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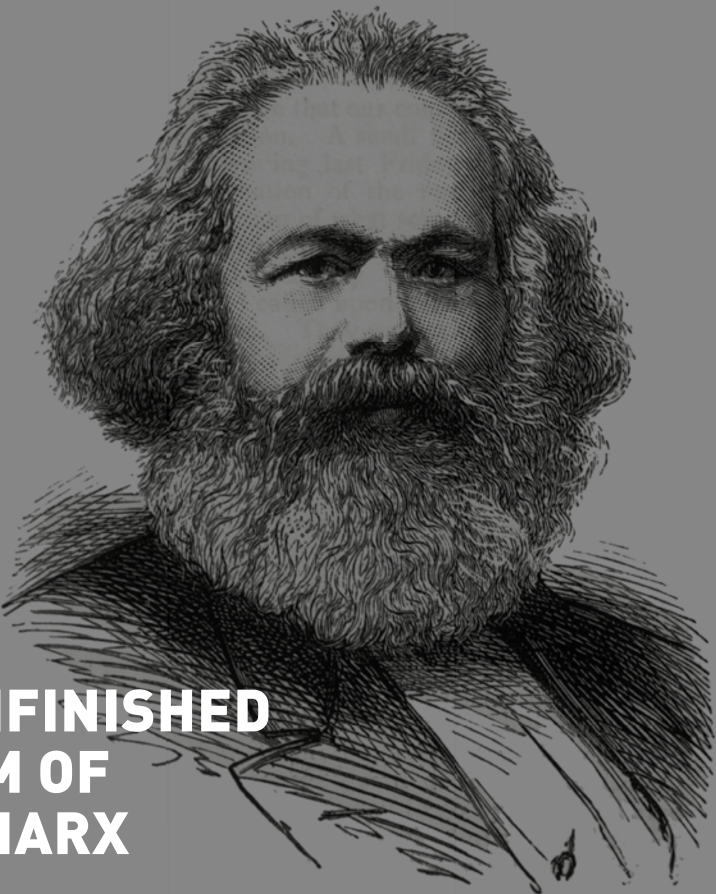

THE UNFINISHED SYSTEM OF KARL MARX

Critically Reading Capital as a Challenge for our Times

Edited by

Judith Dellheim and Frieder Otto Wolf

Luxemburg International Studies in Political Economy

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The Unfinished System of Karl Marx

Critically Reading Capital as a Challenge for our Times

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Foreword

It should, of course, come as no surprise that the second volume of the *Luxemburg International Studies in Political Economy* series also begins with Rosa Luxemburg. This is due not only to the fact that the series uses her name and that its first volume revolved around her *Accumulation of Capital*[1] in direct reference to Marx's *Capital*, but is something which, 'of course', had to be done, given the topic of this volume: 'The Unfinished System of Karl Marx: Critically Reading Capital as a Challenge for our Times'. The explanation behind this decision is rather simple:

First, Rosa Luxemburg broke with an 'orthodox' and, consequently, destructive interpretation of Marx's legacy and the 'reformist Marxism' of German Social Democracy and the Second International in particular,[2] while also beginning a struggle against the emerging trend of 'Marxism-Leninism'[3] with its truly destructive historical implications.

Second, it is a pleasant historical coincidence, albeit one that is not really coincidental: Luxemburg wrote an article marking the 100th anniversary of Marx's birthday in 1918 only several months before she was murdered by brutal German reactionaries, pre-figuring the Nazi terror to come. 'In accordance with Marx's whole worldview, his magnum opus is no Bible containing ultimate truths that are valid for all time, pronounced by the highest and final authority; instead, it is an inexhaustible stimulus for further intellectual work, further research, and the struggle for truth' (Luxemburg 1918, p. 453).

With this sentence, among the first of Luxemburg's contributions to the volume *Karl Marx: The Story of His Life* published by Franz Mehring in 1918 (English: 1935), she invited her readers to join her, by reading Marx, in a process of learning and discovery. Above all, she sought to encourage workers to think independently and base their actions on principles of solidarity.

She sought to help the individuals and organisations of the working class of her time by developing their ability to reflect critically upon their conditions of life and upon the existing relations of power and domination to which they were exposed. In doing so, she hoped they would grow interested and capable of analysing their own individual and collective experiences dealing with these relations, and develop their ability to struggle relentlessly for a classless society of the free and the equal. In writing about the second and third volumes of *Capital*, she wanted to 'give an idea of how many treasures – in terms of intellectual stimulation and profundity they offer the enlightened working class – lie waiting to be unearthed in the two final volumes of *Capital*, and that remain to be given a popularizing exposition. As incomplete as these volumes are, they provide something infinitely more valuable than any supposed final truth: a spur to reflection, to critique and self-critique, which is the most distinctive element of the theory that was Marx's legacy' (ibid., p. 461).

Within this text (which is interesting as a whole) we would like to highlight three specific points: (1) Luxemburg regarded the unfinished character of Marx's Capital as an advantage[4]; and (2) she stimulated the critique of a devastatingly celebrated 'sacred writ', into which *Capital* was beginning to be turned in the international labour movement, by pointing towards a productive self-critique.[5] She not only explicitly allowed for a critique of Marx, but also for acknowledging the differences between Marx and Engels, referring to Marx and Engels as close friends with individual personalities and different strengths and weaknesses.

This book now is effectively published 100 years after Mehring's volume containing the original printing of Luxemburg's contribution. This fact poses at least two additional questions for the second volume of our series: 'What have we learned from Luxemburg for our further reading of Marx?', and 'What are the results of these theoretical efforts—and why have they remained so limited?'

The point of departure for formulating answers to these questions was, in fact, much worse than simply below optimal—for quite terrible reasons. The survivors among Luxemburg's comrades first lost out to the Leninists, but later (and with much worse consequences) to the Stalinists. More than a million Communists were killed by the Stalinists who objectively, albeit unwillingly, aided the fascists with their actions. Countless Stalinists of course tragically became also mass victims of fascisms, but nevertheless shared criminal responsibility for countless killed or otherwise lost. Factually speaking, the overall effect of Stalinism was to destroy a historically unique chance of, at the very least, preparing the ground for a liberated society based on liberty, equality and solidarity of all, towards which Marx and Engels had worked for so long.[6]

Notable followers of Marx and Luxemburg, like the socialist dissident Ernst Bloch, attempted to utilise the occasion of later anniversaries of Marx's birth to finally bring about, after so many lost chances, the necessary learning processes (including a process of real self-critique) within the historical labour movement (Bloch 1968). Bloch and others who tried, largely failed.

Following the historical defeat of Stalinism (and, accordingly, 'Marxism-Leninism') and, moreover, the defeat of so-called 'state socialism', the Left in the industrialised parts of the globe (and particularly in Europe)[7] has proven utterly incapable of exploiting the newly emerging great historical opportunities—chances for a process of self-liberation from destructive ideologies, with a view to changing social development in deeply democratic ways. Having failed to effectively learn from the crises of the 1960s and 1970s, the Left lost another chance in the dissolution of actually existing socialism in the 1990s, which was tied to capitalist crises and capitalist crisis management during this same period. Subsequently, it missed what may have been its last chance for a long time: the outbreak of the 2008 global financial crisis in 2008 (Balibar 2016, pp. 187–189). In all of these recent historical junctures, the dominant ideology and political establishment have suffered a serious crisis of legitimacy in the eyes of the people living in Europe and beyond, after having re-established itself following a long-winded struggle of the dominant political forces since the 1960s. The first loss of legitimacy was caused by the arms race, by the repression of democratic opposition, and by persistent injustices; the second was due to the devastating effects of neoliberal restructuring.

That such promising opportunities were simply passed up is due mainly to the same incapacity which caused left-wing forces to let similar chances slip out of their hands in the past, and which they have yet to truly analyse and learn from. Accordingly, since 2008 the Left in Europe has watched even more similar chances slip out of its hands (Dellheim and Zimmer 2017).

This has inspired us to ask whether the 200th anniversary of Marx's birthday could not only be used as an opportunity for a critical rereading of Marx's legacy, but also as a chance to discuss—not least with radical left-wing intellectuals—how to influence the orientations and the anchoring of left-wing forces in a more sustainable way, in order to finally build the capacity to break the chain of lost opportunities for improving the conditions for democratic social change.

Such a rereading, therefore, must serve the aims of helping

To analyse reality, as it presents itself in actual practice, in order to build a capacity for beginning to change it, starting in the given moment as it is and changing it radically in the future. This means analysing the real dynamics of the societies in which we live and being politically active to overcome social conditions which 'debase, enslave, forsake and atomise individuals' (with reference to Marx 1844, p. 182). This, we are convinced, still requires the development of a scientific understanding of the structures and dynamics of the capitalist mode of production, as it dominates present societies, and also of the real possibilities for moving beyond the capitalist mode of production (not simply modifying it, as occurred during the crises of the twentieth century). This implies a number of urgent tasks which must be addressed:

- critique of the ideologies and so-called sciences which explain the capitalist mode of production as a historical form of domination;
- bringing our own critical findings into an open and collective scientific dialogue and sustaining a democratic collective deliberation around political positions and strategies;

– working individually and collectively on the elaboration of scientific theories and analyses, as well as on the deployment of effective forms of reflecting, and deliberating on one's own experiences[8] in all kinds of struggle, in political activities and, most especially, in political battles.

We formulated our call for papers[9] on the basis of these ideas (expecting similar actions by others).[10] Our focus on the third volume of *Capital* stems from further considerations related to its text, to the 'gaps' in Marx's original work, to the remaining problems in Engels's editorial changes, and to more recent developments. As Luxemburg showed, it is precisely the volume's incompleteness which proves particularly inspiring for an engagement with the Marxian 'critique of political economy', Marx's research method and his method of presentation. The work done on the texts for *Capital*[11] and which is still being done on Marx's excerpts within the framework of *Marx-Engels-Gesamtausgabe* (MEGA^2) has provided and continues to provide compelling research material for such a perspective.

