalist society is characterised by an antagonistic contradiction between the productive forces and the relations of production. By its very nature, large-scale production presupposes the social appropriation of the productive forces, but under capitalism, this is impossible, since production develops within the framework of private property. The development of large-scale industry under the conditions of private property leads only to a greater rift between capital and labour, to a "fragmentation between capital and labour", since private property means nothing but "the power of disposing of the labour-power of others" (4, 86, 46), i.e., the exploitation of labour by capital. The development of the productive forces under capitalism turns the vast majority of society into proletarians—a class for which not only its "relation to the capitalist, but labour itself" becomes "unbearable" (4, 74). Under these conditions, the productive forces themselves are transformed into their opposite, becoming "destructive forces". This antagonistic contradiction inherent in capitalism between the productive forces and the relations of production provides the basis for socialist revolution.

Capitalist society is characterised by the domination of the productive forces over people. "...As long as man remains in naturally evolved society, that is, as long as a cleavage exists between the particular and the common interest, as long, therefore, as activity is not voluntarily, but naturally, divided, man's own deed becomes an alien power opposed to him, which enslaves him instead of being controlled by him" (4, 47). In this context, Marx and Engels point out the indifference of the worker under capitalism to his labour. Given a social division of labour based on private property, productive power is transformed into "social power" that is not only independent of the will and behaviour of people, but also dominates them. The transformation of the product of human activity into a power dominating people is described by Marx as "alienation". Communism alone is capable of abolishing this alienation.

The material precondition for communism is a "tremendous growth" of productive power and a "high degree of its development", so, in contrast to utopian communism, scientific communism considers the development of capitalism, based on the "broadest division of labour" and the development of large-scale industry, as a progressive factor, since the abolition of private property is only possible given a developed large-scale industry.

In fact, only at a high stage of development of the productive forces does the antagonistic contradiction between them and capitalist social relations become really "unendurable"; the "alienation" of social activity becomes the very "power against which men make a revolution". "...The contradiction between the instrument of production and private property is only the product of large-scale industry, which, moreover, must be highly developed to produce this contradiction. Thus only with large-scale industry does the abolition of private property become possible" (4, 63-64). Only with the development of large-scale industry does a developed working class become possible, does a revolutionary mass take shape that rises up against the capitalist system. The existence of a developed proletariat "presupposes the *world market*".

Furthermore, a high level of development of the productive forces is a condition for the universal intercourse between people on a global scale, a condition for putting

"world-historical, empirically universal individuals in place of local ones" (4, 49). "Without this," Marx and Engels point out, "communism could only exist as a local phenomenon..." (4, 49).

Marx and Engels considered communist revolution as a world-historical process that could be initiated only by "the act of the dominant peoples 'all at once' and simultaneously"¹ (4, 49). Later, Lenin came to the conclusion that it was both possible and necessary, at the monopoly stage of capitalism, for socialist revolution to triumph first in a few countries, or even in one, and not necessarily in the most developed, capitalist country. Lenin's conclusion in no way cancelled out Marx's and Engels' general proposition concerning communist revolution as a world-historical process. Lenin only meant that this process could and should be initiated in a single country. Of extreme interest in this context is the idea expressed by Marx and Engels that "... to lead to collisions in a country, this contradiction² need not necessarily have reached its extreme limit in that particular country. The competition with industrially more advanced countries, brought about by the expansion of international intercourse, is sufficient to produce a similar contradiction in countries with a less advanced industry" (4, 74-75). Lenin showed that, under the conditions of imperialism (when the capitalist system as a whole is ripe for socialist revolution), countries with less developed productive forces can become the vanguard of the world communist revolution. Yet, just as "the proletariat can ... only exist world-historically", so "communism, its activity, can only have a 'world-historical' existence" (4, 49). Thus, Marx, Engels and Lenin always viewed the world communist revolution as a world-historical process, the length of which would be determined by the specific historical conditions.

Finally, only at a high level of development of the productive forces is it possible to achieve the abundance of consumer goods that constitutes an essential precondition

¹ For more detail on this see 64, 84-92. By "dominant peoples" Marx and Engels meant the peoples of the developed capitalist countries.

² Between the productive forces and the relations of production.

for communism. "... In general, people cannot be liberated as long as they are unable to obtain food and drink, housing and clothing in adequate quality and quantity" (4, 38). Without such a development of the productive forces "privation, *want* is merely made general, and with *want* the struggle for necessities would begin again, and all the old filthy business would necessarily be restored" (4, 49).

Particular attention should be focused on the fact that, in formulating the conditions for the real liberation of people, Marx and Engels mention, together with historical conditions, the level of industry, trade and agriculture, "the level of ... intercourse" (4, 38), a term they were using at that time to designate, among other things, the relations of production. The idea that the material preconditions for communism include, as well as a definite level of development of the productive forces, a definite state of the relations of production, was developed in 1857-58 in the initial variant of *Capital*. In the 1860s, Marx discovered a series of such "elements of the highest new form" already existing within the framework of capitalism. Later we shall speak about this in more detail (see Chapter Three, in particular).

It follows from the conditions of the class struggle in capitalist society that the proletariat, although seeking to destroy the entire old social form and any domination at all, "must first conquer political power" (4, 47). Yet the need for communist revolution is determined not only by the need for the proletariat to overthrow the dominant classes of bourgeois society and establish its own political domination; people can be given a communist consciousness and changed on a mass scale only "in a practical movement, a *revolution* ... the class *overthrowing* the ruling class can only in a revolution succeed in ridding itself of all the muck of ages and become fitted to found society anew" (4, 53). Thus, it is not "mental criticism", but the practical overthrow of the actual social relations, "not criticism but revolution is the driving force of history" (4, 54).

Communist revolution overturns the very foundations of the relations of production by abolishing private property. This is necessitated by the antagonistic contradictions in capitalist society. "Things have now come to such a pass

that the individuals must appropriate the existing totality of productive forces, not only to achieve self-activity, but, also, merely to safeguard their very existence" (4, 87). Yet this is not the only thing. The social character of the productive forces requires that their appropriation also be social, i.e., requires social or public property. Together with private property, communist revolution abolishes the "estrangement", enslavement of the individual by his own product. Communism means "control and conscious mastery of these powers, which, born of the action of men on one another, have till now overawed and ruled men as powers completely alien to them" (4, 48, 51-52). The development of communist society "is subordinated to a general plan of freely combined individuals" (4, 83).

Communist revolution destroys the dependence of individuals on a specific form of activity and especially the opposition between town and countryside. Only given social property is the personal freedom of individuals possible. Only abolition of wage-labour makes it possible for proletarians to assert themselves as individuals (4, 47, 64, 77-80).¹

The foundations of scientific communism elaborated in *The German Ideology* meant a final break with the utopian theories that preceded or were contemporary with Marx and Engels.

As Lenin noted, utopian socialism "criticised capitalist society, it condemned and damned it, it dreamed of its destruction, it had visions of a better order and endeavoured to convince the rich of the immorality of exploitation" (41, 27). Only once Marx and Engels had found, deep within the capitalist system, the social force that could and inevitably would become the creator of the new society, did socialism receive a scientific foundation and its transformation from a utopia into a science begin. In this context, it must be stressed that the *Economic and Philosophic Manu-*

¹ The further research undertaken by Marx during the 1860s into the social consequences of the development of large-scale machine industry showed that the widespread application of scientific achievements in capitalist production, as well as having negative consequences, promotes the all-round mobility of the worker and makes it possible for him to change his trade (see Chapter Four).

scripts of 1844 already contained a critique of utopian views of communism (2, 293-98), but it was not until Marx and Engels had proceeded with their analysis of social production and evolved their materialist conception of history in *The German Ideology* (written about a year later) that they were able to give a detailed formulation of the basic theses of the theory of scientific communism and make their criticism of utopian socialism more profound. In the theoretical sphere this applied, in particular, to Feuerbach, whose identification of essence and being (Feuerbach's work *Grundsätze der Philosophie der Zukunft* says: "What my essence is, is my being") (4, 13) Engels described as a fine panegyric upon the existing state of affairs. If, then, "millions of proletarians feel by no means contented with their living conditions, if their 'being' does not in the least correspond to their 'essence', then, according to the passage quoted, this is an unavoidable misfortune, which must be borne quietly. These millions of proletarians or communists, however, think quite differently and will prove this in time, when they bring their 'being' into harmony with their 'essence' in a practical way, by means of a revolution" (4, 58).

In opposition to such notions, Marx and Engels proceeded from the view that "it is possible to achieve real liberation only in the real world and by real means", that "it is a question of revolutionising the existing world, of practically coming to grips with and changing the things found in existence" (4, 38, 39). "Communism," they stressed, "is for us not a *state of affairs* which is to be established, an *ideal* to which reality [will] have to adjust itself. We call communism the *real* movement which abolishes the present state of things" (4, 49).

Marx and Engels emphasise that communism arises from the conditions created by bourgeois society. "Communism differs from all previous movements in that it overturns the basis of all earlier relations of production and intercourse, and for the first time consciously treats all naturally evolved premises as the creations of hitherto existing men, strips them of their natural character and subjugates them to the power of the united individuals. Its organisation is, therefore, essentially economic, the material production of the conditions of this unity; it turns existing conditions into conditions of unity" (4, 81).

The German Ideology was published only after the death of both Marx and Engels, but the propositions formulated there were restated in some form or another and further developed in a number of their works dating from the late 1840s, especially *The Poverty of Philosophy*, *Wage-Labour and Capital* (together with the kindred manuscript *The Wages*), in *Principles of Communism* and the *Manifesto of the Communist Party*. We shall now consider these works from the angle of our subject.

5. THE FIRST PRINCIPLES OF THE THEORY OF SURPLUS-VALUE

During the elaboration of their theory of scientific communism, Marx and Engels were compelled to engage in constant polemics with diverse trends in petty-bourgeois socialism, in particular Proudhonism. As the Marxist theory developed, the criticism of Proudhonism became more profound. The urgent need to dissociate themselves theoretically from this "false brother" of scientific communism in turn stimulated Marx and Engels in the elaboration of their theory. Countering Proudhon's arguments in *The Poverty of Philosophy*, Marx not only takes the theoretical results obtained during the previous period as his basis; he also develops them considerably.

Proudhon proposed that compulsory equivalent exchange would be capable of abolishing capitalist exploitation even within the framework of bourgeois society. Arguing against this view, Marx puts forward a thesis of great importance for his future theory of surplus-value: "In exchanging these equal quantities of labour-time, one does not change the reciprocal position of the producers, any more than one changes anything in the situation of the workers and manufacturers among themselves. To say that this exchange of products measured by labour-time results in an equality of payment for all the producers is to suppose that equality of participation in the product existed before the exchange" (5, 126). We have seen that the primacy of material production led Marx to conclude, even in the *Economic and Philosophic Manuscripts of 1844*, that the essence of capitalist exploitation should be sought in the actual process of capitalist production. Now this conclusion acquires

more specific features: the essence of capitalist exploitation must be revealed in the context of the equivalent exchange between worker and capitalist.¹

Marx did not, however, confine himself here to formulating the problem. In *The Poverty of Philosophy* and later in *Wage-Labour and Capital*, he also made the first important steps in solving the problem thus posed. Like Adam Smith before him, Proudhon reduced the value of commodities to the "value of labour". Marx showed that, in so doing, Proudhon had taken a step backwards not only compared with Ricardo, who criticised Smith's view, but also compared with Smith himself.² He remarked that "labour, inasmuch as it is bought and sold, is a commodity like any other commodity, and has, in consequence, an exchange value... As a commodity, labour has value and does not produce" (5, 130). Essentially Marx is here distinguishing use-value from the value of the commodity "labour-power" in his later terminology.

Marx progressed further on in his research into the process of capitalist exploitation in *Wage-Labour and Capital*, where he speaks directly about the property of the worker consisting solely of "the capacity to labour", saying that as a result of exchange between capital and labour, the capitalist gets control of the "reproductive power" of the worker, his "labour-power".³ "The worker receives means

¹ The specification of this conclusion was greatly promoted by a considerable change in Marx's view of the labour theory of value put forward by the classics of bourgeois political economy. "Ricardo's theory of values," Marx now notes, "is the scientific interpretation of actual economic life" (5, 124). The inevitable divergence of prices from values is in no way evidence of a disturbance in the operation of the law of value; on the contrary, it is an essential form of its manifestation. The principle of the primacy of production with respect to exchange, as established in *The German Ideology*, was also of fundamental significance.

² "Adam Smith takes as the measure of value, now the labour-time needed for the production of a commodity, now the value of labour. Ricardo exposes this error by showing clearly the disparity of these two ways of measuring. M. Proudhon outdoes Adam Smith in error by identifying the two things which the latter had merely put in juxtaposition" (5, 128).

³ It should be emphasised, in particular, that these conclusions were drawn by Marx as a further development of the theory of "alienated labour". Marx argues as follows. Being the price of labour, wages are not, at the same time, the worker's share of the product. This is because his labour is alienated from him, is not a

of subsistence in exchange for his labour," Marx writes, "but the capitalist receives in exchange for his means of subsistence labour, the productive activity of the worker, the creative power whereby the worker not only replaces what he consumes but gives to the accumulated labour a greater value than it previously possessed" (6, 213). As we can see from his terminology,¹ Marx has here come right to the solution of the key problem in the theory of surplus-value, that of explaining capitalist exploitation in the context of equivalent exchange, i.e., the law of value.

Marx showed that Proudhon's utopian dreams of equivalent exchange as a way to abolish exploitation and ensure proportional production had predecessors among the English socialist economists, such as John Francis Bray. Long before Proudhon, this economist worked out recipes for the egalitarian application of Ricardian theory. Bray pointed out the non-equivalent nature of exchange between worker and capitalist and demanded for the worker the full product of his labour, proposing that equivalent exchange was fully capable of abolishing the exploitation of labour by capital, of eliminating "the institution of property as it at present exists", of "totally subverting the present arrangements of society". As Bray saw it, the introduction of "universal labour" was an essential preliminary condition for this. "If exchanges were equal . . . the wealth of the present capitalists" would "gradually go from them to the working classes. . . . The principle of equal exchanges, therefore, must from its very nature ensure *universal labour*" leading to communism (5, 139-41).

The utopian character of Bray's conception was quite

part of his life, so the product of his labour cannot be the object of his labour. His aim, in fact, is wages, embodied in a certain quantity of essentials. In order to obtain these, the worker sells his life-activity (6, 202, 203). Here it is obvious that the theory of surplus-value sprang from that of alienated labour. Marx progresses from a general description of capitalist exploitation to explaining its mechanism; one of the most important preconditions for this is to differentiate between the use-value and the value of the commodity "labour-power": the first is expressed in the product of labour, the second in wages.

¹ The term "labour-power" (*Arbeitskraft*), as we have seen, was already used in *The German Ideology*, where Marx and Engels give the bourgeois economists' definition of property as "the power of disposing of the labour-power of others" (4, 46).

clear to Marx, who noted in this connection that individual exchange, i.e., that of equivalents, under the conditions of private property would inevitably give rise to capitalist relations. It may be assumed, however, that Bray's views were of interest to Marx in a somewhat different aspect since he notes that "Mr. Bray . . . proposes merely measures which he thinks good for a period of transition between existing society and a community regime" (5, 142). Marx quotes Bray as saying that "...some preparatory step must be discovered and made use of—some movement partaking partly of the present and partly of the desired system", which is "nothing but a concession to present-day society in order to obtain communism" and is "so constituted as to admit of *individual property* in productions in connection with a *common property* in productive powers" (5, 141, 142). In the *Principles of Communism* and the *Manifesto of the Communist Party*, Marx and Engels posed the problem of the transitional period in a completely different way, considering it as a period during which private property, particularly in productive forces, would be gradually abolished, but Bray's ideas may have given them a certain impetus in this respect.

A considerable place in *The Poverty of Philosophy* is taken up by a comprehensive explanation of the dialectics of the interaction between the productive forces and the relations of production in the development of society.¹ Here Marx pursues a dual goal. First, he is striving "to catch a glimpse of the material conditions necessary for the emancipation of the proletariat and for the formation of a new society" (5, 177). Let us recall that it was, above all, the study of the material preconditions for communist society that determined the scientific character of Marxist theory in contrast to the various utopian forms of pre-Marxian socialism.² Second, in considering the interaction between the productive forces and the relations of production from the angle of the correlation between the material content and social form

¹ Marx views this interaction as a specific form of dialectical movement, the essence of which is "the coexistence of two contradictory sides, their conflict and their fusion into a new category" (5, 168).

² Yet, as Marx notes, this study itself only became possible once these material preconditions had reached a certain specific level of development within bourgeois society (5, 177).

of material production, Marx describes some of the basic features of the communist economy.¹

The first and most important material precondition for the abolition of capitalism is the development of the working class. In Marx's idea, the operation of the law of value, a necessary manifestation of which is the tendency of wages to approach their minimum, is responsible for the inevitable poverty of the working class and "is inevitably the formula of the present enslavement of the worker" (5, 125). It is also logical that workers will try to fight against capitalist exploitation. Marx shows that a combination and union of workers constitutes an objective consequence of the development of the capitalist mode of production. He remarks that "England, whose industry has attained the highest degree of development, has the biggest and best organised combinations" (5, 210). The thesis put forward in *The Poverty of Philosophy* concerning the need for workers to unite in order to fight against the capitalist class was later comprehensively elaborated in Volume I of *Capital* (of which more detail will be given in Chapter Four).

Bourgeois economists, and petty-bourgeois socialists in their wake, asserted that the combination of workers was economically unprofitable for them,² that "it is an effort as ridiculous as it is dangerous ... to revolt against the eternal laws of political economy" (5, 209). Marx is not yet in a position to refute this thesis (though he does so at a later date). In defence of combination he puts forward the argument that the political unification of the workers achieved with its help, i.e., the rise of the working class

¹ The two aspects of the study are closely interconnected. Forecasting with respect to the communist economy is based on analysis of the economic processes that constitute the material preconditions for the future society. In this lies the difference between genuinely scientific forecasting and utopia.

² This assertion was also substantiated by the fact that, as Marx writes, "from 1825 onwards, almost all the new inventions were the result of collisions between the worker and the employer who sought at all costs to depreciate the worker's specialised ability. After each new strike of any importance, there appeared a new machine" (5, 188). Later, in the economic manuscript of 1861-63 (see 22, 316-19), Marx presents similar facts concerning the influence exerted by the strike struggle on the invention of machinery, but in this case they provided the basis for completely different conclusions (see Section 1 of Chapter Three).

as such, is more essential for the workers than "the maintenance of wages" (5, 210).¹

In his works dating from the later 1840s, Marx made a more profound analysis of the economic position of the working class in bourgeois society and the economic factors behind the antagonism between the class interests of workers and capitalists. Drawing on the works of a number of bourgeois economists, Marx showed that, as the productive forces develop, the position of the working class deteriorates relative to that of the capitalist class and the share of living labour in the capital advanced decreases. Marx identifies four consequences of the development of the productive forces in bourgeois society: first, "the position of the worker relative to that of the capitalist worsens"; second, the labour of the worker is "increasingly transformed into simple labour"; third, the wages depend increasingly on fluctuations of the world market and the position of the workers becomes more and more unstable; fourth "it is ... a general law which necessarily arises from the nature of the relation between capital and labour that in the course of the growth of the productive forces the part of productive capital which is transformed into machinery and raw material, i.e., capital as such, increases in disproportion to the part which is intended for wages" (5, 422, 432). This meant that Marx was very close to formulating the general law of capitalist accumulation.

In *The Poverty of Philosophy*, he considers certain basic categories of political economy, striving everywhere to trace

¹ In these works Marx still directly links the revolutionary mood of the working class with fluctuations in wages; at the same time, he recognises the need for a rise in wages—albeit temporary—as one of the conditions for liberating workers from the oppression of the capitalists. "...The fluctuations of wages," Marx writes, "not only revolutionise the worker, but ... without the temporary rise of wages above the minimum he would remain excluded from all advances of production, from public wealth, from civilisation, hence from all possibility of emancipation" (5, 426).

The working class must also establish itself as a class because "the individual proletarian, the property, so to speak, of the whole bourgeois class, whose labour is only bought from him when somebody needs it, has no guaranteed subsistence. This subsistence is guaranteed only to the proletarian class as a whole" (5, 344). Later the thesis concerning the "masonic fraternity" of capitalists in the process of capitalist exploitation was further substantiated in Vol. III of *Capital* (see Chapter Three).

the material preconditions for the communist restructuring of society that are concealed in the economic processes expressed by these categories. Thus, Marx notes that the capitalist factory (in other words, the capitalist mode of the application of machines) creates "the need for universality, the tendency towards an integral development of the individual. . . . The automatic workshop wipes out specialists and craft-idiocy" (5, 190). Later, when analysing the division of labour in the capitalist factory, Marx comes to the conclusion that this type of division of labour constitutes the prototype of the organisational structure of the future society, primarily with respect to the centralised management of it. ". . . The society best organised for the production of wealth would undoubtedly be that which had a single chief employer, distributing tasks to the different members of the community according to a previously fixed rule" (5, 184).¹ Marx naturally thinks of this society above all as a classless one. "The working class, in the course of its development," he states, "will substitute for the old civil society an association which will exclude classes and their antagonism" (5, 212).

6. ECONOMIC SUBSTANTIATION OF THE NEED FOR A PERIOD OF TRANSITION FROM CAPITALISM TO COMMUNISM

The *Principles of Communism* and the *Manifesto of the Communist Party* to some extent sum up the results obtained by Marx and Engels during the 1840s in elaborating and substantiating the theory of scientific communism. At the same time, these works specify the theory of scientific communism with respect to the period of transition from capitalism to communism.

¹ The first elements of the forecasting of the economic organisation of communist society were contained in Engels' Elberfeld speeches of February 1845. "In communist society," Engels said, "where the interests of individuals are not opposed to one another but, on the contrary, are united, competition is eliminated. . . . As soon as private gain . . . disappears. . . , trade crises will also disappear of themselves. . . . It will be easy to be informed about both production and consumption. Since we know how much, on the average, a person needs, it is easy to calculate how much is needed

The *Manifesto* outlines capitalism's general course of development and describes its basic laws, as well as continuing the criticism of bourgeois political economy that Marx and Engels started in the early 1840s. Since the decline of the primitive communal society, the history of all previous societies has been "the history of class struggles" (5, 482). Bourgeois society is characterised by a struggle between the two main classes—the bourgeoisie and the proletariat. The *Manifesto* shows the historical genesis of these classes and the historical role of the bourgeoisie, which "cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society" (5, 487). Yet the powerful productive forces developed by the bourgeoisie proved to be fettered by the capitalist relations of production, as is clearly evidenced by the periodical economic crises that shake the bourgeois economy.¹

by a given number of individuals, and since production is no longer in the hands of private producers but in those of the community and its administrative bodies, it is a trifling matter to regulate production according to needs. . . . It will be . . . easy for the central authority to determine how much all the villages and townships in the country need. Once such statistics have been worked out—which can easily be done in a year or two—average annual consumption will only change in proportion to the increasing population. . . . In communist society . . . the administrative body . . . would have to manage not merely individual aspects of social life, but the whole of social life in all its various activities, in all its aspects" (3, 246, 247, 248).

¹ The question of the level of development of capitalist production required for abolishing private property was later studied in detail in the initial variant of *Capital* (see Chapter Two). Yet even at this stage, Marx and Engels understood that "as long as large-scale industry is not so far advanced that it frees itself completely from the fetters of private property, thus long does it permit no other distribution of its products than that at present occurring" (5, 305). Describing capitalist production at the time, Engels wrote in 1847: "Because large-scale industry, the development of machinery, communications and world trade are assuming such gigantic proportions that their exploitation by individual capitalists is becoming daily more impossible; because the mounting crises of the world market are the most striking proof of this; because the productive forces and the means of exchange which characterise the present mode of production and exchange are daily becoming increasingly more than individual exchange and private property can manage; because, in a word, the moment is approaching when communal management of industry, of agriculture and of exchange will become a material necessity for industry, agriculture and exchange them-

The antagonistic development of capitalist society makes it absolutely essential for a social organisation to be created "in which industrial production is no longer directed by individual factory owners, competing one against the other, but by the whole of society according to a fixed plan and according to the needs of all". For this, however, private property needs to be abolished, which "is indeed the most succinct and characteristic summary of the transformation of the entire social system necessarily following from the development of industry, and it is therefore . . . put forward by the Communists as their main demand" (5, 347, 348).

At the same time, the development of the productive forces under capitalist conditions creates the necessary material prerequisites for the socialist restructuring of society, as well as giving rise to a proletariat—the class destined to carry out this restructuring. This was how the authors of the *Manifesto* accomplished the task they set themselves, that of "proclaiming the impending doom of existing bourgeois property as inevitable" (26, 296).

In the *Principles of Communism*, Engels justifies the need for a period of transition from capitalism to communism by arguing that to abolish private property immediately was "just as impossible as at one stroke to increase the existing productive forces to the degree necessary for instituting community of property. Hence, the proletarian revolution . . . will transform existing society only gradually, and be able to abolish private property only when the necessary quantity of the means of production has been created" (5, 350). In the *Manifesto*, Marx and Engels consider the conditions for making the proletariat the dominant class, and formulate the historic task of the dictatorship of the proletariat as follows: "The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, i.e., of the proletariat organised as the ruling class; and to increase the total of productive forces as rapidly as possible" (5, 504).

selves—for this reason private property will be abolished" (5, 304). As we can see, this passage does not say explicitly that the productive forces were already ripe for socialist revolution. Engels is only saying that they were *approaching* this stage. The theory of economic crises that Marx elaborated in the late 1850s and early 1860s allowed certain adjustments to be made to this assessment.

The *Manifesto* outlines a programme of transitional measures that the proletariat must carry out after gaining political power. The initial version of this programme, given by Engels in the *Principles of Communism*, included twelve points. In the *Manifesto* it is reduced to ten points: 1. Abolition of property in land and application of all rents of land to public purposes; 2. A heavy progressive or graduated income tax; 3. Abolition of all right of inheritance; 4. Confiscation of the property of all emigrants and rebels; 5. Centralisation of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly; 6. Centralisation of the means of communication and transport in the hands of the State; 7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of waste-lands and the improvement of the soil generally in accordance with a common plan; 8. Equal liability of all to labour. Establishment of industrial armies, especially for agriculture; 9. Combination of agriculture with manufacturing industries, gradual abolition of the distinction between town and country, by a more equable distribution of the population over the country; 10. Free education for all children in public schools. Abolition of children's factory labour in its present form. Combination of education with industrial production (5, 505).

It follows from this programme that the fundamental tasks of the transitional period are seen by Marx and Engels as the socialisation of the means of production and distribution, as the obligation to work, the rapid development of the productive forces, and elimination of the opposition between town and country.

The transitional measures lead to the final abolition of private property. "Finally, when all capital, all production, and all exchange are concentrated in the hands of the nation, private ownership will automatically have ceased to exist, money will have become superfluous, and production will have so increased and men will be so much changed that the last forms of the old social relations will also be able to fall away" (5, 351).

Thus, in the *Principles of Communism* and the *Manifesto of the Communist Party*, Engels and Marx first elaborated a detailed conception of the transitional period, a historical stage necessitated by the fact that private property can

be abolished and the productive forces developed to the required level only gradually. To our mind, this conception implies that the proletariat should not expect capitalism to develop the productive forces to the level required by the proletariat. This problem must be solved by the proletariat during the transitional period.¹ We believe that this is also why the transformation of private capitalist property into public property must be gradual.

In the *Principles of Communism*, Engels gives a detailed analysis of "the consequences of the final abolition of private ownership". He describes the basic features of communist society as follows: First, society will "take out of the hands of the private capitalists the use of all the productive forces and means of communication as well as the exchange and distribution of products and manage them according to a plan corresponding to the means available and the needs of the whole of society". Second, "the extended production . . . will then not even be adequate and will have to be expanded much further. . . . Over-production beyond the immediate needs of society will . . . create new needs and at the same time the means to satisfy them. It will be the condition and the cause of new advances. . . ." Third, ". . . society will produce enough products to be able so to arrange distribution that the needs of all its members will be satisfied. The division of society into various antagonistic classes will thereby become superfluous. . . . It is even incompatible with the new social order. Classes came into existence through the division of labour and the division of labour in its hitherto existing form will entirely disappear. For in order to bring industrial and agricultural production to the level described, mechanical and chemical aids alone are not enough; the abilities of the people who set these aids in motion must also be developed to a corresponding degree. . . . Education will enable young people quickly to go through the whole system of production, it will enable them to pass from one branch of industry to another according to the needs of society or their own inclinations. . . . Thus the communist organisation of society will give its members the chance of an all-round exercise

¹ Marx's and Engels' thesis concerning the development of the productive forces during the transitional period, was later developed and specified by Lenin. It was fully confirmed under the conditions obtaining in Russia (see Chapter Six).

of abilities that have received all-round development. With this, the various classes will necessarily disappear. . . . The antagonism between town and country will likewise disappear" (5, 352-53).

Then follows the general conclusion: "The general association of all members of society for the common and planned exploitation of the productive forces, the expansion of production to a degree where it will satisfy the needs of all, the termination of the condition where the needs of some are satisfied at the expense of others, the complete annihilation of classes and their antagonisms, the all-round development of the abilities of all the members of society through doing away with the hitherto existing division of labour, through industrial education, through change of activity, through the participation of all in the enjoyments provided by all, through the merging of town and country such are the main results of the abolition of private property" (5, 354).

This detailed description is summed up in the *Manifesto of the Communist Party* in the following brilliant formula: "In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all" (5, 506).

The authors of the *Manifesto of the Communist Party* still believed that communism would only triumph in all or the majority of capitalist countries at once: "The communist revolution will . . . be no merely national one; it will be a revolution taking place simultaneously in all civilised countries, that is, at least in England, America, France and Germany" (5, 352), but, as noted earlier, this should not be taken too literally. The *Manifesto* emphasises: "The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie" (5, 495).

The *Manifesto* also provides a scientific substantiation of the need for setting up a communist party. Such a party is essential for the formation of the proletariat as a class, for the overthrow of the rule of the bourgeoisie and the seizure of political power by the proletariat. At all stages in the proletarian struggle, the Communists represent the interests of the movement as a whole; they "everywhere support every revolutionary movement against the existing social and political order of things . . . they labour every-

where for the union and agreement of the democratic parties of all countries" (5, 519).

The final call of the *Manifesto of the Communist Party* is "Working men of all countries, unite!", which has become the guiding principle for the international communist movement and has since been economically justified (see Chapter Three).

7. THE PREREQUISITES FOR THE FURTHER ELABORATION OF ECONOMIC THEORY

Let us sum up the points in the economic substantiation of scientific communism that were worked out by Marx and Engels in the latter half of the 1840s, especially in *The Poverty of Philosophy* and *Wage-Labour and Capital*. At a later date, Marx described *The Poverty of Philosophy* as a work containing the embryo of his economic theory (see 26, 229). The same applies, of course, to *Wage-Labour and Capital*.¹ As we have seen, these works really do contain important elements of the future theory of surplus-value: first, they set out to explain capitalist exploitation in the framework of the law of value, on the basis of the exchange of equivalents; second, they draw distinction between labour and labour-power, though this is not yet done in appropriate terms. Thus, in the second half of the 1840s, Marx had already progressed from a general description of capitalist exploitation as a process of alienated labour, to an explanation of the mechanism by which it functions. In order to do this, however, he had first to develop his own theory of value and to analyse the commodity as the elementary cell of capitalism. After all, the duality of the specific commodity "labour-power" (from which arises this commodity's ability not only to reproduce its own value, but to create surplus value that is appropriated gratis by the capitalist) could only be studied once the duality of any commodity, the commodity as such, had been investigated.²

¹ In the Preface to Volume II of *Capital*, Engels assessed these works similarly.

² This is why we cannot agree with D. I. Rosenberg, who asserted that, in *The Poverty of Philosophy*, Marx had already set out the "principles" of the theory of surplus-value, while *Wage-Labour and Capital* contained "the very core" of this theory (110, 228, 246).

In *The Poverty of Philosophy* and his other works dating from the late 1840s, Marx was still, on the whole, working from the Ricardian theory of value. He had not yet abandoned the economic theory of the classics and had yet to develop his own theory. The criticism of bourgeois political economy contained in *The Poverty of Philosophy* concerns its general methodological principles: its inherent anti-historical approach, attempts to present the economic laws of capitalism as eternal laws of nature. Yet all the basic definitions of value given by Marx in *The Poverty of Philosophy* correspond to Ricardo's. Thus, Marx says that, under the conditions of competition, the value of a thing is determined by "the *minimum* time it could possibly be produced in" (5, 136). This is a description of value as the product of necessary labour. (Later we shall see that, strictly speaking, the definition of necessary working time as the *minimum* working time gives no indication about the nature of market value and, consequently, about the origin of extra profit.) This same definition of value is, however, given by Ricardo, in one of the passages quoted by Marx in *The Poverty of Philosophy*. Ricardo says he had made "labour the foundation of the value of commodities and the comparative quantity of labour which is necessary to their production, the rule which determines the respective quantities of goods which shall be given in exchange for each other". Further in *The Poverty of Philosophy*, Marx speaks of the depreciation of value as a result of technological progress, stressing that "this fact was already pointed out by Ricardo" (5, 123, 135).

In *The Poverty of Philosophy*, the concept of necessary labour still figures in its most general form. Here it is not yet an integral part of Marx's doctrine on the specific character of social labour under capitalist conditions. *The Poverty of Philosophy* does not contain the fundamental definition of value distinguishing Marx's labour theory of value from Ricardo's: the definition of the value of a commodity as the expenditure of such socially necessary labour that proves its social nature only through alienation of the commodity, through its realisation in the process of exchange. In other words, the concept of abstract labour as labour creating value does not occur in *The Poverty of Philosophy*. Marx first developed the doctrine on the duality of labour and, consequently, of the product of labour in

bourgeois society in the initial variant of *Capital*, thus, for the first time too, abandoning Ricardo's theory of value.

In the manuscript *Wages*, related to the work *Wage-Labour and Capital*, Marx progressed considerably in his studies of the condition of the working class under capitalism. Proceeding from the work of the Swiss economist Cherbuliez,¹ Marx, in effect, pointed out an important tendency of the organic composition of capital: the growth of the share of constant capital, spent on means of production, and the drop in the share of variable capital, spent on wages, i.e., the share of living labour, in the capital advanced.

In *The Poverty of Philosophy*, Marx uses the example of feudal society to develop a programme of research into the mode of production "founded on antagonism". "It must be shown," Marx writes, "how wealth was produced within this antagonism, how the productive forces were developed at the same time as class antagonisms, how one of the classes . . . went on growing until the material conditions for its emancipation had attained full maturity. . . . As the main thing is not to be deprived of the fruits of civilisation, of the acquired productive forces, the traditional forms in which they were produced must be smashed" (5, 175). It is obvious that fulfilment of this programme with respect to bourgeois society would require, in particular, an economic substantiation of the materialist conception of history and, by implication, of the theory of scientific communism. The first step in this direction was explored by Marx and Engels in *The German Ideology*: "Empirical observation must in each separate instance bring out empirically, and without any mystification and speculation, the connection of the social and political structure with production" (4, 35). This is exactly why, soon after working out the materialist conception of history, Marx and Engels set themselves the following task: through a specific analysis of the historical period in the development of Europe extending over some years "to demonstrate the inner causal connection . . . hence . . . to trace political events back to effects of what were, in the final analysis, economic causes" (10a, 186).

¹ In the 1860s, in Volume IV of *Capital* Marx gave a detailed analysis of Cherbuliez' views (see Chapter Three).

Such an analysis of historical events based on the materialist conception of history, was carried out in a number of articles published in their journal *Neue Rheinische Zeitung, Politisch-ökonomische Revue*. The first issue of this journal contained the beginning of Marx's work *The Class Struggles in France, 1848 to 1850*, in which, like in the three international "Reviews", written jointly with Engels, he explained the defeat of the 1848-49 revolution and pointed out the inevitability of another revolution in the future. In accordance with the principles of the materialist conception of history, Marx and Engels showed that revolution is the result of a contradiction between the productive forces and the relations of production in bourgeois society. It "is only possible in the periods when both these factors, the modern productive forces and the bourgeois forms of production, come in collision with each other". In the time of Marx and Engels, the clearest manifestation of this collision was the economic crisis. Hence the conclusion: "A new revolution is possible only in consequence of a new crisis. It is, however, just as certain as this crisis" (7, 510).

These conclusions constituted a tremendous advance compared with the views of the petty-bourgeois socialists, who affirmed that the revolution failed owing to the rivalry between individual leaders of the movement, or even suggested, as Proudhon did, that by pursuing an economic policy calculated to enforce a slow-down in the growth of capital, the socialist transformation of society might be achieved by reformist methods. At the same time, however, these conclusions showed that it was precisely the economic aspects of the theory of scientific communism that had not so far been adequately elaborated. While correctly stressing the objective character of socialist revolution, Marx and Engels still made revolution too directly dependent on crisis.¹ This was mainly because, in their works of the 1840s and '50s, they still had to rely considerably on the theory put forward by the classic bourgeois economists. The conclusion concerning socialist revolution as an

¹ For more detail on this, see Chapter Two. It is interesting to note that Marx's work *Herr Vogt* (1860) includes an excerpt from the third "Review", which we have just quoted. But significantly, Marx left out the words: "It is, however, just as certain as this crisis".

inevitable result of the development of the contradictions of capitalism required a detailed study of the economic law of movement of bourgeois society.

Another example. As has been shown, in the 1840s, Marx and Engels highly appreciated the role of the trade unions and the economic struggle of the workers as a means for uniting the working class politically and as a school for its revolutionary education. Yet they underestimated the strike struggle as a means for the workers to achieve substantial changes in their economic position. In December 1847, Marx wrote on the trade unions that "if in the associations it really were a matter only of what it appears to be, namely the fixing of wages, if the relationship between labour and capital were eternal, these combinations would be wrecked on the necessity of things" (5, 435).

"...The Ten Hours' Bill," Engels wrote in 1850, "considered in itself, and as a final measure, was decidedly a false step, an impolitic, and even reactionary measure, and which bore within itself the germ of its own destruction". Since he considered that the strike by engineering workers that began in late December 1851 in support of a claim for the abolition of overtime and for an improvement of working conditions, might hamper the development of the economic crisis, and thus the onset of the revolution, Engels called this strike "stupid" (7, 273, 292-93, 297; 27, 35). Thus, while highly evaluating the political significance of the strike struggle, Marx and Engels, in essence, denied its economic significance.

These statements by Marx and Engels derived directly from the economic views they held at the time, from the false thesis, which they shared, that the normal price of labour-power under capitalism corresponded to the minimum wage.

It should be noted that, as early as 1853, in one of his articles published in the *New-York Daily Tribune*, Marx posed the question of the workers' struggle for higher wages quite differently. "There exists," he wrote, "a class of philanthropists, and even of socialists, who consider strikes as very mischievous to the interests of the 'working-man himself', and whose great aim consists in finding out a method of securing permanent average wages" (8, 169). In his arguments against such views, Marx proceeds from the cyclical nature of the development of capitalism, which

is putting all "such average wages out of the question" and is producing changes in wages and the constant struggle between employers and workers (8, 169).

This is already a substantially different formulation of the question than that given in the 1840s. Yet, only once he had gone over from the concept of "labour—commodity" to a more profound analysis of the commodity "labour-power", could Marx consider the relationship between labour and capital not as a relationship between objects, between "direct" and "accumulated" labour, as bourgeois economists did, but as a specific social, i.e., class relationship, that can be understood only in connection with the class struggle between workers and capitalists.

We have already noted that, in the works of the 1840s, especially *The German Ideology*, Marx and Engels developed not only the materialist conception of history and the theory of scientific communism, but also the methodological principles that Marx used later, when writing *Capital*, to substantiate both these theories. Here we mean the analysis made in these works of the dialectical unity of the productive forces and the relations of production in social production, which constitutes the fulcrum of the materialist understanding of history. This "splitting" of the category of social production is based on the general methodological principle of Marxist theory requiring the material content of any social phenomenon to be distinguished from its social form. Such an approach makes it possible to consider phenomena from the historical angle, as they develop, and it also immediately indicates the source of this development—the contradiction between the material content and the social form of the phenomenon. In the *Economic and Philosophic Manuscripts of 1844* and *The German Ideology*, Marx and Engels gave a "macroanalysis" of social production, an analysis of it in its general form. They established that the productive forces form the material content of production, while the relations of production constitute its social form. The theory of scientific communism was a conclusion deriving directly from this "macroanalysis" of social production.

After this, the task naturally arose of providing a further economic substantiation of both the materialist understanding of history and the theory of scientific communism directly derived from it. Marx and Engels gave individual

elements of such a substantiation in their works dating from the second half of the 1840s, but the task was completed in *Capital*, where Marx gives a "microanalysis" of capitalist production, a detailed analysis of economic processes and the corresponding economic categories. Research into the fundamental processes taking place in capitalist production allowed Marx to ascertain the mechanism of its functioning and thus to reveal the economic law governing the movement of bourgeois society, the trends in its development. This was the decisive factor in the economic substantiation of the theory of scientific communism. Below, we shall attempt to show that, in elaborating his economic theory in the four volumes of *Capital*, Marx proceeded from the same methodological principle as when he worked out his materialist conception of history: Marx views every economic category proceeding from the abstract to the concrete, as a dialectical unity of the material content, reflecting, to some extent, the development of the productive forces, and the social form, reflecting some aspect of the relations of production.¹ Marx gives an economic substantiation of the theory of scientific communism at every stage of his ascent from the abstract to the concrete. The entire process, in its totality, gives a full economic justification of the theory of scientific communism. Thus, in the late 1840s, thorough research into the capitalist mode of production became an urgent necessity for the further development and substantiation of scientific communism. The necessary methodological prerequisites for this had already been created.

¹ In revealing the link between the categories of "productive forces" and "use-value", Y. Pevsner notes that "the development of use-value is the growth of the productive forces, the creation by concrete labour of more and more means of production and consumption" (104, 66).

The Poverty of Philosophy and *Wage-Labour and Capital* already clearly follow this methodological principle. In contrast to bourgeois economists, for whom machines, capital and so on were primarily a sum of things or of money, Marx speaks of capitalist "application of machinery", of capital as social relations of production (5, 183; 10a, 160).

Chapter Two

RESEARCH INTO THE MECHANISM OF CAPITALIST EXPLOITATION (1857-1859)

After studying the capitalist economy for fifteen years, Marx took a very short time—from October 1857 to May 1858—to write an extensive manuscript (over 50 signatures), which is known as the *Outlines of a Critique of Political Economy* (the *Grundrisse*). This, in fact, was the first rough draft of the future *Capital*. The manuscript is of exceptional importance in the history of Marxism.¹ It was here that Marx first developed his theory of value and, on its basis, the theory of surplus-value, which, in Lenin's words, was "the corner-stone of Marx's economic theory". He thus made his second great discovery which, together with that of the materialist conception of history, transformed socialism from a utopia into a science.

Marx used the manuscript of the *Outlines of a Critique of Political Economy* in his later work on *Capital*, yet it contains considerable material that he left out of the four volumes of *Capital*. This applies, above all, to a number of decisive points, of particular interest today, concerning the substantiation of the theory of scientific communism.

First, in the *Grundrisse*, Marx revealed the economic law of motion of bourgeois society and showed the inevitability of its revolutionary transformation into a communist society. It is in no way surprising that the problems involved in this transformation are considered in great detail in the manuscript (more so than later, in *Capital*). Second, it should be remembered that Marx wrote this manuscript at the peak of the 1857 world economic crisis, and was therefore in a hurry to finish his work, believing that an aggravation of the crisis might lead to a revolutionary situation. "I am working like mad all night and every night collating my economic studies," he wrote to Engels on December 8, 1857, "so that I at least get the outlines clear before the

¹ A detailed analysis of the manuscript is contained in sources: 83; 133; 89; 117 (see List of Quoted and Mentioned Literature).

déluge" (10). This also largely explains why, in the first variant of *Capital*, Marx gave so much attention to the problems connected with the rise of communist society. Finally, the third reason is that, while working on the initial variant of *Capital*, Marx was still considering the problems of economic theory and of the theory of scientific communism on a broader plane, using material relating both to the precapitalist formations and to the future communist society for comparison, whereas later on, as he progressed in developing his theory, he was compelled to pay more and more attention to specifically economic questions. Thus, the *Grundrisse* need to be studied comprehensively, primarily from the angle of the problems of the theory of scientific communism discussed in them. This work is extremely important in terms of methodology, too.

The principal specific feature of the rough manuscripts for *Capital* is that they primarily reflect the process of the theoretical study of the bourgeois economy, while the three volumes of *Capital*, for instance, though also reflecting this process, are mainly a systematic scientific presentation of the economic theory developed up to that time. Stressing the difference between these two consecutive stages in his scientific work, Marx wrote: "Of course the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyse its different forms of development, to trace out their inner connexion. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction" (14, 28). Marx speaks only about the formal difference between research and presentation, because they are based on the same scientific method of ascent from the abstract to the concrete. He first gave a materialist interpretation of the characteristic features of this method at the end of August 1857, in the unfinished draft of the Introduction.¹ In his criticism

¹ In this draft, Marx presents in greater detail than anywhere else his ideas on the subject-matter and method of the political economy he was developing. Proceeding from the materialist conception of history worked out in *The German Ideology* and from his concept of production as a dialectical unity of the productive forces and the relations of production, Marx speaks in the Introduction about

of Hegel's idealist interpretation of this method of scientific cognition, Marx showed, first, that the ascent from the abstract to the concrete is inevitably preceded at each stage of research by a movement from the concrete to the abstract. Each time, reality serves as the point of departure for constructing the next link in the theory. Second, the ascent from the abstract to the concrete corresponds, in the main, to the actual historical process. It begins at the stage of research and is completed at that of presentation—in the scientific reproduction of the concrete. For this reason, the process of inquiry reflected in the manuscripts necessarily includes, in addition to the ascent from the abstract to the concrete, the movement from the concrete to the abstract as the initial factor at each stage in the inquiry. This is extremely important for a genuinely creative study of Marx's economic theory. Later, the theories of value and surplus-value were set out in Marx's first edition of *A Contribution to the Critique of Political Economy* and in Volume I of *Capital*. These works have a major advantage over Marx's rough manuscript, in that they reflect the "actual movement" of the capitalist mode of production, but they leave out the initial stage in the theoretical research already mentioned. For this reason, only a comprehensive study of Marx's economic heritage in its entirety can give a correct idea of the Marxist economic doctrine.

1. CRITIQUE OF PROUDHON'S PETTY-BOURGEOIS REFORMISM. THE COMMODITY AS THE "ECONOMIC CELL" OF CAPITALISM

"The wealth of those societies in which the capitalist mode of production prevails, presents itself as 'an immense accumulation of commodities,' its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity", Marx wrote in *Capital* (14, 43). Here the category of the commodity as the elementary

socially determined production (specifically, about bourgeois production) as the subject-matter of his theoretical analysis (20, 188, 190). He showed that production, distribution, exchange and consumption (about which bourgeois economists usually write) constitute the parts of a single whole—social production.

"economic cell" of bourgeois society serves as the point of departure for building the theory. But the very process of inquiry that brought Marx to this understanding of the commodity remains concealed here, and this process is extremely important, since it alone makes it possible to avoid a false understanding of the theory as some "a priori construction", in other words, to avoid a dogmatic understanding of Marx's economic theory. The initial variant of *Capital* allows us to consider, in all its details, the rather tortuous process by which the "economic cell" of capitalism was discovered.¹

Marx studied the commodity as the elementary cell of bourgeois society within the framework of his theory of value, but in the manuscript of 1857-58, this study is contained in "The Chapter on Money" which opens the manuscript and was numbered with the Roman figure II (34, 763).² Thus, Marx began his theory of value with a critique of Proudhon's money theory, which certainly cannot have

¹ In recent years, the problem of the point of departure, of the "economic cell" of socialist society, has been broadly discussed in the political economy of socialism. L. I. Abalkin rightly notes that, for all this problem's importance, it is evidently impossible to find a final solution to it at the present time, as "all answers possible at the current level of research have already been found". Further profound research into the fundamental problems of the socialist economy is required. "In resolving these problems," Abalkin goes on to say, "we should turn again to the methodology used in Marx's *Capital*. It is of prime importance to study how, in what way, Marx arrived at a particular solution to a problem. And for this one must study his twenty-five years' work, analyse the manuscripts, letters, published articles and books. Only then will this creation of genius stand before us not as a bare result, but as a result together with the process by which it was achieved. It is precisely this approach that is required by dialectics!" (95, 55). It should be added that the process of identifying "a few decisive abstract general relations" (22, 206) must necessarily precede that of building a theory of the socialist mode of production. Just as Marx had to review such fundamental concepts of political economy as labour and value, research into the "economic cell" of socialism requires a preliminary transition from the concrete to the abstract, culminating in the identification of the fundamental economic categories of the socialist economy.