Accordingly, when Riccardo Bellofiore and his team organised their important conference on the *Third Volume* of *Capital* in 1994 and Bellofiore published two books[12] as a result in 1998, the highly significant MEGA^2 volumes such as II/4.3 (published in 2012), II/11 (published in 2008) and II/14 (published in 2003) were not yet accessible to public debate. This has now changed (see Bellofiore/Fineschi 2009), and enough time has passed to effectively digest the new philological materials in a theoretically explicit and sound way. Therefore, we dared to address the issues raised by Volume III of *Capital* again, hopefully on a new level, now possible with the complete publication of the immediately relevant sections of MEGA^2. We are grateful to all who responded to our call and particularly to our authors: Riccardo Bellofiore, Joachim Bischoff, Patrick Bond, Michael Brie, Georgios Daremas, Stephan Krüger, Christoph Lieber, Fred Moseley, Kohei Saito and Jan Toporowski.

After our introductory first chapter two specific texts serve as structuring 'tracks' for our volume: the contributions by Riccardo Bellofiore and Fred Moseley (chapters Taking Up the Challenge of Living Labour A 'Backwards-Looking Reconstruction' of Recent Italian Debates on Marx's

Theory of the Capitalist Mode of Production *and* Capitalist Communism: Marx's Theory of the Distribution of Surplus-Value in Volume III of *Capital*). The first takes a consistent perspective of looking backwards from the practically accomplished and theoretically reconstructed comprehensive process of the reproduction and domination of capital. This essay refers to Italian debates, but represents a great help in understanding capitalist development and its underlying process of class struggle elsewhere, as well as the different ways in which Marxian theorising has responded to it. This introductory text opens up numerous possibilities for seeing connections to the contributions by other authors.

Fred Moseley (chapter Capitalist Communism: Marx's Theory of the Distribution of Surplus-Value in Volume III of *Capital*), who also played a significant role in the above-mentioned 1994 conference and two publications based upon it from 1998 onwards, has contributed a fantastic reflection on the history of *Capital*'s third volume. This is not all, however, as Moseley reviews all parts of it and provides substantial textual evidence for two arguments: the main subject of the book is the performance of different forms of surplus value, as already analysed and discussed in the first volume of *Capital*. The conceptual connection between the first and the third volumes is therefore patent. Moseley's approach and deliberations allow us to relate the contributions by other authors in this volume to his work.

The contribution by Frieder Otto Wolf (chapter Another Productive and Challenging 'Incompleteness' of *Capital*, Volume III) relates to both introductory texts: he inquires as to the consequences of the missing elaboration of the reproduction of labour power for the extended reproduction of capital. The issue of the forms of reproduction of labour power, which, according to Wolf, Marx had skipped in his drafts for Volume II, raises issues of both gender and ecology for an adequate analysis of the comprehensive reproduction process of capital in Volume III. This leads Wolf to identify a deeper absence of 'living labour' in Marx's dialectical presentation of the forms of reproduction of capital, as it currently dominates modern societies. The missing elaboration of the cycle of metamorphoses undergone by variable capital and labour power are reconstructed on the level of Marx's analysis of the metamorphoses of capital, on that of the comprehensive process of capital, as well as in the transition to the economic surface of the trinity formula.

When discussing 'missing aspects' in Marx' work, his alleged 'ecological blindness' is often stressed. In response, Kohei Saito (chapter Profit, Elasticity and Nature) makes a strong argument against the presence of such 'blindness' in Marx, presenting him as an ecologically advanced researcher. He also shows that Marx ceased emphasising the importance of the 'law of the tendency of the rate of profit to fall' after 1868—Saito even finds that Marx began to doubt the validity of the law. But even when maintaining its validity, Saito explains that Marx increasingly recognised the enormous 'elasticity of capital'—as the material world itself is, in fact, highly 'elastic'. This does not mean, however, that the elasticity of nature is potentially infinite. While trying to ignore or overcome these limits, capital causes ecological crises and undermines the conditions for sustainable human development.

Joachim Bischoff, Christoph Lieber and Stephan Krüger (chapter 'Secular Stagnation' and the Tendency of the Rate of Profit to Fall in Marx's *Critique of Political Economy*) concentrate on the traditional issue of economic growth rather than addressing the problems of sustainable human development. Discussing the dynamics of the rate of surplus value, the rising organic composition of capital and their causes, the authors identify a 'law of the long-term tendency of the rate of profit to fall'. They emphasise its long-term character, i.e. the inter-cyclical fall of the profit rate to certain historical regimes of capital accumulation in the developed capitalist countries and the world market. They illustrate their theoretical analyses of the development of the rate of surplus value and the profit rate based on the example of the post-war German economy.

The discussion on the law of the tendency of the profit rate to fall is at the same time closely and further connected to questions of fetishisation. Moseley, Wolf and Saito have already addressed the issue of fetishised social relations. Georgios Daremas (chapter The Social Constitution of Commodity Fetishism, Money Fetishism and Capital Fetishism) deals with this problem more comprehensively, offering a novel interpretation based on the way in which Marx's *Capital* elucidates the inner connection of the fetishism triptych that accounts for the domination and veiling of capitalist exploitation. He shows how the universal condition of monetisation of the life process leads to the adoption of the principle of competition and so to competitive individualism. The consequent need to sell themselves as commodities under the wage labour form constitutes the broad social basis of capital fetishism, constructing the harmonistic appearance of an equitable contribution of the 'factors of production' in the sharing of the surplus product.

Jan Toporowski (chapter Marx's Critical Notes on the Classical Theory of Interest) addresses fetishisation in a very detailed way, explaining why, for Marx, the average or long-term rate is so highly important and, at the same time, why the issue of a social average is so crucial. As Toporowski shows, Marx realised that monetary innovation leads to growing concentration of money capital, which produces downward pressure on the rate of interest. He emphasises the two aspects of the capitalist discussed by Marx—as owner of money and as a 'functioning' capitalist producing goods, suggesting a purely monetary circulation of interest among capitalists. This means an 'emancipation of interest from real factors such as the rate of profit'. This aspect exhibits points of contact with the contribution by Judith Dellheim (chapter 'Joint-Stock Company' and 'Share Capital' as Economic Categories of Critical Political Economy), who shows how joint-stock companies and share capital have changed with the development of the capitalist mode of production and how their role in the economy of modern societies changed accordingly. For this mutual development, colonialism has been essential. The rise of joint-stock companies and share capital are, then, the main cause of financialisation.

Colonialism, capitalist exploitation, ecological destruction and financialisation are more than mere buzzwords in Patrick Bond's contribution (chapter *Capital*, Volume III—Gaps Seen from South Africa: Marx's Crisis Theory, Luxemburg's Capitalist/Non-capitalist Relations and Harvey's Seventeen Contradictions of Capitalism). He incorporates core lessons from Marx's work and acknowledges gaps in his attempts to explain the development of crises. The author sees these gaps filled by the work of Rosa Luxemburg and David Harvey, and emphasises the need to transcend the capitalist mode of production in South Africa, one of the world's most income-unequal and racially-stratified societies with manifold gender inequalities and ecologically destructive power relations. This, of course, is also of great interest to the author of the concluding contribution: Michael Brie (chapter Foreshadowing of the Future in the Critical Analysis of the Present) stresses the extraordinary role of Marx's historical excursions in his masterpiece, and his permanent, unceasing elaboration of a post-capitalist, i.e. communist society. This approach reveals the embeddedness of Marx's economic analysis in his search for a strategy for social transformation beyond capitalism and, consequently, its close link to the workers' and socialist movements of his time. Brie proves the critical importance of such a rereading of *Capital* and particularly its third volume with recourse to the appropriate original manuscripts, geared around the current discussion of a socio-ecological transformation toward an emancipatory solidarity post-growth society.

It should in no way detract from the great work of our contributors and our appreciation thereof when we now self-critically acknowledge the deplorable circumstance of our failure to attract feminist contributions to our project. We hoped that the strong association with Rosa Luxemburg would help to link the current project with the one with which we inaugurated the series, and in doing so we become of interest to female or queer authors with a Marxian leaning. We are still searching for the reasons behind our failure in this respect and do, in fact, see the missing gender balance as the volume's first weakness. The second weakness is the absence of authors from Central and Eastern European countries, given their hugely contradictory experiences and their important work. As happy as we are about the extremely interesting contributions from Patrick Bond from South Africa and Kohei Saito from Japan, we are still concerned about missing appropriate other contributions from outside of (Western) Europe and the United States. We shall work on these weaknesses and limitations in preparing the next volumes of the series.

Admitting these weaknesses and limitations should, of course, in no way diminish our great thanks to our proofreaders and translators Loren

Balhorn and Jan-Peter Herrmann, for their excellent work and patience with complicated people like us and our authors. We thank the Rosa Luxemburg Foundation for the support they have given us for our work on this volume.

Berlin, Germany

Judith Dellheim
Frieder Otto Wolf

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Riccardo Bellofiore Riccardo Bellofiore is Professor for Political Economy at the University of Bergamo, Italy, where he teaches advanced macro-economics, monetary economics, international monetary economics and history of economic thought. His research interests include capitalist contemporary economy, endogenous monetary approaches, Marxian theory and the philosophy of economics.

Through his publications in the field, he has become a central figure in debates on Volume III of Marx's *Capital*—by editing or co-editing *Marxian Economics: A Reappraisal.* Vol. I: *Method, Value and Money* (1998) and Vol. II: *Profit, Prices and Dynamics* (1998), as well as *The Constitution of Capital: Essays on Volume One of Marx's Capital* (2004), *Da Marx a Marx? Un bilancio dei marxismi italiani del Novecento* [From Marx to Marx? An assessment of Italian Marxisms in the XXth Century] (2007) and *Rosa Luxemburg and the Critique of Political Economy* (2009 and 2013); as well as with Roberto Fineschi, *Marx in questione. Il dibattito 'aperto' dell'International symposium on Marxian Theory* [Marx in question. The open debate of the International Symposium on Marxian Theory] (2009) and *Re-reading Marx. New Perspectives after the Critical Edition* (2009); and finally with Guido Starosta and Peter Thomas, *In Marx's Laboratory. Critical Interpretations of the Grundrisse* (2014).

He has also published, together with Ewa Karwowska and Jan Toporowski, two volumes in honour of Tadeusz Kowalik: *The Legacy of Rosa Luxemburg, Oskar Lange and Michal Kalecki* (2014). He has published on the present crisis, on Napoleoni, as well as on Sraffa and Minsky. He recently co-edited (with Tommaso Redolfi Riva) a selection of Hans-Georg Backhaus's articles in Italian.

See: http://www00.unibg.it/dati/persone/46/622-RiccardoBellofiore_listof-publications_April2014.pdf

Joachim Bischoff Born in 1944, Joachim Bischoff is a German economist, a member of the 'Sozialistische Studiengruppen' and editor of the magazine *Sozialismus*. His most recent publications include *Jahrhundertkrise des Kapitalismus* (2009), *Finanzgetriebener Kapitalismus: Entstehung – Krise – Entwicklungstendenzen* (2014), *Die 'große Transformation' des 21. Jahrhunderts* (with Christoph Lieber; 2013), *Griechenland und die Eurozone – Syrizas Kampf gegen die neoliberale Hegemonie* (with Björn Radke; 2015), *Götterdämmerung des Kapitalismus* (with Klaus Steinitz; 2016).

Patrick Bond Patrick Bond is Professor of Political Economy at the University of the Witwatersrand in Johannesburg. His work focuses on uneven and combined development, with an emphasis on problems of political ecology and social resistance. Recent books include *BRICS: An Anti-Capitalist Critique* (co-edited, 2015), *Elite Transition: From Apartheid to Neoliberalism in South Africa* (2014), *South Africa – The Present as History* (co-authored, 2014) and *Politics of Climate Justice* (2012). He completed his doctorate in Marxist economic geography with David Harvey at Johns Hopkins University in 1993, after studying economics and finance at Swarthmore College and the University of Pennsylvania's Wharton School. Since then, his main scholarly appointments have been at the Johns Hopkins School of Public Health in public policy, York University in political science, Gyeongsang University's Institute for Social Sciences, the University of KwaZulu-Natal in development studies and Centre for Civil Society, and the University of California, Berkeley in geography.

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Georgios Daremas Dr. Georgios Daremas holds a BA in Sociology, an MA in Sociology and Anthropology, and a PhD in Political Philosophy from Sussex

University, and has taught cultural and media theory in tertiary education for many years. He co-authored a Greek textbook on the *Sociology of Work* (2000) and has written numerous academic articles and contributions to collected volumes on Hegel, Marx, critical theory, theories of democracy, and mass media analysis. In addition, he has conducted extensive empirical research in political communication, media audience reception, and contemporary social and political beliefs. Currently, he is editing a volume on forms of direct democracy.

Judith Dellheim Judith Dellheim earned her PhD in 1983. She worked as a freelance scientific consultant from 2004–2010, and has been a Senior Researcher at the Rosa Luxemburg Foundation since 2011. Her research focuses largely on concepts of socio-ecological transformation of modern societies, solidarity economy, the political economy of the European Union, and alternative economic policy.

Stephan Krüger Born in 1953, economist and sociologist Stephan Krüger serves as an economic consultant for employee representatives (work councils, employee representatives in supervisory boards). His fields of work include the critique of political economy, alternative economic policies, and the empirical analysis of contemporary capitalism. He is a member of the 'Sozialistische Studiengruppen' around the journal *Sozialismus*, and his most recent publications include *Allgemeine Theorie der Kapitalakkumulation. Konjunkturzyklus und langfristige Entwicklungstendenzen* (2010), *Politische Ökonomie des Geldes. Gold, Währung, Zentralbankpolitik und Preise* (2012), *Keynes & Marx. Darstellung und Kritik der ‚General Theory', Bewertung keynesianischer Wirtschaftspolitik, Linker Keynesianismus und Sozialismus* (2012), *Entwicklung des deutschen Kapitalismus 1950–2013. Beschäftigung, Zyklus, Mehrwert, Profitrate, Kredit, Weltmarkt* (2015); *Wirtschaftspolitik und Sozialismus. Vom politökonomischen Minimalkonsens zur Überwindung des Kapitalismus* (2016), *Soziale Ungleichheit. Private Vermögensbildung, sozialstaatliche Umverteilung und Klassenstruktur* (2017).

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Fred Moseley Fred Moseley has taught as Professor of Economics at Mount Holyoke College in Massachusetts since 1989. Prior to this appointment, he taught at Colby College in Maine for ten years. He teaches courses in Marxian Economics, History of Economic Thought, Macroeconomics, US Economic History, and has published extensively on Marxian theory and Marxian analysis of the US economy. His latest book is *Money and Totality: Marx's Logical Method and the End of the 'Transformation Problem'* (2016). He is a long-time member of the URPE (Union for Radical Political Economics), and served as the Programme Director for URPE sessions at the annual convention of the AEA (American Economics Association) from 2005 to 2015. He is also an active member of Western Massachusetts Jobs with Justice.

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Notes

1. Dellheim, J. and Wolf, F. O. (eds.) (2016) *Rosa Luxemburg: A Permanent Challenge for Political Economy. On the History and the Present of Luxemburg's Accumulation of Capital* (London: Macmillan).
2. Theoreticians such as, and especially, Eduard Bernstein, Karl Renner and Fritz Tarnow conducted a revision of the theoretical foundation of *Arbeiterpolitik* ('worker politics'), ultimately resulting in revisionism, and later continued by the representatives of the theory of capitalist breakdown like Henryk Grossmann and Fritz Sternberg.
3. See the comprehensive and clear analysis given by Georges Labica (1984, prepared by Labica 1976). It belongs to the tragic history of 'Marxism-Leninism' that theoretical insights concerning finance capital as developed within this dominant tradition of Marxism by Rosa Luxemburg, and even Vladimir Lenin (in a largely forgotten irony of history), Karl Kautsky and Rudolf Hilferding were either not taken up at all, or only selectively and in a fragmented manner.
4. Implicitly reacting critically to Marx's original purpose—which he may, however, have been in the process of abandoning as he advanced his research for the second volume, or in his visible reluctance to work on the third volume.
5. In direct contrast to the ritualised self-flagellation into which the exercise of 'self-criticism' was perverted by Stalinism.
6. Thereby becoming the direct inheritors of the humanist ideals of modernity.
7. Where the classical labour movement had become a tangible political force, as in no other region of the world.
8. As well as experiences appropriated from others, whether historically or through contemporary comparison.
9. https://www.academia.edu/23053079/5_May_2018_The_200th_birthday_of_Karl_Marx._Critique_of_political_economy_critique_of_our_society_self-critique_of_the_left.
10. See, for example, https://marx200.org/termine.
11. Marx-Engels-Gesamtausgabe (MEGA) is the largest collection of the works of Karl Marx and Friedrich Engels in German or any language. The official website address is http://mega.bbaw.de/.
12. See https://link.springer.com/content/pdf/bfm%3A978-1-349-26118-5%2F1.pdf.

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The Challenge of the Incompleteness of the Third Volume of *Capital* for Theoretical and Political Work Today

Judith Dellheim and Frieder Otto Wolf

We cannot foresee the solutions of the problems facing the world in the twenty-first century, but if they are to have a chance of success they must ask Marx's questions, even if they do not wish to accept his various disciples' answers. (Hobsbawm 2011, p. 15)

[…] nothing is more urgent than to make a social history in the Marxist tradition, in order to resituate modes of thought or expression, which have been fixed and fetishized by the forgetting of history, in the historical context of their production and their successive uses. (Bourdieu 1993, p. 50)

It has often been discussed why Marx was unable to complete his great book on *Capital*, despite putting so much work into the project. The editors of MEGA² have shown that Marx was in no way lazy following the

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publication of the first volume in 1867. All of their, doubtlessly interesting, debates on Marx's health and his other working difficulties, his political activity, multi-faceted interests and style of work which was often less than consequently purposeful, and his rough way of life as an *emigré*, go a long way in accounting for this failure.

While continuing to regard Marx as a friend (and comrade) endowed with unique strengths and talents but also with weaknesses (and recommending others to do likewise), we aim, in the following paragraphs, to develop a different and additional idea—which, perhaps, more resembles a question concerning the broad lines of his investigations.

Marx's Efforts and Results

Marx's efforts never led to the results he had hoped for: *Capital* remained incomplete;[1] nor did Engels's reconstructed and finalised version ever become that mighty 'missile' capable of ending the domination of the capitalist class in modern bourgeois societies, as Marx had first expected.

Following the publication of the relevant volumes of MEGA², Michael Heinrich[2] has vehemently objected to the notion that Engels's edition of the third volume could still be used in a scientific debate on Marx's theory (Heinrich 1996/1997). This stance has been harshly criticised, generating several defences of Engels's editorial work (notably by Michael Krätke 2017). Like Joachim Bischoff, Christoph Lieber and Stephan Krüger in this book (chapter "'Secular Stagnation' and the Tendency of the Rate of Profit to Fall in Marx's *Critique of Political Economy*"), we tend to think that such judgements ought to be decided specifically with regard to the issue at hand—and the actual state of Engels's good, limited or outright mis-comprehension of the specific problems under discussion—in turn giving us another reason for a critical and selective reading of Engels's edition and of Marx's manuscript, as they are now available in MEGA².

In order to sort out the situation resulting from Marx and Engels's real difficulties, we shall begin with two lines of investigation and four considerations we find suggestive. On the one hand, we shall investigate what can be inferred from the MEGA² edition:

- by following the MEGA^2 editors (and others, like our author Kohei Saito) in taking a closer look at Marx's excerpts and notes after 1867[3];
- again, in following the MEGA^2 editors, we take another look at the published volume IV/32, including the inventories of Marx and Engels's libraries.

On the other hand, we shall consider the intimate relation between Marx's scientific theory on the domination of the capitalist mode of production (with regard to which he always insisted on fully observing the requirements of scientific discovery and argument, with good or revolutionary intentions providing no excuse for scientific short-comings) alongside his radical political positions. The relation of scientific theory to revolutionary practice should certainly be discussed anew with regard to Marx's own practice, but—even more urgently—with regard to the relation between 'theory and practice' today. The examples of Lenin, Luxemburg and Gramsci provide more food for thought than expected at first sight. Together with Kohei Saito, we have come to the conclusion that Marx was not an unbroken historical optimist (see also Dellheim's remark on the end of the International Workingmen's Association (IWA) in the chapter "'Joint-Stock Company' and 'Share Capital' as Economic Categories of Critical Political Economy"), but was still willing to help revolutionary forces to use every possibility for political action.