² Marx intended, when passing from research to the presentation, to premise "The Chapter on Money" with a chapter to be entitled "Value" (an outline of its beginning is to be found at the end of the manuscript under the Roman figure I (34, 763-64). Later, in *A Contribution to the Critique of Political Economy*, Marx entitled it "The Commodity".

been by chance. Here we encounter a very important specific of the research method in contrast to that of presentation. In fact, money is the most developed form in which the value of a commodity is manifested. "... We started from exchange-value, or the exchange relation of commodities," Marx wrote later, "in order to get at the value that lies hidden behind it" (14, 54). Money, the monetary form of value, is precisely the most developed form of value, one particularly suitable to capitalism. Accordingly, the theory of money is a direct *consequence* of the theory of value. This explains the fact that, in his critique of bourgeois (and petty-bourgeois) political economy, and hence in his inquiry into the subject—since this was a single process for him¹—Marx proceeded from the external manifestation to the essence of phenomena. This is why he began the process of research in the *Grundrisse* by considering the theory of money, not, moreover, the Ricardian quantitative theory,² but Proudhon's petty-bourgeois one. In essence, the latter was no more than a bourgeois interpretation of money and money circulation carried ad absurdum, so Marx had a very convenient subject for scientific criticism.

In section 2 of this chapter we shall see that in the first variant of *Capital*, Marx raised and resolved a number of cardinal problems connected with the theory of socialist revolution, above all those concerned with the economic substantiation of the need for the revolutionary overthrow of capitalism. In this context, great importance attaches to Marx's detailed critique of the reformist illusions held by petty-bourgeois socialists concerning the possibility of a non-revolutionary transition from capitalism to socialism, in particular to his refutation of the Proudhonists' thesis

¹ The study of classical political economy was, for Marx, one form of research into actual reality. To criticise bourgeois political economy and to develop his own theory was a dual process, as was also reflected in the title of Marx's economic work *Capital, A Critique of Political Economy*. In a letter to Lassalle, written on February 22, 1858, Marx described his economic research as follows: It "... is a critique of the economic categories, or, if you like, the system of bourgeois economy critically presented. It is a presentation of the system and simultaneously, through this presentation, a criticism of it" (13, 96).

² The most widespread bourgeois theory of money (which Ricardo also upheld) was called the quantitative theory, because it explained the level of commodity prices in terms of the quantity of money in circulation.

that, by reforming money circulation and the banks, it would be possible to eliminate the antagonistic contradictions of capitalism and advance to socialism.

Marx had provided a critique of Proudhon's theory of a reform of bourgeois society in *The Poverty of Philosophy*, but at that stage he was still largely relying on Ricardo's economic views. In the process of working out his own economic theory, in the late 1850s, Marx showed that the antagonistic nature of capitalist contradictions "can never be exploded by a quiet metamorphosis" (32, 77), that the attempts of the Proudhonists to preserve bourgeois society after getting rid of its "defects" constituted a harmful utopia disrupting the working class and distracting it from the work of preparing for the socialist revolution.¹

In the 1870s, when Marx tried to arrange the translation of *Capital* into French, he explained the need for his work to be distributed in France in the following way: "I consider it extremely important that the French should be emancipated from the erroneous views imposed on them by Proudhon with his idealisation of the petty bourgeoisie. One constantly met with the most hideous consequences of Proudhonism at the recent congress in Geneva, and I continue to encounter them as a member of the General Council of the International Workingmen's Association in my contacts with its Paris branch." Later, in his Introduction to Marx's work *The Civil War in France*, Engels directly blamed the Proudhonists for the economic errors of the Paris Commune: "...The Commune was the grave of the Proudhon school of socialism", he wrote (11, 187).

The research process in the *Grundrisse* begins with an analysis of the book *De la Réforme des Banques* by the Proudhonist Louis Darimon, published in 1856. According to the Proudhonists, the economic crises, the difficulties involved in

¹ Hence it is clearly incorrect to affirm, as does the German bourgeois economist R. Rosdolsky (109), that Marx's critique of Proudhonism is of no more than historical significance today. It is not even the various neo-Proudhonist trends so widespread at the present time that are at issue here. A detailed critique of the reformist illusions of petty-bourgeois socialism concerning the possibility of a non-revolutionary transition to socialism is of enduring significance for economically substantiating the inevitability of socialist revolution and is extremely topical at present, as evidenced, in particular, by the theory of the "convergence" of capitalism and socialism.

realising commodities and other economic problems of capitalist society stemmed from the privileged role of gold and silver compared with other commodities. By replacing gold and silver with "labour-money", "labour-time tickets"—receipts that would be given to the worker as proof of the number of hours he had worked—the Proudhonists intended to abolish the privileges of gold and silver and thus make every commodity directly exchangeable for "labour-money", since the latter, as they saw it, would directly reflect the amount of work spent. The idea was to be put into practice by means of a bank reform. It was with an analysis of this project that Marx began his critique of the Proudhonists. First, he analysed in great detail the statistical material presented in Darimon's book, making it possible to compare the bullion reserves of the Bank of France with the securities discounted by this bank between April and September 1855. Showing an excellent knowledge of French economic history (he dwells, for example, on the production of silk within the country and silk imports from China, speculative operations by French financiers abroad, the unproductive expenditure occasioned by the Crimean War, and other economic factors), Marx proved that Darimon's conclusions were completely wrong. "We have dwelt upon this matter," he wrote, "to demonstrate from one example the value of the statistical and positive illustrations of the Proudhonists. Instead of the economic facts providing the test of their theories, they prove that they do not master the facts, in order to be able to play with them. Indeed their way of playing with the facts demonstrates the origins of their theoretical abstraction" (34, 39).

Using the statistical material in Darimon's book, Marx showed primarily that the author confused credit and money circulation and greatly overrated the role of the banks, in maintaining that they control money circulation, and have a monopoly over credit and the money market. Thus was the Proudhonist programme for reorganising the financial system of bourgeois society overthrown *in terms of facts*. But Marx still had to refute it *theoretically* too. For this purpose, he had to develop his own money theory and, even before that, his own theory of value, from which it would derive organically. The results obtained by Marx and Engels in their previous studies allowed Marx to map

out a programme for further work in the sphere of political economy.

As the Proudhonists saw it, a bank reform would "create entirely new conditions of production and circulation" (34, 41), would, in effect, revolutionise bourgeois society. If this were true, it would mean that circulation enjoyed primacy over production, whereas one of the fundamental theses of the materialist conception of history developed by Marx and Engels between 1843 and 1849 was; as we have seen, the primacy of production with respect to distribution and circulation.¹ The economic substantiation of the primacy of production had, in the given instance, to consist precisely in money being explained by the internal necessity of commodity production. Thus, Marx was fully prepared methodologically to move on from an external phenomenon (money) to its essence (value). He immediately proceeded to formulate the problem in this way, creating a bridge between the theory of money and that of value: "The real question is: does not the bourgeois system of exchange itself make necessary a specific means of the exchange? Does it not of necessity create a special equivalent of all values?" (34, 46). Here Marx formulates the question of the essence of money, of the inevitable link between commodity and money.² Here we must briefly review the main

¹ Here is what Marx says about this: "The general question is: is it possible to revolutionise the existing relations of production, and the corresponding relations of distribution, by means of changes in the instrument of circulation—changes in the organisation of circulation?" Proudhonism "advocated smart gimmicks in the sphere of circulation in order to prevent social changes from assuming a violent character on the one hand, and on the other to cast the changes themselves in the role not of the premise but on the contrary of the gradual result of reforms in the sphere of circulation" (34, 42). In this connection, Marx considered monetary relations in Scotland, showing "on the one hand how the monetary system on its present basis can be completely regulated ... without the abandonment of the present social basis; indeed, while its contradictions, its antagonisms, the conflict of classes, etc., actually reach a higher degree than in any other country of the world" (35, 42).

² Marx first raised this question in *The Poverty of Philosophy*, but at that time he was able merely to point out that "...the present organisation of production needs a universal agent of exchange" (5, 150). In this connection, note should be made of the consistency of his critique of Proudhonism in 1847 and 1857. In *The Poverty of Philosophy*, Marx shows that the exchange of equi-

stages by which Marx solved this problem. It was in the course of this work that he discovered the "economic cell" of capitalism.

The main advantage of "labour-money" consisted, in the opinion of the Proudhonists, in that it did not have to be exchanged for gold or silver. Marx's proof of the need for money begins with a refutation of this thesis. Proceeding from the way the banknotes of the Bank of England circulate, Marx showed that "the convertibility of the note into gold remains for it an economic law, whether or not it politically exists" (34, 50). This applies equally to all paper money, including the Proudhonists' "labour-money". Between 1799 and 1819, a Bank Restriction Act was in force in Britain, which established a compulsory rate of exchange for banknotes and abolished the exchange of banknotes for gold. Yet it was precisely at this time that the Bank of England note depreciated for, in fact, it was exchanged for a smaller quantity of gold than envisaged by the exchange rate "even though it was inconvertible" (34, 50).¹ (As Marx showed, gold money can also depreciate, for example, during periods of general price rises.)

Having established the obligatory nature of the exchange

valents cannot, in itself, result in the abolition of capitalist exploitation. In the *Grundrisse*, he shows that the means by which the Proudhonists wanted to establish fair exchange conflicted with the very principles of capitalist production, and were, therefore, utopian.

¹ This is a graphic example of the objective nature of economic laws. Political or juridical laws may or may not correspond to economic ones, but they cannot completely paralyse the latter. In another place Marx writes "Legislation can perpetuate the ownership of an instrument of production, e.g., land in certain families. Such legislation becomes economically significant only if large-scale landed property is in harmony with social production, as, for instance, in Britain. In France, small-scale agriculture was carried on despite the prevalence of large estates; the latter were therefore broken up by the Revolution. But what about legislation to perpetuate small-holdings? There will be concentration of property despite such legislation" (34, 19).

In such cases, the power of the state is illusory. For example, if there is too much paper money in circulation, too much with respect to the actual requirements of circulation, it will inevitably depreciate. The chronic currency and financial crisis of modern capitalism is the best possible confirmation of the topicality of these points of Marx's theory and, at the same time, it refutes the assertions of the apologists for state monopoly capitalism, that the modern bourgeois state is not subject to the operation of objective economic laws.

of paper money for gold, Marx assumes that ordinary gold or paper money has been replaced by "labour-money". If, previously, some coin, for example the British sovereign, corresponded to a specific quantity of gold as the embodiment of a certain amount of past labour, now the same quantity of gold is represented by a "labour-time ticket", the embodiment of the expenditure of living labour in terms of labour-hours. Marx notes that "according to the general economic law that costs of production fall continually, that living labour becomes more and more productive, and that the labour-time objectified in products therefore continually depreciates, constant depreciation would be the inevitable fate of this golden labour-money" (34, 54).¹ Summing up this part of his study, Marx formulates the fundamental proposition of his theory of value: "Not the labour-time incorporated in previous output, but the currently necessary labour-time determines value" (34, 54).²

Marx's next step in developing his theory of value was to establish the inevitable fundamental difference between value and price. By defining value directly in terms of labour-hours, by-passing money, the Proudhonists tried to eliminate this difference, since price is, after all, the *money* form of value. At this stage in his inquiry, Marx shows that "the value of commodities determined by labour-time is only their *average value*" (34, 56) for a certain period, e.g., for twenty-five years. This "real value" necessarily differs from the "market-value", the "nominal value", the "money-value", i.e., the price that, alongside the expenditure of socially necessary labour, reflects the fluctuations in supply and demand. For this reason, the "labour-time ticket", instead of expressing the actual expenditure of labour-time, as fixed in the price, would represent a kind of ideal labour-time, which would be either greater or smaller than the actual labour-time. The same law of the rising productivity of labour-time that accounted for the difference between the expenditures of living and objectified la-

¹ Assuming the existence of paper "labour-money", it would be compared with a specific quantity of paper money representing gold.

² As has been shown in Chapter One, the concept of necessary labour in its general form figures even in *The Poverty of Philosophy*; as Marx himself states, he borrowed it from Ricardo. Only in the manuscript of 1857-58, however, does the category of necessary labour-time appear as an element in the teaching on the specific nature of social labour under capitalism.

bour, now gives rise to the difference between value and price. "Because price does not equal value," Marx sums up, "the element determining value, labour-time, cannot be the element in which prices are expressed" (34, 58). Only a special commodity—money—can be such an element, so price is necessarily money price.

Further Marx proceeds from a *quantitative* definition of value, measured by the quantity of socially necessary labour-time, to a definition of it as a social relationship characterising the "economic quality" of the commodity, its "specific exchangeability". "As values, all commodities are qualitatively equal and only quantitatively different" (34, 59). Here value acts as the social property of the commodity, allowing different types of commodity to be exchanged for one another. A logical consequence of the qualitative description of value was the concept of the commodity as a unity of use-value (its "natural existence") and value. In the process of the exchange, the realisation of a commodity, it divides into two parts: the value of the commodity in the form of money separates off from its use-value. In this way, the internal contradiction between the qualitative heterogeneity of commodities as values and the natural difference between them as use-values inevitably finds its external expression. "Its property as value not only can, but must at the same time acquire an existence distinct from its natural existence. Why? Because, since commodities as values are only quantitatively different from each other, every commodity must be qualitatively distinct from its own value. Its value, therefore, must also have an existence qualitatively distinguishable from it, and in the actual exchange this distinguishability must become an actual separation, because the natural distinctions between commodities must come into contradiction with their economic equivalence; the two can exist alongside one another only through the commodity acquiring a double existence . . ." (34, 60).

Thus Marx theoretically proved the utopian nature of the Proudhonist attempts by means of "labour-money" to turn the commodity directly into money, obviating the process of realising it on the market. The money (exchange) form of the value of a commodity appeared as the *necessary* form in which its value is manifested.

After this, Marx made the last and probably the most

important step in evolving his theory of value: from the idea of the *commodity* as a dialectical unity of use-value and value, to that of the *labour* creating the commodity as a dialectical unity of the concrete (private) labour creating use-value and the abstract (social) labour creating value.¹ The doctrine of the duality of labour in bourgeois society provides the basis for the Marxist theory of value, distinguishing it fundamentally from the labour theory of value put forward by the classics of bourgeois political economy. No economist before Marx saw the duality of labour as a specific of bourgeois production. This doctrine, Marx later emphasised, provides the basis for "all understanding of the facts" (13, 180).

Like the two aspects of the commodity, the duality of labour was first described by Marx from the point of view of quantity and quality: abstract labour is "labour separated from its quality, quantitatively different labour", while concrete labour is "naturally determined labour qualitatively different from other labours" (34, 62). At the same time, in bourgeois society, labour in the form of abstract labour is *social* labour, while concrete labour is directly *private* labour. Marx writes: "The necessity to transform the product . . . first . . . into *money* . . . proves two things: (1) that the individuals now only produce for and within society; (2) that their production is not *directly* social. . ." (34, 76).

Thus, while criticising the Proudhonist theory of money, Marx developed his own theory of value, based on the doctrine of the duality of labour and its product in bourgeois society. In the course of his research, Marx made an important methodological observation about the nature of the presentation of the theoretical results he obtained: "It will later be necessary . . . to correct the idealist manner of presentation which makes it appear as if it were merely a matter of the definitions of concepts and the dialectic of these concepts" (34, 69). Marx explains that it is primarily such of his expressions as "the commodity becomes exchange-value" that require specification. The commodity exists as an independent object perceived with the senses,

¹ In just the same way, in the *Economic and Philosophic Manuscripts of 1844* Marx progressed from considering the alienation of the product of labour from the worker in bourgeois society to considering the alienation of labour itself.

while value (or exchange-value) is only a certain social relation, of which commodities are the material medium. Marx notes on this that the value relationship between commodities expresses a ratio and "exists initially only in the head, in the imagination, just as in general ratios can only be *thought*," but not perceived with the senses, "if they are to be fixed", in contrast to objects that are their material medium and "are in that ratio to each other" (22, 61). This is exactly why the analysis of the economic structure of capitalism had to begin not with value, but with the commodity as the simplest relation of bourgeois reality, of the commodity economy. Marx gradually came to realise this. In the manuscript of 1857-58 he occasionally still proceeds from value. "Is value not to be regarded as the unity of use-value and exchange-value?" Marx wonders (22, 178). Thus, the fact that the title of Chapter I was changed from "Value" to "The Commodity" was by no means accidental. It reflected the discovery, made in the course of the inquiry, that the commodity is the elementary "economic cell" of bourgeois society.

The methodological basis for this discovery was provided by the principle of distinguishing, in any social (particularly economic) phenomenon, between its material content and its social form.¹ In Chapter One, we spoke about the fact that, as early as 1845-46, in *The German Ideology*, Marx and Engels applied this methodological principle to their analysis of social production and were thus able to split it up and present it as a dialectical unity of the productive forces and the relations of production. Now, having proceeded from a "macroanalysis" to a "microanalysis" of social production and applied the same method for analysing the commodity, Marx presented it, too, as a dialectical unity of use-value, being the product of the productive forces, and of value, being the product of the relations of production. Two factors should be stressed in this connection. On the one hand, in investigating economic phenomena it is impossible to abstract from their social form. It is precisely the social form of economic processes that characterises the specific nature of social production, within

¹ Bourgeois political economy does not make such a distinction. "For the economists," Marx wrote, "the material element of capital is . . . integrated with its social form as capital. . ." (19, 322).

the framework of which these processes take place, while their material content makes it possible to ascertain the general features inherent in various types of production. Marx notes that the value-form of the commodity "... 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" (14, 85). The bourgeois economists (including Ricardo) failed, in effect, to identify the value of the commodity as an economic category differing qualitatively from its use-value. They were therefore unable to go beyond a quantitative analysis of value and, hence, to discover the specific historical nature of the capitalist mode of production.

Marx's methodological principle was the complete opposite of that used by the Proudhonists, who like the bourgeois economists, identified the use-value of the commodity with its value. The Proudhonists' desire to get rid of the main "defect" of commodity production—the problem of realising the commodity, of turning it into money—was due to their failure to understand that this problem stems from the fundamental features of the commodity: its duality, arising from the dual nature of the labour that creates it, the impossibility of directly turning the product of concrete labour (which, under the conditions of private property, is private labour), as use-value, into the product of abstract, social labour, i.e., into value, money. The Proudhonists borrowed their concepts from Owen, Gray, Thompson, Bray and other English socialists who had proposed retaining commodity production, but abolishing exchange. The latter had also thought up the idea of "labour-money", to be issued by the national bank, which would act virtually as regulator of social production. Sensing the inconsistency of their ideas, the British socialists gradually came to the conclusion that, after money, it was necessary to abolish the commodity-value system, the bourgeois mode of production as a whole, and to establish communist relations (see 20, 85-86; 14, 97-98). "But it was left to *M. Proudhon* and his school," Marx sarcastically remarks, "to declare seriously that the degradation of *money* and the exaltation of *commodities* was the essence of socialism..." (20, 86). Marx showed that the "defects" of the commodity are, in reality, necessary consequences of the contradictory nature of commo-

dity production under the conditions of private property, and that "this character of direct and universal exchangeability" of the commodity (when its value is expressed in its most developed form, in money) is "as intimately connected with its opposite pole, the absence of direct exchangeability, as the positive pole of the magnet is with its negative counterpart" (14, 73). It is in this contradiction that the possibility of economic crises lies.

But while the social form of economic processes characterises their historically determined specific nature and cannot, therefore, be cast aside in the course of research, this form does not exist without its own material content. Thus, for example, the definition of the value of a commodity as the quantity of socially necessary labour-time required to produce it reflects the internal link between value as an element of the relations of production, and use-value (in which labour is embodied) as an element of the productive forces. Consequently, it is precisely the commodity in its role as the unity of its material content and social form that constitutes the "economic cell" of capitalism and the necessary point of departure in analysing the economic structure of bourgeois society.¹ At the end of the 1857-58 manuscript, Marx set out the results of his inquiry in the following words: "The category of the *commodity* is the first one in which bourgeois wealth presents itself" (29, 252).²

Before proceeding any further, it should be emphasised that Marx's critique of petty-bourgeois reformism did not mean that he rejected the possibility and necessity of economic reforms within the framework of capitalism, or their influence on the relations of production in bourgeois society. Marx simply wanted to make it clear that reforms of this type could not radically change the foundations of the capitalist system. "It is essential to understand this clearly,"

¹ Later Marx wrote: "My subject is neither 'value' nor 'exchange-value' but *the commodity*" (26, 358).

² "Money and the commodity," Marx later wrote, "are the premise from which we must proceed when considering the bourgeois economy ... actually, it is only in capitalist production that the commodity appears on the surface as the elementary form of wealth" (23, 61). This passage contains the profound idea concerning the historical character of the elementary economic cell of the capitalist mode of production. Apparently, an important manifestation of the specific nature of any mode of production is the specific nature of the elementary economic cell peculiar to it.

he stressed, "so as not to set oneself impossible tasks, and to know the limits within which monetary reform and changes in circulation can revolutionise the relations of production and the social relations based upon them" (34, 64).

2. THE FUNDAMENTAL PROPOSITIONS OF THE THEORY OF SURPLUS-VALUE.

THE POSSIBILITY OF AND NEED FOR SOCIALIST REVOLUTION

Marx's elaboration of the theory of value in the *Outlines of a Critique of Political Economy* (the *Grundrisse*) and the discovery made there of the commodity as the elementary "economic cell" of bourgeois society permitted him to proceed immediately to analysing capitalist relations themselves. Since value relations constitute the point of departure in Marx's analysis of capitalism, so in theory, just as in the reality of capitalism, "the concept of value precedes that of capital" (32, 163).¹ The theory of value thus plays a fundamental role in Marx's economic doctrine, and he later returned to it again and again to further develop and substantiate it, obtaining new results each time. The application of the theory of value to the analysis of the exchange between labour and capital in the *Grundrisse* allowed Marx to formulate the theory of surplus-value and explain the mechanism of capitalist exploitation.

It is the exchange of activities between labour and capital, between the worker and the capitalist, that forms the content of the capitalist relations of production. The difficulty in analysing this exchange lies in the fact that appearances here conflict sharply with reality.² The essentially non-equivalent exchange between worker and capitalist takes place, and consequently must be explained, within the frame-

¹ In full conformity with what has been said above about the social form determining the specific nature of social processes, Marx writes that "in order to develop the concept of capital, we must begin not with labour but with value, and indeed with exchange-value already developed in the movement of circulation. It is just as impossible to pass directly from labour to capital as from the various races of mankind to the banker, or from nature to the steam-engine" (34, 170).

² But, as Marx noted, "all science would be superfluous if the outward appearance and the essence of things directly coincided" (16, 817).

work of the law of value, on the basis of the exchange of equivalents. "...Capital," writes Marx, "is the power to appropriate the labour of others *without exchange, without equivalent*, but with the appearance of exchange" (34, 449). Marx's analysis of the mechanism of capitalist exploitation also proceeds from the difference between the material content and the social form of the process of capitalist production.¹

Above all, Marx showed that the relationship between labour and capital includes two qualitatively different processes: 1) the exchange proper between the worker and the capitalist, arising from the social capitalist form; 2) the actual labour process arising from the material content of capitalist production after the capitalist "receives ... the productive power which sustains and multiplies capital". "In the exchange between capital and labour," Marx writes, "the first act is an exchange which lies wholly within the usual circulation; the second is a process qualitatively different from exchange..." (34, 185, 186). The clear distinction drawn by Marx between the material content and the social form of the relationship between labour and capital made it possible to establish that it is not his labour that the worker sells to the capitalist as labour constitutes the material content of the process of production and takes place during this process. Since he is not the owner of the means of production, the worker cannot be the owner of his labour or of the product of this labour. He is merely the owner of his capacity for labour and it is not his labour that he sells to the capitalist, but this capacity for labour, his labour-power.

Marx analysed the commodity "labour-power" on the basis of the theory of value he had developed in the course of his critique of Proudhonism. Labour-power is sold to the capitalist at value, determined by the quantity of materialised labour required for the production of the worker himself, since the use-value of the commodity sold by the worker is inseparable from the worker himself. In this context, Marx notes that the worker's labour, as opposed to capital, is "abstract labour; absolutely

¹ Of fundamental significance for this analysis was the division of capital into constant and variable, first given in the 1857-58 manuscript (34, 277). For the theory of scientific communism, this division provides the proof that the worker's labour alone creates value and surplus-value in the process of capitalist production.

indifferent to its particular *purpose*, but adaptable to any purpose". In this lies the economic basis for the all-round mobility of the worker, to which Marx attached great importance. "His economic function therefore is to be the bearer of labour as such, i.e., of labour as *use-value* for capital" (34, 204). The capitalist acquires the use-value of the commodity "labour-power", which consists in the worker's capacity to create a certain value in the labour process, and not just to preserve capital, but to multiply it. The realisation of this use-value takes place in the process of living labour which, as defined by Marx, exists "not as object but as activity; not as itself *value* but as the *living source of value*" (34, 203).

Surplus-value is defined by Marx as the difference between the value created by living labour in the process of production and that which the capitalist pays the worker in the form of wages.¹ The capitalist mode of production creates the necessary and sufficient conditions for the existence of surplus-value. The capitalist social form of production, capitalist relations of production necessarily result in the labour of the worker, and hence the product of this labour (the value of this product), belonging to the capitalist. The law of value, a vital requirement of which is the exchange of equivalents, fully allows for the value creat-

¹ In his description of the worker's consumption, Marx notes, first, that "the relative, merely quantitative and not qualitative (except in so far as quantity governs quality) limitation of the workers' range of consumption gives to them also as consumers an importance as agents of production quite different from that which they possessed, e.g., in antiquity or in the Middle Ages" (Marx later developed this idea in Volume II of *Capital*, where he showed that consumption by the working class is an aspect of the process of reproduction—see Chapter Five); second, Marx speaks of the "physical, social, etc." needs of the worker satisfied by his wages (34, 194, 195). Marx describes as "an essential element of civilisation" the aspect of the relationship between labour and capital (on which the "historical justification of capital" rests), which is connected with the growth of the worker's requirements, with "the participation of the worker in consumption of a higher order, and also in spiritual satisfaction—agitating in behalf of his own interests, subscribing to newspapers, listening to lectures, educating his children, developing taste, etc." (34, 198, 197). As we can see, Marx has completely abandoned the concept of the minimum wage. Arguing against the bourgeois economists who called on the workers to save, he writes that this boils down to "the demand that the workers should always maintain themselves at the minimum standard of living" (34, 197).

ed as a result of the expenditure of living labour to exceed the value of labour-power. The sizes of these values, as Marx showed, are completely independent of each other. "He [the worker] exchanges the value-creating activity for a previously determined value regardless of the results of his activity" (34, 229). The material content of the capitalist mode of production, i.e., the very process of capitalist production, turns the possibility of the existence of surplus-value into reality. The capitalist mode of production is characterised by such a level of development of the productive forces, such a productivity of social labour that surplus-value actually exists in its two forms—as absolute and as relative surplus-value. "It is the tendency of capital . . . to link absolute surplus-value with relative surplus-value; hence the *maximum expansion of the working day with the maximum number of simultaneous working days, at the same time reduction to the minimum of the necessary labour-time, on the one hand, and of the necessary number of workers, on the other*" (34, 656).

The fundamental principles of the surplus-value doctrine set out in the *Grundrisse* allowed Marx to formulate and substantiate the economic law of motion of capitalist society, and this, as we shall see, was of decisive importance for substantiating the theory of scientific communism.

Let us first note that the possibility of describing the motion of bourgeois society arose directly from the thoroughly historical approach permeating Marx's theory, from his method of inquiry, combining logical and historical analysis. "...Our method," Marx stated, "shows the points where historical analysis must come in, or where the bourgeois economy as a merely historical form of the production process affords a glimpse of earlier historical modes of production lying outside its own sphere. . . . On the other hand, this correct method of consideration likewise leads to points where the abolition of the present form of the relations of production, an incipient movement, comes into view—thus, foreshadowing of the future" (34, 65). Thus, the very method of economic inquiry used by Marx dictated the need to go beyond the bounds of *Capital*, beyond an analysis of the capitalist mode of production, and to evolve a political economy in the broad sense of the term, which would also embrace pre-capitalist formations and scientific forecasting of communist society. Marx undertook

this task in his *Grundrisse*, where he gave a very detailed analysis. We shall not discuss the large section of this manuscript entitled "Pre-Capitalist Formations", since we are primarily interested in Marx's conclusions concerning the socialist revolution and communist society, which he drew from the theory of surplus-value as soon as he had formulated its basic principles.

Marx showed that in appropriating the surplus-value created by the workers the capitalist class acts in full compliance with the inherent laws of the capitalist mode of production, especially the law of value. This means that capitalist exploitation follows from the very essence of the capitalist relations of production. Marx criticised the illusions of bourgeois democracy with respect to the seeming independence of individuals in capitalist society.¹ Later (see Chapter Three) he showed in greater detail that the working class is a historically conditioned element of bourgeois society. In this connection, he also gives a general description of utopianism as a "failure to grasp the ineluctable difference between the real and the ideal structure of bourgeois society", a society based on the exchange of equivalents and, therefore, appearing as the realisation of equality and liberty, which turn out to be "inequality and unfreedom" (34, 160). Hence it followed directly that the liberation of the working class from capitalist exploitation could not be achieved within the framework of the capitalist system. In other words, the conclusion followed that socialist revolution was an *objective necessity*.

In a letter to Engels written on April 2, 1858, Marx stressed the dialectical link between commodity-value relations in bourgeois society and capitalist exploitation. "As the law of appropriation" in the sphere of commodity exchange "there appears appropriation by means of labour, exchange of equivalents. . . . In short everything is 'lovely' but will very soon come to a horrible end, and that owing to the law of equivalency" (13, 100-01). This "horrible"

¹ In fact, the conditions under which they find themselves are such that "it is impossible for the individuals of a class, etc. to overcome them *en masse* without abolishing them. A single individual may fortuitously overcome them; the mass of individuals dominated by them cannot do so, because their very existence expresses the subordination, and the necessary subordination, of the individuals to them" (35, 81).

end for capitalism is the socialist revolution, which destroys the bourgeois relations of production and thus abolishes capitalist exploitation. Precisely because this exploitation is carried out on the basis of the laws of capitalism, rather than in conflict with them, it cannot be abolished within the framework of bourgeois society. Thus, from the seemingly abstract theoretical proposition that the law of surplus-value is inseparably linked with the law of value there followed the extremely important conclusion concerning the need for the revolutionary overthrow of the capitalist system.

The theory of surplus-value also revealed the objective tendency of the capitalist mode of production to step up the exploitation of the working class in every possible way—above all by developing the productive forces. "Capital, being an endless striving for enrichment, strives for an endless increase in the productive forces of labour and actually brings it about" (34, 247).¹

Proceeding from the conception of the self-estrangement of labour in the process of capitalist production, which he had set out in the *Economic and Philosophic Manuscripts of 1844*, Marx shows that the very exchange between labour and capital is objectively unprofitable for the worker; "he must . . . impoverish himself since the creative power of his labour is established as the power of capital, as an *alien power* confronting him. He *parts* with his labour as the power productive of wealth; capital appropriates this labour as such a power Progress of civilisation only multiplies the *objective power* of capital over labour" (34, 215).

Capital's inherent striving to create the maximum possible surplus-value is realised, first, by increasing the expenditure of living labour, i.e., increasing the number of workers, and second, by reducing the expenditure of necessary labour to the minimum. "It is therefore the tendency of capital to both increase the working population and constantly turn part of it into surplus-population" (34, 303). This objective tendency of capital is expressed differently by the categories of absolute and relative surplus-value. Absolute surplus-value, produced by the extension of the working day beyond the limits of necessary labour—

¹ In volume III of *Capital*, Marx stresses that "the law of increased productivity of labour is not . . . absolutely valid for capital" (16, 262; cf. 14, 370-71).

time, presupposes, as we have seen, a certain initial level of labour productivity. The growth of relative surplus-value as a result of the reduction of necessary labour-time in the course of capitalist development reflects the dynamics of the growth of labour productivity: "...Directly manifest in this form [relative surplus-value] is the industrial and distinctive historical character of the mode of production based on capital" (34, 655). Yet, as Marx showed, the tremendous development of the productive forces accompanying intensified exploitation of labour by capital also means the creation and accumulation of the material elements of the future communist society. It is these material elements that provide the *possibility* of socialist revolution. "...Within bourgeois society, based as it is upon *exchange-value*," says Marx, "relationships of production and intercourse are generated that are just so many mines to blow it to pieces.... If we did not find latent in society as it is the material conditions of production and the corresponding relationships of exchange for a classless society, all attempts to blow it up would be quixotic" (34, 77).

Under the conditions of the capitalist mode of production, the material prerequisites for the future society are created in the process of surplus-labour. Marx sees in this a great historical aspect of capital. The social form of this category is expressed in the enforced labour of the worker, in the capitalist's appropriation of the surplus-value, i.e., in the exploitation of the working class. Its material content consists in the creation, as a result of the development of the productive forces, of potential free time over and above that required for simply keeping the worker alive. Owing to the growth of the productive forces under capitalism, "*free time* (the amount of which differs at different stages of the development of the productive forces) is left over beyond the labour-time required for satisfying the absolutely essential needs; as a result, surplus-products can be produced if *surplus-labour* is carried out" (34, 506). The capitalist mode of production transforms these surplus products into surplus-value, but it also creates, for the first time, the possibility of using surplus-labour for other purposes. "...Its [capital's] historical mission will be accomplished when, on the one hand, needs have been developed to a point at which surplus-labour, labour over and above what is necessary, itself becomes a universal need,

stemming from the individual requirements themselves; when, on the other hand, universal industriousness has been developed by the strict discipline of capital acting on successive generations and has become the common property of the new generation, and when, finally, this industriousness—thanks to the development of the productive forces of labour, continually spurred on by capital in its endless striving for enrichment, under the only conditions that enable capital to realise this striving—has advanced to a point where, on the one hand, the possession and maintenance of general wealth requires only little labour-time from society as a whole and where, on the other, working society adopts a scientific attitude to the process of its progressive reproduction, of its reproduction in steadily growing abundance; i.e., when an end has been put to labour in which man does himself what things can do for him" (34, 231). In this truly remarkable excerpt from the *Grundrisse* Marx formulates the prerequisites for communist society which develop in the womb of capitalism. In other words, capital "creates the material elements for the development of the rich individuality which is equally versatile in its production and its consumption", i.e., it creates "the complete material conditions for the total, universal development of the productive forces of the individual" (34, 415).

The conclusion concerning the progressive character of capitalism as compared with pre-capitalist formations, which is so forcefully expressed here, constitutes one of the most important results obtained by Marx from his analysis of the economic law of motion of bourgeois society. Only capitalism was capable of ensuring the growth of the productive forces required for the transition to communism and the all-round development of all members of society.¹ This thesis distinguishes Marx's theory fundamentally from the utopian views of pre-Marxian socialism and from the petty-bourgeois theories current in Marx's time. "Compared

¹ Capitalism, as Marx showed, created relations and connections "which entail the possibility of overcoming the old standpoint"; the formation of the world market "already contains in itself the conditions for its own transcendence". Capitalism "along with the universality of the estrangement of individuals from themselves and from others, now also produces the concomitant universality of all their relations and abilities" (34, 78, 79, 80).

with the ordinary socialists," Engels wrote, "Marx must be given credit for showing the existence of progress even where the extremely one-sided development of the present conditions is accompanied by fearful direct consequences. Thus everywhere in describing the extremes of wealth and poverty, etc., stemming from the factory system as a whole" (23, 227).

Yet, as Marx went on to prove, as soon as capitalism has fulfilled its historical mission and completed the comprehensive socialisation of labour, it becomes a brake on the further development of mankind. "... *There is a limit, not inherent to production generally, but to production founded on capital*", he stresses. "... It [capital] is not the absolute form for the development of the productive forces, any more than it is a form of wealth that absolutely coincides with the development of the productive forces" (34, 318). Marx names four factors constituting the objective limits set by the capitalist mode of production on the development of the productive forces. First, there is the limit set on the value of labour-power by the bounds of necessary labour. Second, the limit set on surplus labour-time by the bounds of surplus-value. In his study of the influence exerted by the growth of labour productivity on the magnitude of surplus-value, Marx showed that the increment in the relative surplus-value decreases as the productive power of labour increases. "The more capital is developed, the more surplus-labour it has created, the more frenziedly must it develop its productive power in order, even if in lesser proportion, to increase its value, i.e., add surplus-value to itself" (34, 246).

On the basis of these considerations, Marx formulated the law of the tendency of the rate of profit to fall, which he described as "the most important law of modern political economy in every respect" (34, 634). The third limit to capitalist production is the need to realise the commodity by turning it into money; the fourth is the limit imposed by exchange-value on the production of use-values.¹ It is obvious that these four factors distinguish the capitalist relations of production, which do not coincide

¹ Marx formulates the final point of one of the draft plans for his economic research as follows: "Dissolution of the mode of production and form of society based upon exchange-value" (34, 175).

with the development of the productive forces and, at a certain level, come into antagonistic conflict with this development. Marx defines over-production as "a sudden *reminder*" of the factors listed above. "... The higher the development of capital," he goes on to say, "the more does it appear as a barrier to production, and hence to consumption too, not to mention the other contradiction that make it appear as a burdensome barrier to production and intercourse" (34, 319).

How long can the progressive development of capitalism continue? The highest point of development of the basis, Marx notes, has been reached "when the basis itself assumes the form consistent with *the highest development of the productive forces*, hence also with the richest development of the individuals [under the conditions of the given basis]. As soon as this point has been reached, the further development turns into decline and the new development begins on a new basis" (34, 439). Here Marx has in mind any social formation, but primarily the capitalist system, which is replaced by communism.

As bourgeois society develops, capital is undermined as the dominant form of production. The development of the productive forces results in the production process turning into the technological application of science,¹ and direct labour, in both quantitative and qualitative terms, becoming merely a secondary (though essential) aspect of the production process. This undermines the foundations of the capitalist mode of production, based on the law of value, on labour-time as the only determining element. "Labour no longer appears as essentially included in the production process, man acts now rather as supervisor and regulator of the production process itself... Instead of being the main agent of the production process, he [the worker] steps to the side of it." It is "the development of the social individual", "his understanding of nature and domination of

¹ One of the fundamental consequences of the development of the productive forces (under capitalism—the development of fixed capital) is the tendency discovered by Marx to transform society's common store of knowledge, science, into "a *direct productive force*", and subordinate the conditions of the "life process of society" to "the control of the general intellect" (34, 594). During the present scientific and technological revolution, the tendency has come right to the fore.

3. THE LAW OF TIME-SAVING AS THE REGULATOR OF THE COMMUNIST ECONOMY. LABOUR UNDER COMMUNISM

it by virtue of his existence as a social organism" that increasingly becomes the basis of production. "*The theft of the labour-time of others, on which today's wealth is based, appears as a miserable foundation compared with this newly developed one, created by large-scale industry itself. As soon as labour in its direct form has ceased to be the great source of wealth, labour-time ceases and must cease to be, the measure of wealth, and hence exchange-value ceases to be the measure of use-value. The surplus-labour of the masses has ceased to be the condition for the development of general wealth, just as the non-labour of the few has ceased to be the condition for the development of the universal powers of the human brain. Production based on exchange-value thereby collapses*" (34, 592, 593).

The antagonistic contradiction of capitalism thus consists in the fact that, while striving to reduce labour-time to the minimum, capital preserves it as the only measure and source of wealth. "On the one hand, capital calls into being all the powers of science and nature, as well as those of social combination and of social intercourse, to make the creation of wealth independent (relatively) of the labour-time expended on it. On the other, it wants to measure the tremendous social forces thus created with the yardstick of labour-time and to press them within the confines required for maintaining already created value as value" (34, 593).

The development of the productive forces under capitalism also leads to direct labour losing its character as private labour, which only by means of exchange appears as a unit of social labour. Under the conditions of large-scale industry, "*the labour of the individual in its immediate being is posited as transcended individual labour, i.e., as social labour. Thus the other basis of this mode of production falls away*" (34, 597). This is how the material conditions are created within bourgeois society for undermining its economic foundations. They constitute the point of departure for the development of the communist mode of production. In this connection, Marx gives in the *Grundrisse* a detailed description of communist society, which is our next subject.

While striving to reduce the necessary labour-time to the minimum, capital seeks in every way to increase surplus labour-time, and makes necessary labour-time increasingly dependent on the latter. As a result, it is, "*malgré lui, instrumental in creating the means of social disposable time, in order to reduce labour-time for the whole of society to a diminishing minimum and thus free the time of all [members of society] for their own development*" (34, 595-96). Free time is turned into surplus-labour, which the capitalist uses to obtain surplus-value.¹ Communism, however, abolishes the very relation of necessary and surplus-labour, "so that surplus-produce itself appears as necessary and, finally, material production leaves everyone surplus-time for other activity" (34, 506).²

Appropriation by the working masses of their surplus-labour would mean divesting free time of its antagonistic form; then, "on the one hand, necessary labour-time will be measured by the needs of the social individual; on the other, social productive power will develop so rapidly that, even though production will now be calculated for the wealth of all, everyone's *disposable time* will increase. For real wealth is the developed productive power of all individuals. Then disposable time, and certainly no longer labour-time, will be the measure of wealth" (34, 596). Thus, as Marx argues, free time is the objective goal of the communist mode of production. In full compliance with this goal, he describes communist society as

¹ Under the conditions of the present scientific and technological revolution, even under capitalism the liberation of free time becomes essential for the assimilation of new knowledge as the only possibility for averting the depreciation of labour-power. Cutting the working week to 30-35 hours is therefore one of the central tasks of the working-class movement under the conditions of increasing automation. Thus, free time is a precondition for communist society. Its realisation under capitalism is hampered by the steady tendency of capital to restrict the cultural and intellectual consumption by the working people.

² The idea, first mentioned here, of the transformation of surplus labour into necessary labour under the conditions of communist society was later developed by Marx in *Capital*, Volumes I and III (see Chapters Three and Four).

follows: "Free individuality, based on the universal development of the individuals and the subordination of their communal, social productivity as their social wealth" (34, 75).

Under communism, the law of value as the regulator of the capitalist mode of production is replaced by the law of time-saving, its action having been undermined in the course of development of bourgeois society. Noting that "the time-factor . . . remains essential" under communism, too, that "as with a single individual, the comprehensiveness of its [society's] development, its enjoyment and its activities depends upon the saving of time", Marx drew the conclusion that "economy of time, as well as the planned distribution of labour-time over the various branches of production, therefore, remains the first economic law if communal production is taken as the basis. It becomes a law even to a much higher degree. However, this is essentially different from the measurement of exchange-value . . . by labour-time" (34, 89). Thus, the law of time-saving, which expresses the material content of commodity-value relations, acts as the regulator of communist production. Under capitalism, value relations distort the operation of this law, since social production is regulated there not by the planned, conscious control exercised by society over its working time, but behind the backs of the producers, spontaneously, through the medium of market-prices, which diverge from value. Only developed communism, its highest phase, characterised by full harmony between the productive forces and the relations of production, makes it possible to achieve the maximum effect from the operation of the law of time-saving.¹ Communist society has a direct interest in this, since only maximum economy of labour-time leads to the attainment of the objective goal of communist production mentioned above: "the free development of individualities . . . the artistic, scientific, etc., develop-

¹ As developed communist society is built, as an increasingly close correspondence is established between the productive forces and the relations of production, the law of time-saving acquires more and more scope. The complete correspondence between the productive forces and the relations of production at the highest phase of communism does not, of course, imply an end to social development, which is based on the dialectical, i.e., contradictory, interaction between the productive forces and the relations of production. This, however, will be an entirely different historical epoch.

ment of the individuals made possible by the time freed, and the means created, for all of them" (34, 593).

Communism fundamentally changes the very nature of labour in the process of production. From "*work by external compulsion*" it turns into work by internal motivation but, Marx underlines, this "in no way means that it is mere fun, mere amusement, as Fourier assumes with the naiveté of a grisette. Really free work, e.g., composition, is, at the same time, a devilishly serious business, the most intense exertion" (34, 505). We have seen that capitalism creates all the prerequisites for making labour "really free work", since it transforms it, to a high degree, into social labour.

The change in the character of labour in communist society derives above all from the fact that the development of the individual as a result of the economy of labour-time and an increase in free time "in its turn reacts, as the greatest productive force, on the productive power of labour". Thus, under communism, free and labour time are not in conflict with each other, as they are under capitalism, but interact. Communism, Marx stresses, means "in no way *abstinence from consumption*, but development of the power, the abilities for production and hence both the abilities for and the means of consumption" (34, 599).¹

"We reject both the cult of poverty and asceticism and the consumer cult, the mentality of the philistine . . .", Leonid Brezhnev said. "For us material blessings are not an aim in itself, but a precondition for the all-round development of the personality. It is important, therefore, that our improving well-being should be accompanied by an enrichment of people's spiritual world and the cultivation of a correct understanding of the purpose and meaning of life" (58, 10).

In his analysis of the relations of production in communist society, Marx emphasises the "presupposed communal character" of labour (34, 88) inherent in it; this "communal character" constitutes the basis of production, so the individual participating in the labour-process need not exchange the product produced by him. "His product is not

¹ By consumption (*Genuss*), Marx here means both material and intellectual and cultural consumption. The word *Genuss* implies not only "consumption", but also "enjoyment", "satisfaction".

4. ECONOMIC CRISES AND THE DEVELOPMENT OF BOURGEOIS SOCIETY

We have tried to give a detailed description of the picture of communist society that Marx drew in the initial variant of *Capital*.

The material presented shows that Marx's economic theory formulated in 1857-58 in the *Grundrisse* not only fully confirmed the basic principles of the theory of scientific communism put forward in the 1840s, but also made it possible to supplement and develop them.

First of all, Marx was the first to study the "economic cell" of capitalism and, on this basis, formulate his own theory of value, which differs fundamentally from the labour theory of value put forward by the classics of bourgeois political economy, primarily in that it reveals the specific nature, the duality, of labour and the product of labour in bourgeois society.

An incidental, though very important result of the elaboration of the theory of value was the critique of the economic views of the Proudhonists, who advocated a reformist way of advancing from capitalism to socialism. Marx showed that no reforms in the sphere of exchange could alter the essence of the relations of production in capitalist society. Moreover, he revealed the objective nature of commodity-money relations in bourgeois society and the consequent impossibility in principle of introducing "labour-money", "labour-time tickets", and so on. Marx's critique of reformism in no way indicated that he rejected economic reforms. He merely pointed to the limited character of these reforms, which cannot, in themselves, change the nature of capitalism.

Second, after formulating his theory of value with respect to actual capitalist relations, i.e., to the relations between worker and capitalist, Marx developed a theory of surplus-value revealing the mechanism of capitalist exploitation and making it possible to formulate the basic trends in the development of bourgeois society, the economic law of its movement. He revealed the objective character of exploitation under capitalism, whence immediately followed his conclusion that socialist revolution was essential to abolish this exploitation. The development of capitalism also creates the material prerequisites for the transition to

exchange-value" (34, 88). Proceeding from the fact that the relations and means of distribution are merely the reverse side of factors of production (34, 16), Marx points out that, under the conditions of "*proportionate production*", "the question of money becomes quite secondary, and especially the question whether blue or green tickets, metal or paper ones, are issued, or in whatever other form social book-keeping may be carried on" (34, 71).¹

As a result of his labour, the individual has obtained not some specific product, but "a certain share in the communal production".² "Instead of a division of labour which necessarily arises from the exchange of exchange-values," Marx concludes, "labour would be organised in such a way that the individual's share in common consumption would directly follow." He also points out certain tasks that would have to be accomplished by such a form of the organisation of communist labour. First, the amount of labour-time actually spent must be determined; second, the labour-time during which products must be manufactured "with the average means of labour" has to be fixed; third, it is essential "to secure for the producers such circumstances as would equalise the productivity of their labour (hence also to equalise and order the distribution of the means of labour)"; fourth, "to determine . . . what quantities of labour-time should be expended in the different branches of production". In short, the communist organisation of labour would have to secure "production in general . . . and in such proportions that the needs of the partners in exchange were satisfied" (34, 89, 88, 73).³

¹ We shall meet similar statements by Marx in his later works concerning the fate of commodity-value relations under communism. It must, however, be kept in mind that, in such instances, Marx is speaking about *developed* communist society.

² "The workers . . . would receive the exchange-value of the whole product of their labour," Marx notes (35, 73). The development of the theory of reproduction allowed him later (in *The Critique of the Gotha Programme*) to show illogical nature of the demand that the worker appropriate the full product of his labour (see Chapter Five).