What Can We Learn from Marx's Excerpts and Notes?

Unfortunately, not all excerpts and notes have already been published, which we see as another argument for our modest attempt to formulate questions rather than insist on preliminary answers. We must also note the fact that some volumes of excerpts and notes refer to very different issues. A look at the content of the respective volumes of MEGA^2 reveals four complexes: (1) political economy; (2) history, with the special cases of Ireland and Russia; (3) the workers' movement and other emancipatory movements; and (4) mathematics, natural sciences and technology.

The volumes IV/18 (February 1864–August 1868), IV/19 (September 1868–September 1869) and IV/25 (January 1877–March 1879) will include excerpts and notes on political economy. Two major complexes are evident: (1) money and finance, banking and commercial arithmetic, money markets and crises; and (2) agriculture, forestry, and ecological issues (particularly in relation to soil). Volume IV/26 (already published) includes excerpts and notes from March to September 1878 on agricultural chemistry, geology and mineralogy. Volume IV/31 (from mid-1877 to early 1883, also already published) takes on physical-scientific questions, not least those related to sustainable management of agriculture and forestry, and also raises the issue of limits to the viability of ecosystems. Volume 23 (March–June 1876) adds material on physiology.

Furthermore, Volume IV/20 (April 1868–December 1870) will present excerpts and notes on the history of Ireland, analysing its political, economic and social relations. It will be followed by Volume IV/21 (September 1869–December 1874), with further excerpts and notes on the Irish question, which is connected to colonialism. Another country, much bigger than Ireland, and which is not a colony but, on the contrary, a colonising country, is also discussed: Russia. Volumes IV/22 and IV/23 (January 1875–February 1876), Volume IV/27 (1879–1881) and Volume IV/28 (1879–1882) will contain material on Russia, with agriculture being of special interest.

Volumes IV/23, IV/24 and IV/28 will also include excerpts and notes on Greek, English and French history (also with a special interest in agriculture). Volumes IV/24 (May–December 1876) and IV/27 contain material on ancient history, technical history, the history of property ownership, and legal and constitutional history. Volume IV/29 (from the end of 1881 to the end of 1882) will feature chronological tables on world history.

Additionally, Volume IV/21 will contain working material on the activities of the IWA and on the associations and political activities of workers more broadly speaking.

Our understanding of the political activity of the working class and the emancipatory movements, even in their current deliberations on what to do in the present moment, must of course be rooted in historical context, acting as they do under circumstances neither created nor chosen.

In our conclusion, we refer to Marx's interest in mathematics, particularly in trigonometry, algebra and differential calculus, as it is reflected in Volume IV/30. We also refer to his interest in physiology.

What Can We Gather from Marx's Library?

A closer look at Marx's library after 1867 gives us a certain picture of his work at this time. Here, we can abstract from the simple fact that scientific work on specific problems always, of course, involves the study of literature, which in turn takes up time in a person's life. We mean by this a tendency in Marx's turning to scientific sources (in the broad, German sense of science, as was self-evident to Marx and his generation). The picture is, on the one hand, slightly surprising, but on the other hand not at all surprising: although perhaps a priority for history books, for books on social development addressing the economic, political and cultural life of Russia,[4] and given Marx's strong interest in the problem of different historical forms of production and in colonialism—it may seem surprising to some. However, we would like to highlight that Marx already dealt with colonialism in his very early texts (see chapter 'Joint-Stock Company' and 'Share Capital' as Economic Categories of Critical Political Economy" on joint-stock capital in this book), while the Irish and Indian[5] questions had been permanently present in his mind.

After reviewing the topics discussed in the excerpts and notes, Marx's interest in agriculture, forestry and ecology should come as no surprise. His books on political economy, on economy, on jurisprudence and on the state, as well as on money, finance, banks and stockmarkets are no surprise, either; even less those concerning the condition of the working class, the poor, law, social administration, social and political organisations, actions, and social struggles—the Paris Commune stands out in this context. Marx's collection of texts on socialism and studies of countries like Prussia (Germany), France, Great Britain and, of course, the United States, also fail to surprise—unlike, perhaps, the texts on China or Turkey held in his library.

The reader may have already concluded that the criterion used for determining the 'surprising' character of any of these findings stems from a rather old-fashioned interpretation of the Marxian heritage. Only a review of Marx's correspondence could help us to overcome these kinds of conceptual fetters. Let us, then, take a look at the authors of the books published after 1867 in Marx's library. Writers like Michail Aleksandrovič Bakunin, Bernhard Becker, Edward Spencer Beesly, Ludwig Büchner, Aleksandr Ivanovič Gercen, Illarion Ignatyevich Kaufman, Maksim Maksimovich Kovalevsky, Pyotr Lavrovich Lavrov, Mikhail Yevgrafovich Saltykov-Shchedrin, Nikolay Gavrilovich Chernyshevsky and Adolph Wagner all occupy significant space—of course, clearly behind Friedrich Engels, his close friend, and the French revolutionary and Marxist socialist Paul Lafargue, who was also Marx's son-in-law. The share of Russian authors is significant, corresponding to the significant space occupied by 'Russian issues' in Marx's library more generally. Bakunin was a leading anarchist, and Becker, Beesly and Büchner were intellectuals who actively supported the workers' movement. They certainly were not 'Marxists'. Becker wrote a book on the first Paris Commune, 1789–1794, which Marx praised. His book on the second Paris Commune was sharply criticised by Engels, and rejected by Engels's political compatriots for its cold analysis and lack of critical solidarity. Beesly was a positivist, Büchner a social Darwinist. Gercen was a committed opponent of tsarism and later became one of its victims, starting out as a great humanist and talented writer. In 1863, he had welcomed the Polish uprising as a signal for an uprising across the entire Slavic world—sharply reducing his popularity in Russia. Like Beesly, Kovalevsky supported the philosophy of Auguste Comte, and was certainly the most significant sociologist in Russia. He developed a historical approach combining descriptive comparative analysis with sociological and ethnographic methods.[6] His understanding of progress was connected to the notion of peaceful co-existence. As a theorist of Narodnism, philosopher, publicist and sociologist, Lavrov was driven into exile and became a member of the IWA, organising support for the Paris Commune. Chernyshevsky was significantly influenced by Gercen. This revolutionary democrat was also a materialist philosopher and socialist. In 1862, he was arrested as one of the major leaders of the revolutionary movement against corporal punishment and authoritarianism. In prison, he wrote his famous novel *What Is to Be Done?* Here, too, he agitated for the revolutionary overthrow of the autocracy and the creation of a socialist society based on the peasant commune. The great economist Kaufman worked on problems of currency and loans, especially of state debts. His numerous publications contain extensive material on the history of Russian finance, particularly his statistical books on Russia's finance and banks. He worked as a professor of statistics at the University of St. Petersburg and served on the boards of directors of major banks.[7] Marx had been quite happy with Kaufman's critique of the first volume of *Capital* (Marx 1867/1982, p. 100). Saltykov-Shchedrin was a famous Russian satirist. His name is connected with the journals *Sovremennik* and, later, *Otechestvennye Zapiski*.

Wagner was a German economist and politician, one of the leading exponents of a current of 'academic socialists' (Kathedersozialisten). He was a specialist on public finance and an advocate of agrarianism, and formulated the law of increasing state activity named after him. He was also an active participant in the Historical School movement in economics, as his review essay on Marshall's *Principles of Economics* clearly demonstrates.[8]

We see here a strong Marxian interest in fully gauging the potential of these thinkers and understanding the underlying social conflicts, as well as their historical role in different emancipatory movements, or in the theories promoting, hindering and dealing with these movements. Of course, the workers' movement in the most advanced countries and its internationalism—the solidarity of the workers with other workers and the exploited, particularly in the colonies—remained a priority. Facing hunger, poverty and oppression, struggling against wars and against the destruction of nature, as well as violence against people, the destruction of their natural living conditions and environment with its limits of reproductive capacity, Marx was aware of the deficiencies in the workers' movement of his time. These concerned the workers involved, but also the content of their solidarity. Looking at Marx's work along with his correspondence,[9] his excerpts and notes, and his library as an indication of his reading activity, we propose inquiring into Marx's possible preoccupations. His published works had already explained—particularly to workers and intellectuals inclined towards solidarity—the essence of the domination of the capitalist mode of production in bourgeois societies. The further question would have to be, then, to what extent a further developed political economy could help to bring forth agents who understand and take up the challenge to build a workers' movement in solidarity with all these repressed categories, and which would also be ecological.

From this point of view, criticising Bakunin and Wagner was necessary in order to clarify the role of the state and thereby to avoid destructive riots simply 'against the state', as well as a strategic fixation on the state. From this point of view, it was also necessary for Marx to understand the *narodniki*[10] and, more generally, the thinking of the oppressed, albeit without capitulating to the simplifications of the anarchist ideologues, who tended to reduce social revolutions and social transformation to an issue of will and activity alone.

Marx's Science and Marx's Politics

As we can see from his notes and excerpts, as well as infer from his library and correspondence, Marx actively worked towards advancing his scientific research in the field of political economy, and was politically active whenever the occasion presented itself. Moreover, from his pen came the metaphor of *Capital* as the 'great missile' hurled at the modern bourgeoisie. Yet this should not be misunderstood as an excuse to extend the principle of *partinost* (partisanship) formulated by Lenin for literature (and extended—debatably –to philosophy) to his science, the critique of political economy or—increasingly in Marx's later years—critical economics.[11] However, it was a central innovation of Marx's *critique of political economy* to carefully distinguish between 'classical political economy' and 'vulgar economics'—of which only the first merited a scientific critique. He lived to see this distinction displaced by the neoclassical revolution in economics (cf. Wolff/Resnick 2013). At the same time, his theoretical deliberations were largely ignored by the academic economists then developing into an established academic discipline. While the 'Historical School' in economics gradually lost its theoretical acumen and significance, the different originators of the neoclassical school reformulated the very foundations of economics in a way which excluded the problems Marx had been working to solve from the field of scientific economics.[12] Marx had ample occasion, we are convinced, to reflect on the mechanisms of his own academic exclusion—shifting from direct government intervention to the ideological self-control of the new social sciences—and does not seem to have given in to the temptation of ideologising his own approach. That said, he continued to treat the academic establishment with contempt for its ideologically-determined exclusion of the science which Marx had explored and placed on solid foundations from the field of serious academic debate, as exemplified by the career of Werner Sombart, who began as one of the 'young ones' around Engels in the 1890s, but later became a mainstream sociologist of particularly reactionary fervour.[13]

Possible Reasons for Marx's Failure to Finalise the Second, and Particularly the Third Volume

What do these considerations tell us about Marx's difficulties in finalising the second, and, more specifically, the third volume of Capital? We tend to think that at least five conclusions suggest themselves:

(a) Marx became aware of the fact that, in terms of the political deliberations of the workers' movement (insofar as it had grown into an anticapitalist movement), if workers needed Marx's great book at all, they would find what they needed in the first volume[14];
(b) Marx grew diffident about the Hegelianising idea to organise *Capital* as a whole on the model of a Hegelian syllogism, with the mystified surface of modern bourgeois societies which could only be broken by revolutionary practice as its final conclusion[15];
(c) Marx had come to realise that the issues he was tackling in the planned second and particularly in the third volume of *Capital* were touching on points of economic theory as it was developing in the hands of specialists, and that it would be difficult for him to keep abreast of these 'hordes' of academics who did nothing but obstruct his attempts to address the deeper problems underlying the matters at hand;
(d) Marx had developed at least a first intuition of the coming, neoclassical revolution set to transform the very territory of academic debates

in these fields. This intuition was also occasioned by the rather muted (scientific) reception of his first volume which, of course, did not encourage him—given his complicated personal and family situation—to continue his theoretical work along the lines laid out there;

(e) Marx realised, particularly with view to developments in the United States, that the rapid changes in his contemporary world would also change the role of England, his scientific work's original point of reference. He was also aware of the fairly obvious fact that political changes are not simply derived from a rising rate of surplus value as such, but from a rise in actual political conflicts, some of which lack a direct connection to the economy.

In other words, Marx had found so many interesting and important problems in the processes of the economic reproduction of capital, that he was now in no particular hurry to further elaborate a 'Hegelianising' depiction of his own critical economic theory.

How to Utilise Marx's Heritage

Althusser once wrote that Marx opened up a 'continent to scientific knowledge: the continent of History, by an epistemological break' (Althusser 1968/1971, p. 16). This gives us the idea that the sheer extent of this 'continent' could be a crucial reason for Marx's difficulties with his third volume of *Capital*. The most convincing (and simple) explanation for this seems to be that Marx, who tried to explain the economic mechanism of the process of capitalist socialisation, realised that the Hegelian system he intended to follow in the overall construction of *Capital* was not appropriate. Real historical developments, like the organisation of the trade unions, the replacement of the capitalist as a person by a company based on shares, or the emergence of modern finance capital had profoundly changed the real structures and dynamics even of the capitalist mode of production 'in its ideal average', thus reducing the relevancy of the formal conclusion of his exposition as originally planned.

Lenin had welcomed the publication of volumes II and III of *Capital* enthusiastically: 'these two volumes of Das Kapital are the work of two men: Marx and Engels […] Engels erected a majestic monument to the genius who had been his friend, a monument on which, without intending it, he indelibly carved his own name' (Lenin 1886/1973, p. 12). It sounds like a glorification, but actually tells us how Lenin explained the economic teaching of Marx, including all three volumes of *Capital* and beyond (Lenin 1915/1974, pp. 48–50). His presentation of the third volume and its connections to the first and second volumes are nearly brilliant. Lenin begins with value in its changing realisation and goes on to surplus value in all its crucial forms. His specific focus also concerns, in particular, the issue of capitalist development of agriculture, as well as of ground-rent. 'Nearly brilliant' but not truly 'brilliant', because Lenin's way of proceeding excluded any doubts and unanswered questions. Gramsci compared Lenin, in terms of the popularisation of Marx's heritage, to the Paulus of early Christianity (Gramsci 1931–32/1992, p. 888). Küttler is undoubtedly correct when he, like Labica (1984, p. 118), sees here Gramsci's warning against an uncritical generalisation of the Russian example and a blind following of Lenin's interpretation (Küttler 2015, p. 11). Furthermore, it is worthwhile underlining, as with Milios, Lenin's specific contribution to the Marxian theory of pre-industrial capitalist economic forms. Lenin's theoretical positions help in understanding the economic and social processes in countries with a low level of development. He made it clear under which circumstances such countries can be considered capitalist social formations and which economic and social factors could put a country with a low level of development onto a trajectory of fast capitalist growth (Milios 1999). That said, it is also necessary to emphasise the connection between capitalist monopolies as discussed in the third volume of *Capital* and Lenin's theory of imperialism.[16] This theoretical problem to be solved was one of adequate exposition (*Darstellung*) of his new science; one Marx sought to address and which Engels had to solve in some at least provisional way when editing Marx's *Capital* manuscripts. But the intra-scientific nature of the problem changed rather radically as 'Marxism' became a historical force—first, in the emergence of Social Democracy as an organised political movement threatening the powers that be in some of the leading capitalist states, and, secondly, when the Russian Revolution of October 1917 inaugurated the experience of socialist states attempting the transition to communism.

As the first, Social Democratic phase has already been amply discussed (Przeworski 1985; Berman 2006), we concentrate on inquiring into what the historical experiments of socialist states[17] may tell us, with a focus on the early Soviet Union.[18] Allow us to begin with a famous example, understood as an introduction to the problems involved. In late 1917, *Avanti!*, a publication of the Italian Communists, published an article on the Bolshevik revolution authored by Gramsci: 'The Bolshevik revolution is based more on ideology than actual events (therefore, at the end of the day, we really don't need to know any more than we know already). It's a revolution against Karl Marx's Capital' (Gramsci 1917).

We are convinced that this article helps to understand why, 200 years after Marx's birth, the Left is in such disarray. Two quotations indicate what Gramsci sought to avoid:

> Marx predicted the predictable. Though he couldn't predict the European war, or better put, he couldn't predict how long it would go on for and the effects it would have. He couldn't predict that this war, 3 years of unspeakable suffering, of unspeakable misery, would reawaken the Russian people's collective will like it did. A will, of such a sort normally needs a long period of development in order to permeate society; it normally needs a long line of class experience. Man is lazy, it needs to organise itself, firstly on the exterior, it needs to form bodies and associations, but then on the interior, in terms of thought, of will […]. (Ibid.)

The political focus is on the 'collective will' of the people, the word 'party' does not appear, nor does the name 'Lenin' or 'Ulyanov'.

> The Russian proletariat, educated in Socialism, will start its history from a high level of production that England has only got to today; its starting point will be something which has been accomplished elsewhere, and from this accomplishment it will be driven to reach the economic maturity that Marx sees a necessary for collectivism […] In the beginning it will be a collectivism based on misery, on suffering […] The suffering that will be left behind after peace will only be tolerated by the proletariat as long as they feel that their will is intact, that through their persistence they will be able to make it end as soon as possible. (ibid.)

It is the collectivism of free people which constitutes, in Gramsci's understanding, the central challenge for a radical and effective socialist policy—raising the effective will of the individuals to the level of a living democratic and solidary collectivism. Socialist politics therefore has to address the question of the ways of living, based on democratic collectivism in the sphere of production.[19]

When the Bolsheviks initiated their revolution in autumn 1917, their leaders, above all Lenin, were convinced that the proletariat in the advanced capitalist countries would soon follow their lead, taking power and giving their Russian comrades the solidarity-based assistance they urgently needed: '[…] the international situation in the fourth year of the war is such that it is quite impossible to predict the probable moment of outbreak of revolution and overthrow of any of the European imperialist governments (including the German). That the socialist revolution in Europe must come, and will come, is beyond doubt. All our hopes for the final victory of socialism are founded on this certainty and on this scientific prognosis' (Lenin 1918/1972b, pp. 443–444). The European and particularly the German socialist revolutions, however, either failed or never started in the first place. This fact was a decisive influence on the Bolsheviks and the Soviet Republics they created, and, naturally, on further European and global historical developments as a whole.

The focus of politics, then, remained on keeping power in the hands of the revolutionaries who had just taken it. Yet the first question concerns 'this certainty and […] this scientific prognosis', key concepts in Lenin's understanding of the theories of Marx and Engels:

> […] how justified Engels, one of the great founders of scientific socialism, was, when in 1887, thirty years before the Russian revolution, he wrote that a European war would not only result, as he expressed it, in crowns falling from crowned heads by the dozen without anybody to pick them up, but that this war would also lead to the brutalisation, degradation and retrogression of the whole of Europe; and that, on the other hand, war would result either in the domination of the working class or in the creation of the conditions which would render its domination indispensable. (Lenin 1918/1972a, pp. 420–421)

Lenin read Marx and Engels's texts as they were available at the time, and sought to 'translate' their findings for the simple Russian proletariat while, at the same time, updating and consolidating his own findings, particularly with a view to the Russian situation. Lenin was extremely intelligent, pragmatic and, ultimately, a man who wanted to achieve the best for the people. Yet certain religious overtones can be heard when Lenin states: 'The Marxist doctrine is omnipotent because it is true. It is comprehensive and harmonious, and provides men with an integral world outlook irreconcilable with any form of superstition, reaction, or defence of bourgeois oppression. It is the legitimate successor to the best that man produced in the nineteenth century' (Lenin 1913/1973, pp. 3–4).