³ Marx's description of the organisation of labour in developed communist society is, in effect, a detailed description of communist social labour itself. In our opinion, the need for commodity-value relations at the first phase of communism is due precisely to the impossibility of fully meeting, at this stage, the listed demands on the communist organisation of labour. We shall speak about this in more detail in Chapter Six.

communism, and in this lies the progressive role the capitalist mode of production plays in history.¹ Under certain historical conditions, capitalism is a necessary social form of the development of the productive forces, yet because of the antagonistic contradictions inherent in it, the capitalist relations of production become increasingly incapable of stimulating this development and, in fact, come more and more to act as a brake on it. Economic crises provide proof of this.²

We should note here the important change in Marx's view of the link between economic crises and the revolutionary situation. Marx and Engels showed a constant interest in the problem of economic crises, which were, at that time, the most striking manifestation of the antagonistic contradictions inherent in the bourgeois mode of production. During crises, these contradictions boil up to the surface, shaking the very foundations of bourgeois society. We have already mentioned the fact that, during the 1840s and '50s, right up to 1859, Marx and Engels connected the inception of a revolutionary situation directly with economic crises. In the *Manifesto of the Communist Party*, they wrote of "commercial crises" that "by their periodical return put on its trial, each time more threateningly, the existence of the entire bourgeois society" (5, 489). When, in the 1840s, they formulated some of the initial principles of their future theory of economic crises, Marx and Engels still somewhat overrated their destructive force.

In December 1849, Marx thought that the revolutionary events would prevent him from working through his economic theory to the end. "I have little doubt that by the time 3, or maybe 2, monthly issues³ have appeared," he

¹ Of particular importance was Marx's pinpointing of the material preconditions for the future society that are undermining the foundations of the capitalist mode of production—labour-time as the only measure and source of social wealth, and the private character of actual labour.

² In Marx's time, economic crises were the most striking manifestation of the antagonistic contradictions of capitalism. Today there is further evidence of the antagonistic character of this system. The acute crisis of over-production which shook the capitalist world in 1974-75 put paid to the myth concerning the crisis-free development of modern state-monopoly capitalism.

³ This refers to the *Neue Rheinische Zeitung, Politisch-Ökonomische Revue*.

wrote to Weydemeyer on December 19, "a world conflagration will intervene and the opportunity of temporarily finishing with political economy will be gone" (9, 219). We have already quoted the words of Marx and Engels from their third international "Review" (1850): "A new revolution is possible only in consequence of a new crisis. It is, however, just as certain as this crisis" (7, 510). The direct dependence between crisis and revolution is expressed here quite plainly, but "the mighty industrial, agricultural and commercial crisis" predicted by Marx in the quoted letter to Weydemeyer did not take place, nor did the revolution.

From the second half of 1850 onwards, Marx wholly devoted himself to his economic studies. His analysis of the capitalist economy enabled him, as early as 1855, to predict a new economic crisis, which actually did set in 1857. Marx and Engels again thought it would result in a revolutionary situation. "This time there'll be a *dies irae* such as has never been seen before;" Engels wrote to Marx on September 27, 1856, "the whole of Europe's industry in ruins, all markets over-stocked . . . all the propertied classes in the soup, complete bankruptcy of the bourgeoisie, war and profligacy to the nth degree. I, too, believe that all this will come to pass in 1857. . ." (10). "Never again, perhaps, will the revolution find such a fine *tabula rasa* as now", he remarked in a letter on November 17, 1856 (10). "The revolution marches on apace. . .", Marx wrote on July 11, 1857.

In October 1857, Marx began working "like mad" on his economic theory. He was trying to establish the principles of the political economy of the working class "before the *déluge*", before the onset of the revolution, which he then considered inevitable. The 1857 crisis did not, however, lead to the impatiently awaited revolutionary situation.

Running ahead somewhat, let us note that Marx formulated his theory of crises while writing his *Outlines of a Critique of Political Economy* (1857-58) and, mainly, his *Theories of Surplus-Value* (1862). He showed that one fundamental feature of crises of over-production under capitalism is that they occur periodically, the rhythm being determined by the renewal of fixed capital: "Permanent crises do not exist" (18, 497). He went on to show that the economic crisis, being a real concentration and forcible

adjustment of "all the contradictions of bourgeois economy" (18, 510), also served to speed up the growth of the productive forces. Crises drive capitalist production "onward and beyond [its own limits] and force it to put on seven-league boots, in order to reach a development of the productive forces which could only be achieved very slowly within its own limits" (19, 122). While being a manifestation of the economic contradictions of capitalist society, the economic crisis does not, in itself, in any way indicate that the capitalist mode of production has exhausted its potential for development. This was clear to Marx by 1857-59, as evidenced by his conclusion concerning the tremendous internal capacity of capitalism for developing the productive forces, regardless of the antagonistic contradictions inherent in it.¹ It was on the basis of this conclusion that, in 1859, in the preface to the first edition of *A Contribution to the Critique of Political Economy*, Marx formulated his famous proposition concerning the vitality of social formations, a vitality due to the opportunities they create for the development of the productive forces. "No social order," Marx wrote, "is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society" (20, 1). Undoubtedly of substantial significance for the establishment of this conclusion was Marx's formulation, at this time, of the theory of surplus-value. The elaboration of the theory of average profit and the price of production, as well as that of economic crises (in 1862 in *Theories of Surplus-Value*), crystallised Marx's views on the given question.

Important evidence of the change in Marx's view of the role of economic crises in the development of capitalist society is his letter to Nikolai Danielson on April 10, 1879. "I should under no circumstances have published the second volume,"² he wrote, "before the present English in-

¹ In 1884, describing the preconditions for the proletarian revolution, Marx noted the "inevitable disintegration of the dominant order of society, a disintegration which is going on continually before our eyes . . . and the enormous positive development of the means of production, taking place simultaneously" (13, 318).

² At the time, Marx was preparing to bring out Volumes II and III of *Capital* in the form of one, second volume.

dustrial crisis had reached its climax.¹ The phenomena are this time singular, in many respects different from what they were in the past. . . . It is therefore necessary to watch the present course of things until their maturity before you can 'consume' them 'productively', I mean 'theoretically' However the course of this crisis may develop—although most important to observe in its details for the student of capitalistic production and the professional théoricien—it will pass over, like its predecessors, and initiate a new 'industrial cycle' with all its diversified phases of prosperity etc." (13, 296, 297). Marx's view of crises here differs from the one he took in the 1840s and '50s. He still regards them as a major phenomenon of the capitalist economy and, consequently, as an important object for scientific observation and research. He no longer, however, links the onset of a crisis directly with a revolutionary situation. He no longer hurries to bring out the unpublished volumes of *Capital*; on the contrary, he delays their publication, since he wants to study all the aspects of the current economic crisis.

Third, in the initial variant of *Capital*, Marx showed that the material prerequisites for communism are manifested in the process of surplus-labour, which under capitalism takes the social form of surplus-value. From the point of view of its material content, surplus-labour represents potential free time, which constitutes the measure of wealth in communist society and the main condition for the free development of the individual.²

According to Marx, the law of the economy of time, which constitutes the material content of the law of value, "remains the first economic law if communal production is taken as the basis"³ (34, 89). Planned, conscious

¹ This refers to the world economic crisis of 1873, centred in the USA and Germany; at the end of the 1870s, Britain, too, went through a crisis.

² In the previous chapter we mentioned the fact that Marx's notes from the works of Schulz, for the *Economic and Philosophic Manuscripts*, contained interesting statements concerning free time. Below we shall see that similar views were put forward by the Ricardian socialists (see Chapter Three).

³ Marx had not yet come to the conclusion concerning the two phases in the development of communist society, so in his descriptions of the communist economy at the time, he always had in mind communist society as a whole, developed communism.

control exercised by society over its labour-time ensures the optimal operation of the law of time-saving. Moreover, this is also facilitated by the goal of communist production—free time, the development of the individual and the consequent nature of labour as truly free labour. In this context, Marx gives particular attention to the character of labour under communism. True to his method, of basing his scientific predictions of communism on the material prerequisites for it that were taking shape within the framework of capitalist society, Marx cites, as already noted, the example of the creative and maximally free labour (as far as this is possible under capitalism) of the composer, which he sees as the prototype of the truly free labour in communist society.

Finally, of major significance is Marx's description of communist labour, which he characterises as collective labour, and of production management under communism.

"Just as the system of bourgeois economy develops only step by step," Marx wrote, "its self-negation, the ultimate result it arrives at, is also gradual" (34, 600). As Marx formulated and extended his economic doctrine, the basic aspects of the theory of scientific communism were also further developed and substantiated.

Chapter Three

ECONOMIC SUBSTANTIATION OF THE WORKING-CLASS STRUGGLE IN CAPITALIST SOCIETY (1861-1865)

In June 1859 Marx published the first part of his work *A Contribution to the Critique of Political Economy*. Based on the 1857-58 manuscript, it set out the theories of value and of money. Marx noted that, in this work, "the specifically social, in no way absolute character of bourgeois production is analysed directly in the simplest form, that of the commodity" (27, 463).¹ In the Preface to his book, he explains the structure of his economic work which, as first envisaged, was to consist of six books: "I examine the system of bourgeois economy in the following order: *capital, landed property, wage-labour; the State, foreign trade, world market*. . . The first part of the first book, dealing with Capital,² comprises the following chapters: 1. The commodity; 2. Money . . . 3. Capital in general. The present part consists of the first two chapters" (20, 19).

In the summer of 1861, Marx began work on the second part; for this purpose he reread his 1857-58 manuscript and drew up a detailed plan of the chapter on capital in general (34, 969-80). In this plan, the material is divided into four parts: "the process of the production of capital", "the process of the circulation of capital", "capital and profit" and "miscellaneous", the last section including mostly material on the history of economic theories. This breakdown clearly provided the basis for the final structure of *Capital*.

During his work on the chapter on capital in general, between August 1861 and July 1863 Marx wrote an exten-

¹ Here we see that, from the historically determined nature of the elementary economic cell of capitalism (see Section 1 of the previous chapter), Marx draws the conclusion that the capitalist mode of production is not absolute, i.e., is historically transient.

² The first book, *On Capital*, was in turn divided into four parts: "Capital in General", "Competition", "Credit", and "Share Capital" (13, 97). Capital in general was defined by Marx as a specific characteristic of the capitalist mode of production, as the universal economic basis of capitalism (27, 312, 34, 352-53, 736).

sive manuscript consisting of no less than 200 author's signatures. It filled 23 notebooks and was entitled, like the first part, *A Contribution to the Critique of Political Economy*. Marx's work on this manuscript, which was the second draft version of *Capital*, fell into three stages. At the first stage (from August 1861 roughly to March 1862), during the preparation of the second part, Marx considered questions that were later developed in Volume I of *Capital*.¹ In March 1862, Marx broke off his work on the section dealing with the capitalist application of machinery and began a detailed critical analysis of the history of bourgeois political economy—the *Theories of Surplus-Value*.

Marx stopped working on the second part of *A Contribution to the Critique of Political Economy* presumably because he had decided it was necessary first to complete the development of his economic theory, i.e., to proceed from "basic" categories—value and surplus-value, which had been analysed in sufficient detail in the manuscript of 1857-58—to those operating on the "surface" of the bourgeois economy—average profit, the price of production, and rent of land.² The 1857-58 manuscript gave the general outlines of the theory of profit as a converted form of surplus-value. Here Marx also came very close to the theory of the price of production, but did not yet develop it in full. The same applies to the theories of reproduction, crises and productive labour. He first developed all these theories during his critical analysis of bourgeois political economy, at the second stage in writing his manuscript of 1861-63, roughly between March and November 1862. This part of the manuscript is a draft—the only one—of the fourth, historical volume of *Capital*. Beginning in 1883, from the day of Marx's death, Engels repeatedly declared his intention to publish the *Theories of Surplus-Value* as the fourth volume of *Capital*, but failed to do so. Such an edition was

¹ This part of the manuscript was first published in 1973 in Russian (see K. Marx, F. Engels, Second Russian Edition, Vol. 47).

² "Marx worked out the theory of surplus-value all alone and in private in the 1850s," Engels noted in 1893, "and emphatically refused to publish anything about it before he had attained full clarity on all the consequences. Hence the non-appearance of the second and the following parts of *A Contribution to the Critique of Political Economy*" (33, 25).

first prepared and brought out between 1954 and 1961 in the USSR (17, 18, 19).¹

Finally, the third stage in the writing of the 1861-63 manuscript lasted from November 1862 to July 1863. During this period, Marx applied himself to the problems dealt with in the future second, third and, partially, first volumes of *Capital*, to analysing loan and merchant's capital, profit, capitalist reproduction, accumulation, and other questions.

It was while working on the 1861-63 manuscript that Marx first got the idea of concentrating on the first of the six books he intended to write—the book *On Capital*, indeed on its first section—"Capital in General".²

In a letter to Ludwig Kugelmann of December 28, 1862, Marx wrote that his work "is the continuation of Part I but will appear independently under the title of *Capital*, and *A Contribution to the Critique of Political Economy* will only be a subtitle. In fact, it embraces only what was to make up Chapter III of Part I, i.e., 'Capital in General'. Hence, it does not include competition of capital or credit. This volume contains what the Englishman calls 'the principle of political economy'. It is the quintessence (together with the first part), and the further questions (perhaps with the exception of the relation between the different forms of state and the different economic structures of society) should be easy to work out by others too on the basis of what has been provided" (28, 639).

After finishing the 1861-63 manuscript, in August 1863 Marx began a new one, which he initially intended as the final text for print (the 1863-65 manuscript). This manuscript, the third draft of *Capital*, was to comprise its first three volumes. Unfortunately, not all of it is still extant:

¹ The edition of the *Theories of Surplus-Value* prepared by Karl Kautsky between 1905 and 1910 was brought out not as the fourth volume of *Capital*, but as a work "parallel" to it. This edition has been analysed in detail by V. K. Brushlinsky (123; see also 132).

² Marx soon realised that he would be able to complete only part of his vast programme of economic research. "... Nor is it my intention," he wrote on March 11, 1858, "to elaborate to an equal degree all the six sections into which I am dividing the whole, but rather to give no more than the broad outline in the three last, whereas in the first three, which contain the actual nub of the economic argument, some degree of amplification will be unavoidable" (27, 554).

of the part relating to Volume I of *Capital* only "Chapter Six. Results of the Direct Process of Production", has come down to us, a part that was not included in the final version of Volume I (90, 1-136).

The 1863-65 manuscript also contains the first of the eight variants of Volume II of *Capital* (91, 231-498) and the only one of Volume III. It was on the basis of this version that Engels, having made use of Marx's subsequent inserts and additions, and having abbreviated and supplemented the text where necessary, finally published Volume III in 1894.

It is in no way surprising that, in both the second and third drafts of *Capital*, in connection with his analysis of the history of bourgeois political economy and with the further development of his economic theory, Marx studied a wide range of questions linked with the further economic substantiation of the theory of scientific communism, especially with the antagonistic contradictions of capitalism and the condition and struggle of the working class in bourgeois society. It is these questions that we shall now consider.¹

1. ANALYSIS OF THE COMMODITY "LABOUR-POWER"

On the basis of the fundamental principles of the theories of value and surplus-value, which he had formulated in 1850s, including his detailed substantiation of the correspondence between capitalist exploitation, the production of surplus-value, and the law of value, the law of the exchange of equivalents, Marx continued his *analysis of the relations between labour and capital* in his 1861-63 manuscript. This analysis centres on the commodity "labour-power". "The economists," Marx notes, "have never been able to square surplus-value with the law of equivalency which they themselves have established. The socialists have always pointed to this contradiction and harped on it, instead of trying to understand the specific nature of this commodity, the capacity for labour, whose use-value itself

¹ From the second and third drafts of *Capital*, we shall consider those sections which contain material for the second part of *A Contribution to the Critique of Political Economy* and *Theories of Surplus-Value*, as well as Chapter Six and Volume III of *Capital*.

is the activity creating exchange-value" (22, 79). This is why Marx makes a comprehensive inquiry into the commodity "labour-power".

First of all, he reveals the specific character of this commodity, inseparably linked with that of the capitalist mode of production, and in this context ascertains the qualitative difference between the latter and the simple commodity economy. Commodity production and circulation in their developed, money form are, indeed, under specific conditions, the point of departure for capitalist production, though the latter cannot be reduced simply to commodity-money relations, since it constitutes a fundamentally new stage in the development of these relations. "From the outset," Marx writes, "capital . . . appears as a relation that can only be the result of a definite historical process, and the basis of a definite epoch in the social mode of production" (22, 34). Only at a definite stage in the economic development of society does the owner of money find a free worker on the market, free both from means of labour and from relations of personal dependence, who has only his labour-power to sell—a unique commodity the consumption of which in the process of production means the creation of new value.

Marx consistently distinguishes between labour-power as such and the process of labour, which is the consumption of labour-power.¹ Without making this distinction, it would be impossible to ascertain the source of surplus-value too. (This is precisely the problem with Ricardo's theory, for example.) Marx, therefore, describes labour-power as merely the potential for labour,² separate both from labour itself and from the conditions under which it is carried out. During the labour process, the worker acts only as personified labour-power. "It is characteristic," Marx writes,

¹ In the preceding chapter we noted that this distinction is a concrete manifestation of the distinction that Marx made between the material content and the social form of exchange between labour and capital.

² This distinction is also reflected in the terminology: in *Capital*, as in the preliminary variants of it, Marx uses, as well as *Arbeitskraft*, the term *Arbeitsvermögen* to denote labour-power, one of its meanings being "capacity for labour" (see, for example, 14, 164). Describing the specific nature of the commodity "labour-power", Marx notes that it exists "as a faculty, an ability in the live body of the individual" (22, 452 see also 22, 32).

“that in England workers are called *hands*, after the main organ through which their capacity for work is exercised” (22, 48).

Of signal importance in Marx’s analysis of the relations between labour and capital is his determination of the value of labour-power and its monetary expression—wages. Bourgeois economists, beginning with the Physiocrats, regarded the value of labour-power (they spoke of the “value of labour”) as some constant, independent of the level of historical development. According to their theory of the “minimum wage”, the size of wages is determined by the value of a set of means of subsistence essential for the physical maintenance of the worker and given once and for all. Marx’s refutation of this theory, in the 1861-63 manuscript, allowed him to give a comprehensive substantiation of the need for the working class to fight for higher wages and a shorter working day. In determining the value of labour-power, Marx shows that “the range of so-called vital needs and the mode of their satisfaction depend, in great measure, on the state of society’s culture, i.e., are themselves a product of history” (22, 39). Consequently, the size of wages, as well as the value of labour-power, are not determined by “the extreme limit of physical necessity” (22, 46), though capitalism does, indeed, strive to reduce the value and price of labour-power to their minimum. Hence the economic need for the working class to fight unremittingly for higher wages and a shorter working day. If the workers were to renounce the struggle against “the encroachments of capital”, Marx noted in 1865 in the work *Wages, Price and Profit*, “they would be degraded to one level mass of broken wretches past salvation” (11, 75).¹

We must now look ahead somewhat, to the second stage in the writing of the 1861-63 manuscript, when, in his critique of bourgeois political economy, Marx substantiated not only the need for the struggle of the working class for higher wages, but also the economic *possibility* of this

¹ These propositions concerning the need for the working class to fight for better conditions on which to sell their labour-power testify to the considerably higher level of Marx’s economic theory in the 1860s compared with the 1840s when, as we have seen in Chapter One, Marx still believed that “in the long run” the trade unions “cannot withstand the laws of competition” which reduced wages to the minimum (5, 435).

struggle. We have already pointed out that, when studying the views of the Physiocrats, Marx discovered the very roots of the bourgeois conception of the “minimum wage”, which regarded the value of labour-power as some constant magnitude independent of the level of historical development. In itself, the statement that this value exists as some firmly fixed magnitude, even in the concealed form of the minimum wage, was essential for realising that surplus-value is the extra value created by the worker over and above the value of his labour-power. Marx’s critique of the non-historical approach of bourgeois political economy to the value of labour-power allowed him to formulate the basic principles of the economic struggle of the working class against the capitalist class. It was also essential to fix the minimum wage in order to establish the fact that wage rises do not increase the value of commodities, but lead only to a lower profit rate for the capitalist. The establishment of this fact, one of extraordinary importance for the theory of scientific communism, was a major scientific achievement of Ricardo, but it was Marx that provided its comprehensive substantiation. In particular, having formulated his theory of average profit and the price of production, Marx showed that what Ricardo treated as “exceptions” from the rule that he had himself established were, in fact, only seeming exceptions, since they concerned only the price of production and not the value of commodities. Marx showed (19, 333) that, by changing the rate of surplus-value, an increase in wages gives rise only to mutually compensatory divergences of the prices of production from value, these constituting the usual functioning of the mechanism of capitalist price formation within the framework of the law of average profit and the price of production.

Thus, theoretical proof was provided of the untenability of the view, so widespread in bourgeois science (even today), that wage rises entail an increase in the prices of commodities. This bourgeois economic dogma stems from Smith’s theory, which regards wages as one of the elements constituting the value of a commodity. Since Smith and Ricardo “this blunder,” Marx wrote, “. . . has survived as an important dogma in all subsequent political economy” (19, 334). From this false conception followed the false conclusion that the workers’ struggle for higher wages was

pointless, since anything the capitalist lost by agreeing to such an increase he would regain by raising the prices of the goods he sold.¹

Now let us return to the first stage in the writing of the 1861-63 manuscript. Here Marx, studying the process of capitalist production in its historical development, for the first time identified the stages of the formal and real subjection of labour to capital, to which the absolute and relative forms of surplus-value correspond. Although the formal subjection of labour, which consists in "taking it under the control of capital" (22, 83), emerges historically before the real one, the latter presuming the existence of the specifically capitalist mode of production, it is fully retained at the stage of developed capitalism too, as is its result—absolute surplus-value. All social strata that do not participate directly in material production live on the surplus-labour of the workers, receiving the material conditions of life and free time for engaging in a particular unproductive activity or simply for doing nothing. Free time for some means excessive labour for others. "This antagonism," Marx notes, "has provided the basis for all hitherto existing civilisation and social development" (22, 168). Under capitalism the antagonism, therefore, consists in the very existence of surplus-labour, as a result of which the workers "must spend more time in material production than is needed for the production of their own material life. . . . The workers must spend all their time, i.e., the space of their development, on the bare production of certain use-values" (22, 168). At the same time, by developing the propositions already formulated in the 1857-58 manuscript (34, 230), Marx gives a broader description of surplus-labour as "labour for society", which, "on the one hand, is the basis of the free time of society and thus, on the other hand, the material basis of its entire development and of culture in general" (22, 173).

Marx cites a large number of examples from diverse statistical sources, especially the reports of British factory inspectors, whose selfless work he highly appraised. He used these to reveal the tendency inherent in capital to-

¹ In a special report to the General Council of the First International in 1865, Marx considered in detail all the aspects of this problem from the angle of the struggle of the working class,

wards an unlimited increase in surplus-labour and to draw a terrifying picture of capitalist exploitation. Excessive work reduces the normal lifetime of labour-power and "destroys" its value,¹ which constitutes a violation of the normal conditions under which workers sell their labour-power. In this context, Marx writes: "The capitalistic production is . . . most economical of *realized labour*, labour realized in commodities. It is a greater spendthrift than any other mode of production of man, of living labour, spendthrift not only of flesh and blood and muscles, but of brains and nerves. It is, in fact, only at the greatest waste of individual development that the development of general men is secured in those epochs of history which prelude to a socialist constitution of mankind" (22, 324, 327). Capitalist production has a direct interest in this "unpremeditated murder"—in the excessive exploitation of the working class. Only organised resistance on the part of the workers is capable of checking capital's boundless appetite. "Isolated efforts of workers" are not enough; resistance from the whole working class is necessary. Marx emphasised that "the workers in themselves—without acting as a class on the state, and through the state on capital—are unable to salvage from the harpy's claws of capital even what free time is needed for their bodily survival" (37, 1283). In this connection, Marx analyses the struggle of the working class, which led to a legal limitation of the working day not only in Britain, but also in France, Prussia and Austria. In their reports, factory inspectors revealed a whole system for getting round the factory acts ultimately adopted by the British parliament in order to some-

¹ Marx speaks, in particular, about the "artificial reduction" in the value of labour-power achieved by reducing the quality and quantity of the means of subsistence consumed by the worker. At the same time, he stresses that he leaves this and similar instances of reductions in the value of labour-power (such as the employment of minors or cuts in training outlays) out of account. "We thus give capital a fair chance by assuming precisely its worst abominations to be non-existent" (22, 41). Such was the fundamental principle followed by Marx throughout his economic researches: he showed that capitalist exploitation stemmed from the very essence of the relations of production in bourgeois society. ". . . In an objective analysis of the mechanism of capitalism," Marx wrote in the 1870s, "certain stains still sticking to it with extraordinary tenacity cannot be used as a subterfuge" (45, 513).

what restrict exploitation.¹ Although these acts were frequently no more than dead letters, Marx noted "the extraordinary beneficial effect which this process [the shortening of the working day], as proved by statistics, has had in terms of the physical, moral and intellectual amelioration of the working classes in England" (35, 219).

Later, in 1864, Marx stressed this fact in particular in the *Inaugural Address of the Working Men's International Association* (11, 16).

Resistance on the part of the working class sets certain limits to the growth of absolute surplus-value obtained through the prolongation of the working day. The capitalist class strives to get round these limits by further developing the productive forces and raising labour productivity, as a result of which the capitalist is able to turn part of what was previously the necessary labour of the workers into surplus-labour. This leads to a rise in relative surplus-value. The amount of means of subsistence consumed by the worker may increase, but their value decreases. Marx notes that the possible improvement in the living conditions of the worker "changes nothing in the *nature* and the *law of relative surplus-value*, in the fact that as a result of rising productivity a larger part of the working day is appropriated by capital. Hence the absurdity of the attempts to refute this law by proving with statistics that the material condition of the worker has improved here or there, in one way or another, as a result of the development of the productive power of labour" (22, 226). The conception formulated here of the impoverishment of the working class in bourgeois society has nothing in common with the primitive idea attributed to Marx by his bourgeois and reformist critics of a continuous, automatic deterioration in the workers' position under capitalism. The real idea behind Marx's conception of impoverishment is that, in bourgeois society, the worker "always works only for consumption, the only difference being that the production costs

¹ Marx describes this as "the encroachment of capital on necessary labour". Factory inspectors spoke openly about "thefts" of labour-time by capitalists. In addition to "practical resistance" by factory owners to the limitation of the working day, there was also "theoretical resistance" by their apologists—the vulgar economists who tried to prove such a limitation impossible (22, 172, 176, 193).

of what he consumes may be higher or lower" (22, 103)¹ while the scale of this consumption is limited by the bounds of necessary labour. Capital, Marx points out, fiercely resists any attempts by the workers to gain wage rises in the wake of increases in labour productivity and relative surplus-value.

It was in the 1861-63 manuscript that Marx first gave a detailed analysis of the three consecutive stages in the rise in labour productivity within the framework of the capitalist mode of production: co-operation, division of labour and machines, these being, at the same time, three stages in the development of the real subjection of labour to capital, and hence in the intensification of capitalist exploitation, too. In as far as co-operation of the workers reduces necessary labour-time, it also increases the amount of relative surplus-value appropriated gratis by the capitalist. In this sense, "co-operation, this productive force of social labour, appears as a productive force of capital, not of labour" (22, 234). Marx writes that such a "rearrangement" occurs with respect to all the productive forces of bourgeois society; there takes place "a process of alienation of labour ... its own social forms appearing as powers alien to it" (22, 285).²

Under the conditions of capitalist co-operation, when the interconnection between the workers is a relationship alien to them, a specific type of supervisory work emerges. Labour management is an objective necessity given large-scale production but, as Marx shows, the form that it would assume "under the conditions of association" (22, 236) has nothing in common with the commanding of labour as carried out by the capitalist.

Marx describes the division of labour as a developed

¹ Marx says that "the worker as such is, by definition, a pauper". He speaks of the "absolute poverty of the worker", stressing that this "means nothing else but that his capacity for labour remains the only commodity he has to sell" (22, 35, 36). Of course, the points set out here do not exhaust Marx's conception of the impoverishment of the working class under capitalism; as we shall see below, it was considerably developed at the later stages in the writing of the 1861-63 manuscript, in the 1863-65 manuscript and in Volume I of *Capital*.

² Here we see Marx develop and further substantiate the concept of alienated labour, which he first formulated in the *Economic and Philosophic Manuscripts of 1844*.

form of co-operation, as a powerful means for raising labour productivity and relative surplus-value. He shows that capitalist manufacture is characterised not by a division of various types of labour among the workers, as bourgeois economists claimed, but, rather, by a division of the workers among the various labour processes, "each of which becomes their exclusive life process" (22, 252). The other side of this division is combination of labour in manufacture, regarded in its entirety. The workers are simply the "bricks" with which this combination is built up and are completely dependent on the total mechanism.

The broad application of the forces of nature and the achievements of science by capital is typical of large-scale machine production. In the 1857-58 manuscript, Marx noted the tendency to turn science into a direct productive force. Now he discusses this important point in greater detail, remarking that "it is capitalist production that first turns the process of material production into the application of *science to production*—science mise en pratique". Capital monopolises the use of scientific achievements. Marx calls it "exploitation of science, of the theoretical progress of mankind". Capital not only exploits science, however; it also turns its achievements against the working people. "Science appears as an *alien, hostile force* in relation to labour, a force *dominating it*" (37, 1265, 1262).

The mode of production based on the use of machinery finds its classic expression in the "automatic factory", where "an integrated system of machines" is used. "*The automatic factory*," Marx writes, "is the perfect mode of production corresponding to machinery, and it is the more perfect the more it forms a complete system of mechanisms, the less the individual processes . . . still require the mediation of human labour" (36, 1236, 1237).

Marx traces in detail the influence exerted by machine production on the condition of the working class. ". . . The worker . . . having lost his virtuosity . . ., no longer can afford to balk; capital, on the other hand, is enabled to replace skilled workers by unskilled ones, who are therefore more subject to its control" (22, 303).¹ The use of women's and children's labour has a similar effect. Marx states that the

¹ In the course of the current technological revolution, the opposite tendency has also developed: labour is gradually being transformed, on a large scale, from simple to complex.

invention of machines was often directly prompted by workers' strikes. "Here machinery, *by its motivation, comes into play as a form of capital hostile to labour*" (22, 312).

An absolute or a relative prolongation of labour-time is an objective trend in the development of machine production under capitalism. This trend, the striving of the capitalists to speed up the replacement of fixed capital and ensure its continuous functioning, gives rise to night shifts, as well as to an intensification or "packing" of labour. "The pores of time are . . . diminished by the compression of labour", there is "greater intentness, greater nervous strain but, at the same time, greater physical exertion" (22, 307; 36, 1217). Yet the intensity and duration of labour cannot increase simultaneously—this occurs in turn.¹ The working-class struggle for a shorter working day, which culminated in the passage of the Ten Hours' Bill, gave rise to a whole wave of improvements in industry aimed at intensifying labour. The revolution in industrial production, Marx states, "was brought about *forcibly* by legislation setting an outer limit to the exploitation of the worker" (35, 218). The profits of the British factory owners did not, ultimately, fall. Yet the rise in labour intensity has objective limits that dictate further cuts in the working day.² At the same time, Marx points out that the growth of the intensity of labour "is a certain condition of social progress" since it creates "free time also for the workers" and thus the possibility of activities that "can serve as recreation" (35, 219).

One of the most important results of technological progress under capitalism is the ousting of living labour by

¹ As French Marxist scholars write, the shortening of the working day in some capitalist countries in recent years "has been very insignificant, and far from compensated for the intensification of labour" (91, 337).

² In drawing these general conclusions, Marx makes the following remark, of importance in the methodological sense: "One must always bear in mind of course that when a specific economic phenomenon comes into question, one can never apply the general economic laws simply and directly" (35, 218). He points out the specific circumstances he was deliberately leaving aside: the rise in demand, the expansion of the world market as a result of the discovery of Californian and Australian gold, the mass import of cheap raw materials. It would be impossible to take these factors into account at the *given stage* in the research but, in principle, a general (abstract) economic theory must be specified before it can be applied for explaining specific economic phenomena.

machines. In this connection, Marx notes the tendency towards a relative shrinking of the working class, accompanied by an absolute growth in it: "Although the number of workers grows in absolute terms it decreases relatively, not only in relation to the constant capital that absorbs their labour but also in relation to the section of society that is not employed directly in material production or in any production at all" (22, 277). Thus, the objective result of the capitalist use of machinery is a new stage in the development of the real subjection of labour to capital. As Marx says, at this stage "*the creation of worker redundancy*" is "*a pronounced and conscious tendency... operating on a large scale*" (37, 1257). The antagonistic contradiction between capital and labour is here manifested to the highest degree, since capital is now acting "as a means not only of depreciating the living capacity for labour but also of making it *redundant*". At the same time, Marx registers the opposite tendency of machine production—the tendency constantly to increase the number of workers employed, thus expanding the sphere of exploitation. "*Constant fluctuations in the worker's existence*" (37, 1259, 1260) are therefore characteristic of capitalism.

The conclusions Marx drew at the first stage in the writing of the 1861-63 manuscript from his analysis of the commodity "labour-power"—the objective tendency towards an intensification of capitalist exploitation and impoverishment of the workers, and the consequent need for a constant struggle by the working class against the capitalist class for an improvement in its condition in bourgeois society—were further developed and substantiated at the subsequent stages in the elaboration of Marx's economic theory.

2. THE WORKING CLASS IN THE STRUCTURE OF BOURGEOIS SOCIETY

In Chapter One, we spoke about the fact that as early as the 1840s Marx highly appraised Ricardo's analysis of relative wages (in his theory, wages appeared as a specific share received by the worker out of the total value of the product), since the worker was here regarded "in his social relationships", while the working class as a whole was

seen in the context of its relations with the other classes of bourgeois society. "The position of the classes to one another depends more on relative wages than on the absolute amount of wages" (18, 419).¹ Marx focused considerable attention on ascertaining the *place occupied by the working class in the structure of bourgeois society*. In particular, he obtained important results in his analysis of productive and unproductive labour in capitalist society.

The elaboration of the criteria of productive labour constitutes a further development of the basic principles of the theory of surplus-value. "Productive labour," Marx wrote, "is only a concise term for the whole relationship and the form and manner in which labour-power figures in the capitalist production process. The distinction from *other* kinds of labour is however of the greatest importance, since this distinction expresses precisely the specific form of the labour on which the whole capitalist mode of production and capital itself is based" (17, 396). By defining (in the broadest terms) productive labour as labour that creates surplus-value, Marx proceeds not "from the material characteristics of labour" as concrete labour producing certain use-values, but from "the social relations of production, within which the labour is realised", i.e., from the *form* of social labour (17, 157). This complies fully with his method of distinguishing between the material content and the social form of economic processes.

The definition of productive labour as labour that creates surplus-value reflects capitalism's inherent antagonistic contradiction, which consists in the fact that, for the capitalist mode of production, it is not labour productivity as such that is of importance, but only the *relative* rise in labour productivity—the rise in the rate and mass of surplus-value. Thus, all the necessary labour of the workers appears as unproductive labour that can only be performed if the worker creates surplus-value for the capitalist. "To this

¹ Ricardo's consistent application of the law of value to the categories of political economy allowed him to depict the economic opposition between the classes of capitalist society. Marx quotes the American economist Carey, an ardent preacher of "harmony" in bourgeois society, as saying: "Mr. Ricardo's system is one of discords... its whole tends to the production of *hostility among classes and nations...*" (18, 166).

class of productive labourers itself," Marx stresses, "the labour which they perform for themselves appears as 'un-productive labour'" (17, 166).

Along with the general definition of productive labour, Marx gave an additional definition of it (a definition in the narrower sense) as labour that creates commodities, "immediate, material wealth consisting of *commodities*" (17, 161). This definition, based on the material content of the process of social production, Marx considered just as essential, since labour in material production¹ should be distinguished from any other type of labour. "This difference must be kept in mind and the fact that all other sorts of activity influence material production and vice versa in no way affects the necessity for making this distinction" (19, 432).² The identification of the sphere of material production is of great significance for studying the condition of the working class—the main representative of this sphere—in bourgeois society.

Marx's theory of productive labour, set out in Volume IV of *Capital*, together with the conclusions on the purpose of communist production derived in the first version of *Capital* (the 1857-58 manuscript) created the necessary premises for determining the criterion of productive labour in communist society. Since, according to Marx's concept of productive labour, surplus-labour constitutes a necessary condition for ensuring free time, it follows that surplus-labour is essential under the communist mode of production too. Marx says: "Assuming that no capital exists, but that the worker appropriates his surplus-labour himself—the excess of values that he has created over the value that he consumes. Then one could say only of this labour that it is truly productive, that is, that it creates new values"

¹ Marx describes it as "labour which enters into the production of *commodities* (production here embraces all operations which the commodity has to undergo from the first producer to the consumer) no matter what kind of labour is applied, whether it is manual labour or not (including scientific labour)" (19, 432).

² During its development, capitalism reproduces the different unproductive classes, hence the vulgar economists' tendency—due also to the fact that the capitalist himself is ultimately declared by his critics to be an "unproductive" worker from the point of view of "productive labourers themselves" (17, 175, 212, 300-01)—to recognise all classes in general, including those not involved in material or intellectual production, as being productive.

(17, 153).¹ In Volume III of *Capital*, Marx gave an even more precise formulation of this proposition.²

The fundamental difference between surplus-labour in communist society and capitalist surplus-labour consists in the fact that the former is not transformed into surplus-value, but is social property as is its product.³ As a result, the antagonism between necessary and surplus labour is eliminated.

From the theory of productive labour Marx drew a number of major conclusions with respect to the condition of the working class in bourgeois society. Primarily, he showed that the growth of labour productivity automatically leads to a relative drop in the numbers employed in material production. "A country is the richer," he wrote, "the smaller its productive population is *relatively* to the total product" (17, 227). In communist society work will be equally distributed among all its members. As a result, "all would have . . . more time for unproductive labour and leisure. But in capitalist production everything seems and in fact is contradictory" (17, 218). The growth of labour productivity under capitalism leads to the expansion of the unproductive sphere, the ruin of a part of the productive classes (as a consequence of the concentration of capital), the transition of a small section of the proletariat to the ranks of the middle class, the growth of the intermediate strata between worker and capitalist.⁴ "Those classes and

¹ The creation of new value or, in a more general form, an excess of production over consumption, forms an essential precondition for productive labour in Marx's economic theory. Concerning the polemics between the Mercantilists and the Physiocrats on the criterion of productive labour, Marx notes that "for both the Physiocrats and their opponents the crucial issue was not what kind of labour creates *value* but what kind of labour creates *surplus-value*. They were thus discussing a complex form of the problem before having solved its elementary form. . ." (20, 57).

² "Surplus-labour in general, as labour performed over and above the given requirements, must always remain" (16, 819). We shall return to this question later.

³ Lenin noted that, in socialist society, "the *surplus product* accrues not to the class of property-owners but to all working people, and only to them" (78, 382).

⁴ S. Nadel comes to the following conclusions concerning the current class structure in the USA: bourgeoisie—3 per cent of the gainfully employed population, proletariat—78 per cent, petty bourgeoisie—41 per cent, intermediate strata—8 per cent. Considering

sub-classes who do not live directly from their labour become more numerous and live better than before, and the number of unproductive workers increases as well." This deepens the economic, social and political rift separating the workers "from their betters". Marx points to "the constantly growing number of the middle classes, those who stand between the workman on the one hand and the capitalist and landlord on the other. The middle classes maintain themselves to an ever increasing extent directly out of revenue, they are a burden weighing heavily on the working base and increase the social security and power of the upper ten thousand" (18, 562, 572, 573). The social stability of the ruling upper crust is also increased by the influx—via the middle strata—of the most capable members of the lower classes. "The more a ruling class is able to assimilate the foremost minds of a ruled class," Marx wrote, "the more stable and dangerous becomes its rule" (16, 601).

The intermediate sections also include "the ideological strata", "the ideological component parts of the ruling class" that are called into being by the antagonisms in the sphere of material production. As for the "free spiritual production of this particular social formation", Marx notes that "capitalist production is hostile to certain branches of spiritual production, for example, art and poetry" (17, 285, 287).¹

that "the class of petty bourgeoisie consists of small property-owners in town and country who live exclusively or mainly by their own labour", the intermediate classes between the working and the capitalist class make up 19 per cent of the gainfully employed population of the USA (1964 data) (99, 67, 65).

According to French researchers, the social structure of the active population of France in 1968 was as follows: working class—44.5 per cent, intermediate and middle strata—51.5 per cent (wage and salary workers—30.5 per cent, non-wage-workers—21 per cent, of the latter, working peasants constituting 12.3 per cent) and bourgeoisie—4 per cent (110, 240).

¹ "The capitalist division of labour," G. Kunitsin rightly states, "while offering almost unlimited opportunities for the development of civilisation, inevitably begins to break man down, to destroy him, including the artist, as an integral personality. There appear works of art pandering to the market, produced for the sake of money" (102, 249). This agrees with Marx's thesis that "even the most sublime spiritual productions should merely be granted recognition, and *apologies* for them made to the bourgeoisie, that they are presented as, and falsely proved to be, direct producers of material wealth" (17, 287).

As for the unproductive strata "who produce nothing themselves, either spiritual or material", they owe their existence to "the faulty social relations" and "social evils" (17, 289).

Thus, the tendency towards a relative narrowing of the sphere of material production in the overall mass of wage-labour, being basically progressive and the result of the development of productive forces, under capitalism leads to a considerable deterioration in the condition of the working class.

Marx further showed that the capitalist mode of production isolates mental from manual labour, distributing them among different people. These types of labour are combined for a certain time in the direct process of production; the material product is the product of the joint labour of both mental and manual workers. This separation, as Marx states, therefore, by no means "prevents or in any way alters the relation of each one of these persons to capital being that of wage-labourer" (17, 412). In addition, there is the fact that mental workers "also, owing to competition, are badly paid" (17, 218).¹ Marx here reveals the material basis that brings the proletariat of manual and mental labour closer together. Both categories are productive workers creating surplus-value for the capitalist, and both are subject to capitalist exploitation. In this connection, Marx notes that the sphere of wage-labour is expanding²; many types of mental work are getting involved in material production, the result being an expansion of the bounds of productive labour. Productive workers now include "all those who contribute in one way or another to the production of the commodity, from the actual operative to the manager or engineer (as distinct from the capi-

¹ Thus, the difference between the wages of factory and office workers in France does not exceed 10 per cent; "an equalisation of wages" takes place (116, 231).

² In the mid-19th century, 55-60 per cent of the gainfully employed population were wage and salary workers (in Britain about 82 per cent, in the USA—59.4 per cent), whereas in the mid-20th century, 72-93 per cent of the gainfully employed population of the developed capitalist countries, with the exception of Japan and Italy, belonged to this category (Britain—93.1 per cent, the USA—88.6 per cent). Contemporary capitalism is also characterised by a sharp rise in the share of the intelligentsia and office workers in the gainfully employed population. In the USA, it rose from 11.5 per cent in 1880 to 35.8 per cent in 1959 (113, 183-85, 215).

talist)" (17, 156, 157). All this brings the mental and manual proletarians closer together. Today, "the white-collar proletariat", like the industrial proletariat, have to sell their labour-power to the capitalists and are the object of exploitation; they are threatened by unemployment as a result of automation; their wages are often lower than those of skilled workers. This is why they often combine with the workers in a joint struggle against monopoly oppression, and, in the course of this struggle, the social barriers between the proletarians working on the shop floor and those working in an office are gradually overcome.¹

In the 1861-63 manuscript, Marx speaks of the "totality of these labourers", both mental and manual, "as a workshop" (17, 411). Later, in Volume I of *Capital*, he called this "workshop" "the collective labourer" (14, 476-77).² The category of the "collective labourer" aptly expresses capitalism's objective tendency: the quantitative and qualitative growth of the working class as the main productive force of society. Under the conditions of the present technological

¹ "In this age, when science is becoming a direct productive force," says the Resolution of the International Meeting of Communist and Workers' Parties in 1969, "growing numbers of intellectuals are swelling the ranks of wage and salary workers. Their social interests intertwine with those of the working class.... The alliance of workers by hand and by brain is becoming an increasingly important force in the struggle for peace, democracy and social progress". (60, 308).

According to French Communists (1970), proletarianisation is a reality for 4-5 per cent of the intellectuals. The drawing together and strengthening of the links between the working class and the intelligentsia does not, of course, mean that they are merging or that the substantial social differences between them are being eliminated. These differences (for instance, in wage levels, education, and so on) are still stronger than the factors drawing them together. Yet one cannot but agree with the conclusion drawn by a group of Soviet researchers who studied the working intelligentsia of France that "the introduction of all the basic laws governing capitalist production of material goods into scientific, cultural, design, spiritual and ideological production constitutes the changing basis that makes the present state of affairs so unstable and today's social boundaries so vacillating" (136, 86, 90).

² Under modern capitalism, "with the growth of the socialisation of production, labour-process becomes increasingly collective in nature. This process goes even further than the formation of the 'collective worker', for now it is a matter of large-scale production complexes sometimes embracing almost all the workers in a given industry or group of industries producing the same products" (113, 204).

revolution, this tendency is especially evident. In spite of the diverse attempts to belittle the role of the working class—either by identifying it with manual labourers or by dissolving it into a "single bloc" of wage and salary workers, where the leading role is played by the intellectuals (the Touraine-Garaudy conception)¹—its economic and political role is far more significant in modern capitalist society than it was in the last century. Most of the working class is concentrated in large enterprises and is connected with the latest productive forces; finding itself, as a result, at the very centre of capitalist contradictions, and subject to ruthless exploitation, it is capitalism's most irreconcilable opponent.

"The ranks of the international working class, the most advanced revolutionary class of modern times," noted Leonid Brezhnev, "and its role as the main productive and socio-political force in the world, will continue to grow. Despite the fashionable anti-Marxist theories which allege that the scientific and technological revolution is narrowing the scope of the working class and even eliminating it altogether, the facts testify to the contrary: scientific and technological progress everywhere leads to the growth of the working class, due among other things to the new occupations introduced by the modern methods of production" (56, 22).

3. THE INEVITABILITY OF ECONOMIC CRISES. THE IMPACT OF CAPITALIST ACCUMULATION ON THE CONDITION OF THE WORKER

In his critical analysis of Ricardo's theory of accumulation in the 1861-63 manuscript, Marx formulated his own theory of reproduction and his theory of economic crises under capitalism that followed from it.² In contrast to the

¹ A detailed critique of the revisionist conception of Garaudy, Fischer and others is given in the book: *Scientific Communism and Its Falsification by Renegades* (112).

² In his summary of the correspondence between Marx and Engels, Lenin notes that Marx's letter to Engels of July 6, 1863 (and correspondingly the 1861-63 manuscript) outlined the central ideas of the future Volume II of *Capital*: the doctrine of the two departments of social reproduction and the theory of reproduction. In its classical form, however, as found in Volume II of *Capital*, the theory of reproduction was first set out by Marx in the 1870s.

classics of bourgeois political economy, who ignored constant capital (Smith's doctrine), Marx made the replacement of constant capital the central point of his theory of reproduction. "Above all," he wrote, "it is necessary to have a clear understanding of the *reproduction of constant capital*" (18, 470). By analysing the process of the reproduction of the entire social capital, Marx established that a part of the aggregate product is always consumed in a productive way. This is most clearly evident in the production of the means of production. "An important part of the constant capital," Marx notes, "... replaces itself and does not enter into circulation, and is therefore not replaced by any form of revenue" (17, 127). This is the part of the social product that in Volume II of *Capital* Marx called "means of production of means of production", i.e., means of production for Department I of social production.¹ This alone suffices to debunk Smith's doctrine. In Volume IV of *Capital* Marx first formulated the thesis of major importance for the theory of reproduction—that the product is replaced both in terms of value and in the natural form, these being the two basic aspects of the process of reproduction (17, 106). This was also the first time that he divided all social production—and correspondingly the total social product—in its natural form into two basic departments: production of the means of production and production of articles of consumption.² The importance of this division was stressed repeatedly by Lenin (41, 51-58).

Even in the first version of *Capital*, and later in the first part of *A Contribution to the Critique of Political Economy* based on it, Marx showed that, in consequence of the specific social nature of abstract labour and of the fact that, under the capitalist mode of production, individual labour only appears as abstract universal social labour by virtue of its alienation, money in bourgeois society is far from

¹ Marx first pointed to the priority growth of the production of the means of production under capitalism in the first version of *Capital* (34, 594-600).

² In the 1861-63 manuscript, as in several manuscripts of the 1870s relating to Volume II of *Capital*, the means of production figure as Department II, and the articles of consumption as Department I (122). In the 1861-63 manuscript, analysing the replacement of the aggregate social product in value and in kind, Marx first gave the formula of simple reproduction that provides the basis for his theory of reproduction (19, 248-50).

being merely a medium of commodity exchange.¹ The exchange of products under the conditions of commodity production necessarily divides into two independent acts that are separated in terms of both time and space—purchase and sale. It is here, in the separation of these two acts, that the abstract possibility of a crisis is contained. Another abstract possibility arises from the function of money as a means of payment. Yet the theory of economic crises, which proves the *inevitability* of the cyclical development of capitalism, can only be derived, as Marx emphasised, "from the real movement of capitalist production, competition and credit"; it necessitates an analysis of "the real conditions within which the actual process of production takes place" (18, 512, 492). In analysing capitalist crises, it must not be assumed, for example, that commodities are sold at value (or at their price of production). Here a specific analysis of the capitalist economy is required.