Lenin made an honest attempt to protect and continue the heritage of Marx and Engels, but also had a significant share in their iconisation, which necessarily obscured the differences between Marx and Engels and thereby their scientific specificities (see the beginning of chapter 'Joint-Stock Company' and 'Share Capital' as Economic Categories of Critical Political Economy" on joint-stock capital). More specifically, he failed to adopt Marx's appeal to the already active and the potential agents of transformative revolutionary practice, as reflected in his presentation of 'Wage, Price and Profit' at the IWA (see chapter "Foreshadowing of the Future in the Critical Analysis of the Present" by Michael Brie). Nor did he understand that this appeal to the working people was at the same time a result of scientific investigation and theoretical development. On the other hand, Lenin at least took the workers seriously. He wanted to reach out to them, and convince them to become thinking 'soldiers of the revolution'—but tended to overlook the fact that soldiers await commands. Thus, the 'collective will' he postulated would ultimately turn out to be more the result of an authoritarian transfer of an idea from a good-hearted minority to 'the masses' than a truly democratic process of common deliberation.[20]

It is here where Stalin's destructive role has found its central lever of intervention. Like Lenin, Stalin was also extremely intelligent, but neither developed his policies with the goal of constructing a collective of free and solidary individuals, nor based it on a deep analysis of society. Stalin's analysis of any given situation was focused on the analysis of the political forces as they were immediately present and effective within a given situation; his thinking followed the logic of 'playing' a power game. He abstracted from individuals, with the brutal exception of those he declared 'enemies'. Accordingly, Stalin made use of a kind of argument similar to the discourse of a priestly seminar in the Russian church:

> The proletariat is a class exploited by the capitalists. But in our country, as you know, the capitalist class has already been eliminated, and the instruments and means of production have been taken from the capitalists and transferred to the state, of which the leading force is the working class. […] can our working class be called the proletariat? Clearly, it cannot. Marx said that if the proletariat is to emancipate itself, it must crush the capitalist class, take the instruments and means of production from the capitalists, and abolish those conditions of production which give rise to the proletariat. Can it be said that the working class of the U.S.S.R. has already brought about these conditions for its emancipation? Unquestionably, this can and must be said. And what does this mean? This means that the proletariat of the U.S.S.R. has been transformed into an entirely new class, into the working class of the U.S.S.R., which has abolished the capitalist economic system, which has established the Socialist ownership of the instruments and means of production and is directing Soviet society along the road to Communism. (Stalin 1936/1978, pp. 157–158)

In the Stalinist way of thinking, the 'collective will' became an empty term referring to whichever decisions were taken by those in power, in other words was *de facto* transformed into a 'state will'. Marx was often used to legitimate the ruling policy in principle. While 'Marxism' was integrated into the official education system alongside slogans such as 'Hurrah for Comrade Stalin!', 'Long live Comrade Stalin!', and 'Hurrah for the great genius, Comrade Stalin!', actual Marxists were put to death or sent to extermination camps by Soviet courts, and the Marxian legacy was, likewise, killed or deformed to a large degree. This antagonism is embodied in the fact that, although the Soviet regime made the greatest contribution to publishing the works of Marx and Engels, the revolutionary Marxian theoretician, archivist, founder of the Marx-Engels Institute and editor of the first large-scale publication of Marx and Engels's Collected Works, David Borisovich Rjazanov, himself became a tragic victim of Stalinism (see Hecker et al. 1997). Millions of people were educated in the spirit of this kind of 'Marxism' (conceived and implemented as a substitute for religion and, finally, so similar to a religion—or to its elaborations, such as Thomistic theology),[21] while, at the same time, global anti-Communism destroyed the lives of millions of people, particularly those who took up the ideas of Marx and Engels in any form whatsoever. This explains, then, the dramatic history of the Marxian legacy.

'The USSR emerged from the Second World War as one of the two superpowers in the world, heading a vast region of communist states and dependencies. Western communist parties (with the notable exception of the German one) emerged from the war stronger than they had ever been or were likely to be' (Hobsbawm 2011, 106–107).

Research into the third volume of *Capital* under so-called 'state socialism' exhibited four main dimensions:

- the honest collective will of many to take on the heritage of Marx and Engels and understand global reality by making creative use of it—particularly with regard to the problems of their own type of society, as well as those of the modern bourgeois societies trapped in the capitalist mode of production, 'as the less advanced capitalist countries' and the developing countries;
- a real attempt to understand capitalist exploitation in order to develop the capacity to work towards international anti-capitalist alliances;
- an interest in proving that 'Marx was right', after all;
- a widespread interest in discovering all that could help to improve the 'socialist' economy and use economic categories like costs, profit, price, interest, rent, etc. to boost productivity and find out what could be useful in managing and developing their own economic systems.

All these dimensions were integrated into competition between the world systems and mobilised to help develop effective social policy, particularly in its economic, foreign and trade dimensions, to improve the living conditions of the population, develop the collective will to effectively bring about social progress, and, generally, to support 'the system'.

This explains why so much energy and many resources were spent on conducting serious analyses and developing theory, but also suggests that much was wasted on pure propaganda and useless tasks or debates which, in fact, prevented radically critical questions from being asked. Nonetheless, it belongs to the real contradictions of 'state socialism' that many texts dealing with *Capital*, Volume III from this era are still worth rereading. Finally, it should be noted that the first MEGA, as well as significant amounts of work within the framework of the second MEGA, have been conducted in 'socialist' countries (albeit ones unworthy of the title).

When Marx became popular in the West again, particularly in the 1960s, and important political battles democratised the university system, another, still rather contradictory process was initiated: Marxian theory, as it was available, was increasingly reintegrated into the intellectual context of a dominant ideology which continued to protect and 'improve' a form of society based on the capitalist mode of production. A minority, however, made use of the freedoms won by the major struggles of the 1960s to deal with the legacy of Marx and Engels in a scientifically and politically productive way, i.e. capable of helping emancipatory-solidarity oriented struggles to unfold, advance and become more effective. Some of these hopeful processes in 'the West' (or in the 'Global South') were later stopped, following the break-down of so-called 'real-existing socialism' anticipated by important historical scissions.[22] The result was a weakening of left-wing forces in all their varieties, and an inability to make use of this collapse (which also liberated them from many illusions and authoritarian mis-orientations) to strengthen the emancipatory and solidarity-oriented struggles and forces within the global reality of humankind and find and durably implement new ways of changing the really existing complex of modern societies dominated by the capitalist mode of production. Marx foresaw the difficulties confronting such struggles: 'The advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws […] The silent compulsion of economic relations sets the seal on the domination of the capitalist over the worker' (Marx 1867/1976, p. 899).

As the ‘new social movements’ have shown in their development since the 1960s, this would also require a new, productive approach to interacting with and finding common strategic aims between emancipatory anti-capitalist, feminist, radically ecological, and anti-imperialist struggles, as well as different movements against ethnic or racial discrimination. This must be based on new models beyond earlier Marxist attempts to subsume these dimensions of domination under the relation of capital, as well as beyond the timid attempts to make space for these other dimensions of struggle as ‘secondary contradictions’. However, without following the strong tendencies within these ‘new social movements’ to ignore the specific dimension of the struggles directed against the capitalist mode of production altogether, or to relegate it to a merely symbolic form,[23] it is necessary to find ways of integrating radical struggles as well as of alliance-building which grant struggles against capitalist exploitation adequate space and facilitate a transformative process out of the capitalist mode of production.

Historical Optimism and Political Intervention in Marx and in Marxism/Marxian Thought

Since his early days, Marx had been wary of relying on a philosophy of history as the foundation of a strategic political perspective.[24] Despite the many appeals to a philosophy of history in the later history of Marxism, Marx himself saw no reason to rely on philosophical optimism to formulate an action perspective. As early as his criticism of Proudhon, he did not abandon the notion of progress, but nevertheless underlined its antagonistic character as ‘progress in contradiction’ (Mäder 2010, p. 212). Marx explained why decisive solidarity among the workers and decisive emancipatory struggle against competition and thus against the capitalist mode of production are two sides of the same coin, and was thus aware of the difficulties resulting from this circumstance.

Some people may have looked to the third volume of *Capital* for perspectives pointing beyond the domination of the capitalist mode of production. Such a ‘historical’ reading, which may be applicable to certain parts of Volume I, even if only secondarily, is, however—after duly considering their function of exemplification or illustration of Marx's theoretical developments—patently inapplicable to Volume III. And yet, here Marx planned to build the conditions for reverting to the *surface* of the on-going processes of modern societies, and therefore to the immediate point of reference of any relevant political initiative. Lenin, who tended to develop an almost technical perspective on implementing Marx's theoretical insights, parallel to his disparate attempts to learn from nascent Fordism (Linhart 1976), clearly understood this fact.

Gramsci's example of the relation between science and politics, however, is far more interesting in this respect: jailed party leader and eminent intellectual Antonio Gramsci seeking a solid basis for his strategic reflections provides a good example for the problems existing in the relations between Marxist science and politics. In Croce's paper on the tendency of the profit rate to fall, Gramsci uncovered a fundamental error: Croce explains the technical development of capital as an argument against the tendency of the profit rate to fall. Ergo: Croce uses Marx's statements on the production of relative surplus value as an argument against his arguments about the tendency of the profit rate to fall—he uses the first volume of *Capital* as an argument against the third.[25] Gramsci, however, continued thinking about the tendency of the profit rate, asking himself why Marx, who himself wrote that an economic law can only appear and work as a tendency, would speak of a tendential economic law in the first place. Following this line of inquiry, Gramsci investigated the limits of the production of relative surplus value in a completely capitalist world, reaching the conclusion that these are determined by the limits of the accessible material and limits of ability (or readiness) to suffer on the part of the workers: 'It means, the economic contradiction becomes a political contradiction and will be resolved by a political upheaval of the practice' (Gramsci 1932–35/2012, p. 1290). It is also worth noting that Gramsci remarked on Marx's original manuscripts, hoping to find some more lines of argument with which to better understand the economic law of the average profit rate to fall. Again, he referred to the double tendency visible in the very terms of this economic law, and concluded that a possible solution to the problem could be found in the quality of countervailing forces opposing the fall of the average profit rate (ibid., 1292–1293).

Continuing to think about the tendency of the profit rate to fall, Gramsci hoped to analyse Taylorism and Fordism more deeply, and in fact exhibits an impressively detailed knowledge of these formations. He speaks of an 'accelerated rhythm in the progress of the working and production methods and then in the change of the traditional type of worker' (ibid., p. 1330).