Marx shows that Ricardo's rejection of over-production was largely connected with his failure to understand "the actual composition of society, which by no means consists only of two classes, workers and industrial capitalists, and where therefore consumers and producers are not identical categories" (18, 493). Marx goes on to show that bourgeois, especially vulgar, political economy strives to abstract from the contradictions of capitalist production, depicting it as production for the sake of consumption and stressing the unity of the various aspects of reproduction, while forgetting about their contradictory nature and about the disproportions of capitalist production, etc.² Bourgeois economists identify the capitalist mode of production either with simple commodity production or with some other, harmoniously developing production, i.e., they regard capitalism "as *social* production, implying that society, as if according to a plan, distributes its means of production and productive forces in the degree and measure which is re-

¹ Marx describes money as the "direct embodiment" of alienated labour—of "abstract universal social labour, which is brought about by the universal alienation of individual labour" (20, 56-57). Thus, the duality of labour in bourgeois society appears as a specification of alienated labour.

² See also Section 2 of this Chapter, where we discussed Marx's understanding of the actual structure of bourgeois society in the context of his formulation of the criterion of productive labour. Here it is considered in the context of the theory of crises.

quired for the fulfilment of the various social needs" (18, 529). Since they regard capitalism as an eternal, absolute mode of production, bourgeois economists speak about production in general, about needs in general, about the unlimited nature of human needs, and so on. In fact, under crisis conditions, it is a matter only of needs that can be paid for, the level of which is artificially lowered. Over-production, Marx says, "is only concerned with demand that is backed by ability to pay. It is not a question of absolute over-production" (18, 506). Marx notes that at the time of crisis, i.e., of over-production of commodities, the condition of the working people is worse than at any other stage of the capitalist cycle. In capitalist society it is therefore not a matter of over-production in relation to absolute needs, but of relative over-production compared with effective demand. As for the degree to which the vital requirements of the working people are satisfied, "on the basis of capitalist production, there is constant *under-production* in this sense" (18, 527).¹

Marx draws particular attention to the fact that crises under capitalism, at the same time, greatly speed up the growth of the productive forces (we have already discussed this in Chapter Two). In this connection, he gives a remarkable description of the aim and basic trends in capitalist production, drawing a clear line of distinction between the material content of these trends and their antagonistic social form. "It is the constant aim of capitalist production," Marx writes, "to produce a maximum of surplus-value or surplus-product with the minimum capital outlay; and to the extent that this result is not achieved by overworking the workers, it is a tendency of capital to seek to produce a given product with the least possible expenditure—economy of power and expense. It is therefore the economic tendency of capital which teaches humanity to husband its strength and to achieve its productive aim with the least possible expenditure of means.

"In this conception, the workers themselves appear as

¹ Under the conditions of the technological revolution, the rise of the working people's intellectual level becomes a socially necessary (and gradually recognised) requirement, whose satisfaction capitalism does its best to restrict. Hence the demand of the modern working class for a reform of education, for access to cultural facilities, and so on (108, 24-29).

that which they are in capitalist production—mere means of production, not an end in themselves and not the aim of production" (18, 547-48).

The development of capitalist production, connected with the growth of the ratio between constant and variable capital, aggravates the "alienation and opposition" between labour and capital. One manifestation of this is the constant relative overpopulation as a result of the capitalist application of machinery. Marx speaks about the mass of "semi-employed or completely unemployed . . . for ever crawling around at the bottom" of bourgeois society. In this context he takes note of the relative (but by no means absolute!) decrease of the fund "out of which the workers draw" their income, a decrease in relation to "their total output". At the same time, there is an absolute increase in the scale of wage-labour, and a "perpetuation of wage-slavery through the application of machinery" (18, 560, 566, 573).¹

It followed from Marx's theory of reproduction that, while the working class increases in *absolute* terms, it decreases *relative* to the amount of capital employing it. "All changes arising from the development . . . of the productive power of labour, reduce that part of the product which represents living labour, that is, they reduce variable capital" (19, 383).

As he developed these ideas, Marx formulated the triple effect of the accumulation of capital on the condition of the worker: first, "the perpetuation of the means of production as property alien to him, as capital, perpetuates his conditions as wage-worker"; second, "accumulation of capital . . . worsens his position *relatively*"² by augmenting the

¹ Similar views were held by a small group of bourgeois economists (Ramsay, Cherbuliez, Jones). Their attempts to apply a historical approach in analysing individual phenomena of capitalism allowed them to ascertain a whole series of antagonistic contradictions within this formation. Thus, from Ramsay's research into the correlation between fixed and circulating capital followed the conclusion concerning the relative deterioration in the condition of the working class as an accompaniment of the growth of the social wealth, of the scale of reproduction and of the accumulation of capital. Marx noted the cardinal difference between Ramsay's conclusion and Smith's conception, according to which the accumulation of capital is identical with a growth in the demand for labour and a rise in wages. This conception was later taken up by the vulgar economists.

² In Volume I of *Capital*, Marx takes issue with Gladstone, the British Chancellor of the Exchequer, who claimed that an "intoxi-

relative wealth of the capitalist and his co-partners" and reducing "that part of the gross product which is used to pay wages", as a result there is an increase in "the extent and the size of the classes who live on the surplus labour of the worker"; third, "since the conditions of labour confront the individual worker in an ever more gigantic form and increasingly as social forces, the chance of his taking possession of them himself as is the case in small-scale industry, disappears" (19, 352-53). As we can see, here Marx formulated in brief the conclusions of his economic theory concerning the impoverishment of the working class under capitalism. He stressed, in particular, the *qualitative* aspect of the process of impoverishment, the totality of conditions under which the working class finds itself in capitalist society.¹

Analysing, in connection with his critique of Rodbertus' theory, the effect of the growth of the social productivity of labour on wages, Marx refuted the assertions that the two are inversely proportional. "In fact exactly the opposite is the case", Marx emphasises. "The more productive one country is relative to another in the world market, the higher will be its wages as compared with the other. In England, not only nominal wages but [also] real wages are higher than on the continent. The worker eats more meat; he satisfies more needs But in proportion to the productivity of the English workers their wages are not higher [than the wages paid in other countries]" (18, 16-17). Under capitalism, the growth of labour productivity consequently results in the relative, rather than absolute impoverishment of the working class.

As already noted, in his 1861-63 manuscript Marx did not set himself the task of formulating a specific theory of crises. "Nor do we consider," he wrote, "the case in which it is impossible to sell the mass of commodities produced, crises, etc. This belongs into the section on competition. Here we examine only the forms of capital in the various phases of its process, assuming throughout, that the commodities are sold at their value" (18, 484). Nevertheless, Marx did not confine himself to analysing merely the abstract possibility of a crisis; he proceeded to consider the further development of the "potential crisis", the transition from the possibility of a crisis to its "actual occurrence", to the real crisis, which takes place in the real process of capitalist reproduction. The commodity form of the exchange of products and the function of money as a means of payment imply only the abstract possibility of a crisis, since they contain no "compelling motivating factor" (18, 509, 502). As Marx points out, the problem consists in showing why, under capitalism, such aspects of the production process as purchase and sale, demand and supply, production and consumption, inevitably conflict with one another, so that the unity of these aspects can only manifest itself through crisis.

Since, under capitalism, commodity production develops on a qualitatively new level, the possibility of a crisis is further developed. ". . . Just as the examination of money," Marx writes, ". . . has shown that it contained the possibility of crises; the examination of the general nature of capital, even without going further into the actual relations which all constitute prerequisites for the real process of production, reveals this still more clearly" (19, 493). Capitalism engenders new contradictions that turn this possibility into reality.

Marx derived the general conditions conducive to crises of over-production¹ from his theory of capitalist reproduction. The basic, most general form of the movement of capital (M—C—M') is the one in which the process of reproduction takes place under capitalism. This is why any disturbance of the conditions of reproduction disrupts the

cating augmentation of wealth and power" of the propertied classes "must be of indirect benefit to the labouring population. . . . While the rich have been growing richer, the poor have been growing less poor". Marx writes: "If the working-class has remained 'poor', only 'less poor' in proportion as it produces for the wealthy class 'an intoxicating augmentation of wealth and power', then it has remained relatively just as poor. If the extremes of poverty have not lessened, they have increased, because the extremes of wealth have" (14, 610).

¹ Let us stress once more the methodological unity that marks the theory of the impoverishment of the working class under capitalism as first formulated in the *Economic and Philosophic Manuscripts*, where this process was considered an aspect of the self-estrangement of labour, and as fully developed in the 1860s.

¹ Instead of revealing the main cause of crises, the bourgeois economists concentrated on such phenomena in the sphere of circulation as the credit system, and the like. ". . . Whenever a crisis occurred," they "declared that the *most obvious cause* of the particular crisis was the only possible cause of all crises" (19, 122).

4. CAPITALIST MONOPOLY AND CAPITALIST EXPLOITATION

normal movement of capital. Precisely as in Marx's theory of reproduction, a special role in his theory of crises is played by constant capital, acting as the link between the various branches of capitalist production. The close interweaving of the processes of the reproduction of individual capitals forms "the connection between the mutual claims and obligations, the sales and purchases, through which the possibility can develop into actuality" (18, 511-12).

One of the main conditions for reproduction is the replacement of the advanced capital in kind and in value. Fluctuations of market prices, both increases and decreases, upset the hitherto existing correlation between the magnitudes of value and use-value in the process of reproduction, and thus interfere with reproduction, causing a crisis. These price fluctuations are often spontaneous, but there is also an objective factor behind them. The movement of capital takes place over a specific period of time, often a long one. During this time, changes occur in the productivity of labour and, thus, in the value of commodities. "...It is quite clear," Marx says, "that between the starting-point, the prerequisite capital, and the time of its return at the end of one of these periods, great catastrophes must occur and elements of crisis must have gathered and develop" (18, 495). As Marx notes, there takes place "*the destruction of capital*"—both in terms of use-value ("machinery which is not used is not capital") (18, 495), and of value (depreciation of the capital used).¹

The theory of economic crises as formulated in the 1861-63 manuscript explained the *inevitability* of crises under capitalism.²

¹ Marx considers crises caused by rises in the price of raw materials, whether these materials form part of the constant capital or of the workers' means of subsistence (18, 515-17). The present raw material crisis in the capitalist world testifies to the topicality of the relevant conclusions of Marx's theory.

² Modern researchers (see, for example, 121, 250-55) state that the crises tend to become more intense and the cycles—the period of time between two crises—to grow shorter. The latter tendency, which is connected with the acceleration of technological progress, was predicted by Marx, as can be seen from the following passage in the French edition of Volume I of *Capital* (1872-75): "The period of these cycles so far has been ten or eleven years, yet there are no grounds whatever for considering this figure constant. On the contrary, one is bound to infer from the laws of capitalist production set forth here that this figure varies and that the period of the cycles will gradually diminish" (91, 280).

In an attempt to eliminate the "defects" of bourgeois society—especially its inherent antagonistic contradiction between use-value and value, which ultimately leads to economic crises,—and to transform capitalism by means of "quiet metamorphoses", the followers of Saint-Simon, Fourier and Proudhon proposed establishing the "constituted" or "genuine social value", which would coincide with use-value. Here, for example, is what François Vidal, one such socialist, wrote in his work *De la Répartition des Richesses*, published in 1846 in Paris: "The genuine social value is use or consumption value. Exchange-value merely characterises the *relative wealth* of each member of society compared with others". Marx quoted this passage from Vidal in his *Grundrisse*, noting that the idea contained here had already been expressed by the vulgar economist Lauderdale and, "to a certain extent", by Ricardo.

Marx refutes this idea by pointing out that "exchange-value expresses the *social form* of value, while use-value is not an economic form of value at all but merely the existence of the product, etc., for man in general" (34, 754). While elaborating his economic theory, Marx showed that the form of value objectively inherent in the capitalist mode of production is *necessarily* the form of "false social value". This meant a decisive refutation of the illusions of pre-Marxian socialism.

The term "false social value" was used by Marx only once, in Volume III of *Capital* (1865), but the problem connected with the category of "false social value" was fully resolved in the 1861-63 manuscript, while Marx was developing his theory of average profit and the price of production, as well as the theory of rent of land following from it.

When formulating his doctrine of rent in the 1861-63 manuscript Marx, for this specific purpose, worked out the theory of capitalist monopoly. The definition of pre-monopoly capitalism as "free competition" capitalism in no way implies that competition rules out every kind of monopoly. After all, the capitalist mode of production itself is based on the ruling (capitalist) class's monopoly ownership

of the basic means of production.¹ "The *monopoly* of capital alone," Marx says, "...enables the capitalist to squeeze surplus-labour out of the worker" (18, 94).

Market-value and the price of production are formed, as Marx showed, on the basis of capitalist competition, both within one particular branch of production and between different branches. Yet this competition operates under the conditions of monopoly capitalist ownership of the means of production (of the monopoly of the capitalist economy), so identical products offered on the market at one and the same time must have the same market-value, the same social price of production and, consequently, the same market-price. Competition within one branch of production necessarily results in the individual value, determined by the *individually* necessary expenditure of labour, becoming the social or market value, determined by the *socially* necessary labour expenditure. In fact, under capitalism, "each individual commodity represents a definite portion of capital and of the surplus-value created by it" (19, 113). In order to realise all the surplus-value created in the process of production and embodied in commodities, it is necessary for the entire mass of commodities of the given branch to be realised at the social value that corresponds to the value of the capital advanced in the given branch, plus surplus-value. Hence it follows that, under capitalism, the concept of the socially necessary labour-time is substantially modified. Even if the socially necessary labour-time is spent on each part of the aggregate product of the given branch, but excess labour exceeding that which is socially necessary is spent in the branch as a whole, the social (market) value of the commodities of this branch will be less than the sum of their individual values. Competition between different branches modifies market-values into the social prices of production that ensure the entire capitalist class average profits. "The capitalists, like hostile brothers," Marx says, "divide among themselves the loot of other people's labour which they have appropriated so that on an average one receives the same amount of unpaid labour as another" (18, 29). Thus, the class of capitalists acts as a single unit in its exploitation of the working class. Yet the specific lev-

el of market-value and of the social price of production is established by the group of capitalists that dominate the market and receive a super-profit.¹ Under free competition, this super-profit is only temporary in nature. It disappears as soon as the groups of capitalists that are lagging behind succeed, by means of various technical innovations, in overcoming their lag, improving their production conditions and catching up with the leading group of capitalists. The transitory nature of super-profits does not, however, imply that they disappear completely. They simply pass from some capitalists to others: The struggle for these super-profits constitutes the main incentive of competition within one particular branch.

It follows from this that, under the conditions of the capitalist mode of production, the market-value of a commodity is necessarily separated from the labour-time actually contained in it; the social market-value diverges from the individual value. As a result, the products of the given branch are sold at a price higher than the one corresponding to the amount of labour-time actually spent on them.

¹ Ricardo defined this level as the one corresponding to the worst conditions of production, thus abstracting from the conditions of competition within one particular branch under which the monopoly of capital functions, and assuming the hundred per cent operation of this monopoly.

Quoting the relevant passage from Ricardo, Marx wrote: the "law, that the *market-value* cannot be *above* the individual *value* of that product which is produced under the *worst conditions of production* but provides a part of the necessary supply, Ricardo distorts into the assertion that the market-value cannot fall *below* the value of that product and must therefore always be determined by it" (18, 271). Marx approached the definition of the level of market-value differently. After breaking down the individual or special conditions of production within some branch into three main groups (those with the best, medium and worst indicators of labour productivity), Marx established that the market-value fluctuates between the individual value of commodities in the first group (the lower limit) and that of the commodities in the third group (the upper limit). Competition within one particular branch sets a definite level of market-value within these limits. When there is an equilibrium between the enterprises with the best and those with the worst conditions of production, this level is regulated by the enterprises with the medium indicators of labour productivity. Marx showed, however, that, if the quantity of the product produced in the enterprises with the best conditions of production is sufficiently large, it is these enterprises that, in fact, determine the market-value of the product (18, 292-94).

¹ This was established by Engels and Marx as early as the 1840s (see *Outlines of a Critique of Political Economy* and *The Poverty of Philosophy*).

A part of society's means goes to pay the super-profits of the capitalists. The contradictory nature of market-value caused Marx to describe it as "false social value". "This is determination [of the market-price] by market-value as it asserts itself on the basis of capitalist production through competition; the latter creates a false social value", he writes (16, 661).

Such are the manifestations of the monopoly of capital, which is expressed, first, as the monopoly of capitalist ownership of the means of production (monopoly of the capitalist economy, of the capitalist mode of production) for the entire capitalist class, resulting in the formation of market-value as "false social value" and, second, as the monopoly position, within this class, of individual groups of capitalists dominating the market of the branch and appropriating, in the form of super-profits, the difference between the market and individual value.

Under the specific conditions of capitalist agriculture, a permanent monopoly is established of the owners of the main condition for production—land, and through the medium of landowners, also of all agricultural capitalists and, among these, the special monopoly of individual groups running their farms on the best available land. According to Marx, this is "a monopoly . . . as it occurs in all spheres of industry and only becomes permanent in this one, hence assuming the form of rent as distinct from excess profit" (18, 163). It was precisely because of its consolidated, non-transient nature that capitalist monopoly in agriculture, in both its forms, provided a convenient object for Marx's study of capitalist monopoly as such.

The most important manifestation of monopoly, the expression of its domination, is the monopoly price, which contains, in addition to average profit, a certain monopoly super-profit. In agriculture, this monopoly super-profit is fixed in the various forms of rent, which is a particular case of monopoly super-profit, while the price of agricultural products, since it contains one form of rent or another, is a monopoly price. Marx shows that the price of agricultural products is a monopoly price primarily by virtue of the monopoly of private landed property and the absolute rent resulting from it. "It is in fact a price which is only enforced through the monopoly of landed property, and as a monopoly price, it differs from the price of the indus-

trial product" (18, 343). Lenin also stresses this aspect: "Absolute rent arises from the private ownership of land. That rent contains an element of monopoly, an element of monopoly price" (42, 298).

As a result of the monopoly of private landed property, agricultural products, in contrast to industrial ones, are sold at their market-value, and not at their social price of production. By preventing the transformation of the value of agricultural products into their price of production, the monopoly of private landed property artificially maintains the prices of agricultural products at a high level. The specific nature of absolute land rent as a form of extra surplus-value (super-profit) is formulated by Marx as follows: in industry, "excess surplus-value is created by cheaper production", in agriculture, "by dearer production" (18, 17). The abolition of the monopoly of private landed property and absolute rent as a result of the nationalisation of the land would therefore reduce the price of agricultural products; the price of production of industrial products would, in this case, rise as a consequence of an increase in the average rate of profit (which would go up because, as a result of the abolition of the monopoly of private landed property, the profits of agricultural capitalists would begin to participate in the overall distribution of surplus-value, and since the rate of profit of agricultural capital is, as a consequence of the lower ratio between constant and variable capital characteristic of it, higher than the average, participation by the profits of agricultural capitalists in the equalisation of profits would tend to raise the average rate). "The relinquishment of absolute rent," Marx writes, "... would reduce the price of agricultural products and increase that of industrial products to the extent that the average profit grew by this process" (18, 317). Yet the abolition of the monopoly of private landed property and of absolute rent, and the consequent drop in the price of agricultural products to the level of the price of production does not imply that the price of these products will no longer be a monopoly price. The monopoly of capitalist management of the land and the consequent differential rent still remain. For this reason, the price of agricultural products, even if it yields only differential rent, is still a monopoly price. "Here, too, the price of the rent-bearing products is a *monopoly price*", Marx notes. "In regard to *differential*

rent it may be said that it is the effect of 'high value'; so far as by 'high value' is understood the excess of the market-value of the produce over its real or individual value, for the relatively more fertile classes of land or mine" (18, 163, 329).

Differential rent results from the monopoly of capitalist farming and the ensuing competition between agricultural capitalists. This competition is manifested in a single market-value, a single social price of production and, consequently, a single market-price. As a result of the specific conditions of capitalist competition in agriculture, the price of production is regulated by the individual price of production on the least fertile land. This gives rise to the maximum magnitude of the "false social value"—the market-value, the social price of production artificially inflated by the monopoly of capitalist farming, as a result of which "society overpays for agricultural products in its capacity of consumer" (16, 661). It is the "false social value" that constitutes the monopoly price, the realisation of the monopoly of capitalist farming.

Abolition of the monopoly nature of the price of agricultural products is impossible under the conditions of the capitalist mode of production. Nationalisation of the land cannot, under these conditions, alter the mechanism of price formation; it can only transfer differential rent from the hands of landowners into those of the bourgeois state, the price of agricultural products remaining unchanged.¹

¹ Let us recall that the demand for the "abolition of property in land and application of all rents of land to public purposes" was the first of a number of measures proposed in the *Manifesto of the Communist Party* for the period of transition from capitalism to communism (5, 505). In the *Principles of Communism*, Engels is less explicit on this score, he speaks about the "gradual expropriation of landed proprietors" (5, 350). Marx and Engels held that capitalism was incapable of fulfilling this demand formulated at the time of the French Revolution, and in the 19th century by the Ricardian school of bourgeois political economy (18, 52). Developments fully bore out their view. The problem had to be tackled by the proletarian revolution.

Writing in 1881, Marx described the position of the petty-bourgeois socialists, who suggested, like some radical bourgeois economists, nationalising rent: "All these 'Socialists' ... have this much in common, that they leave *wage-labour* and hence *capitalist production* in existence and try to bamboozle themselves or the world into believing that by transforming rent of land into a tax payable to the state *all the evils* of capitalist production would vanish of

The central issue in the theory of capitalist monopoly developed by Marx is that of the correlation between the monopoly price and value. Since the monopoly price constitutes a major component of the mechanism of capitalist exploitation, it must be explained on the basis of the law of value.

Marx showed in his analysis of the monopoly price that, just as market-prices and prices of production differ, there is an essential difference between the market monopoly price and the monopoly price that is equal to the market-value or social price of production. Marx describes the market monopoly price as the "actual" monopoly price, as the price that is "only limited by the state of ... *demand backed by ability to pay*" (18, 36, 332). In contrast to the market monopoly prices, which can diverge to any extent from value, the monopoly price of agricultural products, if it brings in absolute rent, is equal to their market-value (the monopoly market-value) and exceeds only their social price of production. This latter, if it is determined by the costs of production on the least fertile plots of land, and consequently yields differential rent, is the monopoly price of production. Thus, the revolution in price formation, the transition from value to the price of production that took place as industrial capitalism developed, did not, as a result of the monopoly of private landed property, affect agriculture. Here it was value, the monopoly market-value, that remained the direct basis of the price, the centre of its fluctuations. "But those who derive rent from monopoly," Marx writes, "are mistaken when they imagine that monopoly enables the landed proprietor to force the *price of the commodity above its value*. On the contrary, it makes it possible to maintain the *value of the commodity above its average price*¹; to sell the commodity not *above*, but *at its value*" (18, 94).

The monopoly of private landed property serves as an obstacle to the free penetration of capitals into agriculture. As Marx showed, however, no monopoly is absolute. As an example of a breach in the monopoly of landed property, Marx cites the "territorialisation" of capitalists, the coincidence of the landowner and capitalist farmer in one and

themselves. The whole thing is thus simply a socialistically decked-out attempt to *save capitalist rule* and actually *re-establish* it on *an even wider basis* than its present one" (13, 323).

¹ i.e., the price of production.

the same person. He notes that to such a farmer "as a capitalist landed property would not be an obstacle . . . because he has control of it, not as capitalist but as landowner"; in that case, "landed property *does not* confront capital" (18, 304, 305). Such a capitalist would be satisfied with an average profit, since he does not have to pay rent. In this instance, the price of agricultural products may be reduced to the level of the price of production. Generally speaking, it is the competitive struggle between the landowners and the capitalists that determines the extent to which the landowner can realise his economic position and whether he can demand absolute rent in full from the capitalist farmer or must be satisfied with only part of it. Marx gives another example: absolute rent is absent when "... the supply [of agricultural products] at the sufficient price is so great that landed property cannot offer any resistance to the equalisation of capitals" (18, 361). Here landed property does not exist in economic terms, though it may exist in legal ones.

Marx uses these examples to describe the competition between agriculture and other branches of production, which may result in an undermining of the monopoly of private landed property. The competitive struggle within the class of agricultural capitalists may also lead to an undermining of the monopoly of capitalist farming. When, in his theory of differential rent, Marx proceeds from the assumption that the price of production in agriculture is regulated by the price of production on the least fertile land, he is also assuming a one hundred per cent monopoly of capitalist farming; in other words, he assumes that, in order to satisfy demand, all the products, from all plots of land are required. For the sake of a theoretical definition of differential rent, this abstraction from the conditions of the market is essential, since only such an assumption makes it possible to realise differential rent to the full. As we have seen, however, Marx also formulated the law of motion of the market-value of agricultural products, which takes into account possible fluctuations in the market situation. According to this law, market-value changes within wide bounds—from the individual value of the product from the least fertile land to that of the product from the most fertile. Marx showed that agriculture, as a branch of capitalist production, enjoys the privilege of selling its product at

value, and not the price of production. Yet this "privilege is . . . by no means valid . . . for products of different values produced within *the same* sphere of production" (18, 101). Within agriculture as a branch, the price level is determined by the share of the product from the more fertile lands in the total market supply. It depends on the fertility of the better land whether the less fertile plots can realise some part of the difference between the market-value and the individual price of production of their product, realise some part of the sum of absolute and differential rent, or whether the competition from the better land is so strong that the less fertile land cannot realise even average profit. Thus, Marx showed that the decisive role is played on the market by the better plots of land, provided, of course, that the quantity of products from them suffices to create a surplus of supply and enforce a drop in prices. As a consequence of competition within the sphere of agriculture, rent may be simply a deduction from the profit of the capitalist farmer who, in turn, strives to survive in the competitive struggle by cutting the wages of his agricultural workers.¹

Thus, under the conditions of capitalist agriculture, the general manifestations of the monopoly of capital considered above (monopoly of capitalist ownership of the means of production for the entire class of capitalists and the monopoly position of the groups of capitalists dominating the market and receiving super-profits) are supplemented by

¹ Under modern conditions, the ratio between constant and variable capital in agriculture in the developed capitalist countries has reached, and sometimes even topped that in industry. This means the elimination or weakening of the previous main source of absolute rent, whose size corresponded exactly to the difference between the capital ratio in agriculture and that in industry. The technological revolution in agriculture and the resultant reduction in the inequality of the natural fertility of various plots of land also caused a drop in the level of differential rent. At the same time, the economic power of the monopoly of private landed property in the developed capitalist countries has in no way diminished and is manifested in the growth of land prices that has taken place everywhere since the war. Consequently, under the conditions of state-monopoly regulation, the tendency of rent to fall is balanced by counter-tendencies leading to a consolidation of private ownership of land. In the USA and a number of other capitalist countries, these counter-tendencies engendered, for example, by the state system of supporting prices, especially direct payments to landowners for land taken out of cultivation, have in fact prevailed (105, 257-88).

the monopoly of the landowners generally, and the monopoly of those owning the most fertile land. Marx's theory of capitalist monopoly analyses in detail the economic means by which the class of capitalists and that of landowners ensure their monopoly domination in bourgeois society and the exploitation of the working class and all the working people. It also shows that under the conditions of the capitalist mode of production it is impossible to abolish all forms of capitalist monopoly and all the ensuing forms of exploitation of the working class and other toiling classes in industry and agriculture: first, the monopoly of the entire class of capitalists, who receive average profits; second, that of the big capitalists, realising, in addition, super-profits; third, that of the landowners, who receive absolute rent; fourth, the monopoly of the owners of the most fertile land (or if the land is nationalised, the monopoly of the capitalist state), receiving, in addition, differential rent. The dreams entertained by the followers of Saint-Simon and Fourier of establishing the "true social value" can only be realised in communist society.

5. FREE TIME AS THE GOAL OF COMMUNIST PRODUCTION

Just as, deep within capitalism, the material preconditions develop for communist society, the scientific elements contained in the theories of bourgeois classical political economy provided the point of departure for the elaboration of Marx's economic theory.

In this connection, of particular interest for the theory of scientific communism is the analysis undertaken by Marx in Volume IV of *Capital* into the conceptions held by those opponents of bourgeois political economy (Ravenstone, Hodgskin, Bray and others) who had studied "the mysteries of capitalist production which have been brought to light [by Ricardo and other political economists] in order to combat the latter from the standpoint of the industrial proletariat" (19, 239; see also 15, 13-14). The Ricardian socialists adhered not only to the economic theory of the classics of bourgeois political economy, but also to their methodological principles. In particular, they confused "the *contradictory form*" of social development under capitalism

"with its content". The economists "wish to perpetuate the contradiction on account of its results". The Ricardian socialists "are determined to sacrifice the fruits which have developed within the antagonistic form, in order to get rid of the contradiction" (19, 261). From Ricardo's labour theory of value they drew the conclusion that "*labour is everything*" (19, 260), while capital was nothing but a defrauding of the worker. While Ricardo regarded a reduction in the necessary labour-time as merely a means for increasing surplus-labour, labour for the capitalist, the Ricardian socialists put forward utopian demands for a complete abolition of surplus-labour¹; they demanded the abolition of capital, while accepting the main economic preconditions of capitalist production.

Even so, by consistently developing Ricardo's theory (more consistently than the bourgeois economists did), the Ricardian socialists obtained substantial results in their analysis of the condition of the working class under capitalism. They refuted the thesis of bourgeois political economy that the wages of workers depend on the mass of means of subsistence produced, and to show that, through foreign trade, essentials are turned into luxuries.

The Ricardian socialists also came to the important conclusion that free time is the true wealth of human society, since it creates scope for the development of man's talents. Marx developed these arguments on the basis of his economic theory. "*Labour-time*", he wrote, "even if exchange-value is eliminated, always remains the creative substance of wealth and the measure of the *cost* of its production. But free time, *disposable time*, is wealth itself, partly for the enjoyment of the product, partly for free activity which—unlike labour—is not dominated by the pressure of an extraneous purpose which must be fulfilled, and the fulfilment of which is regarded as a natural necessity or a social duty, according to one's inclination." Moreover, labour-time, too, as the basis for free time, will assume, Marx notes, "a quite different, a free character": "the *labour* of a man who has also disposable time, must be of a much higher quality than that of the beast of burden" (19, 257). These propositions concerning free time as the wealth of

¹ In Volume III of *Capital*, Marx showed that this demand could not be fulfilled (see Section 7).

communist society and as the goal of communist production supplement the results Marx obtained in 1857-58.

In his analysis of the polemics between the British Ricardian socialists and the vulgar economists who treated the capitalist's profit as wages for the labour of supervising, Marx pointed to "the co-operative factories built by the workers themselves", which "are proof that the capitalist as functionary of production has become just as superfluous to the workers as the landlord appears to the capitalist with regard to bourgeois production" (19, 497). In the co-operative factories of the workers Marx saw an important manifestation of the social productive power and social character of labour that had developed "within the framework of capital" (19, 498). In Volume III of *Capital* he returns repeatedly to this question.

In a resumé of his analysis of classical bourgeois political economy, Marx notes in particular that, in contrast to the vulgar economists, who did their best to obscure the antagonistic contradictions of capitalism, the classical economists, by their analysis, paved the way towards an understanding of the historically transient nature of capitalist relations, and that their inherent antagonistic contradictions had been "worked out in Ricardian economics", just as they were "being worked out in socialism and in the struggles of the time" (19, 504).

It was Richard Jones that came closest to comprehending the historical nature of capitalism. In his works, Marx writes, "one can see how the real science of political economy ends by regarding the bourgeois production relations as merely *historical* ones, leading to higher relations in which the antagonism on which they are based is resolved.... But from the moment that the bourgeois mode of production and the conditions of production and distribution which correspond to it are recognised as *historical*, the delusion of regarding them as natural laws of production vanishes and the prospect opens up of a new society, [a new] economic social formation, to which capitalism is only the transition" (19, 429).

The abolition of the capitalist mode of production ends the process of the relative impoverishment of the working class, the shrinking of the fund for the reproduction of the working class in comparison with the aggregate product, and initiates its expansion. "The workmen, if they were

dominant," Marx says, "if they were allowed to produce for themselves, would very soon, and without great exertion, bring the capital ... up to the standard of their needs.... It is of course assumed here that capitalist production has already developed the productive forces of labour in general to a sufficiently high level for this revolution to take place" (18, 580).¹ There is no doubt that Sismondi's conception, which sees all the evils of bourgeois society in the unrestrained development of the productive forces and seeks to make the productive forces correspond to the bourgeois, or more precisely petty-bourgeois relations, was a reactionary one. At the same time, however, Sismondi (like Ricardo, James Mill and certain other bourgeois economists) was able to show some of the antagonistic contradictions of capitalism, such as that between production for production's sake and a mode of distribution that excludes the possibility of an absolute development of the productive forces since production is carried on for the sake of production and not for the sake of the producer, the worker. Yet it was only in Marx's theory that the conclusion was drawn concerning the historically transient nature of capitalism.

* * *

Marx's further development of his economic doctrine, carried out in the course of his critical study of bourgeois political economy, the transition from the "basic" categories of the capitalist economy—value and surplus-value—to the "superficial" ones—average profit, the price of production, and land rent, the elaboration of the theory of productive labour, of capitalist reproduction and of economic crises—all this did much, as we have seen, to further the economic substantiation of the theory of scientific communism. Marx worked out the fundamental theses of the theory of class struggle in capitalist society, and showed in particular that the working class can and must wage a

¹ Above we have seen that, in the *Principles of Communism*, Engels speaks about the increase in the productive forces after the proletarian revolution as a necessary preliminary condition for abolishing private property and advancing from capitalism to communism. Marx's idea that a definite level of development of the productive forces was necessary for socialist revolution was later specified by Lenin (See Chapter Six).

struggle against the capitalists for an improvement of its economic condition. Marx's inquiry into the class structure of bourgeois society, its antagonistic contradictions, particularly the antagonistic nature of the process of capitalist accumulation, clearly revealed the objective tendency towards an impoverishment of the working class in this society and confirmed the proposition about the inevitability of socialist revolution. On the concrete example of the rent of land, Marx developed the theory of capitalist monopoly. This greatly contributed to the economic substantiation of the need for socialist revolution as the only means for completely emancipating the working class from all forms of capitalist exploitation. Finally, Marx drew further conclusions for forecasting the future society; in particular, he made a further analysis of free time as the goal of communist production.

6. FORMAL AND REAL SUBJECTION OF LABOUR TO CAPITAL

Let us now proceed to a new stage in the economic substantiation of scientific communism, the 1863-65 manuscript, especially that part of it which relates to Volume I of *Capital*. This part is called "Chapter Six. The Results of the Direct Process of Production." The chapter centres on an analysis of the formal and real subjection of labour to capital as the two most important stages in the development of the capitalist mode of production,¹ and thus in the intensification of capitalist exploitation.

The formal subjection of labour to capital is characterised by the domination of the capitalist relations of production on the "old" basis, i.e., that inherited by capitalism from the previous modes of production. The material expression of this stage in the development of capitalism is absolute surplus-value. In this context, Marx gives a detailed analysis of the process of labour under capitalism, which actually constitutes a unity of the process of labour and that of its exploitation. For bourgeois economists, who are unable to differentiate between the social form and the

¹ Above we have seen that Marx first considered these stages as early as 1861, when working on the second part of *A Contribution to the Critique of Political Economy*.

material content of labour, it is a single, direct process. The objective difficulty in studying it consists in the fact that the material properties of the means of production, which are factors of the process of labour, are merged with their social properties which make them capital. Moreover, while in the process of labour considered from the point of view of its material content, the means of production do act as means employed by the workers to carry out labour, in the same process, viewed from the angle of its social form, the means of production as the material embodiment of capital, on the contrary, employ the worker, use him as a means for receiving surplus-value. Marx notes that "in capitalist production and therefore in the minds of political economists this reversed relation between thing and man, i.e., the *capitalist* nature of the elements of production, has merged so inseparably with their *material* nature that *Ricardo* ... uses as a matter of course the economically correct phrases '*capital*, or *the means of employing labour*' (not '*means employed by labour*' but '*means of employing labour*'). "Similarly, in modern German the capitalist, the personification of things that take labour, is called *Arbeitsgeber* [labour-giver]" (90, 64).

It is these distorted concepts ("means for employing labour", "employer" and the like) that reflect the formal subjection of labour to capital. The chief purpose of the control exercised by the capitalist over the worker consists in ensuring the latter's continuous expenditure of labour-time as socially necessary labour-time, with an average degree of intensity. To ensure continuous labour under the conditions of the capitalist mode of production, and thus the continuous receipt by the capitalist of surplus-value, the amount of capital advanced should be large enough to make the labour process independent—within certain limits—of the process of realisation.

One further specific of the capitalist mode of production consists in the fact that the capitalist strives to increase the intensity of the worker's labour to the maximum, since any increase above the average level creates surplus-value for him. "Lastly, the capitalist forces the workers to extend the process of labour as far as possible beyond the limit of the labour-time necessary for the reproduction of wages, for it is precisely this *extra labour* that yields *surplus-value* to him" (90, 67).

Thus, the domination of capitalist relations objectively leads to a rise in the continuity and intensity of labour, an increase in production, and a growth of the productive forces of social labour. Production of relative surplus-value, the material expression of the real subjection of labour to capital, develops. Marx notes: "The general characteristic feature of the *formal subjection*, i.e., *the direct subjection of the labour process to capital*, whatever the technological form, remains. However, there arises on this basis a technologically and otherwise *specific mode of production that transforms the actual nature of the labour process and the actual conditions under which it takes place—the capitalist mode of production*. It is only with the rise of the latter that the *real subjection of labour to capital* takes place" (90, 89-90). The transition from formal to real subjection of labour to capital is encouraged by the operation of the law of value and the law of surplus-value, the capitalist's drive to obtain additional surplus-value in the form of the difference between the social and the individual value of his product.

Thus, the formal subjection of labour to capital—which arises earlier than the real subjection, at earlier stages in the development of capitalism—remains the basis of capitalist exploitation even under the conditions of developed capitalism, when it is supplemented by the real subjection. The capitalist mode of production, when fully evolved, is, therefore, characterised by two forms of surplus-value, absolute and relative (in Chapter Two we saw that Marx first analysed these two forms in the 1857-58 manuscript).

Marx shows that the transition to the formal and then the real subjection of labour to capital has a dual effect on the condition of the working class. The increase in exploitation is accompanied by the social growth of the working class. Even under the conditions of the formal subjection of labour to capital, "the capitalist relationship appears... as an ascent to a higher social stage" (90, 88).

First, for the individual worker, wage fluctuations around the value of labour-power are, in principle, possible (and in fact take place). These fluctuations, Marx says, provide "considerable scope (within narrow limits) for the worker's *individuality*"; they stimulate the development of labour-power and create the possibility for the worker "to rise to the higher spheres of labour by virtue of special

energy, talent, etc., just as there remains the abstract possibility of some worker or other himself becoming a capitalist and exploiter of other people's labour" (90, 87). Marx notes, in this connection, that the economic task of the trade unions, in particular the British ones, is precisely to prevent a fall in the price of labour-power (wages) below its value.¹

Second, capitalist relations make the worker completely indifferent to the content of his labour, which is only a reflection of the capitalist's indifference towards the specific nature of his activities, their only motivation being the striving for profit. Capital tries to ensure itself the most favourable conditions for the transition from one sphere of production to another and "above all, it sweeps away all legal or traditional barriers which prevent it from buying, at its own discretion, one kind of labour-power or another, or from appropriating one kind of labour or another as it deems right... The more capitalist production is developed in a given country, the greater the demand for *variability* made on labour-power... this is a tendency of the capitalist mode of production" (90, 68, 69). Marx stresses that this is a deeply progressive tendency, one of major importance in forming the preconditions for the all-round development of the individual. Let us add that the worker's indifference towards the actual character of his labour has nothing to do with the quality of this labour. On the contrary, Marx notes the free wage-worker's consciousness of his responsibility for his labour. "In so far as the division of labour has not made labour-power absolutely one-sided, the free worker is, *in principle*, predisposed and prepared for any change of his labour-power and his labour activi-

¹ Deserving of particular attention is the thesis that the value of labour-power does not mean "the *physical minimum* of means of subsistence", that it constitutes "the conscious and well-known basis of [the demands] of the *trades' unions*, whose importance for the British working class can hardly be overrated". Marx quotes the British trade union activist T. J. Dunning, who wrote the following in defence of the trade unions: "The workers *combine* in order to be to a certain extent, *on an equal footing* with the capitalist *when bargaining over the sale of their labour*. This is the rationale (the logical basis) for the *trades' unions*" (90, 122-23). Marx developed these arguments in *Wages, Price and Profit* (1865). Here we see a considerable step forward in comparison with the works of the late 1840s—especially in the assessment of the economic activities of the trade unions.

ty ... that promises higher earnings." "All these changed relations," Marx sums up, "make the activity of the free worker more intense, more continuous, more mobile and more skilled than the activity of the slave, not to mention the fact that they make him capable of quite different historical action" (90, 87-89).

From the angle of the formal and real subjection of labour to capital, in "Chapter Six" Marx also considers the problem of productive and unproductive labour in capitalist society. Continuing the analysis begun in the 1861-63 manuscript, he establishes that "as the real subjection of labour to capital develops ... a socially combined labour-power, rather than the individual worker, increasingly becomes the real functionary of the total labour process" (90, 95). All this extends the bounds of productive labour to include the labour of the manager, the engineer, the technician and the supervisor. At the same time, however, wage-labour is not necessarily productive labour. Marx specially underlines in this connection that the productive nature of labour should not be deduced from its material content. Productive labour within the framework of the capitalist mode of production means exclusively labour that creates surplus-value. In his analysis of productive labour Marx abstracts from a number of branches of commodity and intellectual production, services and so on, only because, in these branches, earlier modes of production dominate (for example, handicraft production), or because they are subjected to capital "barely formally" and belong to "transitional forms", or because, in spite of the capitalist exploitation taking place within them, they "constitute an infinitesimal magnitude compared with the aggregate of capitalist production", or because capitalist production is applicable in these branches "to a very limited extent". Summing up, Marx says that such cases "should not be taken into account when considering capitalist production as a whole" (90, 100, 103). He did, however, allow that they might be considered in a special section on wage-labour and wages.

The goal of capitalist production and, consequently, of productive labour too, consists not in providing the means of subsistence for the producers, but in the production of surplus-value, so all the necessary labour that does not produce surplus-value is superfluous from the point of view of

bourgeois society. Accordingly, a product that does not contain a net product, but only reproduces the worker, is just as superfluous as the worker that produces it. "If at a certain stage of development of production workers were necessary for the production of a net product, at a higher stage of production they become redundant, they are no longer needed. In other words, only as many people are needed as is profitable to capital" (90, 104, 105). Marx notes that these principles differ fundamentally from the views characteristic of earlier modes of production, views that, for example, prompted the municipal authorities to ban inventions in order not to deprive the workers of their livelihood, while the state protected national industry, the source of subsistence for considerable numbers of people, from foreign competition. In the same spirit, Adam Smith held that the investment of capital in agriculture was more productive, since here capital provided employment for more people. "All these are obsolete and incorrect, false notions when applied to the developed capitalist mode of production. A large gross product (as far as the variable part of capital is concerned) in proportion to a small net product is tantamount to a small productive power of labour and, hence, of capital" (90, 106). The fact that the net product emerges as the highest, ultimate goal of the capitalist mode of production "is only a brutal but accurate expression of the fact that the *increase of capital* and, consequently, the creation of surplus-value regardless of the worker, is the driving spirit of capitalist production" (90, 107).

An essential aspect of the enslavement of the worker, of the "depletion" of his labour-power accompanying the real subjection of labour to capital, is the fact pointed out by Marx, that capital appropriates science as "the common mental product of social development".¹ Science is alienated from the worker and applied in production alongside "the knowledge and skill of the individual workers". The application of science and the forces of nature in large-scale social production is a major means for the exploitation of labour, this being in large measure responsible for

¹ We have seen in Chapter One that the question of the capitalist application of science was first considered by Engels in the *Outlines of a Critique of Political Economy*.

the fact that the conditions of labour appear as social forces dominating the individual worker and alien to him (90, 109-11).

These theses of Marx constitute a development of his proposition that as the capitalist mode of production develops, science is turned into a direct productive force. This thesis was first put forward and substantiated in the initial version of *Capital* and in the 1861-63 manuscript. Now Marx considers the antagonistic contradictions connected with this process. Capitalist production is, at the same time, an extended reproduction of the relationship between labour and capital, and so "to the same extent as the social productive power of labour develops together with the capitalist mode of production, the wealth piled up over against the worker grows as *wealth dominating* him, as *capital*, the world of wealth confronting him expands as a world alien to him and dominating him; on the other hand, his poverty, destitution and dependence as an individual grow proportionately... At the same time, the mass of these living means of production of capital, the working proletariat, increases" (90, 116).

Here Marx comes even closer to the classical formulation of the general law of capitalist accumulation given in Volume I of *Capital*. The formulation quoted above, which retains the qualitative aspects of the problem (formulated, as we have seen, first in the *Economic and Philosophic Manuscripts of 1844*, but particularly in the 1861-63 manuscript), also takes into account the substantial quantitative correlations that Marx had already ascertained at this stage in his inquiries. He formulates these correlations as follows: "Law of capitalist production ... consists in increasing constant capital as against variable capital and surplus-value, the net produce; second, in increasing the net produce in relation to the part of the product that replaces capital, i.e., wages" (90, 106-107). In other words, it is a matter of the c/v and m/v correlations, which express in quantitative terms the deterioration of the relative condition of the working class and the intensification of its exploitation as bourgeois society develops.

In the manuscript under review, Marx makes a detailed investigation of the quantitative characteristics of the price of labour-power, wages. After thoroughly analysing the basic forms of wages—time-wages and piece-wages—he estab-

lished that, although "the *way* in which wages are paid in itself by no means changes their nature", the form of piece-wages tends to reduce the level of wages. A comparison of the level of wages in different countries, Marx stressed, requires that they be compared in the form of piece-wages, otherwise the differences in labour intensity cannot be taken into account. Such a comparison shows that "although the apparent time-wages are higher in rich countries, piece-wages are higher in poor countries", this being the result of the fact that in the less developed capitalist countries the exploitation rate is lower and, consequently, the "real price of labour" is higher (90, 129, 131). Later, in Volume I of *Capital*, Marx considered the "national differences of wages" in more detail.

Summing up his analysis of the formal and real subjection of labour to capital, Marx notes that the formal subjection presupposes a definite degree of development of the productive forces and requirements, which transcend the bounds of the former relations of production and compel the transformation of the latter into capitalist relations. On the basis of this formal subjection of labour to capital there develops the real domination of capital over labour, and "a complete economic revolution takes place" that, on the one hand, consolidates this domination and, on the other, creates the "real conditions for a new mode of production to supersede the contradictory form of the capitalist mode of production, and so provides the material basis for a newly formed social life process and, hence, for a new form of society". Marx stresses the fundamental difference between such an analysis of the capitalist mode of production and that given by the bourgeois economists, who were able to see how production is carried on within the framework of the capitalist relationship, but failed to understand how this relationship itself is created and how "at the same time the material conditions of its dissolution are produced within it, thereby invalidating its *historical justification* as a *necessary form* in the economic development of the production of social wealth" (90, 118-19). Marx continued his analysis of these material conditions in the part of the 1863-65 manuscript that relates to Volume III of *Capital*.

7. THE ANTAGONISTIC CONTRADICTIONS OF CAPITALISM. THE MATERIAL PRECONDITIONS FOR COMMUNIST SOCIETY

In Volume III of *Capital* Marx investigates economic phenomena in the form in which they appear on the surface of society, i.e., in a form that distorts and conceals the true state of affairs. The consideration of the process of capitalist production, taken as a whole, begins here with an analysis of the category of cost-price (costs of production); the material content of this category determines the fact that "the cost-price of a commodity is by no means simply a category which exists only in capitalist book-keeping".¹ Under capitalism, however, this category reflects the fact that the worker who has entered the process of production forms a component part of functioning capital; viewed from this angle, surplus-value appears as the product of all the capital advanced and assumes the converted form of profit, a form that to a great extent obscures the origination of surplus-value from unpaid labour. Moreover, quantitatively the profit rate is always less than the rate of surplus-value. The cost-price forms the lower limit of the market-price of a commodity, and so, from the point of view of the capitalist, its intrinsic value. Hence surplus-value appears in bourgeois political economy in the form of "profit upon alienation", as the surplus of the sale price over value, a surplus arising in the process of the sale. It is this view, too, that makes Proudhon treat the cost-price as the real value of the commodity. "Indeed, this reduction of the value of commodities to their cost-price is the basis of his People's Bank" (16, 231, 26, 39).

Marx's comprehensive study of the category of cost-price enabled him to ascertain a number of significant factors determining the tendency of the capitalist mode of production to lengthen the working day and increase the intensity of labour. The ensuing economies in the use of constant capital make it profitable for the capitalist to prolong the working day even if he pays extra for overtime. This is encouraged by the obsolescence of machinery. "In line with its contradictory and antagonistic nature, the capital-

¹ The category of price-cost objectively inherent in the socialist economy means just that, the cost-price.

ist mode of production proceeds to count the prodigious dissipation of the labourer's life and health, and the lowering of his living conditions, as an economy in the use of constant capital and thereby as a means of raising the rate of profit" (16, 86). It is not just a matter of the value of labour-power being an integral part of the cost-price; the conditions of the process of production are largely the conditions of the life-process of the labourer as well, so economies on the cost-price are, at the same time, economies on his living conditions.

The capitalist relations of production are further mystified in consequence of the transformation of value into the price of production, and of profit into average profit. This "serves to obscure the basis for determining value itself", while profit is once and for all separated from its source. The categories of average profit and the price of production reflect the objective fact of the joint exploitation of the working class by aggregate capital, by the class of capitalists. "Here," Marx writes developing ideas he first formulated in 1862, "...we have a mathematically precise proof why capitalists form a veritable freemason society vis-à-vis the whole working-class, while there is little love lost between them in competition among themselves" (16, 168, 198). Each individual capitalist, like the capital of each individual sector of social production, is equally interested in the exploitation of his "own" workers, which enables him to obtain surplus-profit, and in that of the whole working class, which ensures him average profit.

In his analysis of the law of the tendency of the rate of profit to fall, Marx stresses that it implies only a relative reduction in variable capital compared with constant, while allowing for an absolute rise in both. In other words, it by no means excludes a growth in the absolute mass of labour exploited by social capital, and thus a growth in the absolute mass of surplus-labour appropriated by capital. In contrast to the bourgeois economists for whom a fall in profit meant the end of bourgeois production, Marx describes the law of the tendency of the rate of profit to fall as a "dual law", according to which a reduction in the rate of profit is fully compatible with a simultaneous increase in its absolute mass. "And this not only *can* be so. Aside from temporary fluctuations it *must* be so, on the basis of capitalist production". Under capitalism, the growth of the

ratio between constant and variable capital inevitably involves a growth of the surplus working population. Later Marx showed this in detail in Volume I of *Capital*; here he obtains the result as a conclusion from the law of the tendency of the rate of profit to fall.

In an attempt to counteract this law or even paralyse it completely, capitalists do everything they can to step up exploitation, especially by prolonging the working day and intensifying labour. Yet the same factors that raise the rate of surplus-value, above all the growth in labour productivity, also tend to reduce the rate of profit. "Both the rise in the rate of surplus-value and the fall in the rate of profit are but specific forms through which growing productivity of labour is expressed under capitalism." This duality does even more to obscure the deep-running processes in the capitalist economy. The rise in the rate of the exploitation of labour by capital is accompanied, on the surface of bourgeois society, by a corresponding fall in the rate of profit. The duality of the law of the tendency of the rate of profit to fall is not fortuitous. It expresses the antagonistic contradictions of the capitalist mode of production, above all that between the social character of production and the private capitalist form of the appropriation of its results.

Profit is the incentive to capitalist production, so the tendency of the rate of profit to fall means that the development of the productive forces under capitalism proceeds within certain bounds. It testifies to "the limitations and the merely historical, transitory character of the capitalist mode of production. . . ." The tendency of the rate of profit to fall is only checked, temporarily, by crises and periodical depreciations of existing capital. It cannot be otherwise under capitalism, where the expansion or contraction of production depends not on the satisfaction of social requirements, but on the realisation of profit. Marx's analysis of the basic contradiction of capitalism at the stage in his inquiry we are concerned with led him to conclude that, under capitalism, "labour-power becomes redundant . . . as soon as it is no longer necessary to employ it for 12 to 15 hours daily". "A development of productive forces," he goes on to say, "which would diminish the absolute number of labourers, i.e., enable the entire nation to accomplish its total production in a shorter time span, would cause a revolution, because it would put the bulk of

the population out of the running" (16, 218, 240, 242, 263).

The anarchy of production that predominates in capitalist society makes the capitalists try to regulate production. Marx noted the formation of associations for regulating the production of raw materials, stressing, however, that collective, resolute and far-sighted control is "irreconcilable with the laws of capitalist production, and remains for ever a pious wish, or is limited to exceptional co-operation in times of great stress and confusion". Marx wrote this in 1865. Commenting on the passage in a footnote in the 1880s, Engels noted also the increased efforts by capitalists to regulate production on the scale of "whole spheres of production". He had in mind the formation of cartels and trusts. "It goes without saying," he wrote, "that these experiments are practicable only so long as the economic climate is relatively favourable. The first storm must upset them and prove that, although production assuredly needs regulation, it is certainly not the capitalist class which is fitted for that task." Yet in another footnote to the text of Volume III of *Capital*, which he apparently wrote considerably later (the work on preparing Volume III for publication took almost ten years), Engels pointed out that "competition in the domestic market recedes before the cartels and trusts". He emphasised that "every factor which works against a repetition of the old crises, carries within itself the germ of a far more powerful future crisis" (16, 120, 489).

In this context, Marx considers the relations of production in communist society, for which capitalism creates the "material conditions". It is in this, in developing the productive forces of social labour, that "the historical task and justification of capital" lies. Yet, "the contradiction between the general social power into which capital develops, on the one hand, and the private power of the individual capitalists over these social conditions of production, on the other, becomes ever more irreconcilable, and yet contains the solution of the problem. . . ." Communist production relations are characterised primarily by the fact that the "cohesion of the aggregate production" is perceived by the producers "as a law which, being understood and hence controlled by their common mind, brings the productive process under their joint control". Thus, communist production is characterised by a strict compliance with laws

that in no way cease to be laws simply because the producers are aware of them. Having come to know the objective laws governing their socio-economic formation, the producers are able to control production, i.e., to carry it on in accordance with these laws. The expansion or contraction of production under communism is determined by the relationship between production and social requirements, the requirements of comprehensively developed people. Communist society restores the direct link, broken by capitalism, between production and consumption. It also restores the operation of a whole series of other factors following from the material content of the process of production, but distorted by the capitalist form of this process. For example, "in a society in which producers regulate their production according to a preconceived plan", the productivity of labour would be measured in terms of the reduction "of the total quantity of labour going into a commodity". Meanwhile, for the capitalist, a rise in the productivity of labour is only of significance if the drop in the paid part of living labour is greater than the increment in past labour. In contrast to communist society, "the law of increased productivity of labour is not ... absolutely valid for capital" (16, 259, 264, 257, 261, 262).

The division of profit into interest and profit of enterprise that takes place in the process of capitalist production objectively leads to the profit of enterprise being presented as "wages" in payment for supervision of labour. In this connection, Marx analyses the material content and social form of the labour of "supervision and management". In its material content, this is "a productive job, which must be performed in every combined mode of production", since "all labour in which many individuals co-operate necessarily requires a commanding will to co-ordinate and unify the process, and functions which apply not to partial operations but to the total activity of the workshop. . . ." The antagonistic form of this type of labour stems from the antithesis "between the labourer, as the direct producer, and the owner of the means of production". Thus, under capitalism, "supervision and all-round interference by the government involves both the performance of common activities arising from the nature of all communities, and the specific functions arising from the antithesis between the government and the mass of the

people". Marx returns once more to the British co-operative factories of workers (as we have seen, he first considered them in the 1861-63 manuscript), which showed that the capitalist was completely superfluous as an agent of social production.¹ "In a co-operative factory the antagonistic nature of the labour of supervision disappears," Marx notes, "because the manager is paid by the labourers instead of representing capital counterposed to them." Here only the material content of this category has been preserved; its social form has changed substantially even under capitalism.² Marx also focuses on the higher profitability of workers' co-operative factories resulting from their more economical use of constant capital (16, 383, 384, 387).

Another form of the abolition of "capital as private property within the framework of capitalist production itself" is joint-stock capital, which is "directly endowed with the form of social capital (capital of directly associated individuals) . . . and its undertakings assume the form of social undertakings as distinct from private undertakings". Joint-stock companies are a "result of the ultimate development of capitalist production", "a necessary transitional phase towards the reconversion of capital into . . . outright social property". It is very significant that the "functions of associated producers" emerge here merely as "social functions", freed from their capitalist form. Marx, and after him Engels, noted the tendency arising from the joint-stock form of enterprise towards monopolisation and state-monopoly capitalism.

¹ Modern co-operatives "are mass organisations that, in each capitalist country, have millions of members, in the towns mainly factory and office workers. . . . Co-operative property plays no significant role in the sphere of industrial production, but in agriculture its role is substantial. The co-operatives' share in retail trade in different countries constitutes from 1 to 12-15 per cent" (105, 222-23). Lenin described the special place of co-operative enterprises in the capitalist system as follows: "Under private capitalism, co-operative enterprises differ from capitalist enterprises as collective enterprises differ from private enterprises" (52, 473).

² In the 1880s, Engels put forward the broad development of co-operatives as a programme demand of the Social-Democrats in Germany, the aim being "the gradual transformation of all production into co-operative production". He urged the "penetration of the co-operatives into existing production", explaining that "Marx and I have never doubted that, when going over to full-scale communist economy, we would have to make extensive use of co-operation as an intermediary stage" (33, 261, 426).

Both workers' co-operative factories and joint-stock companies originated on the basis of the credit system which, on the one hand, develops the social nature of production, thus providing the link for the transition to the new mode of production, and, on the other hand, develops the antagonistic contradictions of capitalism arising from the private capitalist form of appropriation. In the same way, the joint-stock companies, while furthering "the extension of co-operative enterprises on a national scale" and constituting a transitional form between capitalism and communism, make this transition in the form of "appropriation of social property by a few" and thus intensify even further the antagonistic character of private capitalist appropriation (16, 436-440). Workers' co-operative factories, being "the first sprouts of the new" in the capitalist relations of production and, within these factories, abolishing the antithesis between labour and capital, at the same time achieve this "by way of making the associated labourers into their own capitalist, i.e., by enabling them to use the means of production for the employment of their own labour".

In this lies the limited nature of such material elements of the new mode of production existing within capitalism.

The concluding part of Volume III of *Capital* sums up the results of the theoretical inquiry into the capitalist mode of production as a whole. Marx describes it as "a historically determined form of the social process of production in general" (16, 818), constituting a unity of the production and reproduction of the material requirements for the existence of people and their relations of production. The socio-economic form of capitalist production is characterised by appropriation of the workers' surplus-labour; in essence, the workers' wage-labour in capitalist society is enforced labour, though this is concealed by its form of a free, contractual relationship. Under capitalism, surplus-labour is expressed in the surplus-product, which is the bearer of surplus-value.

Concerning the category of surplus-labour in the unity of its material content and social form, Marx writes: "Surplus-labour in general, as labour performed over and above the given requirements, must always remain. In the capitalist as well as in the slave system, etc., it merely assumes an antagonistic form and is supplemented by complete idleness of a stratum of society" (16, 819). In the context

of the relevant passage from the 1861-63 manuscript, cited in the preceding chapter, this thesis provides grounds for regarding productive labour in communist society, too, as "labour performed over and above the given requirements", which is not, of course, realised here as surplus-value. Under communism, Marx goes on to say, "a definite quantity of surplus-labour is required as insurance against accidents, and by the necessary and progressive expansion of the process of reproduction in keeping with the development of the needs and the growth of population, which is called accumulation from the viewpoint of the capitalist" (16, 819).

Capitalism is a direct precondition for communism: "It is one of the civilising aspects of capital that it enforces this surplus-labour in a manner and under conditions which are more advantageous to the development of the productive forces, social relations, and the creation of the elements for a new and higher form than under the preceding forms of slavery, serfdom, etc. Thus it gives rise to a stage, on the one hand, in which coercion and monopolisation of social development (including its material and intellectual advantages) by one portion of society at the expense of the other are eliminated; on the other hand, it creates the material means and embryonic conditions, making it possible in a higher form of society to combine this surplus-labour with a greater reduction of time devoted to material labour in general" (16, 819).¹

In this connection, Marx develops his ideas formulated as early as 1857-58 concerning the goal of the communist mode of production. "In fact," he writes, "the realm of freedom actually begins only where labour which is determined by necessity and mundane considerations ceases; thus in the very nature of things it lies beyond the sphere of actual material production" (16, 820). The sphere of material production is the "realm of necessity", since "in all social formations and under all possible modes of production" man must sustain and reproduce his life and must wrestle with nature. As requirements expand, so does the

¹ A major condition for such a reduction is a growth of the productive forces to a definite level. Earlier (see Section 5 of this chapter) we noted that the ensuring of this growth constitutes the chief task of the period of transition from capitalism to communism.

sphere of material production, in particular the productive forces, that serve to satisfy these requirements. "Freedom in this field can only consist in socialised man, the associated producers, rationally regulating their interchange with Nature, bringing it under their common control, instead of being ruled by it as by the blind forces of Nature; and achieving this with the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature. But it nonetheless still remains a realm of necessity. Beyond it begins that development of human energy which is an end in itself, the true realm of freedom, which, however, can blossom forth only with this realm of necessity as its basis. The shortening of the working-day is its basic prerequisite" (16, 820). Thus, according to Marx, the communist social formation, first, fundamentally transforms the nature of labour in the sphere of material production, and, second, regards this sphere as the basis necessary for the all-round development of the individual, which is the genuine aim of society and social production.

Marx distinguishes between the material content and social form also when he wants to determine the place held in communist society by the highly important economic categories of value and wages. "After the abolition of the capitalist mode of production," he writes, "but still retaining social production, the determination of value continues to prevail in the sense that the regulation of labour-time and the distribution of social labour among the various production groups, ultimately the book-keeping encompassing all this, become more essential than ever" (16, 851).

Marx's detailed analysis of wages referring to communist society shows graphically how he applied his theory for the scientific forecasting of the communist social formation. "Of course, if wages are reduced to their general basis, namely, to that portion of the product of the producer's own labour which passes over into the individual consumption of the labourer; if we relieve this portion of its capitalist limitations and extend it to that volume of consumption which is permitted, on the one hand, by the existing productivity of society . . . and which, on the other hand, the full development of the individuality requires; if, furthermore, we reduce the surplus-labour

and surplus-product to that measure which is required under prevailing conditions of production of society, on the one side to create an insurance and reserve fund, and on the other to constantly expand reproduction to the extent dictated by social needs; finally, if we include in No. 1 the necessary labour, and in No. 2 the surplus-labour, the quantity of labour which must always be performed by the able-bodied in behalf of the immature or incapacitated members of society, i.e., if we strip both wages and surplus-value, both necessary and surplus-labour, of their specifically capitalist character, then certainly there remain not these forms, but merely their rudiments, which are common to all social modes of production" (16, 876).

Thus, Marx derives the level of wages in communist society for each stage in economic development from the optimal correlation between the following factors: on the one hand, the existing level of labour productivity of the worker, on the other hand, the need for the individual to develop as fully as possible, the need to ensure continuous extended reproduction in accordance with the requirements of society, the need to establish an insurance and reserve fund, and the need to support the disabled members of society. Consequently, during the transition from the capitalist economy to that of communist society, the category of wages undergoes radical changes. Wages cease to be an irrational form of the value and price of labour-power, since labour-power under communism is not a commodity and does not have a value. Instead they become a means of satisfying the requirements of the worker and ensuring his development as a personality.¹

¹ "For socialism," Engels wrote, "which wants to emancipate human labour-power from its status of a *commodity*, the realisation that labour has no value and can have none is of great importance.

With this realisation all attempts—inherited by Herr Dühring from primitive workers' socialism—to regulate the future distribution of the necessaries of life as a kind of higher wages fall to the ground. And from it comes the further realisation that distribution, in so far as it is governed by purely economic considerations, will be regulated by the interests of production, and that production is most encouraged by a mode of distribution which allows *all* members of society to develop, maintain and exercise their capacities with maximum universality" (21, 238-39).

8. SPECIFICATION OF THE BASIC THESES
OF MARX'S ECONOMIC THEORY
IN THE DOCUMENTS OF THE INTERNATIONAL
WORKING-MEN'S ASSOCIATION

Even before Volume I of *Capital* came out, at two sittings of the General Council of the First International in June 1865, Marx gave a report on *Wages, Price and Profit*, in which he first set out publicly the principles of his theory of surplus-value. For us, this work is primarily of importance because it was here that Marx specified the basic theoretical principles of his economic doctrine with respect to the solution of the fundamental questions of the working-class movement. Earlier, in Chapter One, we considered a number of works by Marx and Engels (*The Poverty of Philosophy, Wage-Labour and Capital, Principles of Communism, Manifesto of the Communist Party*) that also specified the theoretical propositions they had elaborated during the 1840s. We shall return to the specification of Marx's economic theory in Chapter Six, when considering this theory as the point of departure for Lenin's economic investigations. Now let us simply note that this issue is closely linked with the most important criterion applied by Marx in his scientific research. In 1843, as a result of tremendous theoretical and practical work, Marx discovered the world-historic role of the proletariat as a force capable of abolishing the capitalist system and creating communist society. His conclusion that the proletarian revolution was the only possibility for wiping the bourgeois order from the face of the Earth laid the corner-stone for the theory of scientific communism. Soon after this, as we have seen, he began work on the theoretical substantiation of communist ideas. At the same time, Marx always strove to implement these ideas. An urge for action and a firm belief in the possibility of the revolutionary transformation of capitalist society permeate Marx's entire theory. Thus, the most important criterion by which Marx was guided in his scientific work is simple to formulate: the interests of the proletarian revolution, the interests of the proletariat. Marx was a revolutionary, not an armchair scholar, and his theoretical work was inseparably linked with the world revolutionary working-class movement.

The fact that Marx made the interests of the proletariat the criterion of his research in no way conflicts with the truly scientific nature of this research. Moreover, it was the way Marx constantly observed this criterion that lent his theory its unusual effectiveness and determined the tremendous role it played in changing reality. This specific feature of Marxism was aptly expressed by Engels: "If we are to speak of a 'man of science', of economic science, he must have no ideal, he works to obtain scientific results, and if he is, in addition, a man of the Party, he fights to translate them into practice" (32, 198).

Marx had to apply considerable efforts in order to make the advanced members of the working class understand the need for a thorough grasp of economic theory.

When, in 1851, Marx told Joseph Weydemeyer about the tremendous amount of hard work he was having to do in the field of political economy, he said laughingly: "...The democratic 'simpletons' to whom inspiration comes 'from above' need not, of course, exert themselves thus. Why should these people, born under a lucky star, bother their heads with economic and historical material? It's really all so simple, as the doughty Willich used to tell me" (9, 377).

When *A Contribution to the Critique of Political Economy* came out, Marx complained to Engels: "Mr. Liebknecht has informed Biskamp that 'never has a book disappointed him so much,' and Biskamp himself told me that he didn't see 'à quoi bon'" (10).¹

Later, too, Marx was often criticised for the "untimeliness" of his economic research (see 28, 334). The lack of understanding shown for a long time in his economic theory reflects—apart from the objective difficulty of grasping the ideas he was expounding²—the negative or, at best, distrustful attitude to abstract economic theory as being a scholastic exercise without any real practical relevance, an attitude which must have existed always. In his letter to Engels on May 16, 1868, Marx indicated one reason for this lack of understanding. "The damnable fact is," he

¹ Later Wilhelm Liebknecht highly appraised the significance of Marx's economic theory for the working-class movement.

² "Scientific attempts to revolutionise a science can never be really popular," Marx wrote in this connection (28, 640; 30, 534).

wrote, "that in political economy the practically interesting and the theoretically necessary diverge widely (30, 88). Marx's scrupulous analysis of the "economic cell" of bourgeois society could appear as "ruminating upon trifles". Yet for the theory of surplus-value and, hence, the economic substantiation of the theory of scientific communism, these "trifles" were of fundamental significance.

Engels described Marx's economic theory as the citadel of the proletarian party (31, 319). As for Marx himself, he always regarded his work on *Capital* as his chief party duty, of the most immediate significance for the struggle of the working class (27, 566; 28, 565; 29, 541). "Although I devote a great deal of time to preparations for the Geneva Congress," Marx wrote in 1866, "I cannot go there, nor do I want to, because I cannot possibly interrupt my work for any length of time. I consider what I am doing by this work to be much more important for the working class than anything I could personally do at whatever congress" (29, 521).

Marx and Engels constantly stressed the exclusively important role of theory assimilated by the popular masses, especially the working class, as it consequently becomes a material force. Marx wrote: "Once the interconnection is grasped, all theoretical belief in the permanent necessity of existing conditions collapses before their collapse in practice" (13, 197). The call for knowledge to govern the working masses resounded firmly in the *Inaugural Address* of the First International (11, 17).

When Engels told Marx, at the latter's request, about the conflict in early 1867 between weavers and manufacturers in Manchester, he stressed in particular that "the workers were right in theory and have been proved right in practice too". Marx used the material sent by Engels in Volume I of *Capital*. Referring to the workers' demand for a shorter working week he pointed out that in the given situation it was right also in terms of theory (29, 275; 14, 409-10).

The only decisive test of Marxist theory could be and was the proletarian revolution, heralding the beginning of the transition from capitalism to communism and proving that the world revolutionary process was proceeding as Marx predicted. Yet there were other methods for "experimentally" testing Marx's economic doctrine, particularly, methods relating to the daily struggle of the working class

against the class of capitalists.¹ For what Marx created in the sphere of economic theory was nothing other than the political economy of the working class. This is precisely why, in elaborating his economic theory, Marx always strove to formulate the basic principles for the policy (particularly, economic policy) of the working class in its struggle with the capitalists and the capitalist state.

Thus, the specification of the basic principles of the economic theory was of major significance, first, for the dissemination of this theory within the international working-class movement, second, for testing the theory itself, i.e., its correspondence with the actual economic process, and, finally, for the elaboration of the policy of the working class, the strategy and tactics of its class struggle in bourgeois society.

Let us, however, return to *Wages, Price and Profit*. On April 4, 1865, John Weston, a member of the General Council of the First International and a leader of the British working-class movement, brought up two questions for discussion: "1st. Can the social and material prosperity of the working classes generally be improved by means of higher wages. 2nd. Do not the efforts of Trades Societies to secure higher wages operate prejudicially to the other sections of industry". "The proposer declared," the minutes of the General Council's meeting say, "that he would support the negative of the first and the affirmative of the second proposition" (62, 88).²

¹ Researchers correctly raise the question of the "experimental testing" of economic theory with respect to the socialist economy. The political economy of socialism finds the key criterion for judging the validity of its conclusions, an indicator of the correspondence between the laws it has formulated and objective economic relations, in the results of economic policy. The economic policy of the state and the relations of production under socialism cannot be considered in isolation from each other, let alone be counterposed to each other (95, 21). V. P. Shkredov's study of Marx's method of investigating the relations of production under socialism in connection with the state and law is therefore of great interest. "The link between economic science and practice," the author writes, "can only become real when science does not hesitate to abstract from practice. Only thus, armed with a knowledge of economic laws, can it draw closer to practice and render it effective assistance in solving the complex problems involved in running the socialist economy" (93, 78).

² The questions Weston raised were discussed by the General Council between May and August 1865. It was in the course of this

Weston's views, as we can see, had to be refuted, in particular because they were stated at a time when the whole working class was making wage claims and, moreover, because they were shared by the Proudhonists and Lassalleans. The thesis advertised by Lassalle concerning the "iron law" of wages gave rise to a negative attitude towards the trade unions and, in general, to the economic struggle of the working class. An answer was required to all this, and the stage already attained in the elaboration of the economic theory was sufficient to provide such an answer.

In his speech, Marx showed that Weston was virtually seconding the thesis of the vulgar economists that value was determined by the cost-price. Ricardo also defined value as the cost-price while, in fact, having in mind the expenditure of labour-time required for the production of the commodity. The formula determining the value of a commodity by its cost-price provided an opportunity—which was used by vulgar political economy—to reject the labour theory of value altogether. By the cost-price, the vulgar economists meant the amount it cost the capitalist to produce the commodity, i.e., the value of the capital advanced. From this angle, surplus-value—profit—appears as an addition to value, as "profit from alienation", while the actual value of the commodity depends on the "value of labour", i.e., the level of wages.¹ To other vulgar economists (such as Say) the cost-price meant the sum of "services" provided to production by capital, land, and labour, and they determined the level of this cost-price by means of the correlation between supply and demand. Vulgar economists' misunderstanding of the nature of cost-

discussion that Marx made his report. In a letter to Engels on May 20, 1865, he wrote: "There is a special meeting of the International this evening. A good old fellow, an old Owenist *Weston* (carpenter) has put forward the following two propositions... 1. that a general rise in the rate of wages would be of no use to the workers; 2. "that therefore, etc., the trades unions have a *harmful* effect. If these two propositions ... were accepted, we should be in a great mess with regard to both the trades unions here and the infection of strikes which now prevails on the Continent" (13, 163).

¹ Marx noted in the letter already quoted with respect to Weston: "Of course I know beforehand what the two main points are: 1. that *wages* determine the value of commodities; 2. that if the capitalists pay 5 instead of 4 shillings today, they will sell their commodities for 5 instead of 4 shillings tomorrow (being enabled to do so by the increased demand)" (13, 164).

price, stemming from the ambiguity of Ricardo's definition, resulted in some of them, e.g. Say, being able to "accept 'the cost of production' as the ultimate regulator of prices, without having the slightest inkling of the determination of value by labour-time, indeed they directly deny the 'latter while maintaining the former'"¹ (18, 215). Marx shows the vicious circle into which Weston had fallen by following the vulgar economists in determining the value of the commodity by the value of labour. "Here we come to a standstill", Marx states (11, 47).

As we have seen, Marx provided the answer to this problem in his theories of value and surplus-value. He, above all, gives a remarkably succinct and clear presentation of his economic theory, in the course of which he breaks the vicious circle, as well as explaining the contradictions arising from the lack of correspondence between the essence of things and their appearance. Marx shows that, although on the surface profit does appear as an addition to value, its nature can only be understood if commodities are assumed to be sold at their value. Marx reveals another contradiction, the reverse of the first one. Although wages do, indeed, appear on the surface as the value of labour,² in reality they are only the value of labour-power, which is known to be less than the value of labour, or to be more precise, the value of the product created by labour. "This seems paradox," Marx notes, "and contrary to everyday

¹ It is worth noting that, in *Wage-Labour and Capital*, Marx upheld the determination of the value of the commodity by the cost of production in the Ricardian sense. "We have just seen," Marx wrote in this work, "how the fluctuations of supply and demand continually bring the price of a commodity back to the cost of production." Next Marx establishes a direct link between the latter category and value: "The determination of price by the cost of production is equivalent to the determination of price by the labour-time necessary for the manufacture of a commodity...." Marx proved this thesis by the fact that the cost of production includes expenditures of past and of direct labour (6, 208). In the light of this, there can be no doubt that, in 1847, Marx would not have been able to criticise Weston's position as convincingly and profoundly as he did in 1865, for it was necessary to go much further than Ricardo in the elaboration of economic theory for this purpose.

² This is so because, first, the worker receives his wages *after* finishing his labour and, second, he *really does* give his labour to the capitalist as the use-value of the commodity "labour-power". Thus, although the capitalist pays only for *part* of the worker's labour, even the unpaid part appears to be paid labour.

observation. It is also paradox that the earth moves round the sun, and that water consists of two highly inflammable gases. Scientific truth is always paradox, if judged by everyday experience, which catches only the delusive appearance of things" (11, 54).

We do not intend here to consider in any detail how the theories of value and of surplus-value are set out in *Wages, Price and Profit*. We are primarily interested in the conclusions concerning the struggle of the working class that Marx drew from his theory.

In his analysis of the value of labour-power, Marx shows that this value differs in different branches of production. "The cry for an *equality of wages*," he says immediately drawing the practical conclusion, "rests, therefore, upon a mistake, is an *insane* wish never to be fulfilled.... What you think just or equitable is out of the question. The question is: What is necessary and unavoidable with a given system of production?" (11, 56, 57).

Then Marx shows the *practical importance* of identifying the category of surplus-value in its pure form. Not all surplus-value, of course, falls as industrial profit into the pockets of the capitalist entrepreneur. He shares it with the money-lending capitalist and the landowner. Yet this question is, for the worker, a secondary one. "It is the employing capitalist," Marx says, "who immediately extracts from the labourer this surplus-value, whatever part of it he may ultimately be able to keep for himself. Upon this relation, therefore, between the employing capitalist and the wages labourer the whole wages system and the whole present system of production hinge" (11, 62).

In the speech *Wages, Price and Profit*, Marx considers the rate of profit and that of surplus-value as two different ways of expressing the rate of profit. He notes that only the ratio of profit to the value of capital advanced on wages shows the real degree of exploitation of labour, the real correlation between paid and unpaid labour. "A general rise of wages would, therefore, result in a fall of the general rate of profit,¹ but not affect values" (11, 64). In *Wage-Labour and Capital*, Marx follows Ricardo in stating that wages are inversely proportion-

¹ In the latter sense, i.e., would lead to a drop in the rate of surplus-value.

al to profit¹; now he develops this thesis. The same sort of inverse proportionality exists between wages and surplus-value. The rate of profit can fall—owing to the law of the tendency of the rate of profit to fall—without being accompanied by a corresponding drop in the rate of surplus-value.² "The rate of profit falls," Marx says, "not because the worker is less exploited, but because he is more exploited..." (18, 439).

In his speech, Marx gives a detailed analysis of the main cases in the struggle waged by the workers for higher wages or against wage cuts. He shows that when there is a rise in the value of labour-power as a result of an increase in the cost of necessities or a depreciation of money, the worker must fight for wage rises, whereas a drop in the value of labour-power forces him to fight against wage cuts, since "the working man... would only try to get some share in the increased productive powers of his own labour, and to maintain his former relative position in the social scale" (11, 66).

Next Marx deals with the length of the working day and formulates the dual tendency of capital: towards a lengthening of the working day and a rise in labour intensity. Hence he concludes that "in their attempts at reducing the working day to its former rational dimensions, or, where they cannot enforce a legal fixation of a normal working day, at checking over-work by a rise of wages... working men fulfil only a duty to themselves and their race. They only set limits to the tyrannical usurpations of capital" (11, 68).³ When he counteracts the tendency of capital to increase the intensity of labour "by struggling for a rise of wages corresponding to the rising intensity

¹ "Profit rises to the extent that wages fall; it falls to the extent that wages rise" (6, 219).

² On the contrary, the rate of surplus-value tends to rise as capitalism develops and the productivity of labour increases.

³ These propositions were thoroughly substantiated in Volume I of *Capital*. On June 24, 1865, Marx wrote to Engels about his speech before the General Council the following: "... Now they want to have this printed.... I am doubtful: ... in the second part the thing contains, in extremely compressed but relatively popular form, a great deal of new material that anticipates my book, while at the same time inevitably touching many a point only in passing. Question: is it advisable to anticipate things in this manner?" (29, 125). Marx's speech was first published in 1898 by his daughter Eleanor.

of labour, the working man only resists the depreciation of his labour and the deterioration of his race" (11, 69).

As we have seen, these conclusions are based on a study of the commodity "labour-power". Marx establishes the specific nature of this commodity: "...there are some peculiar features which distinguish the *value of the labouring power* ... from the values of all other commodities.¹ The value of the labouring power is formed by two elements—the one merely physical, the other historical or social" (11, 71). The value of the essential means of subsistence—the means essential for maintaining and reproducing labour-power—forms the *lower limit* of the value of labour-power. Apart from this, the value of labour-power is determined also by the "*traditional standard of life*" (11, 71) in a given country. The *upper* limit, however, cannot be determined in principle, just as it is impossible to determine the minimum rate of surplus-value. The capitalist always strives for maximum profit, i.e., seeks to reduce wages to their physical minimum and prolong the working day to its physical maximum. The actual level of wages and the actual length of the working day are established "by the continuous struggle between capital and labour.... The matter resolves itself into a question of the respective powers of the combatants" (11, 72-73).

Thus, the struggle of the working class for higher wages and a shorter working day is dictated by economic necessity and arises directly from the general tendency of capital to reduce the value of labour-power to its physical limit. If the workers refused to fight the "encroachments of capital," Marx underlines, "they would be degraded to one level mass of broken wretches past salvation" (11, 75).

Marx regards the day-to-day struggle of the working class for an improvement of its condition as an important aspect of its class struggle against the capitalists, but not as the only one. He notes that in this daily struggle the workers are fighting "with effects, but not with the causes of those effects" (11, 75). They must understand, Marx says, that "with all the miseries it imposes upon them, the

² "The whole world of 'commodities,'" Marx wrote as early as 1862, "can be divided into two great parts. First, labour-power; second, commodities as distinct from labour-power itself" (17, 167).

present system simultaneously engenders the *material conditions* and the *social forms* necessary for an economical reconstruction of society" (11, 75). This provides the scientific foundation for replacing the *conservative* motto "*a fair day's wage for a fair day's work!*" with the *revolutionary* slogan "*abolition of the wages system!*" (11, 75).

Such are the main arguments of Marx's speech before the General Council of the First International in 1865. However, some of the fundamental conclusions following from his economic theory were already reflected in the programme documents of the International Working-Men's Association which he drew up in 1864.

The analysis, given in the *Inaugural Address*, of the condition of the working class from 1848 to 1864 confirmed the main conclusions of Marx's economic theory. It was proved that economic progress in bourgeois society is not capable of abolishing the poverty of the working people. "...No improvement of machinery, no appliance of science to production, no contrivances of communication, no new colonies, no emigration, no opening of markets, no free trade, nor all these things put together, will do away with the miseries of the industrious masses; ... on the present false base, every fresh development of the productive powers of labour must tend to deepen social contrasts and point social antagonisms" (11, 15). "Two great facts" (11, 15) were noted that testified to the development of the prerequisites for the future society within the heart of capitalism: the successes scored in factory legislation as a component of social foresight, and the co-operative movement as proof that bourgeois relations were not needed for running large-scale production.

By the 1860s Marx was—in complete contrast to his original attitude—attaching extraordinary importance to the bill on the 10-hour working day adopted by the British Parliament on June 8, 1847. "The immense physical, moral and intellectual benefits hence accruing to the factory operatives, half-yearly chronicled in the reports of the inspectors of factories, are now acknowledged on all sides.... The Ten Hours' Bill was not only a great practical success; it was the victory of a principle; it was the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working class" (11, 16).

9. CERTAIN ASPECTS OF THE WORKING-CLASS STRUGGLE TODAY

"But there was in store," he goes on to say, "a still greater victory of the political economy of labour over the political economy of property. We speak of the co-operative movement, especially the co-operative factories The value of these great social experiments cannot be overrated. By deed, instead of by argument, they have shown that production on a large scale, and in accord with the behests of modern science, may be carried on without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labour need not be monopolised as a means of dominion over, and of extortion against, the labouring man himself; and that . . . hired labour is but a transitory and inferior form, destined to disappear before associated labour plying its toil with a willing hand, a ready mind, and a joyous heart" (11, 16-17).

"At the same time," Marx warns, "the experience of the period from 1848 to 1864 has proved beyond doubt that, however excellent in principle, and however useful in practice, co-operative labour, if kept within the narrow circle of the casual efforts of private workmen, will never be able to arrest the growth in geometrical progression of monopoly, to free the masses, nor even to perceptibly lighten the burden of their miseries To save the industrious masses, co-operative labour ought to be developed to national dimensions Yet, the lords of land and the lords of capital will always use their political privileges for the defence and perpetuation of their economical monopolies"

"To conquer political power has therefore become the great duty of the working classes" (11, 17). Marx lays special stress on the need for the workers to unite internationally. Neglect of this task on their part "will be chastised by the common discomfiture of their incoherent efforts" (11, 17).¹

¹ In our opinion it is important to note, too, the significantly greater theoretical maturity of the programme documents (1864) compared with the *Manifesto of the Communist Party* (1848). We believe that most scholars discussing the theoretical level of the programme documents somehow underestimate the fact that, while consciously softening the formulations, Marx made no theoretical concessions concerning the essence of the questions (13, 139-40). In this sense, the programme documents are works of fully mature Marxism, since Marx proceeded from his already elaborated economic theory in drawing them up.

The propositions put forward in the programme documents of the First International and discussed here have in no way lost their validity today.

Under the present conditions, Communists use forms of the socialisation of labour that have developed under capitalism, such as the co-operative movement (also in agriculture) or democratic workers' control over nationalised enterprises, to further the interests of the workers. They make these forms the starting point for further struggle against capital. This position has nothing in common with the reformist assertions that the spread of shares among the workers will automatically lead to socialism. The distribution of small shares among the workers as a means of "giving them a certain share in the profits" was called by Marx "a particular way of cheating the workers by *withholding part of their wages* in the more precarious form of a profit depending on the state of business" (34, 199). Neither nationalised nor joint-stock enterprises, however large the amount of worker-owned shares within them, can alter the general foundations of the social system, but these "isolated elements of transformation", as Marx described them, can serve as steps towards such a change.

Marx showed (see Section 7 of this chapter) that co-operative undertakings testify that private capitalist initiative is not at all essential. This alone suffices to explain the fierce attempts by capital to regain private control over nationalised industries. The practical experience of the

In her analysis of the thesis on co-operative production put forward in the "Instructions for the Delegates to the Provisional Central Council on Individual Questions" (1866), V. A. Smirnova rightly explains its inclusion in the "Instructions" by the fact that 1) "participation in co-operative production is of major educational significance for the workers; it destroys in their consciousness the myth about the inviolability of the capitalist system"; 2) the ideas of co-operation were popular among the workers and Marx did not want to leave the propaganda of these ideas "completely to the Proudhonists, Lassalleans, Owenites and bourgeois co-operators" (64, 283-85). We believe that another consideration should be added to these: the workers' co-operative factories confirmed the important conclusion of Marx's economic theory that the preconditions for the communist mode of production mature within the framework of capitalist society.

working-class movement under capitalism is of major importance also because it destroys the illusion concerning the "sacred principle" of private property. By fighting for structural reforms and working to remove members of the capitalist class from the management bodies of nationalised enterprises, Communists strive to ensure the growing participation of the workers in management and provide models of the implementation of progressive wage policies and social rights.¹

As we have seen, one of the most important conclusions deriving from Marx's economic theory is that the struggle waged by the working class exerts an objective influence on economic laws and is capable of substantially modifying the form in which they manifest themselves. This methodological principle of Marxism is the exact antithesis of the position taken by bourgeois economics, which maintains that economic laws operate in the same way as the laws of nature.

Marx discovered the objective tendency of capitalist production to exploit the working class to the maximum. This tendency has been operative at all three stages in the development of the capitalist mode of production, which, as Marx showed, constitute the three stages in the development of the real subjection of labour to capital. Each of them entailed a further growth in the exploitation of the working class, a prolongation of the working day (if not an increase in the number of hours worked, then one in the intensity of labour) and a reduction of wages, i.e., of the price of labour-power in comparison with its value. Marx showed that this tendency leads to the premature exhaustion and destruction of labour-power. He showed that an "anticipation of the future" takes place with respect to the worker and to the land: "The future can indeed be anticipated and ruined in both cases by premature over-exertion and exhaustion, and by the disturbance of the balance

¹ "In contrast to the Right and 'Left' opportunists, the Communist and Workers' parties do not counterpose the fight for deep-going economic and social demands, and for advanced democracy to the struggle for socialism, but regard it as a part of the struggle for socialism. The radical democratic changes which will be achieved in the struggle against the monopolies and their economic domination and political power will promote among the broad masses awareness of the need for socialism" (61, 24).

between expenditure and income. In capitalist production this happens to both the worker and the land" (16, 309). Only resolute resistance on the part of the working class can in any way counteract this tendency. We have seen how Marx proved this in strictly scientific terms, proceeding from his analysis of the value of labour-power which, in contrast to that of all other commodities, is formed by two elements. The lower limit of the value of labour-power tends to fall (as a result of the growth of labour productivity and the drop in the value of the worker's means of subsistence), while, on the other hand, its social limit gradually lifts as the cultural and social level of the working class rises, as labour becomes more complex and requires greater skills. The duality in the determination of the magnitude of the value of labour-power results in the actual level of the value, and consequently the price, of labour-power being established only in the course of the struggle between the working and the capitalist class. The same applies to the actual duration of the working day. Thus Marx provided the theoretical substantiation for the workers' struggle in the capitalist countries for a shorter working day and higher wages.

Characteristic of modern capitalism, which employs all available means for rationalising production, is an extreme intensification of the exploitation of the working class. Under these conditions, the struggle for higher wages and a shorter working day, as in Marx's time, remains the main form of the economic struggle of the working class. The wage rises in the post-war years have been a result of the resolute struggle waged by the working class, especially in the late 1950s and early 1960s. Yet Marx repeatedly drew the workers' attention to the need to go further, to supplement this struggle with a struggle to destroy the very system of wage-labour. The working-class movement today is striving to exert an increasingly broad influence on the economic relations within bourgeois society, even on the actual course of capitalist reproduction and the economic cycle. Experience has shown that the possibility of using certain forms of state-monopoly capitalism (for example, state property, with the future establishment of democratic workers' control in mind) in the interests of the working class depends on how developed the working-class movement is.

The conclusions deriving from Marx's economic doctrine concerning the condition of the working class are summarised in the Marxist theory of the impoverishment of the working people in capitalist society, which is based on the general law of capitalist accumulation. Marxists have done a great deal in recent years to cleanse the Marxist theory of impoverishment of non-inherent features added later and rebuff the absurd allegations made about it by bourgeois and reformist critics. Above all, they showed up the invalid attempts to replace Marx's true views with an extremely simplified scheme of the automatic and absolute impoverishment of the working people under capitalism. Marx repeatedly emphasised that only the unremitting struggle waged by the working class prevents the capitalists from constantly making its living and working conditions worse. It is by its struggle that the working class resists the tendency towards an increasing deterioration of its condition in bourgeois society. Yet a comparison of the results achieved by the working class in its struggle against the capitalist class with the development of capitalist society and the position of the capitalist class in this society fully confirms Marx's conclusion that the rift between the social position of the working people and that of the capitalists is widening.

The development of modern capitalism has also fully confirmed another major thesis of Marxist theory—that about the increasing proletarianisation in capitalist society. In Volume I of *Capital*, Marx noted that "it is but here and there on the face of the earth, that even now-a-days the labour-fund crops up in the form of capital" (14, 533-34). Today the overwhelming majority of the population of the capitalist countries is made up of wage-workers, while wage-labour constitutes the basis of capitalism to a much greater extent than it did in Marx's time. Marx's description of capitalism in *Capital* proved to be so profound and the tendencies in its development were outlined so accurately that, in the words of Academician E. Varga, "modern capitalism in the highly developed countries is, in its social structure, much more reminiscent of capitalist society consisting of two classes—the bourgeoisie and the proletariat, the society whose existence Marx assumed as the basis of his theoretical analysis, than the actual capitalist society that existed in Marx's lifetime was" (120, 78). This

is, of course, no accident. "In theory," Marx wrote, "it is assumed that the laws of capitalist production operate in their pure form. In reality there exists only approximation; but this approximation is the greater, the more developed the capitalist mode of production and the less it is adulterated and amalgamated with survivals of former economic conditions" (16, 175).

The present position of the working class is characterised by a widening rift between the actual value of labour-power and the real wages of workers.¹ This is due to the growth of the socially necessary requirements of the workers resulting from the intensification of labour, as well as from the rise in the material, social and cultural level of the working class. A consequence of this is the lag in the growth of real wages behind that of the value of labour-power.²

A substantial influence on the condition of the working class is also exerted by the constantly growing threat of unemployment as a result of the automation of production and intensification of labour, as well as by actual unemployment, which dooms millions and millions of people to hardships and poverty. The "*insecurity of existence*" (12, 431) about which Engels spoke in his remarks on the draft (Erfurt) programme of the German Social-Democratic Party, is growing. These objective factors convincingly confirm the Marxist theory of impoverishment.

Let us sum up this stage in the economic substantiation of scientific communism that we considered. In the 1863-65 manuscript, an important step forward was taken in analysing the condition of the working class within the structure of capitalist society. Marx ascertained for the first time the influence exerted on the economic condition of the workers by the transition from pre-capitalist forms of exploitation to the formal subjection of labour to capital, and from this to the real subsumption and the ensuing tendency of developed capitalism to prolong the working day, in a manner wasteful of the worker's health and life. In this connection, Marx formulated the tasks of the trade unions in the economic struggle of the working

¹ "The theory of capital assumes that the worker receives the full value of his labour-power. This is the ideal of capitalism, but by no means its reality" (41, 86-87).

² For more detail on this see 116, 332-52.

class. The categories of formal and real subjection of labour to capital constitute a further development of the category of alienated labour. Marx notes that the worker "rebels ... from the outset" against "the *process of alienation* of his own labour", which he regards as "a process of enslavement" (90, 97). So, for the economic substantiation of the theory of scientific communism it was very important to show both the possibility and necessity of the workers' comprehensive struggle against capitalist exploitation. We have already seen how Marx showed the economic possibility of raising wages without a change in the value, and consequently the price of the commodity—a possibility fully allowed by the mechanism of price formation on the basis of the cost-price. Thus the apologetic theory of bourgeois economists that it is impossible to raise wages without a corresponding rise in commodity prices was finally refuted. At the stage of research in question, Marx made important steps forward also in his economic substantiation of the need for the struggle of the working class.

Of major significance in the doctrine concerning the formal and real subjection of labour to capital is the consideration of the material content of these categories, which consists in the fact that the development of the real subjection takes place on the basis of the formal one, i.e., on its own basis.¹ Such an uninterrupted development of the mode of production that is possible only on its own basis was described by Marx as "a complete (and constantly continued and repeated) revolution" in the mode of production, in the productivity of labour and in the social relations (see 90, 90). Under capitalism, this economic revolution is of course, antagonistic in nature.

We have seen that the study carried out in Volume III of *Capital* of the antagonistic contradictions inherent in the development of the capitalist mode of production allowed Marx to identify essentially new aspects in the condition of the working class under capitalism, in the preconditions

¹ The current stage in the development of a number of socialist countries consists in the transition to developed socialist society. In contrast to the earlier stages in the building of socialism, the creation of developed socialist society is taking place on its own socialist basis, and is thus preparing the conditions for the subsequent transition to the higher phase of communism.

for the socialist revolution, and in the forecasting of the communist economy. These aspects were, in short, the following.

First, Marx showed the place of the commodity "labour-power" in the system of capitalist production from a new angle—in the context of the fact that labour-power appears as an element of capitalist production costs, with all the ensuing consequences. Here we must return once more to the question of the inadmissibility, in principle, of an extended interpretation of commodity production under socialism, as suggested by some economists. They give too broad an interpretation of the operation of the law of value in the socialist economy, claiming that labour-power is a commodity also under socialism.

The commodity nature of labour-power is not at all essential to commodity production. For instance, labour-power is not a commodity under the conditions of the simple commodity economy. Nor is it a commodity under socialism, for this would conflict with the objective goal of socialist society.

Marx's analysis, in Volume III of *Capital*, of the material content of the category of wages with respect to communist society graphically shows that the development of labour-power under communism (and consequently also under socialism, as its first phase) is subject to completely different laws than is the development of the commodity "labour-power" in capitalist society. The value of the latter grows in spite of the predominant tendency of bourgeois society towards a constant depreciation of all commodities. The movement of wages (their material basis) under communism is geared to the "full development of the individual".¹

The report of the CPSU Central Committee to the 25th Party Congress noted that the accomplishment of the key socio-economic tasks set in the CPSU Programme and the recent Party congresses "... concerns, notably, a *further rise of the Soviet people's well-being, an improvement of*

¹ In Chapter Two we saw that Marx attached particular importance to the reciprocal impact of the all-round development of the individual under communism on the growth of productive forces. The further development of Soviet society towards the higher phase of communism will depend increasingly on the effectiveness of this impact.

the conditions of their work and everyday life, and considerable progress in public health, education and culture, in fact everything that helps to mould the new man, the harmoniously developed individual, and improve the socialist way of life" (59, 48).

Speaking at the 18th Congress of the Young Communist League, Leonid Brezhnev said that "concern for raising the people's standard of living is the pivot of the Party's home policy. By this we mean both a higher material and higher cultural level of life. The one cannot be divorced from the other" (56, 9).

Second, the further elaboration in Volume III of *Capital* of the theories of profit, average profit and the price of production, and the discovery of the tendency of the rate of profit to fall allowed Marx to draw important conclusions with respect to the intensification of capitalist exploitation as one of the means used for counteracting this tendency. Capitalist profit acts not only as an incentive to the development of the productive forces, but also as a limit to this development, for a shortening of the working day as an objective consequence of the increasing efficiency of social production is possible under capitalism only within definite, strict limits, otherwise the very creation of profit would be jeopardised.¹ To the limited nature of profit as a stimulus to capitalist production Marx counterposes the shortening of the working day and increase in free time as the objective result and goal of the development of the communist economy. In this context, he stresses the strictly logical nature of the development of communist society, regarding its economy as the "realm of necessity". As an inevitable conclusion deriving from the theory of productive labour, Marx postulates the obligatory nature of surplus-labour as labour over and above the producers' immediate requirements under the conditions of the communist economy.²

¹ The shortening of the working day taking place under modern capitalism is accompanied by a significant intensification of labour.