In sum, Gramsci criticised Croce for isolating an economic law not only for scientific reasons or for explaining certain processes, but for arguing that Marx had problematically supported the notion of an automatic end to the capitalist mode of production. Instead, Gramsci insisted, every detail of Marxian economic arguments must be analysed within an organic social context, speaking of a 'certain scientific responsibility' to be respected (ibid., 1294) and decrying the many myths surrounding Marxian political economy. Moreover, he clearly emphasised the destructive character of all attempts to promote revolutionary fervour and vigour by proposing myths to the people (ibid.). On this aspect, Gramsci had considered writing a textbook to help (young) people understand Marxian political economy, and demanded its adaptation to changing conditions. He praised Borchardt's book[26] explaining the three volumes of *Capital,* and hoped his unknown political friends would update it.

Gramsci formulated six criteria for such a work to teach critical economics[27]:

1. In content, the new textbook must be more extensive than Borchardt's; it ought to present the complex Marxian political economy in an extended way, not only through summaries.
2. Presentation of the findings must not be derived from the structure of the original sources, but from current challenges to resolve current problems.
3. Focus must be placed on teaching people to think dialectically.
4. Examples must be updated. Numerous, lengthy quotations from *Capital* should be avoided.
5. Presentation should be critical and polemical, helping to deal with concrete problems in concrete societies.
6. The textbook must include the history of economic theories (ibid., pp. 1295–1296).

In contrast, especially to point 5, Gramsci sharply criticised or even condemned the official Soviet textbook:

> The handbook of Lapidus and Ostrowitjanow proves to be "dogmatic" from this point of view, presenting its statements and developments as if they had not been "denied" and radically rejected by anybody, but as if they were the expression of a science, that has emerged out of the phase of the fight and the polemics for its acceptance, and out of that of its triumph, and has already entered the classical phase of its organic development. Obviously, this is not the case, quite to the contrary. The textbook must be vigorous and polemic, and must not leave any essential question, or any question implied by the vulgar economy without an answer (implicitly or, if this is to be preferred, tacitly contained within its own approach), in order to chase those [economists] from all their retreats and fortifications – and thereby to discredit them all in the eyes of the young generation of learners. (ibid., 1296)

Lessons for Theoretical Work and Left-Wing Policy Today

What to conclude from this complicated picture of the conditions under which the reading of the third volume of Capital takes place today? The starting point for seeking answers must be the idea that all Marxian work aimed to motivate, organise and strengthen the possible and real agents of their own emancipation, who strive to liberate each other and thus change society. Theoretical and practical work was orientated towards fighting the causes acting in favour of competition and fetishisation, and against solidarity.

First, we have to take seriously Eric Hobsbawm's elementary conclusion:

> And yet, something has changed for the better. We have rediscovered that capitalism is not the answer, but the question. For half a century its success has been so much taken for granted that its very name exchanged its traditionally negative associations for positive ones. Businessmen and politicians could now glory not only in the freedom of "free enterprise" but in being frankly capitalist. Since the 1970s the system, forgetful both of the fears that led it to reform itself after the Second World War and of the

economic benefits of this reform in the subsequent "Golden Age" of the Western economies, reverted to the extreme, one might even say pathological version of the policy of laissez-faire which is not the solution, but the problem that finally imploded in 2007–8. For almost twenty years after the end of the Soviet system its ideologists believed that they had achieved "the end of history", "an unabashed victory of economic and political liberalism" (Fukuyama), growth in a definitive and permanent, self-stabilising social and political world order of capitalism, unchallenged and unchallengeable both in theory and practice. (Hobsbawm 2011, p. 417f)

This does not mean, however, that we can afford to relax. Marxian and Marxist theory is faced with enormous challenges, concerning both the scientific work to be carried out as well as the translation of relevant scientific findings into actual political practice in the most comprehensive and radical sense. Discussing, understanding and further developing arguments from the third volume of *Capital* not only at the level of philological possibilities of fully understanding Marx's 'research texts' and provisional drafts opened up by MEGA^2, but also reformulating Marx's theory more clearly and taking into account the structural changes as they have occurred within the capitalist mode of production since Marx's times and have even been discussed by serious economists, will be major tasks for the debates to come. We shall have to learn—relying on Marx's later works—that this does not at all mean giving up on hard and complicated theoretical inquiry.

However, the need for radical theoretical work on *Capital*, especially on its still partially unexplored third volume, as emphasised by Rosa Luxemburg, should not obscure the practical urgency of the tasks of a truly contemporary reading of Marx's *Capital* as providing a resource for contemporary scientific and political work. Here, again, we can have recourse to the clear words of Eric Hobsbawm:

A systematic alternative system may not be on the horizon, but the possibility of a disintegration, even a collapse, of the existing system is no longer to be ruled out. Neither side knows what would or could happen in that case.

Paradoxically, both sides have an interest in returning to a major thinker whose essence is the critique of both capitalism and the economists who failed to recognize, where capitalist globalization would lead, as predicted

> by him in 1848. Once again it is manifest that the economic system's operations must be analyzed both historically, as a phase and not the end of history, and realistically, i.e. not in terms of an ideal market equilibrium, but of a built-in mechanism that generates potentially system-changing periodic crises. The present one may be one of these. Once again it is evident that even between major crises, 'the market' has no answer to the major problem confronting the twenty-first century: that unlimited and increasingly high-tech economic growth in the pursuit of unsustainable profit produces global wealth, but at the cost of an increasingly dispensable factor of production, human labour, and, one might add, of the globe's natural resources. Economic and political liberalism, singly or in combination, cannot provide the solution to the problems of the twenty-first century. Once again the time has come to take Marx seriously. (Hobsbawm 2011, p. 418f)

Reading Marx seriously does not mean attributing to him a philosophy he never defended, a philosophy of historical determinism. Thus, the 'Manifesto has been read primarily as a document of historical inevitability [...] A determinist reading [...] is indeed possible. It has been suggested that Engels tended towards it more naturally than Marx, with important consequences for the development of Marxist theory and the Marxist labour movement after Marx's death' (Hobsbawm 2011). The critical reading of the third volume of *Capital* as we hope to advance it could address this problem more effectively and possibly help to significantly reduce its influence or even overcome it. It is one of Marxism's great unsolved riddles why the chance for a theoretical, and not just historical, approach to the structural factors and resulting overall tendencies of development, as provided in the third volume and Marx's manuscripts, was not adequately grasped within the Marxist tradition.

The world-wide movement of 'reading *Capital*' as it unfolded in the 1960s (Hoff 2016) has helped to bring about the theoretical instruments with which to finally address this task. At the same time, the rediscovery of solidarity as a central resource for those beginning to fight against structures and dynamics of domination—not only capitalist—since the 1960s in the West as well as in the East, has once again made it possible to think in terms of effective resistance to the unbridled domination of the leading capitalist forces and powers, which have been reconstituting themselves on a global scale since the beginning of this century.

Thinking beyond resistance, in theoretical or practical terms, in other words anticipating effective forms and dynamics of transition and transformation which would, finally, overcome capital's globally unchallenged domination, is still extremely difficult, if not impossible.

While thinking about the reasons behind this, we seek to highlight a largely lost (or unused) 'Marx-Luxemburg-Gramsci line' that deserves strengthening. This line consists of a living (and, accordingly, contradictory) integration of research and political education, together with political allies and interested citizens, of political activity, of an individual and collective reflection of practical experience, theoretical insights and one's own theoretical, ideological, organisational and political deficits. It concerns the formation of a collective will and building our capacity to act based on democratic and solidarity-based principles and a permanent investigation of reality. For this complex of knowledge, thinking and working with critical caesuras and critical scenarios is a central task, as the broken or marginalised 'line' of fetishisation of social relations and processes could shape admissible public thinking. We remind readers of the role of coming to grips with fetishisation in Marx's work (see chapter "The Social Constitution of Commodity Fetishism, Money Fetishism and Capital Fetishism" by Georgios Daremas), and thereby return to the opening of our contribution with a quotation from Bourdieu emphasising the strong connection between financialisation and fetishisation. It is no coincidence that at least four contributions in our volume deal with it. Ongoing and further research into these processes will be capable of making use of the rich legacy left by Marx and Engels, now particularly accessible in relation to the third volume of *Capital*. The excerpts and notes belong to this complex, and future publications on it are welcome.

Given the role of fetishisation in dealing with *Capital*, Volume III, a further book project in our series dealing with Hilferding's *Finance Capital* would help to re-establish or strengthen this same 'line'. For further work on this issue, we point to Gramsci's idea for a textbook. Such a textbook would have to be the outcome of collective research, using and presenting the ideas of *Capital* as a starting point, while seeking to respond to current challenges in a globalised world of global problems. It would be aimed not least at critically addressing and overcoming fetishisation, and would have to try to organise a new, broad, radical and critical form of communication as a way to bring together emancipatory-solidarity agents in co-operation and political action.

This, then—we are convinced—adequately marks out the theoretico-political horizon in which the contributions of this volume should be read.