² In Chapter Two we saw that the conclusion concerning the necessity of surplus-labour was initially drawn by Marx from his general inquiry into the capitalist mode of production. Seen from this angle, surplus-labour appeared as the material content of surplus-value. Now Marx obtains the same conclusion from his analysis of productive-labour under capitalism as labour that creates surplus-value. The criterion of productive-labour under the conditions of the communist economy is naturally the creation of a surplus-product.

This refuted the utopian views of the pre-Marxian socialists who maintained that the worker should appropriate the full product of his labour; otherwise, they claimed, communist production would be completely incapable of functioning, since the worker would not be able to buy up the product created by him (see, for example, the analysis of Proudhon's views on this issue in Volume III of *Capital*—16, 843-44). At this stage in his research, Marx not only showed the need for surplus-labour in communist society too; he also made his first forecasts on the distribution of the surplus-product under communism. These propositions were later substantially developed in the *Critique of the Gotha Programme*. At the same time, in Volume I of *Capital* Marx concluded that, strictly speaking, the division of labour into necessary and surplus is not generally applicable to communist society, since all labour under these conditions appears as necessary labour (see Chapter Four on this).

The community of interests of the working class in the struggle with the capitalist class, a community that follows from the theory of average profit and the price of production, is a major factor in the economic substantiation of the programme demand, put forward in the *Manifesto of the Communist Party*, that the working men of all countries unite. Now it became clear that this community ensues from the objective condition of the working class in the system of capitalist production.

Economic development today dictates more insistently than ever the need for the working class to combine its efforts both within individual industries and countries, and on the international scale. At present, the working class cannot win satisfaction of its demands merely by waging a trade union struggle within individual enterprises or individual industries. The anti-monopoly, democratic alternative to the European Common Market, to state-monopoly integration is necessarily international in character, i.e., it reflects the interests of the working masses of the countries participating in the process of economic integration. International co-ordination of working-class actions within the framework of the world communist movement, as well as through the trade unions, ensures success in the struggle with international monopoly capital. Integration and the ensuing interdependence of entire branches of produc-

tion on the national and the international scale create favourable conditions for the struggle of the working class, since a halt in production in one place affects a whole group of monopolies. The success of this struggle depends directly on the international solidarity of the proletariat.

Regular contacts between the Communist Parties concerned are called upon to play a tremendously important role in this. Timely scientific analysis of economic processes, the elaboration of common methods of struggle against new forms of capitalist exploitation, and co-ordination of the strategy and tactics of the world communist movement acquire major significance under modern conditions. The process of economic integration is countered by the political integration of the working class in both the capitalist and the socialist countries. Given international unity of the working class, it is possible to solve the problem of national sovereignty, which has become particularly acute in connection with the process of integration, to work out a democratic alternative to monopoly integration, and to solve the problem of peaceful coexistence and co-operation between capitalist and socialist countries. Broad international co-operation of the working class ensures a united front of the peoples coming out for peace, for prevention of a nuclear holocaust.

Third, and finally, at the stage of research in question, Marx first studied in detail a number of social forms constituting the "abolition" of capitalist relations even within the framework of the capitalist mode of production: supervision and management, workers' co-operative factories, joint-stock capital, banks as a form of social book-keeping. All these elements of the "new, higher form" in no way indicate that capitalism of itself ceases to be capitalism, as is claimed by certain modern bourgeois and revisionist writers.¹ They simply show that capitalism is ripe for such a transition, which is dictated by the corresponding level of social production and the urgent need to establish a rational interchange between man and nature. The forms of

¹ The sharply increased importance of the function of production management under the conditions of present-day capitalism leads the American economist John Kenneth Galbraith, for instance, to conclude that "in the last three decades there has been a steady accumulation of evidence on the shift of power from owners to managers within the modern large corporation" (71, 49).

the socialisation of labour considered by Marx, just like the new forms of state-monopoly capitalism that have developed in the period of imperialism, make possible, even within the framework of modern capitalism, the regulation of certain economic processes, economic programming, and so on, but only within the strictly limited bounds set by the domination of private capitalist ownership of the means of production. At the same time, these forms constitute material prerequisites for the economy of the future society.

Chapter Four
ECONOMIC SUBSTANTIATION
OF THE INEVITABILITY
OF THE SOCIALIST REVOLUTION (1867)

So far we have attempted to show how, as Marx elaborated his economic theory, he gradually produced the evidence for substantiating the theory of scientific communism. Volumes I and II of *Capital*, which have now to be analysed, make it possible to consider a substantial part of Marx's economic theory in the process of its presentation, in the process of the ascent from the abstract to the concrete. In our analysis we shall continue to pinpoint only those elements of the economic substantiation of the theory of scientific communism that Marx first formulated at this stage in the construction of his theory.

1. GENERAL DESCRIPTION
OF THE COMMUNIST MODE OF PRODUCTION

The point of departure in the ascent from the abstract to the concrete in Volume I of *Capital* is the commodity as the elementary "economic cell" of bourgeois society. We have seen that Marx discovered the commodity in this function while working on his 1857-58 manuscript.

The analysis of the elementary "economic cell" of bourgeois society in Volume I of *Capital* allowed Marx to give a profound critique of the ahistorical approach prevailing in bourgeois political economy. He showed that the inability of bourgeois economists to carry out such an analysis stems from their view of capitalism as an eternal, natural form of social production. On the contrary, the analysis of the commodity as a dialectical unity of use-value and value necessarily leads to the conclusion that the bourgeois mode of production is historically conditioned, and, moreover, that the social form of the commodity—its value form—as the most general form of this mode of production is also historically transient.¹ In this connection, in Volume I

¹ We have already seen that Marx first drew this conclusion in 1859, in the first part of *A Contribution to the Critique of Political Economy*.

of *Capital*, Marx gives a thorough description of both pre-capitalist social formations and of communist society, revealing the historically limited nature of the commodity form of social relations.

Marx describes communist society as one characterised by social ownership of the means of production and the ensuing directly social and planned nature of labour, and, consequently, of the product of labour, too. Part of the social product is used as means of production, the other part being distributed as means of subsistence for personal consumption. "The mode of this distribution will vary with the productive organisation of the community, and the degree of historical development attained by the producers" (14, 83).

As one such historical stage, "for the sake of a parallel with the production of commodities", Marx considers the mode of distribution according to work done, when the "share of each individual producer in the means of subsistence is determined by his labour-time", and establishes the dual role of labour-time under these conditions: 1) "Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community"; 2) at the same time, it serves "as a measure of the portion of the common labour borne by each individual, and of his share in the part of the total product destined for individual consumption". The conclusion is that "the social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution" (14, 83).

Further on Marx stresses that this simplicity and intelligibility of social relations has a material basis: "The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. This however, demands for society a certain material ground-work or set of conditions of existence which in their turn are the spontaneous product of a long and painful process of development" (14, 84).

Thus, even at the first stage in the ascent from the abstract to the concrete, in the process of his analysis of the

“economic cell” of capitalism, Marx gives a fairly detailed, though inevitably abstract, description of communist society. The discovery, made at this stage, of the historical transience of bourgeois society as a society based on labour that is not directly social, but reveals its social nature only in the process of its transformation into money, made it possible to raise the question of investigating directly social labour resulting from the transformation of bourgeois society into its antithesis—communist society. The process of this transformation could not yet be described, Marx only mentions the “long and painful process of development” preceding it.¹ As for the description of the future society itself, it should be noted in particular that Marx regards it as a developing society; the stages in its development² are distinguished primarily by the character of the productive organisation of the community, the level of the historical development of the producers and, as a result of this, by the mode of distribution of the means of individual consumption.³ In particular, as we have seen, it was

¹ It is worth noting this passage in Marx, which shows the absurdity of the arguments sometimes attributed to him concerning the rapid and easy transition to the new society. Let us recall yet again that, in his general descriptions, Marx always has developed communism in mind, so his arguments presented here on the transition to communism also apply to its first phase. “The scientific nature of Marx’s predictions,” notes Kurt Hager, Secretary of the Central Committee of the Socialist Unity Party of Germany, “is manifested in his proof that the transition from capitalism to communism cannot be accomplished all at once, in a single leap, that it embraces a lengthy period of revolutionary transformation of one social system into another” (141, 55).

² G. A. Bagaturia showed that, as early as 1850, when he summarised the experience of the 1848-49 revolution, Marx put forward the idea of different phases in the development of communist society. In his lectures to the German Workers’ Educational Society in London, Marx argued that communism must go through several phases before it attains maturity (64, 116-17).

³ “The method of distribution,” Engels wrote in 1890, “essentially depends on *how much* there is to distribute, and this must surely change with the progress of production and social organisation, so that the method of distribution may also change. All one can reasonably do, however, is 1) to try and discover the method of distribution to be used *at the beginning*, and 2) to try and find the *general tendency* of the further development” (12, 484). This is precisely what Marx did in Volume I of *Capital*, and then in the *Critique of the Gotha Programme* (see Chapter Five). He pointed

here that Marx first identified the mode of distribution according to work done as a stage in the development of the future society, but this stage too is characterised, as Marx sees it, by the absence of the commodity form of relations. Distribution according to work done makes it possible, it is true, to draw a “parallel with the production of commodities”, but the product of labour is not transformed into a commodity.

Marx elaborated his conception of the two phases in the development of communist society later on (in 1875) in his *Critique of the Gotha Programme*. When considering the first phase of communist society, he pointed out that at this stage too individual labour exists as a component part of the total labour not in an indirect fashion, but directly. Here, in distribution according to work done Marx saw merely a parallel with the principle regulating the exchange of commodities, but emphasised that this was not actual commodity exchange (12, 17-19).

Later, in Chapter Five, we shall consider this question in greater detail. Meanwhile let us simply note that Marx proceeds from the assumption that social ownership of the means of production predominates even at the first phase in the development of communist society (14, 82-83; 12, 17-18).

In our opinion, two types of inaccuracy can be encountered in modern interpretations of this problem. First, it is suggested that, according to Marx, value as a category of the capitalist commodity economy will not exist in the future society, but the question remains open concerning value as a category of socialist production. As we see it, Marx says that in communist society the category of value will not be present in any form at all; only its material content will remain, reflected in the need to measure the amount of labour spent in the process of production.¹

out that distribution according to work done was the first stage in the development of the method of distribution under communism and identified its tendency to develop towards distribution according to needs, and outlined the conditions for such development.

¹ See the works of A. M. Romyantsev and A. I. Pashkov on this issue (74 and 103). Both authors note that Marx’s descriptions of communist society, particularly in the first phase of its development, are of major significance for an understanding both of the need for commodity production under socialism and of its specific nature.

The thesis concerning the absence in communist society of commodity production, of the commodity form of the product of labour, is one of the cardinal conclusions deriving from Marx's economic theory, one that he arrived at, as we have seen (Chapter Two), in the initial variant of *Capital*. In their statements on value relations under communism, Marx and Engels always drew a line of distinction between the material content of commodity-money relations and their social form. Thus, in the 1861-63 manuscript, setting aside the specific features of the period of transition from capitalism to communism that obfuscate the laws of the communist mode of production, Marx referred to entirely socialist production (19, 118). Stressing that the *material* content of commodity-money relations is retained, he points out that "*labour-time*, even if exchange-value is eliminated, always remains . . . the measure of the *cost* of . . . production" (19, 257). Yet Marx's view that the material content of commodity-money relations survives under communism in no way implied that the value form of these relations is also retained. This stands to reason since, according to Marx, under socialism, too, the domination of social ownership of the means of production and the social nature of labour presuppose that "the relations of men in their social production do not manifest themselves as 'values' of 'things'. Exchange of products as commodities is a method of exchanging labour, [it demonstrates] the dependence of the labour of each upon the labour of the others [and corresponds to] a certain mode of social labour or social production" (19, 129). Thus, the conclusion that no commodity production exists in communist society is in full accord with the historical approach taken by Marx in his theory. At the same time, as we shall see below, this theory contained the necessary points of departure for being developed for application to the socialist society actually in existence today, in particular, for explaining the need for commodity production within it. It was first developed by Lenin, who did so in a genuinely dialectical way and therefore succeeded in overcoming the apparent contradiction between Marx's theory and concrete reality (see Chapter Six on this).

The second inaccuracy, we believe, consists in declaring subsistence economy relations, rather than commodity production, the basis of the future society. Yet the measuring

of the expenditure of directly social labour in units of labour-time in no way constitutes a return to subsistence economy relations; on the contrary, it means that the value form of social relations will be replaced by a far more complex form based on developed social ownership of the means of production and a high level of socialisation of production.¹

We conclude our review of the general description of communist society given by Marx in the first chapter of Volume I of *Capital* by noting once again that here Marx—also in the most general form—is speaking about the objective need for labour-time to be distributed among the different branches of production in accordance with the various wants of the community (14, 82). In a letter to L. Kugelmann, written on July 11, 1868, Marx called this need a "natural law" and underlined that, under the conditions prevailing in bourgeois society, "there is no conscious social regulation of production" (13, 196, 197). In communist society, on the other hand, this regulation is exercised in a socially planned manner, and in this lies the fundamental economic advantage of the communist mode of production, which appears as a suitable form of development of large-scale production.²

¹ Academician V. M. Glushkov draws attention to the fact that management of the entire Soviet national economy today requires some 10^{16} mathematical operations a year, as compared with 10^{14} in the 1930s. Assuming that all the participants in production play some role in its management, and considering that a person can carry out 10^6 operations in the course of a year, 10^{10} , i.e., 10,000 million, people would be required to manage the economy. In this highly increased complexity of national economic management V. M. Glushkov sees one of the main factors necessitating the introduction of automatic control systems using computers (see 85, 12).

² The development of the productive forces under the conditions of the present scientific and technological revolution requires a transition from spontaneous market regulation of social production to consciously planned regulation. Academician V. M. Glushkov notes that "the broad range of goods, the rapidity with which they change and the difficulties involved in restructuring modern production result in the 'feed-back' signals of 'market' demand becoming increasingly misleading. We can see with our own eyes that their automatism, so attractive in the past, goes hand in hand with a very unsatisfactory operating speed. The signals are coming late. To be precise, they come at a speed that suited yesterday's economy, but is no good today." In principle, capitalism is not capable

Right from the beginning, communist society is based on planned, conscious regulation of the process of production on the national scale. Thus, the conclusions deriving from Marx's economic theory on the necessity of the transition from the capitalist mode of production (in particular, the capitalist method of production management) to a communist one express an objective tendency in the development of the productive forces, an objective need of social development. Later (in Chapter Six) we shall attempt to show that these conclusions in no way conflict with the objective need for the existence of commodity production at the present stage in the development of socialist society. At the same time, they show the utter scientific invalidity of the revisionist conceptions of "market socialism". In the light of all that has been said, the bourgeois nature of such conceptions is quite clear. "The vulgarian," wrote Marx, "cannot *conceive* the social productive forces and the social character of labour developed within the framework of capital as something separate from the capitalist form" (19, 497-98). It is precisely the possibility of establishing a higher form of economic relations that makes the communist mode of production a more progressive economic form of social development.

2. THE STRUGGLE OF THE WORKING CLASS FOR LABOUR LEGISLATION

On the basis of preceding research, in Volume I of *Capital* Marx gave a comprehensive substantiation of the workers' struggle for a legal limitation of the working day. Proceeding from his doctrine on the duality of labour and the ensuing different roles of constant and variable capital in the formation of the value of a commodity, Marx showed the complete invalidity of the bourgeois economists' theory that profit is the result of the final hour (or hours) of the worker's labour—"Senior's last hour" as they call it. This theory was aimed against the workers' struggle for a ten-hour working day. Senior asserted that most of the

of replacing the obsolete commodity-value mechanism for managing the national economy; it is only able to carry out a partial transformation of this mechanism.

working day was spent on reproducing the value of constant capital and only the last hour (or hours) remained for producing profit. It follows, however, from the duality of labour, as Marx showed, that, as a result of the expenditure of labour by the spinner, "the values of the cotton and spindles go over to the yarn of their own accord. This result is owing to the quality of his labour, not to its quantity" (14, 218). The shortening of the working day, Marx notes, does indeed reduce the rate of surplus-value, but it is a long way from this to the complete elimination of "net profit".¹

Marx showed, moreover, the impossibility in principle of precisely determining the length of the working day. Its minimum limit is set by the necessary labour-time; while the maximum limit is conditioned by two factors—"the physical bounds of labour-power" and "moral ones. The labourer needs time for satisfying his intellectual and social wants, the extent and number of which are conditioned by the general state of social advancement." The worker therefore needs time "for education, for intellectual development, for the fulfilling of social functions and for social intercourse, for the free-play of his bodily and mental activity, even the rest time of Sunday". It is this duality in fixing the upper limit of the working day that makes it impossible to determine its length precisely; the length of the working day fluctuates between its physical and social maximum (just as market-prices fluctuate around value). The laws of commodity exchange allow of both these magnitudes: the worker maintains his right as the seller of labour-power to demand a price equal to the value of his commodity (the social maximum); the capitalist maintains his right as purchaser to make maximum use of the commodity bought (the physical maximum). "Between equal rights force decides. Hence is it that in the history of capi-

¹ Marx draws attention to the fact that Senior subsequently became convinced that the theory he had propounded was false and "at a later period . . . energetically supported the factory legislation". In fact, "actual experience" testified quite clearly against this theory. Marx quotes a factory report of May 31, 1855 which states that, had Senior's "ingenious calculation been correct, every cotton factory in the United Kingdom would have been working at a loss since the year 1850" (14, 219, 220). It should be noted that Marx first criticised Senior's conception as early as 1861-62 (22, 175-79, 305-06).

talist production, the determination of what is a working day, presents itself as the result of a struggle, a struggle between collective capital, i.e., the class of capitalists, and collective labour, i.e., the working class" (14, 223, 252, 225). Here Marx gives the theoretical justification of the need for one of the most important forms of the working-class economic struggle—that for a shorter working day.¹

Part of the section on the limits of the working day in Volume I of *Capital* is written in the form of a polemical dialogue between a worker and a capitalist. Marx points out in a footnote that "during the great strike of the London builders, 1860-61, for the reduction of the working day to 9 hours, their Committee published a manifesto that contained, to some extent, the plea of our worker" (14, 225). Later, after Volume I had come out, the London and New York sections of the First International published the text of this dialogue in leaflet form.

Analysis of the general formula of the circulation of capital, M-C-M, brought Marx to the conclusion that "the circulation of capital has no limits". In the sphere of the exploitation of the worker, this is manifested in an insatiable thirst for surplus-labour, in the capitalist's drive to extend the working day beyond all reason. Marx showed that, significantly, the capitalists' striving to ensure maximum exploitation of the workers is explained not by the ill will of some or even all capitalists as a class. "I paint the capitalist and the landlord," Marx wrote in the Preface to Volume I of *Capital*, "in no sense *couleur de rose*. But here individuals are dealt with only in so far as they are personifications of economic categories, embodiments of particular class-relations and class-interests." Marx showed that the immanent tendency of capitalist production is to appropriate surplus-labour 24 hours of the day, and that this works as an "external coercive" law in the case of every individual capitalist. This objective tendency of the capitalist mode of production leads to the premature exhaustion and death of labour-power, and completely undermines "the living force of the nation" (14, 150, 20-21, 257, 229; see also 14, 253). Marx used a vast amount of

¹ In the previous chapter we saw that Marx showed the need for another form of the working-class struggle—that for higher wages—between 1861 and 1865, in the second and third rough drafts of *Capital*.

documentary material to show this. In particular, he made wide use of the Blue Books—official publications by the British Parliament and the government, quoting extensively from these in *Capital*. When reading the proofs of *Capital*, he wrote in a letter to Engels: "One Blue Book after another arrived while I was in the midst of the *final elaboration*, and I was delighted to find my theoretical results fully confirmed by the facts" (13, 180-81).

Capital relies in its actions on the permanent relative surplus-population, i.e., a surplus in relation to the momentary requirements of capital (Marx later showed that the development of the capitalist mode of production is necessarily accompanied by permanent relative over-population). This results in capital being "moved as much and as little by the sight of the coming degradation and final depopulation of the human race, as by the probable fall of the earth into the sun". Only resistance by the whole of society, especially by the working class, can force the capitalist state to introduce legislation limiting the working day. After tracing the history of the struggle waged by the British workers for legislation limiting the working day, Marx came to the conclusion that British factory legislation was the "result of a long struggle of classes" (14, 256-57, 268; see also 14, 276-77).

After legal limitation of the working day had forced its way into large-scale industries, a result of which was their "wonderful development from 1853 to 1860, hand in hand with the physical and moral regeneration of the factory workers", the bourgeois economists hastened to proclaim "the discernment of the necessity of a legally fixed working day as a characteristic new discovery of their 'science'" (14, 279, 280).¹ Speaking at the General Council of the International Working-Men's Association, Marx noted that "the Ten Hours' Bill was not only a great practical success; it was the victory of a principle; it was the first time that in broad daylight the political economy of the middle class succumbed to the political economy of the working class" (11, 16).

¹ We have already spoken about the attempts made by bourgeois political economy, in the person of Senior, to prove that the struggle for a shorter working day was economically unwarranted and pointless. Andrew Ure took the same stand.

Marx's generalisation of the history of the working-class struggle for labour legislation allowed him to make some important conclusions with respect to the economic substantiation of the theory of scientific communism. He established that the development of the capitalist mode of production initially leads to an unlimited extension of the working day, and then, as a reaction, calls forth "a control on the part of Society which legally limits, regulates, and makes uniform the working day and its pauses" (14, 282). Furthermore, "the history of the regulation of the working day in certain branches of production, and the struggle still going on in others in regard to this regulation, prove conclusively that the isolated labourer, the labourer as 'free' vendor of his labour-power, when capitalist production has once attained a certain stage, succumbs without any power of resistance. The creation of a normal working day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working class" (14, 283).

In its struggle for a limited working day, the British working class acted as the advance guard of the international working class, just as its theoreticians, as Marx notes, having in mind primarily Robert Owen, "were the first to throw down the gauntlet to the theory of capital". Marx also points out that "Robert Owen, soon after 1810, not only maintained the necessity of a limitation of the working day in theory, but actually introduced the 10 hours' day into his factory at New Lanark. This was laughed at as a communistic Utopia; so were his 'Combination of children's education with productive labour' and the Co-operative Societies of working-men, first called into being by him. To-day, the first Utopia is a Factory Act, the second figures as an official phrase in all Factory Acts, the third is already being used as a cloak for reactionary humbug" (14, 283). Later on we shall have an opportunity to consider the high appraisal Marx gave in *Capital* to the great utopian socialists, who to a large degree anticipated the future and expressed a number of fundamental objective trends in the working-class movement. Marx shows that, in the wake of the British working class, the French workers won a 12 hours' law as a result of the February 1848 revolution, and the North American working class came out for an 8-hour working day. He stresses that the

independent working-class movement in the United States of America became possible only as a result of the Civil War and the emancipation of the Negroes. "Labour cannot emancipate itself in the white skin where in the black it is branded" (14, 284).

Marx draws the general conclusion that the working-class movement is objectively conditioned, arising "out of the conditions of production themselves". The working-class movement and its result—the legal limitation of the working day—appear as an important stage on the way to the future revolutionary transformation of capitalist society, as an essential material prerequisite for communism. The 1859 factory inspectors' report, which Marx quotes in *Capital*, expressed this as follows: "By making them masters of their own time they [the Factory Acts] have given them a moral energy which is directing them to the eventual possession of political power" (14, 286).

After revealing the mechanism of capitalist exploitation, Marx proceeded to investigate the laws governing the motion of surplus-value. Analysis of the correlation between the rate of surplus-value, its mass and the number of labourers employed gave the following result: "Diminution of the variable capital may ... be compensated by a proportionate rise in the degree of exploitation of labour-power, or the decrease in the number of the labourers employed by a proportionate extension of the working day. Within certain limits therefore the supply of labour exploitable by capital is independent of the supply of labourers" (14, 288). "Within certain limits" because the average working day is always less than 24 hours and also because the objective tendency of capital towards a maximum reduction in the number of workers employed conflicts with its tendency to produce the maximum surplus-value.

Yet capital is not only independent (within certain limits) of wage-labour. Marx showed that "within the process of production ... capital acquired the command over labour... Capital further developed into a coercive relation, which compels the working-class to do more work than the narrow round of its own life-wants prescribes... It surpasses in energy, disregard of bounds, recklessness and efficiency, all earlier systems of production based on directly compulsory labour." The capitalist mode of production distorts the real relations between labour-power and

the means of production. If we consider the process of production from the point of view of its material content, in the process of labour the worker employs the means of production. If we deal with production from the point of view of its social form, it is "the means of production that employ the labourer"; they are "means for the absorption of the labour of others". "Furnaces and workshops that stand idle by night, and absorb no living labour, are 'a mere loss' to the capitalist. Hence, furnaces and workshops constitute lawful claims upon the night-labour of the workpeople" (14, 293, 294). Thus, the tendency towards an intensification of exploitation arises from the very nature of the capitalist relations of production.¹

In studying the methods used by the capitalist to intensify exploitation (if the length of the working day is set, the capitalist can increase the rate of surplus-value only by reducing the necessary labour-time), Marx, in accordance with the demands of abstract theory, abstracts from the depression of wages below the value of labour-power, though he notes "the important part which this method plays in actual practice". Even so, the capitalist manages steadily to reduce the value of labour-power—by the same methods that he uses to reduce the value of all commodities, i.e., by raising labour productivity, by revolutionising "the technical and social conditions of the process, and consequently the very mode of production". "Hence there is immanent in capital an inclination and constant tendency, to heighten the productiveness of labour, in order to cheapen commodities, and by such cheapening to cheapen the labourer himself" (14, 298-99, 303).²

In this way Marx traces all the contradictory tendencies in the capitalist mode of production that ultimately arise

¹ In the preceding chapter we saw that Marx noted a number of these aspects when considering the formal and real subjection of labour to capital.

² Under the present conditions, capital's objective tendency to reduce the value of labour-power is counteracted by the tendency towards a rise in its value, connected with the rising average level of the workers' professional skills. The hidden content of the deterioration in the condition of the working class consists in the rift between today's wages, family incomes and the value of the bulk of labour-power on the one hand, and the skill and value that production will require of labour-power tomorrow—in 5, 10, or 20 years on the other.

from the contradiction between the material content and the social form of particular economic phenomena. The material content of capitalist production is manifested here in the rise of labour productivity and the cheapening of commodities. This is just where the progressive aspect of the capitalist mode of production lies. On the other hand, the social form of capitalist production manifests itself in the fact that "the shortening of the working-day is by no means what is aimed at... when labour is economised by increasing its productiveness... The object of all development of the productiveness of labour within the limits of capitalist production is to shorten that part of the working-day, during which the workman must labour for his own benefit, and by that very shortening, to lengthen the other part of the day, during which he is at liberty to work gratis for the capitalist" (14, 304).

In Volume I of *Capital*, when he investigates capital's tendency towards an all-out intensification of the exploitation of the working class, Marx shows, on the basis of his research in the 1861-63 manuscript, that the capitalist mode of production goes through three stages in the development of this objective tendency: simple co-operation, manufacture, and large-scale machine production. He links this conclusion with his previous research, especially the investigation of the formal and real subjection of labour to capital, and considers the three stages in the development of capitalism as three stages in the production of surplus-value (primarily relative surplus-value, but also absolute), and, consequently, as stages in the development of the subjection of labour to capital (primarily real, but also formal).¹

¹ In this connection, Marx says that the production of relative surplus-value "presupposes a specific mode, the capitalist mode of production, a mode which, along with its methods, means, and conditions, arises and develops itself spontaneously on the foundation afforded by the formal subjection of labour to capital. In the course of this development, the formal subjection is replaced by the real subjection of labour to capital." It does not follow from this, however, that, as capitalism develops, the production of absolute surplus-value ceases. One result of the research into the three stages in the development of capitalism was the conclusion that "the methods of producing relative surplus-value are, at the same time, methods of producing absolute surplus-value", that "the excessive prolongation of the working-day" is "the peculiar product of Mod-

The research into the first stage in the development of capitalist production—simple capitalist co-operation—showed that simultaneous employment of a large number of workers is an objective tendency of capital, arising from the law of value, which is only fully realised if average social labour is brought into motion and economy is made in the application of the means of production. During such co-operation the productive power of social labour is created, which is appropriated gratis by capital. Yet “when the labourer co-operates systematically with others, he strips off the fetters of his individuality, and develops the capabilities of his species”. Marx notes also the tendency towards an intensification of the class struggle. “As the number of the co-operating labourers increases, so too does their resistance to the domination of capital, and with it, the necessity for capital to overcome this resistance by counterpressure.” Capital’s counterpressure is manifested, in particular, in the despotic form of capitalist management. Management of capitalist production is, in its material content, management of the social process of labour for the manufacture of the product, and as such it has absolutely no need of the capitalist. Marx quotes the British bourgeois weekly *Spectator*, which wrote as follows about the initiative of the workers in the town of Rochdale (the Manchester industrial area), who in 1844 organised a consumers’ co-operative society¹: “They showed that associations of workmen could manage shops, mills,

ern Industry”, and that “from one standpoint, any distinction between absolute and relative surplus-value appears illusory” (14, 477-78).

¹ We spoke about workers’ co-operative factories in the preceding chapter. Here it may be merely noted that these theses of Marx are still valid today, both for industry and for agriculture in the capitalist countries. In particular, co-operation has recently been developing in certain Latin American countries. One example is the establishment of industrial associations in Peru for the purpose of accomplishing a gradual transfer of surplus-value and, consequently, economic power, to the working people, and fundamentally changing the capitalist nature of enterprises (see 106); another is the organisation in Panama of peasants’ co-operatives based “on new relations of production” and social ownership of the land. There are now about 200 such associations, described as “the preconditions for socialist transformations in the future” (136, 41; 137, 71). All these processes testify to the maturing of the material prerequisites for socialism in the economies of the developing countries.

and almost all forms of industry with success, and they immediately improved the condition of the men; but then they did not leave a clear place for masters.” “Quelle horreur!” Marx adds ironically (14, 313). In its social form, capitalist management is management of the exploitation of labour. It is precisely for this purpose that capital creates a whole army of wage-workers whose function it is to supervise the labourers.

In proportion to the increasing scale of capitalist production, the need increases for control on the part of capital over the proper application of the means of production by the worker. One of the means that capital employed to this end even at that time was to have workers “participate” in the affairs of the enterprise. In 1857-58, Marx subjected “profit-sharing by workers” to criticism as a form of social demagoguery meant simply to deceive the working class (35, 198-99). Even in Marx’s time, capitalist practice fully confirmed this assessment. The *Spectator* stated that, after the establishment of a sort of partnership between capitalists and workmen in the Wirework Company of Manchester, “the first result was a sudden decrease in waste, the men not seeing why they should waste their own property any more than any other master’s” (14, 313).

The manufacturing stage in the development of capitalism, together with the increase in the division of labour, introduces the concept of the “detail labourer”. “It is, in the first place, clear that a labourer who all his life performs one and the same simple operation, converts his whole body into the automatic, specialised implement of that operation.” A consequence of this is a rise in labour productivity and a simultaneous “complete subjection” of the detail labourer to capital. Manufacture cultivates unskilled workers, and makes “a speciality of the absence of all development” (14, 321, 336, 331). As a result, there is a fall in the value of labour-power and an increase of surplus-labour. The despotic division of labour in manufacture exists within the framework of the anarchic division of labour in capitalist society.¹

¹ To this anarchy of the social division of labour, any attack on which is regarded by the apologists of bourgeois society as “an inroad upon such sacred things as the rights of property, freedom and unrestricted play for the bent of the individual capitalist”, Marx opposes “a general organisation of the labour of society”, a “cons-

The three stages in the development of the capitalist mode of production are characterised by a gradual separation of science and, generally, the intellectual potential of production from the labour of the workers. "What is lost by the detail labourers, is concentrated in the capital that employs them." Marx quotes one of Owen's followers, the Ricardian socialist William Thompson: "The man of knowledge and the productive labourer come to be widely divided from each other, and knowledge, instead of remaining the handmaid of labour in the hand of the labourer to increase his productive powers ... has almost everywhere arrayed itself against labour." One of the major consequences of the division of labour in manufacture, which "attacks the individual at the very roots of his life", is the appearance of professional diseases among the workers (14, 341, 343).

Marx underlines the dual nature of manufacture. From the angle of its material content, it develops new productive forces and hence is a factor of progress, marking an important stage in the economic development of society. From the standpoint of its social form, it is a "specific capitalist form of the social process of production", the creation of new conditions for the domination of capital over labour, a particular method of producing relative surplus-value, "a refined and civilised method of exploitation" (14, 344).

From the point of view of the transition from the formal to the real subjection of labour to capital, division of labour in manufacture is characterised by the fact that capital at this stage "failed to become the master of the whole disposable working-time of the manufacturing labourers" (14, 347). Capital was only able to achieve this at the stage of large-scale machine production.

All the tendencies which at the initial stages in the development of the capitalist mode of production manifested themselves in an undeveloped, embryonic form, became fully developed at the stage of large-scale industry. When analysing this stage, Marx also considers it from two angles: machine production is above all distinguished by "the co-operative character of the labour-process", which here becomes "a technical necessity dictated by the instrument

cious attempt to society control and regulate the process of production" in communist society (14, 336-37).

of labour itself" (14, 365). But the purpose of introducing machines here is to increase the production of surplus-value, hence also the narrow criterion for their application in bourgeois society: for the capitalist, the use of machinery is worthwhile within the limits "fixed by the difference between the value of the machine and the value of the labour-power replaced by it" (14, 370). In this context, Marx considers the use of machinery in communist society and establishes that, even if this is done "for the exclusive purpose of cheapening the product" (abstracting, for example, from the machine's ability to facilitate labour), "in a communistic society there would be a very different scope for the employment of machinery than there can be in a bourgeois society" (14, 370, 371). Here, a machine would be employed if the labour required to produce it were less than that displaced by its employment. Thus, the use of machinery in communist society is determined not by a reduction in the amount of paid labour, but by that in the amount of labour employed in general.

By analysing the influence exerted on the workers by the capitalist employment of machinery, Marx was enabled to establish the "shameful squandering of human labour-power" (14, 372) that accompanies the development of machine production under capitalism. Machine production made possible, for the first time ever, the broad use of women's and children's labour, which meant, above all, a fall in the value of the labour-power of adult workers and an increase in the degree of exploitation (this is why the working class has a direct interest in limiting women's and children's labour, which is also shown by the history of the working-class struggle in Britain). Marx shows, further, that capital thus "for the purposes of its self-expansion has usurped the labour necessary in the home of the family" (14, 372). The evil effects of the employment of women and children, cited in the reports of factory inspectors, were carefully concealed by bourgeois economists. The moral degradation and intellectual desolation (14, 377) caused by the exploitation of child labour compelled the British Parliament to proclaim compulsory elementary education for children up to the age of fourteen in all branches of industry. Marx shows the various ways used by the factory owners to get round this law (see 14, 377-79).

As early as 1861-62, Marx established that the capitalist application of machinery had led, among other things, to a prolongation of the working day and an intensification of labour, both conditioned by the very essence of capitalist production at the machine stage, namely by the specific conditions of the use of machines, their material wear and tear and moral depreciation, the need to ensure continuous production, and so on. In Volume I of *Capital*, Marx provides a detailed analysis of "the economic paradox" that "the most powerful instrument for shortening labour-time, becomes the most unfailing means for placing every moment of the labourer's time and that of his family, at the disposal of the capitalist for the purpose of expanding the value of his capital". By subjecting ever new strata of the working class to capital and creating a surplus working population, machine production breaks down the resistance put up by the workers to the prolongation of the working day. Even if the working class wins a legal limitation of the working day, capital intensifies, condenses labour within the limits of the shorter working day. The capitalist does this by stepping up the speed of the machines and increasing the number of machines controlled by one worker. The capitalist also takes advantage of the fact that "the efficiency of labour-power is in an inverse ratio to the duration of its expenditure", that "the mere shortening of the working-day increases to a wonderful degree the regularity, uniformity, order, continuity, and energy of the labour" (14, 384, 387).

The objective nature of the working-class struggle for an enforced shortening of the working day, revealed by Marx, is further substantiated. Capital's tendency to intensify labour, which jeopardises the workers' health and destroys their labour-power, "must ... lead to a state of things in which a reduction of the hours of labour will again be inevitable". Marx notes, in this context, the movement for an 8-hour working day that began in 1867 among the factory workers in Lancashire.

Chapter Seven of Volume I of *Capital* considers the production process as a unity of the labour-process and that of the increase in value. Marx notes the tendency inherent in capitalism towards a levelling out of the various types of labour; this allowed him to look at the worker's labour as "unskilled average labour". In the capitalist factory,

this tendency manifests itself to the full. The technical division of labour in the factory is characterised by a combination of workmen who operate the machines with a number of assistants, simple attendants, and a numerically insignificant group engaged in looking after and repairing the machines (engineers, mechanics, etc.). "This is a superior class of workmen, some of them scientifically educated, others brought up to a trade; it is distinct from the factory operative class, and merely aggregated to it." On the one hand, the application of systems of machines ensures the mobility of workers, their free movement from one machine to another; on the other hand, the worker becomes a mere appendage to the machine, as a consequence of which "his helpless dependence upon the factory as a whole, and therefore upon the capitalist, is rendered complete". "Here as everywhere else, we must distinguish between the increased productiveness due to the development of the social process of production, and that due to the capitalist exploitation of that process," Marx adds, describing his method for distinguishing between the material content and the social form of phenomena (14, 393, 192, 396, 398).

It is under the conditions of machine production that the distorted character of capitalist relations of production is most strikingly manifested, when the means of production employ the worker and the intellectual powers of production are separated as the forces of capital from manual labour. Social regulation of "the labour-process which becomes requisite in co-operation on a great scale, and in the employment in common, of instruments of labour and especially of machinery", under capitalism acquires the grotesque form of barrack discipline, enslavement of the workers, "fully develops the ... labour of overlooking, thereby dividing the workpeople into operatives and overlookers, into private soldiers and sergeants of an industrial army". Under capitalism, economy of social means of production, for which the factory system provides favourable opportunities, turns factories, in the words of Fourier, into "tempered bagnios" for the workers.

Only gradually and randomly does the working class come to distinguish between the material content of social production and its capitalist form. Marx notes that, at first, the workers rise up against the means of production them-

selves, against "the material basis of the capitalist mode of production", as happened in the 17th and early 19th centuries (the Luddite movement). Only later did the workpeople learn "to distinguish between machinery and its employment by capital, and to direct their attacks, not against the material instruments of production, but against the mode in which they are used". The capitalist employment of machinery necessarily ousts some of the workers out of the production process, thus forming a surplus-population that makes it possible to reduce the price of labour-power below its value. "A thorough antagonism" develops between the workers, on the one hand, and the means of production and products of labour, on the other. The capitalists make use of machinery as a "powerful weapon for repressing strikes, those periodical revolts of the working-class against the autocracy of capital". Marx traces the history of a whole series of technological inventions made directly under the impact of the strike struggle of the working class (14, 400, 399, 402, 403, 404, 407, 410).

Returning to factory legislation, Marx confirms his earlier conclusion that it constitutes a major precondition for communism. He describes it as the "first conscious and methodical reaction of society against the spontaneously developed form of the process of production", a reaction which, at the same time, shows that "the capitalist mode of production, owing to its very nature, excludes all rational improvement beyond a certain point", e.g., an improvement in the conditions of labour (14, 451, 453).

Factory legislation proclaimed elementary education an essential condition to the employment of children; for the first time, the possibility was shown "of combining education and gymnastics with manual labour, and, consequently, of combining manual labour with education and gymnastics. . . . From the factory system budded, as Robert Owen has shown us in detail, the germ of the education of the future, an education that will, in the case of every child over a given age, combine productive labour with instruction and gymnastics, not only as one of the methods of adding to the efficiency of production, but as the only method of producing fully developed human beings". At the same time, the capitalist employment of machinery cripples the workers, turning them into "a living appendage of the ma-

chine", and making unskilled labour widespread (14, 453-55).

The broad application of natural science to the technical basis of large-scale industry gives it its revolutionary character. Hence, together with the reckless squandering of labour-power under the conditions of social anarchy, there arises the all-round mobility of the worker, his ability to change his job. Marx quotes the words of a French worker returning from America: "In consequence of thus finding out that I am fit to any sort of work, I feel less of a mol-lusk and more of a man" (14, 458).

Marx's comprehensive investigation of large-scale industry also enabled him to draw important conclusions concerning the future communist society: ". . . Modern Industry . . . through its catastrophes imposes the necessity of recognising, as a fundamental law of production, variation of work, consequently fitness of the labourer for varied work, consequently the greatest possible development of his varied aptitudes. It becomes a question of life and death for society to adapt the mode of production to the normal functioning of this law. Modern Industry, indeed, compels society, under penalty of death, to replace the detail-worker of today, crippled by life-long repetition of one and the same trivial operation, and thus reduced to the mere fragment of a man, by the fully developed individual, fit for a variety of labours, ready to face any change of 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. . . . Though the Factory Act, that first and meagre concession wrung from capital, is limited to combining elementary education with work in the factory, there can be no doubt that when the working class comes into power, as inevitably it must, technical instruction, both theoretical and practical, will take its proper place in the working-class schools.¹ There is also no doubt

¹ These ideas of Marx concerning the education of young people in the future society are directly embodied in the system of education in the USSR. Speaking to young people, Leonid Brezhnev, General Secretary of the CPSU Central Committee, stressed the need to expand the network of vocational and technical schools, whose pupils receive a general secondary education in addition to a specific trade. "A production worker of a new type is being moulded in whom physical and mental potentialities are being more and more harmoniously combined. He is a man with

that such revolutionary ferments, the final result of which is the abolition of the old division of labour, are diametrically opposed to the capitalistic form of production, and to the economic status of the labourer corresponding to that form.¹ But the historical development of the antagonisms, immanent in a given form of production, is the only way in which that form of production can be dissolved and a new form established" (14, 458).

Marx paid particular attention to the need to transform the Factory Acts into "a law affecting social production as a whole" since, by accelerating the concentration of capital and replacing the transitional forms with the open sway of capital, factory legislation "generalises the direct opposition to this sway. . . . By maturing the material conditions, and the combination on a social scale of the processes of production, it matures the contradictions and antagonisms of the capitalist form of production, and thereby provides, along with the elements for the formation of a new society, the forces for exploding the old one" (14, 460, 472). Here we see how Marx returned to the questions of the working-class struggle as he developed his theory, providing an increasingly profound substantiation of the need for this struggle, and showing its true place in the transition from capitalism to communism.

At this stage in his analysis, Marx turned to agriculture, pointing out that "in the sphere of agriculture, modern industry has a more revolutionary effect than elsewhere, for this reason, that it annihilates the peasant, that bulwark of the old society, and replaces him by the wage-labourer". In this sphere, too, the capitalist mode of production in its inherent antagonistic way creates "the material conditions for a higher synthesis in the future, viz., the union of agriculture and industry on the basis of

broad professional vision and skill, with a profound knowledge of the polytechnical principles of modern production, and capable of quickly mastering the latest machines and technology" (56, 426-27).

¹ Sometimes Marx's thesis on the abolition of the old division of labour in communist society is interpreted as meaning lack of specialisation in it. Marx's description of the comprehensively developed individual in communist society as a person completely fit for the changing requirements of labour throws light on this issue. In Chapter Five, we shall return to this problem when analysing *Anti-Dühring*.

the more perfected forms". By destroying the spontaneously formed conditions for the circulation of matter between man and the soil, capitalist production also "imperiously calls for its restoration as a system, as a regulating law of social production, and under a form appropriate to the full development of the human race". The constant increase in the preponderance of the urban population, "the historical motive power of society", the steadily growing concentration of urban workers strengthens the resistance of the working class (14, 474).

3. THE HISTORICAL TENDENCY OF CAPITALIST ACCUMULATION

After considering the three stages in the historical development of capitalism (co-operation, manufacture and large-scale machine production) and presenting them as three stages in the development of the production of surplus-value, Marx proceeds to analyse the very process of the production of surplus-value, viewing it from the standpoint of productive labour. In the preceding chapter we saw that the capitalist mode of production substantially modifies the categories of productive labour and the productive worker. From the point of view of the material content, these concepts assume a broader meaning. "In order to labour productively, it is no longer necessary for you to do manual work yourself; enough, if you are an organ of the collective labourer, and perform one of its subordinate functions." Yet from the angle of the capitalist social form, the concept of productive labour and that of the productive worker are considerably narrowed. The productiveness of both labour and worker now depends on their producing surplus-value. The worker appears here as "the direct means of creating surplus-value". "To be a productive labourer is, therefore, not a piece of luck, but a misfortune" (14, 476, 477).

When formulating the laws of the opposite movements of the value of labour-power and surplus-value as a result of changes in the productivity of labour, Marx establishes the limits to price fluctuations for labour-power. The degree of the fall in the price of labour-power, the lower limit of which is its reduced value, "depends on the relative

weight, which the pressure of capital on the one side, and the resistance of the labourer on the other, throws into the scale". Yet even if the price of labour-power remains above its reduced value, the rise in labour productivity will lead to the widening of the abyss "between the labourer's position and that of the capitalist". If the intensity of labour increases, "the rise in the price of labour-power does not necessarily imply that the price has risen above the value of labour-power. On the contrary, the rise in price may be accompanied by a fall in value. This occurs whenever the rise in the price of labour-power does not compensate for its increased wear and tear" (14, 489, 490, 494).

Marx here substantiates the objective need for the working-class struggle for a shorter working day. Taking issue with the argument of bourgeois political economy, that a shorter working day leads to a drop in profits, Marx showed that it was based on the assumption that the productivity and intensity of labour remain constant. Actually, however, "the very contrary is the case: a change in the productiveness and intensity of labour either precedes, or immediately follows, a shortening of the working-day" (14, 493).¹ A prolongation of the working day may lead to a fall in the price of labour-power below its value even if, nominally, it increases. "Up to a certain point, the increased wear and tear of labour-power, inseparable from a lengthened working-day, may be compensated by higher wages. But beyond this point the wear and tear increases in geometrical progression, and every condition suitable for the normal reproduction and functioning of labour-power is suppressed. The price of labour-power and the degree of its exploitation cease to be commensurable quantities" (14, 493-94). In these circumstances, the law of value is upset with respect to the commodity "labour-power", the value of which is determined by the normal living conditions of the worker.

The growing intensity and productivity may also be accompanied by a shortening of the working day. The limit of this shortening is set by the necessary part of the work-

¹ It has been noted above that Marx first revealed the correlation between the growth in the productivity and intensity of labour and their influence on the condition of the worker in the 1861-63 manuscript (see Section 1 of Chapter Three).

ing day, which, in turn, may decrease. Marx points out that, under capitalism, the working day cannot be reduced to this minimum. He then proceeds to analyse the length of the working day in communist society, developing the principles that he had formulated earlier in his research. "Only by suppressing the capitalist form of production," Marx notes, "could the length of the working day be reduced to the necessary labour-time. But, even in that case, the latter would extend its limits. On the one hand, because the notion of 'means of subsistence' would considerably expand, and the labourer would lay claim to an altogether different standard of life. On the other hand, because a part of what is now surplus-labour, would then count as necessary labour; I mean the labour of forming a fund for reserve and accumulation" (14, 496). Thus Marx points clearly to the inapplicability, in communist society, of the division of labour into necessary and surplus, but this in no way conflicts with what he said previously (in the 1863-65 manuscript) concerning the objective need for surplus-labour under the communist mode of production. Marx believes that, under communism, surplus-labour is also necessary labour.

Among the factors increasing the productivity of labour and, therefore, tending to shorten the working day, Marx mentions economy of labour (economy of the means of production and elimination of all useless labour) and the universality of labour. Capitalism with its squandering of the means of production and labour-power and its parasitic classes, is not capable of taking full advantage of these factors. Only communist society, after abolishing the anarchical system of competition and private ownership of the means of production, can rid itself of many superfluous expenditures of labour and distribute it evenly among all the able-bodied members of society. This creates additional opportunities for shortening the working day and releasing time "for the free development, intellectual and social, of the individual" (14, 496).

The category that reflects the actual degree of exploitation of labour is the rate of surplus-value, which is determined by the ratio of surplus-labour to necessary labour, or that of unpaid labour to paid. "The secret of the self-expansion of capital resolves itself into having the disposal of a definite quantity of other people's unpaid la-

bour." Instead of this ratio, bourgeois political economy speaks of the correlation between the surplus and aggregate product. This correlation above all distorts the extent of capitalist exploitation (Marx showed this in detail, as we have seen, in Volume III of *Capital*). That is not the only thing, however. The replacement of the correlation between the expenditure of labour by that between the parts of the product (even if the quantitatively equivalent ratio of surplus-value to variable capital is taken instead of the ratio between surplus-labour and necessary labour) "conceals the very transaction that characterises capital, namely the exchange of variable capital for living labour-power, and the consequent exclusion of the labourer from the product. Instead of the real fact, we have the false semblance of an association, in which labourer and capitalist divide the product in proportion to the different elements which they respectively contribute towards its formation".

The categories "value of labour" and "wages", representing irrational phenomenal forms of the categories "value of labour-power" and "price of labour-power", distort the nature of capitalist relations of production even more. In contrast to Proudhon, who saw only a poetic licence, "une expression figurée", in these irrational phenomenal forms, Marx proves in detail the need for their existence. Under capitalism, all labour of the worker necessarily appears as paid labour. Marx notes that "this phenomenal form, which makes the actual relation invisible, and indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalistic mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists" (14, 500, 499, 503, 505, 308).

Of particular interest for the theory of scientific communism is Marx's analysis of the various forms of wages. First of all, he shows that "there are ... methods of lowering the price of labour independent of the reduction of the nominal ... wages". In other words, a disproportion might occur between the quantity of labour given by the worker to the capitalist and the equivalent that he receives in exchange. Furthermore, Marx shows the fundamental difference between incomplete employment and the le-

gal limitation of the working day.¹ "In previous chapters we saw the destructive consequences of over-work," Marx writes, "here we find the sources of the sufferings that result to the labourer from his insufficient employment." The latter destroys the connection between paid and unpaid labour, eliminates the regularity of employment, and leads to an alternation of periods of over-work and full unemployment. The low payment for an hour of work acts as incentive to the labourer to work during the better-paid over-time. In their demands put forward during strikes, the workers proceed spontaneously from the actual state of affairs. Marx cites the demands put forward during the major strike of 1860 by London building workers: that "they would only accept wages by the hour under two conditions: 1) that, with the price of the working-hour, a normal working-day of 9 and 10 hours respectively should be fixed, and that the price of the hour for the 10 hours' working-day should be higher than that for the hour of the 9 hours' working-day; 2) that every hour beyond the normal working-day should be reckoned as over-time and proportionally more highly paid". The aim of these demands was obviously to counteract the tendency of capital to reduce the payment for labour through underemployment or, on the contrary, through a lengthening of the working day. Marx points to the legal limitation of the working day as the most realistic means of fighting against this tendency of capitalist production.

Marx also notes the role played by the competitive struggle both among the workers and among the capitalists in establishing "a miserable wage for an excessive working-time". Considering time- and piece-wages, Marx draws attention to the swindles by the factory owners, arising from the simultaneous existence of these two forms. Being a major means for intensifying the exploitation of the workers, the piece-wage, moreover, gives the capitalists broad opportunities for all sorts of deductions and swindles. The supervision of labour by the capitalist is largely replaced here by supervision on the part of the workers themselves. In effect, this means exploitation of some workers by others. Piece-wages also tend to raise the normal degree of

¹ The widespread system of underemployment under modern capitalism is an attempt by the dominant classes to counter the demands for a shorter working day (see 116, 271-73).

intensity of labour. The attempts by the trade unions to prevent this were described by the capitalists as "stinting the action, superior skill, and working-power" of workers. By engendering competition among the workers, piece-wages lead to a reduction in the average wage and a prolongation of the working day; in this sense they are most in harmony with the capitalist mode of production. (This does not prevent the capitalists from going over to time-wages when profitable.) Yet, in full accord with his method of distinguishing between the material content and social form of economic phenomena, Marx, in his elaboration of the ideas expressed in the third rough draft of *Capital*, notes another aspect of piece-wages. "...The wider scope that piece-wage gives to individuality, tends to develop ... that individuality, and with it the sense of liberty, independence, and self-control of the labourers" (14, 509-10, 512, 514, 519, 520).

The growth of labour productivity, which reduces the labour-time spent on producing a unit of output, leads to a drop in the piece-wages and this, as Marx notes, "leads to constant battles between capitalist and labour". Justly, claiming the results of the rise in labour productivity, "the operatives", as the British bourgeois economist Henry Fawcett writes, "carefully watch the price of the raw material and the price of manufactured goods, and are thus enabled to form an accurate estimate of their master's profits". The capitalists, for their part, who proceed from the nature of wage-labour, also "rightly" believe that "the productiveness of labour does not concern the labourer at all", while the attempts of the trade unions to win higher wages are described by them as a desire "to share in the benefits of improved machinery", to "lay taxes on the advance of industry" (14, 522, 523).¹ Just as in the struggle for a limitation of the working day, this ques-

¹ One of the urgent tasks facing the working-class movement today is to fight for the working people's participation in the management of production. Under the present conditions, the Communist and Workers' parties, as well as progressive trade unions, consider participation in the management of production restricted by the bounds of the enterprise, or even the individual job, to be inadequate. They come out for the working people's participation in management at five levels: the individual job, the enterprise, the concern, the national and the international levels. The Communists point to the leading role played by the working class and other working strata of the population in the developed capitalist coun-

tion is decided depending on the balance of forces between the struggling classes.

Marx's study of the national disparities in wages, which he based on his analysis of the law of value "in its international application" (14, 525), led to the conclusion that, in the more developed capitalist countries, wages are higher and working conditions better than in the less developed ones. At the same time, the relative price of labour, i.e., the price of labour as compared with surplus-value and the value of the product, is lower in the more developed countries as a result of the higher productivity and intensity of labour. By increasing wages more or less in proportion to the rise in the intensity of labour, the capitalist is more than compensated for his outlays by the relative fall in wages compared with the rise in the product of labour.¹

His analysis of the process of simple capitalist reproduction led Marx to the conclusion that the source of payment for today's labour of the worker is his yesterday's labour. Moreover, it shows that "even if that capital was originally acquired by the personal labour of its employer, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialised either in money or in some other object". Another result of simple capitalist reproduction is the production of "the labourer, but as a wage-labourer"; the worker, when quitting the process, is what he was when entering it, a personal source of wealth, but deprived of all means of making this wealth his own. "This incessant reproduction, this perpetuation of the labourer" is an indispensable condition for capitalist production. Furthermore, the workers' individual consumption appears merely as a factor of the reproduction of capital, while the working class—like the instruments of labour—as an appendage of capital. "The factory operatives

tries today and call attention to the inability of the ruling bourgeois classes to ensure further social progress under the present conditions of the acute crisis of the capitalist system.

¹ A. B. Weber stresses that, in an analysis of the condition of the working class, considerable importance attaches to the question of national disparities in wages in connection with the internationalisation of the modern capitalist economy. Moreover, account must be taken not only of the differences in the value of labour-power, but also of the degree of correspondence between the latter and wages (see 107, 41-54).

are part of the movable fittings of a factory." In contrast to the slave, the wage-worker "is bound by invisible threads" to capital, and his independence is illusory (14, 535, 536, 541, 538).

Marx's analysis of the process of capitalist accumulation, in which, instead of the individual capitalist and the individual worker, he views the capitalist class and the working class in their totality and considers capitalist production in the uninterrupted flow of its renewal, brought him to the following important conclusion: "The laws of appropriation or of private property, laws that are based on the production and circulation of commodities, become by their own inner and inexorable dialectic changed into their very opposite. . . . The separation of property from labour has become the necessary consequence of a law that apparently originated in their identity" (14, 547). The process of capitalist accumulation has as its inevitable result the transformation of equivalent exchange between worker and capitalist into a purely superficial appearance: first, the capital exchanged for labour-power is itself a product of other people's labour; second, this capital is not only replaced by the worker, but replaced with a new surplus which is again appropriated by the capitalist without any equivalent.

Marx not only establishes the complete revolution in the mode of appropriation that takes place when commodity production becomes capitalist commodity production. He also shows the inevitability of this result, since "there is a free sale, by the labourer himself, of labour-power as a commodity" (14, 550). At the same time, however, this fact is indicative of the universal character of commodity production, its transformation into a typical form of production under which every product, including labour-power, is produced as a commodity right from the start. In this connection, Marx reveals the utopianism of Proudhon's calls to abolish capitalist property, to which Proudhon counterposes the "eternal" property laws of commodity production, failing to understand that, given private ownership of the means of production, these laws are inevitably transformed into laws of capitalist appropriation, based on capitalist private property.

In the process of extended reproduction, capitalism appears from the standpoint of its social form as "production

for production's sake", because "it is not values in use and the enjoyment of them, but exchange-value and its augmentation" that spurs the capitalist into action. From the point of view of the material content of capitalist production, this is expressed in the development of the productive forces and the creation of "those material conditions, which alone can form the real basis of a higher form of society, a society in which the full and free development of every individual forms the ruling principle". It is in the creation of these material conditions for communist society that the historical significance, the historical right to existence and the "transitory necessity" of capitalism lie.

Marx's study of capitalist accumulation provided fresh proof of the untenability of the notorious vulgar theory of "abstinence". He showed that, as capitalism develops, there is increasing waste included in the capitalist's expenses of representation, that "his expenditure grows with his accumulation" and, moreover, that the process of extended reproduction has nothing in common with this. A major source of the accumulation fund is not the mythical self-restraint of the capitalist, but the forcible reduction of wages below the value of labour-power, which virtually transforms "the labourer's necessary consumption-fund into a fund for the accumulation of capital". It is a constant tendency of capital to turn the labour of the worker in general into labour received gratis. One of the main means to this end is the reduction of the workers' wages in developed capitalist countries to the subsistence level of the workers in backward countries.¹ A tremendous role is also played by adulteration of the means of subsistence and, of course, increased exploitation of labour-power, for instance the intensification of labour. "Thanks to the elasticity of labour-power, the domain of accumulation has extended without any previous enlargement of constant capital" (14, 555, 557, 562, 565).

In his study of the influence exerted on the condition of the working class by the growth of capital, Marx proceeds from the fact that the reproduction of labour-power is only an aspect of the reproduction of capital, that "ac-

¹ The widespread practice of man-power immigration into the developed capitalist countries helps to reduce the average wage and to split the working class in its struggle against the international monopolies (see 116, 264-66).

cumulation of capital is increase of the proletariat", that "the mechanism of the process of accumulation itself increases, along with the capital, the mass... of the wage-labourers, who turn their labour-power into an increasing power of self-expansion of the growing capital, and even by doing so must eternise their dependent relation on their own product, as personified in the capitalists". Even the most favourable conditions under which the working class might find itself in the framework of capitalist accumulation cannot eliminate the relations of capitalist exploitation. "A rise in the price of labour... only means, in fact, that the length and weight of the golden chain the wage-worker has already forged for himself, allow of a relaxation of the tension of it". This arises from the very essence of capitalist production, which aims at the enrichment of the class of capitalists through the exploitation of the working class. For this reason, an increase in wages, meaning a reduction in the unpaid labour appropriated by the capitalist, "can never reach the point at which it would threaten the system itself" (14, 576, 577, 579-80).

One of the most important material results of the process of capitalist accumulation is the growth of the constant part of capital in relation to its variable part and the ensuing absolute and relative reduction in the demand for labour-power as capital grows. For this reason, "it is capitalistic accumulation itself that constantly produces, and produces in the direct ratio of its own energy and extent, a relatively redundant population of labourers, i.e., a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus-population". Thus the industrial reserve army is formed, being doubly necessary for the capitalist mode of production—for its free development under the conditions of the industrial cycle and for stepped-up exploitation of the workers employed.¹ Marx stresses the relative nature of the surplus-population under capitalism and draws the important conclusion for communist society that "if to-morrow morning labour generally were reduced to a rational amount, and proportioned to the different sections of the work-

¹ Under the present conditions, especially when there is a drop in production, the industrial reserve army remains a fundamental factor in the development of capitalism, a major means for aggravating the condition of the working class.

ing-class according to age and sex, the working population to hand would be absolutely insufficient for the carrying on of national production on its present scale. The great majority of the labourers now 'unproductive' would have to be turned into 'productive' ones".

In connection with this analysis of capitalist accumulation, Marx returns once more to the capitalist application of machinery, finally repudiating the thesis of vulgar political economy that machinery releases capital for more workers. He shows that the mechanism of capitalist production operates in such a way that the increase of capital is not accompanied by a corresponding growth in the demand for labour-power. "As soon... as the labourers learn the secret, how, it comes to pass that in the same measure as they work more, as they produce more wealth for others, and as the productive power of their labour increases, so in the same measure even their function as a means of the self-expansion of capital becomes more and more precarious for them; as soon as they discover that the degree of intensity of the competition among themselves depends wholly on the pressure of the relative surplus-population; as soon as, by Trades' Unions, &c., they try to organise a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of capitalistic production on their class, so soon capital and its sycophant, Political Economy, cry out at the infringement of the 'eternal' and so to say 'sacred' law of supply and demand" (14, 590, 596, 599). Here a further substantiation is given of the need for organised resistance by the working class to the antagonistic forms of capitalist accumulation.

Marx's analysis of the different forms of relative surplus-population led him to the conclusion that pauperism is inevitable in capitalist society: "...Along with the surplus-population, pauperism forms a condition of capitalist production, and of the capitalist development of wealth. It enters into the *faux frais* of capitalist production; but capital knows how to throw these, for the most part, from its own shoulders on to those of the working class and the lower middle class." Marx formulates and substantiates in detail "*the absolute general law of capitalist accumulation*". Considering the three stages in the development of capitalist production as three stages in the production of

relative surplus-value, he shows that this is a process of the growing subjection (real subjection) of the worker to the despotism of capital and of increasing exploitation of the working class by the class of capitalists. Since, however, capitalist production and capitalist accumulation condition each other, "in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse. The law . . . that always equilibrates the relative surplus-population . . . to the extent and energy of accumulation, this law rivets the labourer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery, corresponding with accumulation of capital".

It should be noted that, although Marx calls the law of capitalist accumulation "absolute", he at the same time stresses that "like all other laws it is modified in its working by many circumstances". One such circumstance is, undoubtedly, the resistance put up by the working class, since "with the accumulation of capital, the class struggle, and, therefore, the class-consciousness of the working-men, develop" (14, 603, 604, 612).¹

Summing up his investigation in Volume I of *Capital*, Marx depicts the development of the capitalist mode of production as a transition from non-economic compulsion to "free" wage-labour, from the formal subjection of labour to capital, when the mode of production itself has not yet acquired a specifically capitalist character, to the real subjection of labour to capital, when a working class develops "which by education, tradition, habit, looks upon the conditions of that mode of production as self-evident laws of nature. The organisation of the capitalist process of production, once fully developed, breaks down all resistance. The constant generation of a relative surplus-population keeps the law of supply and demand of labour, and therefore keeps wages, in a rut that corresponds with the wants of capital. The dull compulsion of economic relations completes the subjection of the labourer to the capitalist. Direct force, outside economic conditions, is of course still used,

¹ A. B. Weber shows that not only the realisation of the value of labour-power depends on the scale of the class struggle, but also the rise in its level, in particular the social level, which is the product of the historical development of the working class (see 107, 41-54).

but only exceptionally. In the ordinary run of things, the labourer can be left to the 'natural laws of production', i.e., to his dependence on capital, a dependence springing from, and guaranteed in perpetuity by, the conditions of production themselves" (14, 689).

Marx notes the reactionary role played by the bourgeois superstructure, particularly bourgeois legislation "on wage-labour", which always aims at the exploitation of the worker and is innately hostile to him. ". . . Only against its will and under the pressure of the masses," Marx stresses, "did the English Parliament give up the laws against strikes and Trades' Unions, after it had itself, for 500 years, held, with shameless egoism, the position of permanent Trades' Union of the capitalists against the labourers" (14, 689, 692). Marx also draws attention to the actions of the French bourgeoisie in the period of the bourgeois revolution who by the decree of June 14, 1791 deprived the workers of the right of association that they had gained. Not even the government of the Jacobin dictatorship abolished this reactionary decree, which Marx describes as a "*bourgeois coup d'état*", as a "law which, by means of state compulsion, confined the struggle between capital and labour within limits comfortable for capital" (14, 692).

Such is the reactionary tendency of the capitalist mode of production and its superstructure, arising from its antagonistic social form. Marx also formulates another, progressive tendency resulting from the material content of the capitalist mode of production, from the objective laws governing the development of large-scale production, its concentration and centralisation, a tendency conditioning both the need for and possibility of replacing capitalism with communism: there "develop, on an ever-extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalistic régime". Capitalist exploitation grows, but so does "the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organised by

the very mechanism of the process of capitalist production itself". And then the final conclusion on the inevitability of socialist revolution: "The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. Thus integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."

The socialist revolution accomplishes "the transformation of capitalistic private property, already practically resting on socialised production, into socialised property"; it re-establishes "individual property based on the acquisitions of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production" (14, 714-15).

Thus, Volume I of *Capital* was a fundamental contribution to the economic substantiation and development of the theory of scientific communism.

Of major importance for the economic forecasting of communism was the identification of the mode of distribution according to work done as a stage in the development of the future society, a proposition which was later elaborated and generalised in the *Critique of the Gotha Programme*.

In Volume I of *Capital*, Marx for the first time considered in detail the history of the workers' economic struggle and the role of factory legislation in it. Both are cardinal factors in the development of Capitalism, and factory legislation is also a major precondition for communist society.

In developing his doctrine of the formal and real subjection of labour to capital, Marx presented the real subjection as a three-stage process.

In his analysis of the tendency of constant capital to grow in relation to variable capital, Marx formulated the general law of capitalist accumulation, drawing particular attention to the counteracting factors capable of substantially modifying the operation of this law.

Finally, Marx's conclusion on the inevitability of socialist revolution, the inevitable "expropriation of the expropriators", logically follows from his previous research. As we shall see in Chapter Six, it was further confirmed in our age.

Chapter Five

THE SCIENTIFIC FORECASTING OF THE COMMUNIST ECONOMY (the 1870s)

The economic manuscripts of the 1870s, which provided the basis on which Engels prepared Volume II of *Capital*, complete the history of Marx's writing of his major work, the history of the elaboration of his economic theory. The work on these manuscripts, notably the sections relating to the theory of reproduction, continued at least until 1879. As we have seen, the basic principles of the theory of reproduction were formulated by Marx much earlier, in the 1857-58 manuscripts, and particularly in those of 1861-65. Yet it was not until the 1870s that this theory received the classical form in which it appears in Volume II of *Capital*.

1. ANALYSIS OF SOCIAL REPRODUCTION. THE ECONOMIC PRINCIPLES OF THE PLANNED DEVELOPMENT OF COMMUNIST SOCIETY

It is not our aim to consider the material included in Volume II of *Capital* in any detail. We shall merely present a number of examples to show how, in investigating the antagonistic social form and the material content of the process of capitalist reproduction, Marx forecasts a number of major aspects of the economy of communist society, particularly of the process of communist reproduction.

In Volume II of *Capital*, in his analysis of the process of circulation, Marx continues his elaboration of the theory of crises as one of the main indicators of the antagonistic nature of the capitalist economy.¹ In the course of his research, Marx gradually develops the individual elements of the theory of crises, which in their totality form a complete doctrine. The circuit of money-capital expresses most clear-

¹ In Chapter Three, we saw that it was in 1862 that Marx first gave a detailed description of the link between the process of capitalist reproduction and crisis phenomena in the economy.

ly the motive behind capitalist production—"money-making". From this point of view, the actual production process is only a mediating link. "All nations with a capitalist mode of production," Marx writes, "are therefore seized periodically by a feverish attempt to make money without the intervention of the process of production" (15, 52).¹

Also inherent in the capitalist mode of production is an antagonistic contradiction between production and consumption, which is expressed in the fact that the volume of output is directly determined by the drive to constantly expand production, rather than by the range of requirements to be satisfied.² Extended reproduction may take place, while commodities do not transfer to the sphere of productive or individual consumption, but remain in the form of commodity capital in that of circulation. This is in great measure due to the tendency of the capitalist mode of production to reduce the price of labour-power to the minimum, the fact that the realisation of commodities "is limited, not by the consumer requirements of a society in general, but by the consumer requirements of a society in which the vast majority are always poor and must always remain poor" (15, 320). The glutting of the market with commodity-capital has the result that a "crisis breaks out" (15, 79).

Also of major significance in the development of the crisis are interruptions in the continuity of the reproduction of capital and the periodical "revolutions of value" of social capital, which jeopardise the basic principle of capitalist production—the growth of capital value. The study of the time of circulation confirmed the tendency of capital, which Marx observed at the stage of Volume I of *Capital*, to "keep the work going at night, too", as only then is continuous production of value and surplus-value ensured (15, 107-08, 126, 242).

¹ This fully applies to the present crisis of capitalism's monetary and finance system.

² Marx's analysis of the circuit of money-capital and productive capital confirmed the conclusions he had drawn earlier concerning consumption by the capitalist and working classes. The individual consumption by the worker appears merely as a condition for the productive consumption of labour-power by capital, while the personal consumption by the capitalist increases together with the amount of surplus-value (15, 59, 73-74).

An analysis of the costs of circulation enabled Marx to identify among them those costs that arise not from the specific social commodity form of the process of production, but from the actual social scale of production. "Book-keeping, as the control and ideal synthesis" of the process of production "becomes the more necessary the more the process assumes a social scale and loses its purely individual character. It is . . . more necessary in collective production than in capitalist production".¹ Marx applied the same method in considering unproductive costs, identifying among them those "common to all social production" (for example, the formation of reserves of means of production and means of subsistence), and not only to capitalist commodity production. The capitalist mode of production is necessarily characterised, however, by an excessive growth of the commodity supply, first, because commodity production attains its maximum development here ("the majority of the members of society," Marx writes, "are transformed into wage-labourers, into people who live from hand to mouth, who receive their wages weekly and spend them daily, who therefore must have their means of subsistence made available to them in the shape of a supply"); second, because the scale of capitalist production is determined not so much directly by the demand for the product, as by the conditions of extended capitalist reproduction, the striving of capital towards self-expansion. Hence the increase in the magnitude of commodity capital on the market (15, 137-38, 142-43, 147-48).

In the chapter on fixed and circulating capital, in which he investigates the "great waste of productive forces" inherent in capitalism, a waste stemming from the fact that, here, "nothing is undertaken according to a social plan", Marx also focusses on the capitalists' drive to economise on costs (for example, those connected with the maintenance of machinery) at the expense of the worker (15, 175-77).

His study of the motion of fixed capital in the process of reproduction led Marx to establish the material basis of the periodic crises, determined by the cycle of interconnected turnovers of fixed capital in the various branches of pro-

¹ In developing further Marx's theory of communist society, Lenin attached primary importance to the organisation of comprehensive book-keeping and control (see Chapter Six).

duction. The crisis, as the point of departure for new capital investments, creates a new material basis for a future crisis (see 15, 189).¹

In his analysis of the process of social reproduction, Marx pays considerable attention to long-term capital investment, this being an important aspect of the process. In this connection, he points out that communist society must "calculate beforehand how much labour, means of production, and means of subsistence it can invest, without detriment, in such lines of business as for instance the building of railways, which do not furnish any means of production or subsistence, nor produce any useful effect for a long time, a year or more, while they extract labour, means of production and means of subsistence from the total annual production". Marx notes that, for capitalist society, "where social reason always asserts itself *post festum*," this problem is the source of constant disturbances in the production process and a source of crises (15, 318-19).

Communist society enjoys a decisive advantage over capitalism in being able to afford extremely long-term capital investments in agriculture, for instance in forestry, where the complete turnover sometimes takes 150 years, i.e., exceeds not only the limits of the individual capitalist enterprise, but also the span of a human life. In this case, for communist society the problem is "simply what acreage the community can spare from its sowing and grazing area for forestry" (15, 247).

¹ Marx was greatly helped by Engels in his elaboration of this problem. For many years, Engels worked in Manchester in the office of his father, a textile mill owner. If Marx was right in concluding that the renewal of machinery was the material basis of the cyclical development of capitalist production, it followed that such renewals could not take place more than once in ten years, while the eminent British economist Charles Babbage affirmed that most of the machinery in Manchester was renewed, on average, every five years. At Marx's request, Engels in 1858 made detailed calculations, from which it appeared that "Babbage was quite wrong", since the actual renewal time was "not less than 10 years". According to Engels' estimate, it fluctuated between 10 and 13 $\frac{1}{3}$ years. "My best thanks for your *éclaircissements* about machinery," Marx replied. "The figure of 13 years corresponds—as far as is necessary—to the theory" (10). In Chapter Three we noted the tendency, observed by Marx in the 1870s, for the duration of the cycle to decrease as a result of the acceleration of technological progress.

Marx returns to the problem of long-term investment of means of production and labour-power under the communist mode of production, emphasising that this problem "arises from the material character of the particular labour-process, not from its social form" (see 15, 362) and pointing to the absence of commodity-money relations under communism.¹

When refuting the assertions of bourgeois economists that higher wages mean higher prices in general, Marx stresses that, even if all wages are raised, all that occurs is a redistribution of newly created value between wages and surplus-value. A rise in wages, if it takes place, is a consequence of, not a reason for an increase in the prices of commodities consumed by the workers. "If it were in the power of the capitalist producers," Marx writes, "to raise the prices of their commodities at will, they could and would do so without a rise in wages. Wages would never rise if commodity prices fell. The capitalist class would never resist the trades' unions, if it could always and under all circumstances do what it is now doing by way of exception, under definite, special, so to say local, circumstances, to wit, avail itself of every rise in wages in order to raise prices of commodities much higher yet and thus pocket greater profits" (15, 344).² On the other hand, Marx also rejects the view (which followed, in particular, from Rodbertus' theory tracing crises to insufficient consumption on the part of the working class) that a rise in wages makes it possible to abolish crises. "One could only remark," he writes, "that crises are always prepared by precisely a period in which wages rise generally and the working-class actually gets a larger share of that part of the annual product which is intended for consumption. From the point of view of these advocates of sound and 'simple' (!) common sense, such a period should rather remove the crisis. It appears, then, that capitalist production comprises conditions independent of good or bad will, conditions which permit

¹ Here Marx is speaking about the first phase in the development of communism, when there is distribution according to work done.

² Marx's thesis on the objective conditions of the capitalist economy restricting the capitalists' striving towards an uncontrolled rise in prices retains its relevance under imperialism, under the conditions of the domination of monopoly prices (see Chapter Six).

the working class to enjoy that relative prosperity only momentarily, and at that always only as the harbinger of a coming crisis" (15, 415; see also 345-46, 349-50).

In the section on the reproduction and circulation of the aggregate social capital, Marx returns to his description of capitalism's basic production relation—that between the capitalist and the wage-worker. The process of the purchase and sale of labour-power perpetuates labour-power as an element of capital; in fact, by spending his wages, the worker maintains himself as a tool for the capitalist¹ and, moreover, the worker himself creates the fund from which he receives his wages. This proves the complete invalidity of the apologetic thesis put forward by the vulgar economists that labour-power is the same capital for the worker as the means of production are for the capitalist (15, 384-85 and 443-44).

Marx points directly to the fact that his theory of reproduction is applicable to the economy of communist society, too. He intended (but did not have time, in the end) to study "how different the matter would present itself if production were collective and no longer possessed the form of commodity production". Yet even the separate remarks he made in connection with the schemes of reproduction are indicative of how he visualised the process of reproduction under communism.² Thus, when considering the movement of the product of Department I of social production between the individual branches of this department, Marx notes that such a movement would also take place "if production were socialised instead of capitalistic". In his analysis of the replacement of fixed capital in kind, Marx points out that it presumes continuous relative over-production. In communist society, "this sort of over-production is tantamount to control by society over the material means of its own reproduction. But within capitalist society it is

¹ Under the present conditions, an important role in the formation of labour-power and, consequently, the growth of its value is played by the advance in living conditions and the consumption of the family. For example, women's housework in the USA totals up to 80 hours a week. It is worth noting that Marx considered such work as productive in as far as it "produces labour-power" (17, 210).

² Some of these remarks have already been quoted, for example on the question of long-term investment of means of production and labour-power.

an element of anarchy". Earlier, Marx had spoken of the need for additional production "to compensate for the extraordinary destruction caused by accidents and natural forces" (15, 455, 428, 473, 181; see also 15, 472).

A central place in Marx's theory of reproduction as elaborated in Volume II of *Capital*, is held by substantiation of the law of the priority growth of the production of means of production under extended reproduction. In this context, one should say a few words about the recent trend towards a revision of the Marxist interpretation of this law as being immanent in the process of extended reproduction, whether under capitalism or communism. In recent economic writings, statements may be encountered that virtually deny the operation of the economic law of the priority growth of the production of means of production both under modern capitalism and in the socialist economy. V. Kudrov, for example, writes that, in the US economy, there has quite clearly emerged "an almost parallel development of the two departments of social production, accompanied by an enhancement of the economic role of personal consumption" (98, 40). The Polish economist B. Mints also suggests that "it is not proved that the priority growth of the production of means of production is a law under the present conditions" (129, 92).¹ Finally, the Soviet economist L. I. Dovgan asserts that "as the law of the priority growth of Department I collapses, so do the barriers impeding creative thinking in solving the problems involved in the long-term planning of the development of the socialist economy" (67, 69). All these assertions conflict with the facts. From 1955 to 1969, the output of the heavy industry in the highly developed capitalist countries increased, according to US statistics, by 126 per cent and that of the light industry by 72 per cent; in the USA and Canada—by 90 and 60 per cent respectively (see 100). In 1967, the share of consumer goods in the industrial production of the USA was a little over 30 per cent, while that of means of production was almost 70 per cent. From 1947 to 1971, the production of equipment in the USA increased by 190 per cent, that of raw materials by almost 140 per cent, and that of consumer goods by 130 per cent (see 134, 413).

¹ B. Mints' concept is criticised in detail by A. I. Pashkov (see 103, 261-352).

As for the socialist economy, in the USSR the output of Department I in 1976 was 470 times that in 1917, while that of Department II had increased 70-fold (119, 167). This is indubitably indicative of a priority growth of Department I. At the same time, in determining the correlation between the growth rates of the two departments, as Lenin wrote, the Party must proceed from the specific requirements and possibilities existing at each individual stage.

"The pivot of the Party's economic strategy both for the Tenth Five-Year Plan and for long-term development is a further build-up of the country's economic might, an enlargement and basic renewal of production assets and the maintenance of a stable, balanced growth of the heavy industry as the foundation of the economy," states the CPSU Central Committee Report to the 25th Party Congress (59, 50).

It is important to underscore that the economic law of the priority growth of the production of means of production in no way implies that the growth rate in Department I should always be higher than in Department II. Both departments of social production are inseparably interconnected, so the one-sided development of either of them would jeopardise the normal development of the economy. A one-sided development of Department I would lead to a reduction in popular consumption, while in Department II, as Academician S. G. Strumilin has shown (128, 31-33), it would result in the proportions of simple reproduction, after which a further growth in the production of consumer goods would only become possible again given a faster growth in that of means of production.

It should be stressed that the current growth in the efficiency of social production, connected with the economy of material outlays per unit of output, the increasing automation of production, and other recent trends lead precisely to a drop in the share of living labour and a rise in that of materialised labour in the total value of the product. Thus, the economic law of the priority growth of the production of means of production expresses the general tendency of technological progress in the age of the scientific and technological revolution, too.

The extensive work already mentioned (see page 66) by R. Rosdolsky on the history of the writing of *Capital*, asserts that, in his study of the problems of reproduction, Lenin used only the material of Volume II of *Capital*, where

Marx supposedly abstracted from the factor of technological progress connected with changes in the organic composition of capital (the growth of the ratio of the constant to the variable capital), which was taken into account only in the third volume. Furthermore, in Rosdolsky's opinion, Lenin's conclusions concerning the priority growth of Department I of social production and, within it, the production of means of production for Department I itself, are only correct for the period of capitalist industrialisation, but not for developed capitalism (109, Ch. 30). These assertions conflict with the truth. As early as the 1857-58 manuscript Marx set out the fact that "a steadily growing part of production time is spent on the production of means of production" (34, 595). In his analysis of the process of extended reproduction in Volume II of *Capital*, Marx gives two examples, the distinction between them lying precisely in the ratio of the constant to the variable capital. The increase in this ratio that took place during the transition from the first example to the second presupposes, as Marx noted, "a considerable development of capitalist production and accordingly of the productivity of social labour" (15, 518), i.e., a leap in the level of technology.¹ This allowed Lenin, on the basis of Marx's schemes for reproduction, to specify them in such a way that the priority growth of Department I became quite obvious.

In his remarks on Bukharin's book *The Economy of the Transitional Period*, Lenin pointed out that this law applies to the communist system too (78, 349). The entire development of the socialist economy has borne this out.

2. THE ECONOMIC SUBSTANTIATION OF SCIENTIFIC COMMUNISM IN THE CRITIQUE OF THE GOTHA PROGRAMME AND ANTI-DÜHRING

In his work *Critique of the Gotha Programme* (1875) Marx interpreted the theory of extended reproduction for the economy of communist society.

¹ In Volume II of *Capital*, where he sums up his analysis of reproduction, Marx also notes that "society employs more of its available annual labour in the production of means of production" (15, 442).

On the basis of the economic research carried out in *Capital*, in the *Critique of the Gotha Programme* Marx describes the basic features of communist society—at the initial stage (the first or lower phase, socialism) and at that of its full development (the higher phase, communism). Marx held that during both phases of communist society, which is “based on common ownership of the means of production, the producers do not exchange their products; just as little does the labour employed on the products appear here as the value of these products . . . since now . . . individual labour no longer exists in an indirect fashion but directly as a component part of the total labour” (12, 17).

At the same time, in considering the first phase of communism, Marx proceeds from its transitional nature. “What we have to deal with here is a communist society, not as it has developed on its own foundations, but, on the contrary, just as it emerges from capitalist society, which is thus in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society from whose womb it emerges.” Hence, necessarily, follows the domination in socialist society of the principle of distribution according to work done: “The individual producer receives back from society—after the deductions have been made—exactly what he gives to it” (12, 17). Under socialism, there is equality between people in the sense that they all stand in the same relation to the means of production, since private ownership of the means of production and exploitation of man by man are abolished.

In mentioning the defects inherent in the first phase of communism, Marx emphasises once more that they are inevitable in a society which has just emerged after prolonged birth pangs from capitalist society. “Right can never be higher than the economic structure of society and its cultural development conditioned thereby.” At the same time, Marx focusses on the change in both the content and the form of equivalent exchange during the first phase of communism. The change in its content manifests itself in the fact that “under the altered circumstances no one can give anything except his labour”, and also that “nothing can pass to the ownership of individuals except individual means of consumption”. The change in the form of equivalent exchange is seen in the fact that “principle and

practice are no longer at loggerheads, while the exchange of equivalents in commodity exchange only exists on the average and not in the individual case” (12, 18-19). This last principle points to the planned nature of equivalent exchange in socialist society.

Next, Marx describes the second phase of communism: “In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and therewith also the antithesis between mental and physical labour, has vanished; after labour has become not only a means of life but life’s prime want; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs!” (12, 19).

On the basis of the theory of reproduction elaborated in *Capital*, and proceeding from the fact that distribution is merely a consequence of the basic conditions of social production, Marx formulates the specific features of the distribution of the total social product in communist society. He identifies the following aspects: replacement of the means of production used up; expansion of production; the reserve fund; costs of administration; common satisfaction of needs; funds for those unable to work; individual consumption. In this connection, he criticises the notions of egalitarian distribution in communist society held by petty-bourgeois socialists and notes that “vulgar socialism . . . has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production and hence the presentation of socialism as turning principally on distribution” (12, 20).

In summing up his doctrine of the state, based on the study of previous revolutions and the class struggle in bourgeois society, Marx establishes the historical inevitability of a special stage of transition from capitalism to communism, with a corresponding form of the state. “Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat” (12, 26).

Directly related to the *Critique of the Gotha Programme* is Engels' letter of 18-28 March 1875 to August Bebel. It concerns the same draft programme and is intended for the leadership of the Social-Democratic Workers' Party of Germany. A substantial part of the letter is devoted to critique of the following points of the programme: first, the thesis, taken over from Lassalle, that all classes, including the peasantry, constitute "one reactionary mass" in relation to the working class and, second, the Lassallean "iron law of wages", derived from the Malthusian population theory. "Basing themselves directly on this," Marx wrote in this context, "the economists have been proving for fifty years and more that socialism cannot abolish poverty, which has its basis in nature, but can only make it general, distribute it simultaneously over the whole surface of society!" (12, 23). The programme prepared for the Gotha Congress ignored such issues vitally important for the success of the proletariat's struggle, as international proletarian solidarity, the organisation of trade unions, their links with the party of the working class, relation to the strike struggle, and so on. In his criticism of the thesis concerning the supra-class nature of the state, Engels underscored the idea that "so long as the proletariat still uses the state, it does not use it in the interests of freedom but in order to hold down its adversaries, and as soon as it becomes possible to speak of freedom the state as such ceases to exist" (13, 275-76).

Marx's and Engels' thoughts on the question of the proletarian state were developed by Lenin in his work *The State and Revolution* (see Chapter Six).

From 1876 to 1878 Engels wrote his *Herr Eugen Dühring's Revolution in Science*, a major work which has come to be known as *Anti-Dühring*. Engels later wrote about this work: "As a consequence of the division of labour that existed between Marx and myself, it fell to me to present our opinions in the periodical press, and, therefore, particularly in the fight against opposing views, in order that Marx should have time for the elaboration of his great basic work. This made it necessary for me to present our views for the most part in a polemical form, in opposition to other kinds of views" (11, 297).

In *Anti-Dühring*, Engels counterposed the basic principles of Marxist theory, in particular of Marx's economic

doctrine, to Dühring's petty-bourgeois views, which were shared by many Social-Democrats. Engels' critique grew into an "encyclopaedic essay" summing up the development of all three component parts of Marxism from its emergence up to the mid-1870s. Lenin described *Anti-Dühring* as "a wonderfully rich and instructive book" ... "analysing highly important problems in the domain of philosophy, natural science and the social sciences" (39, 25).

Engels made wide use of the material in Volume I of *Capital* not only for popularising the Marxist economic doctrine, but also for specifying it with respect to the communist economy.

Engels sees one of the fundamental tasks of the political economy of capitalism in revealing "within the already dissolving economic form of motion, the elements of the future new organisation of production and exchange" (21, 180). We have already seen how this task was being accomplished throughout the work on *Capital*. We have also seen that the methodological basis for doing so was provided by Marx and Engels as early as 1845-46 (in the first chapter of *The German Ideology*), with their "splitting" of social production and the study of it as a unity of the productive forces and the relations of production, constituting, respectively, its material content and social form. A decade later, in 1857, Marx designated socially determined material production understood in this way as the subject-matter of political economy. In his review of the first part of *A Contribution to the Critique of Political Economy*, Engels showed that this "splitting" accorded with the demand of materialist dialectics for a division of the single unit as a necessary means for understanding it (20, 226).

Bourgeois political economy, with its inherent ahistorical approach and tendency to present the economic laws of capitalism as eternal laws of nature, could not "split" the category of social production any more than the other social categories. In contrast to this, the conception of social production as a unity of the productive forces and the relations of production makes it possible to visualise the gradual historical transition from one social formation to another and to ascertain the specific nature of each social formation. This conception was first introduced into political economy by Marx and Engels, who consistently

stressed the social nature of production. In this sense, Lenin noted that Marxist political economy deals with "the social relations between men in production", the social system of production (39, 202). This also corresponds to the definition of the subject-matter of political economy given in *Anti-Dühring*.

If the productive forces as the material bearer of the relations of production are excluded from the subject-matter of political economy, economic analysis loses sight of the basic contradiction of any social production (including socialist)—that between the productive forces and the relations of production, the contradiction that is the source of the development of social production and, ultimately, of the development of society as a whole. In this context Engels notes that "the colossal productive forces created within the capitalist mode of production, which the latter can no longer master, are only waiting to be taken possession of by a society organised for co-operative work on a planned basis to ensure to all members of society the means of existence and of the free development of their capacities, and indeed in constantly increasing measure" (21, 181).

L. I. Abalkin rightly points out that "in Marxist political economy, the study of the productive forces has always been central" (94, 28). We have already remarked that the relations of production themselves can only be conceived of, but not perceived with the senses, if they are to be fixed in contrast to the productive forces, which are the material bearers of the relations of production. As such, according to Marx, the productive forces constitute the mode of production and this is why they are included in the subject-matter of political economy.¹

Earlier (in Chapter One) we spoke about Engels' interpretation of value (to be more precise, of its material content) under the conditions of communist society, as set out in *Anti-Dühring*. Let us quote these important arguments of Engels: "From the moment when society enters into possession of the means of production and uses them in direct association for production, the labour of each indi-

vidual, however varied its specifically useful character may be, becomes at the start and directly social labour. The quantity of social labour contained in a product need not then be established in a roundabout way; daily experience shows in a direct way how much of it is required on the average. . . . It is true that even then it will still be necessary for society to know how much labour each article of consumption requires for its production. It will have to arrange its plan of production in accordance with its means of production, which include, in particular, its labour-power. The useful effects of the various articles of consumption, compared with one another and with the quantities of labour required for their production, will in the end determine the plan. People will be able to manage everything very simply, without the intervention of much-vaunted 'value'" (21, 366-67).

This is a concentrated formulation of the conclusions obtained in Marx's economic theory concerning the fate of the law of value in the future society. It seems to us that the only possible interpretation of Engels' arguments presented here is the following. He says here that in developed communist society (and when describing communist society in the most general terms Marx and Engels always had developed communist society in mind) the category of value is completely absent in any form; only its material content remains. This manifests itself in the need to measure the amount of labour spent in the production process. ". . . Economic value," Engels wrote in 1884, "is a category of commodity production and *disappears* with it. It did not exist before commodity production. The relationship between labour and the product does not manifest itself either in the form of *value* before commodity production or after it" (34, 210).

Also of major importance are the conclusions Engels drew from Marx's economic theory with respect to the mode of distribution in communist society. "For socialism," he writes, "which wants to emancipate human labour-power from its status of a *commodity*, the realisation that labour has no value and can have none is of great importance. With this realisation all attempts—inherited by Herr Dühring from primitive workers' socialism—to regulate the future distribution of the necessaries of life as a kind of higher wages fall to the ground. And from it comes the

¹ "In this work," Marx writes in his Preface to Volume I of *Capital*, "I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode" (14, 19).

further realisation that distribution, in so far as it is governed by purely economic considerations, will be regulated by the interests of production, and that production is most encouraged by a mode of distribution which allows *all* members of society to develop, maintain and exercise their capacities with maximum universality" (21, 238-39).

Here Engels has, as it were, formulated what is now called the basic economic law of the communist social formation. Engels' formulation is the direct opposite of the assertion that labour-power is a commodity under socialism too.¹ Also of major importance here is the inseparable link, stressed by Engels, between production and distribution.

As far as payment of compound (more skilled) labour is concerned, in Engels' opinion, "the worker himself has no claim to extra pay", for in communist society, the costs of training are borne by society, and "to it therefore belong the fruits, the greater values produced by compound labour" (21, 240).

Finally, the preparatory material for *Anti-Dühring* contains an important remark by Engels concerning the role of the subjective factor in communist society: "The notion that *the ideas and conceptions of people create their conditions of life* and not the other way round is contradicted by all past history.... Only in the more or less distant future can this notion become a reality in so far as men will understand in advance the necessity of changing the social system ... on account of changing conditions, and will desire the change before it forces itself upon them without their being conscious of it or desiring it" (21, 409).²

The fundamental role played by social consciousness in communist society is repeatedly stressed by Marx and Engels. Marx speaks about the regulation of communist pro-

duction "by the direct and conscious control of society over its working time", about the "conscious social regulation of production" (13, 187, 197).

* * *

The manuscripts of the 1870s relating to Volume II of *Capital* constitute the last stage in Marx's writing of his great work.

In Volume II of *Capital* Marx studies the mechanism by which the capitalist economy functions, its antagonistic social form and material content, and forecasts a number of the major aspects of the economy of communist society. His arguments on the role of book-keeping in the communist economy are in effect a substantiation of the need for centralised planning, comprehensive accounting and control under the reign of social property.

Of cardinal significance are the conclusions Marx draws from his study of the process of social reproduction. His analysis of the problem of long-term investment of means of production and labour-power in industry and agriculture, his classical schemes of simple and extended reproduction, which reveal the laws governing the motion of the aggregate social product, and his analysis of the problem of reserves as a necessary condition for the process of realisation provide the theoretical basis for planning in the communist economy.

The economic substantiation of scientific communism provided in the *Critique of the Gotha Programme*, *Anti-Dühring* and certain other works dating from the 1870s made Marx's and Engels' theory of communist society more profound, especially with respect to the two phases in the development of the communist mode of production. Their theses concerning the specific character of the first phase of communism, the fate of value in communist society, the organic interaction of the mode of production and the mode of distribution under communism, and the qualitatively new role of the subjective factor in the future society served as the points of departure for Lenin in his further development and economic substantiation of the theory of scientific communism.

¹ Earlier (in Chapter Three) we saw that the factors regulating the worker's consumption in communist society (which Marx considers in Volume III of *Capital*), have nothing in common with the determination of the value of labour-power.

² G. A. Bagaturia justly writes that "the conclusion concerning the growing role of social consciousness followed strictly from the very foundations, the fundamental principles of the dialectical materialist conception of history.... A logical precondition for it was the concept of the active role of the individual, of his activities and consciousness, in the historical process" (64, 158-59).

Chapter Six

MARX'S THEORY AS THE POINT OF DEPARTURE FOR LENIN'S DEVELOPMENT OF THE ECONOMIC PRINCIPLES OF THE THEORY OF SCIENTIFIC COMMUNISM

The entire course of social development, beginning from the first half of the 19th century, when the working class first emerged as an independent political force, shows that this class vitally needs a scientific theory correctly explaining its position in the capitalist system and pointing out the prospects awaiting it in the future. "It is difficult to imagine, for example," Marx said in 1871, "that we might succeed in our war against capital if we built our tactics on, say, the political economy of a Mill. He has described one sort of relationship between labour and capital. We hope to show that it is possible to establish another relationship" (24, 643). The theory of scientific communism formulated by Marx and Engels on the basis of their philosophical and economic researches was just such a theory.

Although it was elaborated over a hundred years ago, the Marxist theory serves with increasing success as a means for comprehending today's reality—not only in the capitalist world, but in the socialist, too. Of major significance is the study of the theoretical heritage of Lenin, who was the first to comprehensively develop Marx's theory with reference to the new historical era—that of the transition from capitalism to socialism. Lenin's theoretical analysis is based on Marx's economic doctrine and is a direct sequel to it. Consequently, Marx's theory contained all the necessary points of departure for investigating modern times.

Marx's theory retains its viability because it reflected the fundamental, characteristic features of the capitalist society of his time, while the secondary, transient aspects were cast aside. In this sense, it is a highly abstract theory. For example, in his study of the structure of bourgeois society in *Capital*, Marx proceeded from the absolute domination of the capitalist mode of production, though at the time this was not the case in reality. The high degree of

abstraction and generality that marks his theory constitutes a great advantage, determining its vitality, the possibility of applying it successfully under conditions differing substantially from those under which it was formulated. At the same time, it follows from the general, abstract nature of Marx's theory that it cannot be directly applied in essentially different conditions; it provides only the points of departure for studying such conditions, since reality cannot but differ substantially from the abstract theoretical model of it. It was largely this circumstance that explained the broad research carried out by Marx in the 1870s and the early 1880s into the economic systems of Russia and the USA.

This research was partly concerned with the general problems of political economy "in the broad sense", as Engels says in *Anti-Dühring*. It went beyond the political economy of capitalism and in this sense, beyond the bounds of *Capital*. Marx was studying pre-capitalist formations as early as the 1850s,¹ but in the 1870s and 1880s he extended this research considerably. He produced no complete works on pre-capitalist formations,² but Engels' *Origin of the Family, Private Property and the State* is, as the author himself stressed, the fulfilment of Marx's bequest (12, 191).

However, Marx's efforts were devoted mainly to specifying his economic theory so that it might be applied to resolve the problems involved in the economic development of individual countries, especially Russia and the USA. Since it had been evolved on the basis of classical British capitalism, the economic theory required a number of intermediary links in order that it might be used for analysing the trends in the economic development of such "unclassical" countries, with an average level of development of capitalism, as Russia.³ Marx speaks of this in a letter to the editorial board of the journal *Otechestvenniye Vremena*.

¹ See the section "Pre-Capitalist Economic Formations" in the 1857-58 manuscript (34, 375, 415).

² Marx's research work in the last years of his life is analysed in the articles by L. I. Golman and B. F. Porshnev (126, 101).

³ These intermediary links can be found only in one way—by studying real economic processes and ascertaining the laws governing them. The simple application of the theoretical model to the real economy prompts the false conclusion that the theory is not borne out.

piski: "In order that I might be specially qualified to estimate the economic development in Russia, I learnt Russian and then for many years studied the official and other publications bearing on this subject" (13, 292). He goes on to stress that it is impossible to arrive at an understanding of a phenomenon "by using as one's master key a general historico-philosophical theory" (13, 294). Marx never completed this research, but Lenin's works of the 1890s, culminating in *The Development of Capitalism in Russia*, are a direct continuation of Marx's research in the last few years of his life.¹ Moreover, the methodological principles applied by Lenin correspond fully to Marx's idea mentioned above that the general theory needed to be specified. "...The explanation of how capitalism develops in general," Lenin wrote in 1893, "does not in the least help to clear up the question of the 'possibility' (and necessity) of the development of capitalism in Russia" (38, 89). The "application" of Marx's theory to Russia, he stressed in 1894, "can be only the *INVESTIGATION* of Russian production relations and their evolution, *EMPLOYING* the established practices of the *MATERIALIST* method and of *THEORETICAL* political economy" (38, 266-67), while the validity of the research, in Lenin's opinion, could be judged only "by the facts of contemporary Russian economic reality" (38, 108).²

¹ The amazing coincidence between the structure of Marx's rough material on these questions and that of Lenin's preparatory material for *The Development of Capitalism in Russia* testifies best that in both cases the approach was determined by the very specific principles of the Marxist dialectical materialist method.

² As we have seen, the transition from the concrete to the abstract constitutes a necessary element of theoretical research. Lenin's study of the development of capitalism in Russia provides brilliant examples of the application of this aspect of Marx's method. Marxists had criticised Narodism long before the appearance of Lenin's book *The Development of Capitalism in Russia*, but they proceeded from the general principles of Marxist theory, which they illustrated by individual facts characteristic of the economy of Russia. Lenin was the first Marxist to go over from the concrete to the abstract in his research—from a study of the totality of data on the development of Russia after the abolition of serfdom in 1861 to a generalisation of this data showing that the trends in the economic development of Russia were identical to the general trends in the development of capitalism as revealed in Marx's economic theory. This showed that Russia was inevitably developing along capitalist lines. At the same time, this was the decisive

Thus, right at the beginning of his research work, Lenin formulated the principles for the truly creative application of Marx's theory and method that he followed throughout his life. This allowed him, while remaining faithful to the spirit of Marx's doctrine, to develop it under the new historical conditions of the age of imperialism and the transition from capitalism to socialism. In this chapter we shall take a look at some of the "practices of the materialist method and of theoretical political economy" worked out by Marx and used by Lenin as the basis for his research.

1. MARXIST ANALYSIS OF THE ECONOMIC SYSTEM IN RUSSIA AND THE DEVELOPMENT OF THE THEORY OF REVOLUTION

Russia in the late 19th and early 20th centuries was characterised by a high degree of concentration of industrial production. Lenin noted that, of the total number of factory and mining workers in Russia in 1890 (1,180,000 people), 74.6 per cent were concentrated in enterprises employing a hundred or more workers and about 50 per cent in ones with 500 workers or more. From this he concluded that "the largest factories in Russia are larger than those in Germany" (40, 515; see also 40, 502, 88, 284). On the whole, however, Russia was backward in the economic and political sense, with a tremendous preponderance of the rural population. According to the 1897 census, out of her total population of 125.6 million, 97 million, or 78 per cent, were peasants (41, 503).

In this historical situation the question arose as to the prospects for socialist revolution in Russia. Could the million and a half industrial workers arouse the millions and millions of peasants for a socialist revolution? How could this aim be achieved? "...How must actions aimed at bringing about the socialist system attract the masses in order to yield serious fruits?" was how Lenin formulated this key question (39, 160).

Ten years before Lenin began his study of the Russian

refutation of the Narodnik view that Russia would take a special path in its development to socialism, bypassing the capitalist stage.

economy, Plekhanov's group called Emancipation of Labour assumed the task of disseminating and popularising Marxism in Russia, as well as applying Marx's theory to research into the Russian economy. In his analysis of the economic system in Russia in such works as *Our Differences* (1884), *Substantiation of Narodism in the Works of Vorontsov* (1896) and others, Plekhanov drew the important conclusion that Russia had already stepped on the path of capitalist development. Lenin's works of the 1890s were a continuation of this inquiry into the economic system in Russia.

Even in his first work, *New Economic Developments in Peasant Life* (1893), Lenin adduced considerably more material than had been used by economists before him. It was not, however, merely a matter of the number of facts presented. "In answering the question raised it seemed to us," Lenin noted in the Preface to *The Development of Capitalism in Russia*, "that it was not enough to adduce facts showing the formation and growth of a home market. . . . It seemed to us that it was necessary to examine the whole process of the development of capitalism in Russia, to endeavour to depict it in its entirety" (40, 25). As early as 1894 Lenin wrote that the task of his theoretical work consisted in giving "an integral picture of our realities" (38, 296). He began his study of the Russian economy in the spring of 1893.¹ In his work *New Economic Developments in Peasant Life* Lenin first divided the peasantry into three main groups. The peasants of the bottom group, making up 40 per cent of the population, are "hired labourers rather than independent farmers". The middle group, also embracing 40 per cent of the population, comprises "peasants who live exclusively on the returns

¹ In December 1893 Lenin formulated the basic idea of his entire research as follows: "The disintegration of our small producers (the peasants and handicraftsmen) appears to me to be the basic and principal fact explaining our urban and large-scale capitalism, dispelling the myth that the peasant economy represents some special structure (it is the same bourgeois structure with the sole difference that it is still shackled to a far greater extent by feudal fetters), and making it patent that what are called 'workers' are not a handful of specially circumstanced people but simply the outer layers of the vast mass of peasants who already derive their livelihood more from the sale of their labour-power than from their own husbandry" (54, 37-38; see also 54, 39-40).

from the land they cultivate themselves". Finally, the top group—20 per cent of households—provides more than a half of the output: "This group's farming is commercial in character, and is very largely based on the exploitation of hired labour" (38, 54-68).

The heterogeneity of the Russian peasantry was correctly noted by other authors too. Lenin's contribution lies in the fact that, even in his first work, he saw manifest in this heterogeneity the capitalist exploitation of the peasantry and showed that social production in the peasant economy is regulated by the market, this being "the fundamental cause of the struggle of economic interests arising among the peasantry" (38, 73).

In his second work—*On the So-Called Market Question*—written in the autumn of 1893, Lenin continues his analysis of the peasant economy. He poses the question of the development of the home market in Russia. Lenin identifies two aspects in the historical development of capitalism and, consequently, of the home market: the transformation of the natural economy into commodity economy, and the transformation of the latter into capitalist economy. Thanks to the distinction drawn between these two aspects, the link is established between the natural and the capitalist economies. There is no gap between them: the first is bound to be ultimately transformed into the second. The general result arrived at by Lenin was formulated as follows: "Capitalism is already the main background of the economic life of Russia" (38, 109).

It is noteworthy that in this work Lenin specified somewhat his grouping of the peasantry in quantitative terms. He speaks here of the poor group comprising "a vast mass of peasants . . . about a half on the average" (39, 112). According to the new grouping, 50 per cent of the peasants belong to the poor group (instead of 40 per cent in the previous work), 30 per cent to the middle group (instead of 40 per cent) and 20 per cent to the prosperous (as before). Lenin also gives this distribution between the different groups of the peasantry in his book *The Development of Capitalism in Russia*, and proves in detail that it corresponds to the real state of affairs (40, 128).

The survivals of feudalism in the countryside, far from preventing the capitalist exploitation of the peasants, intensified it to the extreme. "In actual fact the masses of that

peasantry are in a far worse condition than is the rural proletariat in the West; in actual fact our indigent peasants are paupers," Lenin wrote in 1899 (41, 68).

The next stage in Lenin's research into the economy of Russia was an analysis of what was known as "popular production", the handicraft industries. In his work *The Handicraft Census of 1894-95 in Perm Gubernia and General Problems of 'Handicraft' Industry* (1897), Lenin divided the handicraftsmen into four groups on the class principle, i.e., according to the incomes of their establishments, just as he had classified the peasants. The detailed analysis led him to the following conclusion: "...Judged by their earnings, seven-tenths of the total number of handicraftsmen are on a par with, and some even at a lower level than, the wage-workers employed by handicraftsmen." According to the census, in the Perm Gubernia factory workers accounted for 42.2 per cent, and "non-capitalist" handicraftsmen for 57.8 per cent of the total number of all those employed in industry. Lenin notes that "workers capitalistically employed" make up 68.2 per cent of all those working in industry, small commodity producers—17.4 per cent and rural artisans—14.4 per cent (39, 418, 438).

Lenin completed his study of the Russian economy in the 1890s with his classical work *The Development of Capitalism in Russia* (1899). On the basis of extensive data he showed that the peasantry in Russia was being ousted by "absolutely new types of rural inhabitants—types that are the basis of a society in which commodity economy and capitalist production prevail. These types are the rural bourgeoisie (chiefly petty bourgeoisie) and the rural proletariat—a class of commodity producers in agriculture and a class of agricultural wage-workers" (40, 174).

He further showed that the distinctive feature of the Russian economy was that all three stages of the development of capitalism in industry coexisted within it: simple capitalist co-operation, capitalist manufacture and large-scale machine industry. "The connection and continuity between the forms of industry mentioned is of the most direct and intimate kind. The facts quite clearly show that the main trend of small commodity-production is towards the development of capitalism, in particular, towards the rise of manufacture, and manufacture is growing with enor-

mous rapidity before our very eyes into large-scale machine industry" (40, 540-41). Thus the question of the economic system in Russia and the trends in its development was finally resolved.

Lenin's research into the Russian economy enabled him to establish the class composition of the population of Russia (40, 505). (He completed this in the second edition of *The Development of Capitalism in Russia*, after obtaining the data of the first general population census of 1897.) In Russia, the proletariat proved to be not a grain of sand lost in the endless peasant sea, as some Narodnik writers asserted (according to their calculations it constituted a little over 1 per cent of the population), but a large mass of people. According to the results received by Lenin, the proletariat numbered 22 million, and together with the semi-proletarians it made up over half the population of Russia. This conclusion was of paramount importance since it showed that it was possible, in principle, to carry out a socialist revolution under the specific conditions obtaining in Russia.¹

As early as 1894, Lenin wrote in his work *What the 'Friends of the People' Are and How They Fight the Social-Democrats*: "...The Russian economic system constitutes a bourgeois society from which there can be only one way out, the one that necessarily follows from the very nature of the bourgeois system, namely, the class struggle of the proletariat against the bourgeoisie" (38, 160).

It also followed from Lenin's economic research that, under the specific conditions of Russia, the working class was called upon to be the leading force not only of the socialist, but also of the bourgeois-democratic revolution. This conclusion was fully confirmed in the First Russian Revolution. "The leading role of the proletariat," Lenin noted in 1907, "has been fully revealed. It has also been revealed that the strength of the proletariat in the process of history is immeasurably greater than its share of the total population" (40, 31). Lenin pointed out that "the economic basis of the one phenomenon and the other" was

¹ It was not figures alone of course, that provided the basis for the conclusion concerning the formation of a majority ready to support the revolution and then to ensure the consolidation of its victory. K. Zarodov stresses that the revolutionary majority is a political concept (142, 39).

proved by the analysis of the socio-economic system and the class structure of Russia contained in *The Development of Capitalism in Russia*.¹

2. MARX'S THEORY AS THE POINT OF DEPARTURE FOR LENIN'S STUDY OF IMPERIALISM

In his analysis of imperialism, Lenin relied directly on the economic doctrine of Marx, who "by a theoretical and historical analysis of capitalism had proved that free competition gives rise to the concentration of production, which, in turn, at a certain stage of development, leads to monopoly" (47, 200).

The growth of capitalism into the new stage of development was noted by Engels too, as evidenced by his notes and additions to Volume III of *Capital* which he made in the 1880s and 1890s. Engels speaks of the appearance of "new forms" of capitalist enterprises—industrial and financial monopolies, of the growing export of capital, and of the division of the world by the biggest joint-stock companies (16, 121-22, 437-38, 470, 489, 909-10). Yet still more important is the fact that Marx's economic theory contained all the necessary points of departure for Lenin's study of imperialism. As a creative development of Marx's economic theory, Lenin's teaching on imperialism was a further contribution to and substantiation of the theory of scientific communism.

In his book *Imperialism, the Highest Stage of Capitalism*, Lenin emphasised that capitalism does not cease to be capitalism at the imperialist stage. "Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general" (47, 265). Later, arguing against the concept of "pure imperialism",

¹ The chief propositions and conclusions of Lenin's book are of the greatest importance today, serving as a guide to action in the struggle of the peoples for national liberation, democracy and socialism. The growing class stratification of the peasantry in the developed capitalist countries, the active role of the peasantry and the semi-proletariat in the national liberation struggle in the majority of developing countries, together with the weakening positions of the feudals, landowners and big bourgeoisie, all create favourable conditions for the establishment of a firm alliance of the proletariat with the broad peasant and petty-bourgeois masses.

Lenin pointed out: "Pure imperialism, without the fundamental basis of capitalism, has never existed, does not exist anywhere, and never will exist. This is an incorrect generalisation of everything that was said of the syndicates, cartels, trusts and finance capitalism, when finance capitalism was depicted as though it had none of the foundations of the old capitalism under it" (50, 165).

Thus, all the basic propositions concerning capitalism formulated in Marx's economic theory are applicable, and indeed were creatively applied by Lenin, to the age of imperialism. "...The deepest economic foundation of imperialism," Lenin wrote, "is monopoly. This is capitalist monopoly,¹ i.e., monopoly which has grown out of capitalism and which exists in the general environment of capitalism, commodity production and competition, in permanent and insoluble contradiction to this general environment" (47, 276).

Economically, the domination of monopoly is realised through monopoly prices, on the basis of which monopoly super-profits are formed. In our view, it is important when considering the source of the latter to be governed by the general requirements of Marx's method, especially those of scientific abstraction. In developing Marx's theory, Lenin always proceeded from the methodological principles used by Marx in his research, in particular, from the demand that the capitalist mode of production should be analysed in its pure form, without the concomitant phenomena that might confuse this analysis. Let us consider this in more detail.

The application of the method of scientific abstraction in Marxist political economy based on the labour theory of value² implies the need to assume in the economic analy-

¹ In Chapter Three we considered the theory of capitalist monopoly developed by Marx on the specific example of capitalist agriculture.

² The second, more specific, factor that enabled Marx to build a valid theory of the capitalist mode of production (the first was discussed in Chapter Three) was that he based it on the law of value. This law was first formulated by the classics of bourgeois political economy who did not, however, apply it consistently enough, since they assumed that reality conflicted with theory. In contrast to this, Marx proceeded from the assumption that the paradoxical, contradictory forms in which reality is revealed merely reflect the paradoxical, contradictory nature of reality itself. He was the first in the history of political economy to explain the

sis: 1) equality of the market-price and the value of a commodity; 2) equality of value (or surplus-value) and the categories constituting a direct specification of value (or surplus-value), i.e., categories directly reflecting the process of production, such as market-value and profit. The absence of a direct equality between value and the price of production, between surplus-value and average profit means that such categories as the price of production and average profit are, in this context, categories relating to the distribution of value and surplus-value that have already been created.

After these preliminary methodological remarks, let us proceed to consider certain aspects of Lenin's theory of imperialism from the point of view of our subject, i.e., of the economic substantiation of the theory of scientific communism.

We believe that, in determining the sources of monopoly super-profit, a clear distinction should be made between the phenomena of the redistribution of value as secondary phenomena and those of the formation of value as the basic, primary ones.¹ The theory of the monopoly price must be contradictory mechanism of capitalist exploitation on the basis of the law of value. Marx's consistent application of the theory of value was also vividly manifested in his solution of the second central problem of the capitalist economy—that of explaining the formation of the average rate of profit and the price of production on the basis of the law of value.

The fundamental part played by the theory of value in Marx's economic doctrine was appreciated by some vulgar bourgeois economists of his time. "The refutation of the theory of value," one of them wrote, "is the only task facing anyone fighting against Marx, for, if one agrees with this axiom, one has to accept almost all Marx's conclusions, which he draws with iron logic" (23, 312). This is understood also by the modern critics of Marxism. The critics of Marx, noted the Labour theorist G.D.H. Cole in his preface to the 1958 English edition of Volume I of *Capital*, seldom attack the theory of surplus-value directly; they rather concentrate on the labour theory of value, holding that once the foundation has been destroyed, the whole structure will inevitably collapse (69, 267).

¹ "The main function of monopoly consists not in raising prices above value and maintaining them at this level, but in influencing the very process of value formation. By hampering the free migration of capital and controlling the conditions and fruits of technological progress, monopoly interferes with the reduction of the individual values to an average social value ... impedes the lowering of the social value of the products of labour, thus fettering the steady growth of the productive forces" (79, 94).

basically an abstract theory and explain the category of the monopoly price in its pure form, abstracting, at least in the initial stages, from all the confusing, secondary phenomena, such as those of redistribution. Any divergence of the monopoly price from value or from the price of production falls within the sphere of the redistribution of value, i.e., is of secondary importance for abstract theory. Just as Marx proceeds, in his abstract theory of value, from the equality of value (or the price of production) and the market-price, in the abstract theory of the monopoly price the equality of the monopoly price and the price of production should be taken as the basic assumption.

Phenomena of redistribution undoubtedly play a tremendous part in the formation of the monopoly price. Lenin underscored in this connection the monopolies' drive for domination, both economic and political. "Domination, and the violence that is associated with it," he wrote, "such are the relationships that are typical of the 'latest phase of capitalist development'; this is what inevitably had to result, and has resulted, from the formation of all-powerful economic monopolies" (47, 207). Lenin points out some of the means used by the monopolists to eliminate their competitors: stopping supplies of raw materials, closing trade outlets, stopping deliveries, stopping credits, boycotts, and even employing dynamite against the competitor. Such violent methods are also characteristic of the modern monopoly giants.

The question of the monopoly price as an instrument for the redistribution of value, allowing the monopolies to cream off, for long periods, part of the value created by the workers in non-monopoly enterprises, is elaborated in detail in Marxist literature (see, for example, 71, 131; 63; 129; 101).¹ The question of the formation of monopoly super-profits within the sphere of operation of the law of value has been studied to a much lesser degree, though

¹ I. Y. Rudakova considers the following sources of monopoly super-profits (79, 85-88): redistribution of part of the necessary product to the monopolies, redistribution of the profits of both monopoly and non-monopoly enterprises, and exploitation of the peoples of the developing countries. At the same time, she correctly points out that the problem evidently consists in showing not only how the monopoly catches value created outside its framework, but also how it itself creates monopoly super-profits (80-89).

Lenin's theory of imperialism provides important guidelines for this.

Lenin showed that the age of imperialism is characterised by a tremendous concentration of production, which inevitably leads to monopoly. The result is immense progress in the socialisation of production. Moreover, monopoly enterprises are the most advanced technologically, which means that the cost-prices in such enterprises are much lower than the average, social cost-price for the given industry. This fact was noted by Marx too.

Under imperialism, the technological superiority of monopoly enterprises is stable and lasting, ensuring them, as it were, the constant receipt of monopoly super-profits.¹ The monopolies consolidate this superiority by the most diverse means: by seizing sources of raw materials, combining production, buying up patents, deliberately setting up relatively small enterprises with relatively high production costs and so on.

An important source of monopoly super-profits is the reduction of production costs as a result of technological progress. In this case, the monopoly price makes it possible to obtain monopoly super-profits. These might even rise if the monopoly price falls—depending on the extent to which the costs of production in monopoly enterprises also fall. If they drop more than the monopoly price does, the monopoly super-profits rise. If the reduced social production costs are still higher than the individual production costs of the monopoly enterprises, monopoly super-profits are still received, although they fall (101, 174).

Lenin noted in this context that “the possibility of reducing the cost of production and increasing profits by introducing technical improvements” is, under imperialism, a source of development counteracting the tendency towards decay, which stems from the monopoly price (see 47, 276). At the same time, monopoly super-profits, which arise from

¹ “The centralisation of production and property,” writes Y. Pevzner, “has led to a situation in which, in each country, a few dozen to a few hundred magnates hold a special place in the competitive struggle, one making them virtually unassailable” (104, 101). Characteristic of modern capitalism is the formation of conglomerates, complex multi-branch commercial, production and financial amalgamations. In the words of Gus Hall, this is a merging of giants resulting in the formation of supergiants (61, 550). See also 105, 133.

the monopoly price of production, this greatly inflated “false social value” (see Chapter Three), show that under imperialism the fruits of the technological progress of society are appropriated by a handful of monopolists who “extort tribute” from the whole of society. In his work *New Data on the Laws Governing the Development of Capitalism in Agriculture* Lenin adduced comparative data on the increase in the quantity of agricultural output in the USA and its price. From 1900 to 1910, the value of all the cereal crops increased by 79.8 per cent, while their production increased by a mere 1.7 per cent. This shows that because of their monopolist position the landowners are able to take advantage of the backwardness of agriculture, which lags behind industry. These figures, in Lenin's words, clearly demonstrate “the role of ground-rent, the tribute extorted from society by the landowners” (47, 95).¹

Lenin repeatedly stressed that the existence of monopolies presupposes competition, which, far from disappearing, becomes fiercer in the monopoly era. This means that, under imperialism, the categories of average profit and the price of production are retained. The existence of monopolies impedes the levelling down of profits to average profits and of value to the price of production, but cannot eliminate this tendency. Competition within one branch and between different branches acts as a brake on the screwing up of prices by the monopolies. Any weakening of competition leads to a gigantic rise in prices and helps to enrich the financial oligarchy.

The fact that Lenin's theory of imperialism constitutes, as we have tried to show, an organic development of Marx's economic theory, is of fundamental significance for the economic substantiation of the theory of scientific communism today. The age of imperialism, as Lenin showed, is marked by a tremendous intensification of the exploitation of the working people by the ruling classes²—an exploita-

¹ A vivid example of the formation of “false social value” is provided by the enormous monopoly super-profits of the oil corporations, which they realise under the conditions of an artificially created oil shortage.

² According to some sources, the rate of surplus-value in the U.S. manufacturing industry is now several times higher than it was in Marx's day in Britain—then the most advanced capitalist country.

tion that, as can be seen from the theory of the monopoly price, is still carried on within the bounds of the general laws of capitalism. This meant that the conclusion on the inevitability of socialist revolution, which derived from Marx's theory, was fully confirmed by Lenin's theory of imperialism. At the same time, the study of imperialism led Lenin to completely new conclusions concerning the possibility of accomplishing the socialist revolution, a possibility that increases tremendously in the age of imperialism, above all owing to the qualitative shifts in the socialisation of production: first, as a result of the development of monopolies; second, as a result of monopoly capitalism growing into state-monopoly capitalism, which creates the material prerequisites for socialism.¹

In Chapter One we quoted the following proposition formulated by Marx and Engels in the *Manifesto of the Communist Party*: "The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie" (5, 495). In 1915 Lenin developed it into his well-known thesis on the possibility of the victory of the socialist revolution first in one—and not necessarily the most developed—capitalist country as the beginning of the world socialist revolution. Lenin's economic research in the 1890s showed that Russia could become this country, as indeed it did.

"Imperialism is the eve of the social revolution of the proletariat," Lenin wrote in the Preface to his work *Imperialism, the Highest Stage of Capitalism*. "This has been confirmed since 1917 on a world-wide scale" (47, 194). Lenin regarded the discovery of the world-historic role of the proletariat as Marx's main achievement. He developed the Marxist proposition on the dictatorship of the proletariat, showing that under the new conditions this dictatorship is based on a class alliance of the proletariat and the peasantry.

¹ "The material preconditions for socialism have long existed in the developed capitalist countries" (73, 4). Concerning the present stage in the development of the contradiction between the socialisation of production and the private capitalist form of appropriation see 116, I, Ch. 2.

3. SOME PROBLEMS OF THE THEORY OF TRANSITION FROM CAPITALISM TO SOCIALISM. COMMODITY RELATIONS AND THE LAW OF VALUE UNDER SOCIALISM

The scientific forecast of communist society carried out by Marx in his economic theory served as a point of departure for Lenin in elaborating the theory and in the practical work of building socialism in the USSR. In order that Marx's conclusions concerning the economy of the future society might be applied to reality, however, a genuinely creative development of this theory was required, its specification according to the new revolutionary conditions.

In Chapter One we pointed out that in *The German Ideology* Marx and Engels ascertained that the material precondition for communism is "a great increase in productive power, a high degree of its development" (4, 48). Therefore, in contrast to utopian communism, scientific communism regards the development of capitalism on the basis of the broadest division of labour and the growth of large-scale industry as a progressive factor, since this alone makes the abolition of private property possible.

Proceeding from the results of his economic research, Lenin substantially developed the theory of the socialist revolution with respect to the age of imperialism. He came to the cardinal conclusion that the level of productive forces and culture necessary for the building of socialism in such a medium-developed capitalist country as Russia could only be achieved after a socialist revolution, and not before it, as might be the case in the more developed capitalist countries. Noting that Marx, as early as the 1850s, foresaw to some extent such a possibility in relation to Prussia, Lenin drew attention to the fact that "while the development of world history as a whole follows general laws it is by no means precluded, but, on the contrary, presumed that certain periods of development may display peculiarities in either the form or the sequence of this development" and that the concrete historical development offered Russia "the opportunity to create the fundamental requisites of civilisation in a different way from that of the West-European countries" (52, 477, 478). The same na-

ture of the transition from capitalism to socialism in a number of socialist countries, gave rise to certain specific features in their economy as well.

One feature of the historical development of the USSR, as well as of a number of other socialist countries, consists in that capital did not have time to completely fulfil its historical mission here. This task was necessarily assumed by the socialist revolution. Hence, in particular, the complexity of the transition from capitalism to communism. In Marx's understanding, the first, lower phase of communist society that he considered in *Capital* and then in the *Critique of the Gotha Programme* (the phase of distribution according to work done) is a classless society (19, 118; 12, 17-19). At the same time, as we have seen, Marx stressed the transitional nature of this society emerging from the capitalist system. On the basis of Marx's thesis, in his work *The State and Revolution* (1917), Lenin came to the conclusion that the state must be retained throughout the first phase of communist society, and not only during the transition from capitalism to socialism. "Until the 'higher' phase of communism arrives," Lenin stressed, "the socialists demand the *strictest* control by society *and by the state* over the measure of labour and the measure of consumption" (49, 470). This extremely important function of the state is retained throughout the first phase of communist society, including the period of developed socialist society, which the working people of a number of socialist countries have now embarked on building.

As was shown in Chapter Four, one of the cardinal conclusions of Marx's economic theory in relation to communist society was that on the absence at both its phases of commodity production, of the commodity form of the product. The exchange of equivalents about which Marx speaks in the *Critique of the Gotha Programme*, describing distribution according to work done in socialist society, does not in itself imply the operation of the law of value, though it does constitute a condition for its operation, its material basis.¹ As has been shown by a number of Soviet economists and historians (see 125, 58-70; 124, 104-13).

¹ The principle of equivalent exchange, comprising the material content of the law of value, prevails also under communism but its social form is not necessarily the value form. This is how, we

Lenin undoubtedly shared this view of Marx up to the moment when, in elaborating the principles of the New Economic Policy, he made an important step forward in the development of Marxist economic theory in its application to the economy of Soviet Russia. The Party Programme adopted at the 8th Congress of the RCP(B) in March 1919 stated: "The task facing the Soviet authorities at the present time in the sphere of distribution is to steadily continue replacing trade with the planned distribution of products, organised on a national scale. . . . Relying on the nationalisation of the banks, the RCP proposes to implement a number of measures extending the sphere of non-monetary transactions and preparing for the abolition of money. . . ." (65, 55-56).

While the New Economic Policy was being implemented, Lenin concluded in the autumn of 1921 that it was necessary to expand market relations. In his plan for the report to the Seventh Moscow Gubernia Party Conference (October 1921) Lenin noted that "the exchange of commodities presupposed (even if *tacitly*) a sort of direct transition *without* trade, a step towards the socialist exchange of products.

"In the outcome, life *dashed* the exchange of commodities and put *purchase and sale* in its place." The course of the building of socialism at that period raised the question: "in what relation our economy would stand to the market, to trade" (46, 89).

Lenin's development of the Marxist theory of commodity production with respect to the period of transition from capitalism to socialism under the specific conditions obtaining in Russia, provides a striking example of creative Marxism. His solution of the problem of using commodity-money relations in the period when the foundations for socialism were being laid created important methodological prerequisites for solving the question of the nature of commodity production in socialist society. As Y. Kronrod correctly notes, "Lenin shared the general Marxist view of the incompatibility of commodity production and socialism. Yet the experience of the transitional period induced him to formulate the fundamental principles that paved

believe, Marx's well-known thesis concerning the continuing predominance of value under communism should be interpreted (16, 497.)

the way for the future theory on the need for commodity relations and the law of value under socialism" (97, 65-66).

The further improvement of the system of planning and economic incentives to production at present under way in the USSR and other socialist countries, urgently requires to ascertain the role and significance of commodity-money relations in the socialist economy.

While rightly refuting the false conception of "market socialism", some economists in effect deny the existence of commodity production and the operation of the law of value in the socialist economy. They affirm that "our commodity-money forms" are "no longer commodities, but the products of socialist production that have retained a number of the external features of the commodity", that "the use of the terms 'commodity production' and 'law of value' in determining the nature of our socialist production is not justified" (77, 180; see also 89).¹

The error inherent in these claims consists, in our view, in the attempt to explain the conditions of the development of a concrete socialist economy in terms of an abstract theoretical idea of it, assuming the creation of the full range of "material conditions for the integral, universal development of the productive powers of the individual" (32, 415).

As we see it, the researchers who derive the fundamental need for the existence of commodity-money relations in socialist society from the insufficient maturity of the socialised labour are right. The level of development of the productive forces and, consequently, the level of the socialisation of production under socialism are such that directly social labour (it is directly social labour as a result of the establishment of social ownership of the means of production) is not social to the full.

Only developed communism is characterised by a full correspondence between the social form and the material

¹ This stand is close to that of R. Rosdolsky. Stressing, after Marx, the historical nature of value as an economic category, Rosdolsky draws the conclusion (already refuted by most Marxists) that the future of socialism depends on the outcome of the struggle between the law of value and socialist planning. The raising of the law of value to the rank of a socialist principle is considered by Rosdolsky to be a departure from Marxism (see 100, Ch. 28).

content of production. Under socialism, individual and social labour are not yet completely identical.¹ Individual labour has still to prove its social nature, to prove it by means of the realisation of its product, by turning the commodity into money. Under socialism, the duality of labour and of its product remains, as do the contradictions between concrete and abstract labour, between use-value and value, which are non-antagonistic since they appear on a completely different basis, that of social property. There is the need to reduce concrete to abstract labour, use-value to value. This means that all the material content of the Marxist theory of value is fully applicable to the processes taking place in the socialist economy.²

Following Marx and Engels, Lenin firmly underlined the transitional nature of the economy arising from the old, capitalist mode of production after the working class gains power. This dialectical process of the transformation of the categories of the capitalist economy into those of the socialist one was set out by Lenin in May 1921 in a formula that has since become classical: "... The manufactured goods made by socialist factories and exchanged for the foodstuffs produced by the peasants are not commodities in the politico-economic sense of the word; at any rate, they are not only commodities, they are no longer commodities, they are ceasing to be commodities" (51, 384). In socialist society, the product of labour, on the one hand, reflects the specific features of directly social planned production, based on social property; on the other hand, it is a commodity (see 96, 85-86).³ Yet even to the extent that it

¹ V. P. Shkredov points out that, while within a socialist enterprise labour is directly social, in socialist society as a whole "the common, directly social character of labour has not yet, in rather wide spheres, become a technical necessity, though as productive forces develop, this necessity becomes increasingly evident. Labour in each individual enterprise is concrete labour, relatively independent of other enterprises" (114, 56).

² "It may be said," notes Y. Kronrod, "that from *Capital*, from the classical Marxist theory of value to the modern practice of socialist development, to socialist society's modern forms of scientific economic management, there runs a continuous line of development of Marxist-Leninist political economy" (97, 69).

³ "The product of enterprises," writes V. P. Shkredov, "combines in itself both the qualities of a commodity and the qualities of directly social labour that negate them" (114, 61).

is a commodity, it differs fundamentally from the commodity as a category of the capitalist economy, above all because under socialism the category of the commodity labour-power is absent, since the transformation of labour-power into a commodity would conflict with the aim of socialist production. When analysing the dialectics of the transformation of commodity production into capitalist, Marx stressed that "this result becomes inevitable from the moment there is a free sale, by the labourer himself, of labour-power as a commodity" (14, 550). The fact that labour-power is not a commodity under socialism not only restricts commodity production, prevents it from unfolding "all its hidden potentialities" (14, 551), but changes fundamentally the tendency of its development and makes it possible, in principle, to place commodity-money relations at the service of the socialist economy. The Programme of the CPSU emphasises: "It is necessary in communist construction to make full use of commodity-money relations in keeping with their new content in the socialist period. . . . With the transition to the single communist form of people's property and the communist system of distribution, commodity-money relations will become economically outdated and will wither away" (57, 536).

Social ownership of the means of production determines the *planned, balanced* character of commodity production under socialism, as well as its *limited* nature, expressed above all in the fact that labour-power is not a commodity here. The insufficient level of the socialisation of production at the first phase of communist society is manifested in the fact that the planning of social production is not yet capable of adequately reflecting the objective development of the productive forces.¹ Such, in the most general form, are the manifestations of the non-antagonistic contradictions between the productive forces and relations of production in the economic sphere under socialism. Thus commodity relations are inherent in socialist social production as it exists today. This shows that there are no grounds for counterposing planning and commodity-money, market

¹ "The possibility of real planning," notes V. P. Shkredov, "depends on the level of the socialisation of production, on the degree of the social division of labour" (see 114, 68). On the formal and real socialisation of production see Section 9 of Chapter Three.

relations. In its work to improve the management of the national economy, the CPSU combines directive targets set by the central bodies with the use of economic levers for influencing production. These levers are cost-accounting, prices, profit, credit, forms of material incentive, and the like. The need for a precise definition of the measure of labour and the measure of consumption requires the skilful use of all such levers for improving commodity-money relations (118, 94).

As we noted in Chapter Two, Marx showed in his *Outlines of a Critique of Political Economy* that the law of time-saving, which reflects the material content of commodity-money relations, acts as regulator of communist production (32, 89). This is corroborated by Marx's remarks concerning the growing role of book-keeping under communism. During the first phase of communist society, the law of time-saving and the planned, conscious control exercised by society over its working time are necessarily realised also through the agency of the law of value, and only in this sense does the law of value play a regulating role in the socialist economy.¹ The demands of the law of time-saving under socialism are realised by maximum account being taken in national economic planning of the demands of the law of value, too.

It has not been our intention to consider Lenin's theoretical activities in any detail. We merely wish to stress that the fundamental conclusions Lenin had drawn on the economic processes of his time basing himself on Marx's economic theory were borne out in practice. This shows that, given a genuinely dialectical, creative approach, this theory provides the key to studying present-day economic processes too, and thus to the further economic substantiation of the theory of scientific communism.

In his report on behalf of the CC CPSU to the 26th Party Congress in February 1981, Leonid Brezhnev, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, said: "...The

¹ A. I. Pashkov points out that each economic law, since it reflects "a specific internal connection and interdependence between phenomena and processes of economic life", is "an integral regulator of production", but only all economic laws in their totality are capable of regulating social production as a whole (see 103, 241, 336).

Marxist-Leninist Party cannot fulfil its role if it does not give due attention to putting into proper perspective all that is taking place, to generalising new phenomena, to *creatively developing Marxist-Leninist theory*. We have always regarded this a task of supreme importance and have given it considerable attention in the period under review as well.”¹

¹ L. I. Brezhnev, *Report of the Central Committee of the CPSU to the XXVI Congress of the Communist Party of the Soviet Union and the Immediate Tasks of the Party in Home and Foreign Policy*, Novosti Press Agency Publishing House, Moscow, 1981, p. 138.

CONCLUSION

In conclusion we would like to draw the reader's attention to two propositions that, we believe, arise from all the material presented and are of major significance for our topic. These are, first, the internal unity of Marxist theory; second, the organic unity of Marxist economic theory and the revolutionary conclusions following from it, conclusions concerning scientific communism. Let us look at these two points in more detail.

1. THE INTERNAL UNITY OF THE THEORETICAL HERITAGE OF MARX AND ENGELS

Marxist theory developed through the organic interaction of its component parts—philosophy, political economy and scientific communism. Each of these component parts has, of course, its own subject-matter and develops independently. Yet this independence is very relative, since, without the interaction and mutual enrichment of its components, Marxism would not be able to develop as an integral doctrine.

We have seen that the basic theses of the theory of scientific communism were formulated by Marx and Engels in the 1840s as conclusions deriving from the materialist conception of history and as a result of their economic research. In turn, the elaboration of the dialectical materialist conception of history created the methodological preconditions for Marx's economic research, while the demands of the further development of the theory of scientific communism made this research a vital necessity. Finally, the elaboration of the economic theory substantially enriched the materialist understanding of the historical process. This interaction continued throughout Marx's and En-

gels' theoretical activities and was a distinctive feature of Lenin's research, too.

In this work we have focussed on ascertaining the inter-relationship of Marx's economic doctrine and the theory of scientific communism. Yet from Marx's economic theory ensued very important conclusions bearing on the materialist conception of history as well. We shall confine ourselves here to a few examples relating to the section of the materialist conception of history in which the social economic formation is studied.

First, Marx showed that the rise of capitalism was inevitable. This constituted a major confirmation of his doctrine of the economic social formation as indicative of the level of development of human society. Taking the example of classical—British—capitalism, Marx proved that the development of a socio-economic formation is a "process of natural history", that the economic laws of this formation—the trends in its development—operate "with iron necessity" in any country, regardless of its level of development. "The country that is more developed industrially only shows, to the less developed, the image of its own future" (14, 21, 19). The universal character of the economic laws of the capitalist mode of production is explained in Marx's economic theory by the fact that the essence of capitalist exploitation, the way in which the capitalists appropriate the unpaid labour of the working class, decisively influences the mode of production, and through it, the entire economic structure of society and its political structure, too. Since, also, the essence of capitalist appropriation is the same in developed and backward capitalist countries, the laws governing their development must be the same as well. Lenin's analysis of the development of capitalism in Russia provides brilliant confirmation of these general methodological principles of Marx's doctrine.

Second, when investigating the economic laws of capitalism, Marx specified the proposition of the materialist conception of history that the laws of human society, in contrast to those of nature, operate through the medium of people's activities, which antagonistic class societies take the form of the activities and struggle of classes. This is why one of the most characteristic features of Marxism is its pronounced social nature, its urge towards action, towards practice. "For ... the *communist*," Marx and Engels

remarked, "it is a question of revolutionising the existing world, of practically coming to grips with and changing the things found in existence" (4, 38-39). As we have seen, in his economic theory Marx showed that the objective economic laws of the capitalist mode of production are realised in the process of the class struggle, which is a major objective factor influencing the operation of these laws, and is capable of substantially modifying the form in which they are manifested without abolishing them altogether. This conclusion from Marx's economic theory is the direct opposite of the tenet of bourgeois political economy that economic laws operate in much the same way as the laws of nature.¹

Third, we have seen that it was precisely as a result of his study of the 1857 economic crisis and elaboration, in 1857-58, of the principles of his economic theory, which led to the discovery of the economic law of motion of bourgeois society, that Marx came to the important, general methodological conclusion concerning the historical limits within which social formation exist (see 20, 20-21).

Fourth, Lenin's theory of imperialism showed that this stage of capitalism was equally an inevitable result of the development of the productive forces and relations of production. Just as Marx, in *Capital*, concluded that the bourgeois state and other elements of the superstructure play a tremendous role in the development of the capitalist mode of production, Lenin's analysis of the tendency of monopoly capitalism to develop into state-monopoly capitalism showed that, at a definite stage in this development, a merging takes place of "the colossal power of capitalism with the colossal power of the state into a single mechanism"

¹ "From the stand of bourgeois economics," writes S. A. Khavina, describing the concepts held by modern economists, "the spontaneous form of motion is a necessary attribute of economic relations and laws. Bourgeois economists affirm that, without spontaneity, there can be no economic relations, nor laws governing them. Therefore, planning, i.e., conscious and purposeful implementation of these relations and laws on the scale of the whole society, undermines the very possibility of their operation" (76, 14). We have seen that the universal spread of factory legislation, i.e., the influence exerted by the superstructure on economic relations, even when capitalist relations predominate, was described by Marx as a triumph of the political economy of the working class, as a material precondition for and an element of "social production controlled by social foresight" (11, 16).

which "brings tens of millions of people within the single organisation of state capitalism" (48, 403).¹

Yet the deep unity of Marx's and Engels' theoretical heritage exists not only "on the horizontal plane"—in the interaction of its component parts. We have seen that this unity is also achieved "vertically", that from 1843 onwards, the Marxist doctrine has followed a single line of development. This development is, of course, dialectic, hence contradictory in nature; individual elements of the doctrine as it took shape were proved incorrect by subsequent research, but only the entire theoretical heritage of Marx and Engels is capable of giving a correct, appropriate idea of Marxist theory. "*Capital* sums up the research for which Marx outlined his initial programme in the 1840s in his early works, especially in the *Economic and Philosophic Manuscripts of 1844*. In this lies the internal unity of Marx's entire theoretical heritage. This heritage can only be assimilated if it is taken as a developing whole, as the living integral thought of a great scholar, not as a sum of mutually opposed and stagnant parts, not proceeding from the false theory of the 'two Marxes' invented by the modern anti-Marxists" (92, 7-8).

This unity exists on the methodological plane too, for, as we have seen, the distinctive feature of the draft manuscripts of *Capital* lies in the fact that they reflect the theoretical research into the bourgeois economy in the process

¹ It would not be easy today to find a bourgeois economist or sociologist who would not declare that intervention in the economy by the state, as an allegedly supra-class factor, refutes Marx's conception of capitalism developing under the conditions of free competition. These economists try to prove that the state is becoming a force independent of the capitalist economy, a force that authoritatively intervenes in it in the interests of society as a whole. As a result of this, they claim, an economy of a new type emerges, one that can no longer be considered capitalist, since it is "collectivist in nature". This intervention in the economy by the bourgeois state is, in their opinion, neither more nor less than a revolution initiating "the welfare state". It would be absurd to deny the substantially enhanced role of the state in the modern capitalist economy. The share of the public sector in the joint-stock capital of some major capitalist countries is as high as one-third. This means, however, that state-monopoly capitalism, which socialises production on a huge scale in order to maintain and consolidate the positions of capitalism, thus exacerbates its contradictions to the extreme, making the replacement of capitalist production relations with socialist ones an urgent necessity.

of the ascent from the concrete to the abstract and at the first stages of the ascent from the abstract to the concrete, whereas, for example, the three volumes of *Capital* constitute, in the main, a presentation of the economic theory as it had been worked out—the culmination of the ascent from the abstract to the concrete. Thus, only by studying Marx's economic literary heritage in its entirety, can we fully comprehend the method of his theoretical research.

2. THE INTERNAL UNITY OF MARX'S ECONOMIC THEORY AND THE REVOLUTIONARY CONCLUSIONS DERIVING FROM IT

Research into the history of the development of Marx's economic doctrine testifies that its revolutionary conclusions are inseparable from scientific communism. The most serious modern bourgeois theoreticians are far from rejecting Marx outright. "The significance of Marx for modern economic theory," writes the eminent American economist W. Leontieff, "is that of an inexhaustible source of direct observation. Much of the present-day theorizing is purely derivative, second-hand theorizing. If... one wants to learn what profits and wages and capitalist enterprises actually are, he can obtain in the three volumes of *Capital* more realistic and relevant first-hand information than he could possibly hope to find in ten successive issues of the *United States Census*" (80, 83). While recognising Marx the researcher, however, bourgeois and revisionist theoreticians often try to separate him from Marx the revolutionary. We did not set out to consider bourgeois theories of this type, but we trust that the research done here provides some material on which to base scientific criticism of them.

The supporters of the convergence theory in its most diverse forms either identify state-monopoly capitalism with socialism or, on the contrary, represent socialism as a variety of capitalist-type market economy. Here are some typical statements on this score. The FRG bourgeois theoretician Walter Eucken asserts that the economic process in a "centrally managed economy" based on private ownership of the means of production (i.e., under state-monopoly capitalism) and on social ownership (under socialism), "does

not differ fundamentally". The French sociologist and economist Raymond Aron, who supports the theory of the "industrial society", declares that "the Soviet and American economies are two varieties of one and the same type of society". When describing commodity-money relations in the modern socialist economy, bourgeois Sovietologists maintain that the planned economy "is theoretically hostile to profit", that one cannot "talk of socialist profit unless one rejects the Marxist description of the properties of profit", that the expansion of the personal incentive fund out of enterprise profits is an indubitable sign of a "movement towards the decay of socialism and the restoration of capitalism", and so on (76, 16, 28, 181, 182). The analysis presented above allows us to assert that all these views have one methodological defect in common—they confuse the material content of economic processes with their social form.¹ Their proponents do not understand that such phenomena of state-monopoly capitalism as nationalised enterprises or nationalised industries, integration, regulation of production on the national or international scale, production programming, etc., constitute merely the material preconditions for the socialist economy, its "material preparation" (see 49, 359). They do not understand that the category of profit under socialism has a completely different social form, that under these conditions state enterprises which "pay their way" and "show a profit" also "defend the interests of the working class" (Lenin, *Collected Works*, Fifth Russian edition, Vol. 44, p. 494).

Some bourgeois and revisionist theoreticians maintain that the revolutionary conclusions ensuing from Marx's economic theory are obsolete or have proved false. They attribute all sorts of arguments to Marx that have nothing in common with the real conclusions from his theory. Let us present a few examples. The American economist Paul Samuelson suggests that "some of Marx's predictions as to the future of industrial capitalism were proved correct in the intervening years, but one of his most famous has proved to be quite wrong. His assertion that the rich will become

¹ "In the theory of 'convergence', in the conception of the 'post-industrial society', science and technology are endowed with the ability to abolish the most profound class contradictions of our age, indeed to erase the differences and eliminate the conflict between socialism and imperialism" (139, 42).

richer and the poor will become poorer cannot be sustained by careful historical and statistical research. In Europe and in America there has definitely been a steady secular improvement in minimum standards of living whether measured by food, clothing, housing, or the length of life" (111, 601). The development of Marx's theory of the impoverishment of the working class under capitalism, which we have traced in detail above, shows that the real content of this theory in no way fits into the Procrustean bed of the continuous absolute impoverishment to which Samuelson reduces it.

Samuelson asserts that, in his theory, Marx gives one of the versions of the "iron law of wages", that he "put great emphasis upon the 'reserve army of the unemployed' ". Samuelson attributes to Marx the notion that the existence of unemployment "is enough to depress wages to the level of a subsistence minimum" (111, 601). John Kenneth Galbraith strikes a similar note: "Marx was equally insistent on the intolerable effects (from the viewpoint of the capitalist) of full employment.¹ One imagines that Marx would have regarded a full employment policy, if successfully pursued over any length of time, as having radical implications for his system, the class struggle and laws of capitalist accumulation" (70, 270). Here we once more observe a serious distortion of Marx's theory. We have seen that Marx regarded the reserve army of the unemployed as only one of the factors—together with others, operating in the same or the opposite direction—that determine the condition of the working class. Marx showed that it depends on the outcome of the struggle, on the balance of forces between the working class and the class of capitalists, which tendency prevails at a given period.

"Karl Marx," writes Samuelson, "particularly stressed the labour theory of value—that labour produces all value

¹ Speaking of the "intolerable effects" for capitalism of any factor it was not "full employment", as we have seen, that Marx regarded as capable of causing such effects, but, on the contrary, mass unemployment that "would put the bulk of the population out of the running" (16, 263). This should be compared with the prediction of Norbert Wiener, one of the founders of cybernetics. In describing the prospects for the development of automation in the capitalist world, he noted that it "will produce an unemployment situation, in comparison with which the present recession and even the depression of the thirties will seem a pleasant joke" (135, 166).

LIST OF QUOTED AND MENTIONED LITERATURE

and if not exploited would get it all" (111, 795). The labour theory of value is presented here as interpreted by the Ricardian socialists, but certainly not by Marx, who gave a detailed criticism of this interpretation and showed (in *Capital* and later in the *Critique of the Gotha Programme*) the absurdity and utopian nature of the worker's claims to "the full product of his labour", even in reference to communist society.

Galbraith and Samuelson do their best to convince their readers that the conclusions from Marx's theory with respect to the socialist revolution are out of date, that "everything on which the revolution seemed to depend,¹ and even the revolution itself, has disintegrated. Not even academic disputation can easily survive such erosion"; that, finally, "careful critics of all political complexions generally think this [Marx's economic method] is a sterile analysis both of capitalism and socialism. But try to persuade a billion people of that," Samuelson adds (70; 111). Why exactly do a billion people think differently from the bourgeois critics of Marxism? According to the French economist Émile James, "Karl Marx has perhaps never been read so much as he is in our age, both in East and West" (73, 538). Finally, G. Gunnarsson, the well-known theoretician of Scandinavian Social-Democracy, states: "Marx's theory has always, of course, provided food for polemics, but it has now become the subject of fresh study and considerable positive interest even on the part of bourgeois science. There is universal recognition today of Marx's excellence in explaining the fundamental features of the development of capitalism, something that bourgeois economics has, for very understandable reasons, failed to achieve" (138, 7). No, Marx's critics cannot quite get things to fit here and Galbraith himself has had to admit (and even declare this the "most important" thing) that "the revolution has occurred in some countries" (70, 344-45). An astounding admission! Evidently, actual facts cannot be refuted. Mankind's transition to the new historical age, the age of the "conscious restructuring of human society" predicted by Marx, has begun, and cannot be stopped.

¹ Galbraith considers this to mean factors like the progressive (i.e., absolute) impoverishment of the working class and economic crises. We have seen how greatly this interpretation distorts the actual substance of Marx's economic theory.

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