Notes

1. 'But in 1883 there was little enough to show for his life's work. He had written some brilliant pamphlets and the torso of an uncompleted major piece, *Das Kapital*, work on which hardly advanced in the last decade of his life. '"What works?" he asked bitterly when a visitor questioned him about his works' (Hobsbawm 2011, p. 3).
2. Who published a useful 'Introduction to the Three Volumes of Karl Marx's *Capital*' (Heinrich 2004), providing essential orientation on the third volume (with a balanced overview and discussion of 'Profit, Average Profit, and the "Law of the Tendency of the Rate of Profit to Fall"' (141–155); 'Interest, Credit, and "Fictitious Capital"' (155–168); 'Crisis' (169–178); and 'The Fetishism of Social Relations in Bourgeois Society' (179–198), the last with an 'Excursus on Anti-Semitism' (185–191).
3. http://mega.bbaw.de/struktur/abteilung_iv.
4. 'For much of their lives both Marx and Engels regarded France rather than their own country as decisive for the revolution. Their attitude to Russia, long the chief target for their attack and contempt, changed as soon as a Russian revolution became possible' (Hobsbawm 2011, p. 74).
5. Both cases are of specific political interest to Marx (see Hobsbawm 2011, pp. 76, 80, 86–87), but also significant for Marx's work on the third volume—for the development of ground-rent relations (especially Ireland), for the development of formal (trade and money capital) and real subordination of labour under capital, and for the development of joint-stock capital.
6. 'Arguing against Kovalevsky's view that three of the four main criteria of Germano-Roman feudalism were to be found in India, which ought therefore to be regarded as feudal, Marx points out that "Kovalevsky forgets among other things serfdom, which is not of substantial impor-

tance in India. (Moreover, as for the *individual role* of feudal lords as *protectors* not only of unfree but of free peasants . . . this is unimportant in India except for the *wakuf* (estates devoted to religious purposes). Nor do we find that "poetry of the soil" so characteristic of Romano-Germanic feudalism (cf. Maurer) in India, any more than in Rome. In India the land is nowhere *noble* in such a way as to be, e.g., inalienable to non-members of the noble class (roturiers). Engels, more interested in the possible combinations of lordship and the substratum of the primitive community, seems less categoric, though he specifically excludes the Orient from feudalism and, as we have seen, makes no attempt to extend his analysis of agrarian feudalism beyond Europe. There is nothing to suggest that Marx and Engels regarded the special combination of agrarian feudalism and the medieval city as anything except peculiar to Europe' (Hobsbawm 2011, 169).

7. http://www.jewishencyclopedia.com/articles/9243-kaufman-illarion-ignatyeviignatyevich.
8. In this paragraph, the rich work of Wikipedia has been used—see https://en.wikipedia.org/.
9. See an overview of his correspondence on political economy, particularly relating to his work on *Capital*, at https://www.marxists.org/archive/marx/letters/subject/capital.htm.
10. Which shows in his particular and sustained interest in the rent problematics in Russia, as well as in possible transitions towards a communist society, such as in his correspondence with Vera Sassulitch (see the useful collection of texts in Shanin 1983).
11. With the 'Lysenko affair', which extended the procedure to the natural sciences, as its most spectacular example. Schores A. Medwedew (1969) and Dominique Lecourt (1977) have critically analysed this episode in Stalinist history.
12. This 'new economics' has sometimes been explicitly assigned a distinctly counter-revolutionary mission, as in Pareto. Speaking more generally about the new social sciences as they were emerging since the middle of the nineteenth century, scholars such as Wolf Lepenies, who explicitly links these new social sciences to counter-revolutionary thinking as developed in response to the French Revolution (Lepenies 2006), never seem to ask what this has meant historically for the processes by which Marxist scholars have been excluded from academia. Nor, of course, enquired into the deformations and limitations this exclusion has provoked in Marxist lines of scientific enquiry as well.

13. On this fascinating and influential figure who, after being one of the few to whom Engels conceded to understanding Marx's *Capital*, wrote a kind of 'Anti-Capital' (Sombart 1928), see Backhaus 1996. On his later reactionary turn which drove him to support German 'National Socialism', see Harris 1942.
14. As in Althusser's heroic attempt to counsel workers on how to read *Capital*, in his didactic contributions to a pocket book edition (see Althusser 1969), he simply restricts himself to the first volume.
15. Most probably, Marx did not totally abandon the idea of a self-verifying circle in the presentation of *Capital*—presenting the surface of the 'trinity formula' as a return to the sphere of circulation from the First Section—but this ceased to be an all-important 'conclusion of the system', as Böhm-Bawerk and his followers were keen to maintain. Instead, it served as a useful test for the overall consistency of Marx's 'system', the truth and relevancy of which had to be brought out in other ways, like convincing explanations of capitalist crises or by identifying specific measures to limit (or overcome) the domination of the capitalist mode of production in modern bourgeois societies.
16. See also: 'Marxismus im Zeitalter der Hoffnungen und Katastrophen – Lenin' (Brangsch 2017, pp. 79–101).
17. We insist on the fact that these were plural and must be studied as such to draw out the lessons contained within. The experience of Soviet Russia must be distinguished from that of the 'people's democracies' established after 1945, the relatively autonomous development of Yugoslavia, the 'autochthonous' successful revolutions in China or Cuba, and the 'failed' revolutions in countries such as Nicaragua and Portugal.
18. Hedeler 2007, 2017, Martins Pereira 1976 and Linhart 1976 are important introductions to this field of problems.
19. See Brangsch 2017 and Brie 2016.
20. Brie 2017.
21. It is thus no surprise that the most acute criticism of 'Marxism-Leninism' came from Thomistic theologians like Bochénski 1950.
22. With Trotskyism and Maoism as its major historical formations.
23. As in Laclau and Mouffe 1985.
24. This constituted a central point of Marx's criticisms levelled against Proudhon (Mäder 2010).
25. Gramsci also remarked that he had to review the materials anew, limited as he was to his own memory in prison.

26. 'Das Kapital. Kritik der politischen Ökonomie', of Julian Borchardt, Berlin, 1919.
27. These six points summarise eight in total.

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Taking Up the Challenge of Living Labour A 'Backwards-Looking Reconstruction' of Recent Italian Debates on Marx's Theory of the Capitalist Mode of Production

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Translated and edited by Frieder Otto Wolf

This article is a strongly shortened, and somewhat edited, translation of Bellofiore's seminal article 'Quelli del lavoro vivo' (Bellofiore 2007, pp. 197–250)—with several 'introductory remarks' from the translator added. Frieder Otto Wolf takes full responsibility for the editing and translation into English, the comments and the short 'Introductory Remarks'. Additional names to those found in the bibliography can be looked up in the commented bibliography published in the Italian original. As this more extensive bibliography is openly accessible online, and can also be understood by non-Italian readers, it has—for reasons of space—not been included in this volume. See http://www.dialetticaefilosofia.it/scheda-filosofia-saggi.asp?id=25.

Title and subtitle are the translator's. [In the following, the notes of the translator are marked by brackets as here.]

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Translator's Introductory Remarks

1. The following long-form essay argues, consistently and insistently, from the point of view of the 'process of capital as a whole', Marx's '*kapitalistischer Gesamtprozess*', the object of theoretical analysis in Volume III of Marx's *Capital*. We therefore chose to use Bellofiore's rich text as an introductory chapter—presenting the problems of Marx's critique of political economy in a perspective that *should have* been that of the third volume, even if Marx had no opportunity to actually present this volume in its fully developed form.
2. As anyone who has paid even minimal attention to the matter will know,[1] Volume III is not quite on the same level of argument and reflection as the first volume, which Marx rewrote several times in order to arrive at two definite versions: the version presented by Engels (now Volume 23 of the Marx Engels Werke), and the one presented by Roy (available in *Marx-Engels-Gesamtausgabe* (MEGA²) II.7, cf. also http://gallica.bnf.fr/ark:/12148/bpt6k1232830.r=Capital,+Karl+Marx.langFR).
3. In the case of Volume III, we do not even possess such definitive versions—we only have Engels's attempts to edit the manuscripts into a coherent and cogent version of Marx's argument[2] and, in MEGA², the entirety of Marx's manuscripts[3] preparing his theory of the 'capitalist mode of production dominating modern bourgeois societies'.[4] By anticipating what the subject matter and the 'object' of Volume III is, of what it *should* contain and explicate, and not by a mere philological fidelity to its actually *existing* shapes and their components, Bellofiore's text exemplifies the necessary level for a meaningful theoretical debate on Marx's *Critique of Political Economy* today. He argues from the anticipated point of view of the analysis and theoretical reconstruction of the comprehensive process of the reproduction and accumulation of capital, and does so by critically addressing current debates not only among Marxists, but also with and among other critical theoretical economists.[5]
4. Of course, Bellofiore does so from a specific perspective—that of a critical Italian economist within the broader Marxian tradition, with

considerable openness to economists from other lines of scientific thinking, like Piero Sraffa. Yet this specific perspective is best understood—and, ultimately, judged—on the basis of what it is capable of bringing to light.

5. Opening this volume with Bellofiore's text from the first decade of this century is also meant to take seriously his contribution to advancing the theoretical debate around the third volume of *Capital* (see Bellofiore 1998a and b, as well as 2001). This is, however, not meant to belittle the other important survey of the debate, edited by M. Campbell and Geert Reuten (Campbell and Reuten 2001), which extends back to the same period, concluding an active theoretical debate reinitiated in the 1960s without full access to the complete *Capital* manuscripts (completely published only in 2012, see the first attempt to gauge the impact of this publication in Bellofiore and Fineschi 2009).

Introduction[6]

This conviction of mine [i.e. that a reading of the history of Italian Marxisms should be given which is different from that underlying Cristina Corradi's book (Corradi 2005)] is based, indeed, on the very distinction between Marxists and Marxians, which I consider to be decisive. This distinction is not chronological, as if in the 1970s everybody was a Marxist, while after that, out of the blue, the Marxians arrived and were welcomed. The truth is that such an authentically Marxian thread has, in fact, existed, and is defined by some crucial aspects. First, by a return to Marx's original *problems*, which had been buried by Marxism: those linked to the *monetary constitution of surplus value* and those referring to the relinking of (new) value to (living) labour. And then, [second,][7] the absence [in Marx] of any separation between the 'economic' sides of these problems and those problems concerning their 'philosophical' and 'sociological' foundations. Finally, the attempt of taking up the enterprise of the critique of political economy again, in a non-dogmatic and unrepetitive way. This thread dates back, however, [and] *has a long history throughout the twentieth century*. In order to bring to light the traces of this development, it will be necessary to read the history of the discussion on Marx in a way very different from the one which has been practised until today.

1.1 I shall first declare, in a programmatic statement, which kind of reading I am interested in: a reading which is not claimed to be of any interest for others, and the method which I shall follow in my reconstruction may likewise be put into doubt. The aim of all this will be to take up the theory of Marx again as a full-fledged *social science* which is critical and unitary—as a *critique of political economy* which at the same time and as such will be *critical economic politics and policy*. Something in the face of which the distinctions—which have become so normal to us that we do not question them any more—between economics, sociology, and philosophy vanish completely or become insignificant. If seen clearly, those distinctions accordingly constitute an obstacle to an authentic knowledge of the very specific, particular object which capitalism is. In this theoretical effort, Marx evidently did not seek to create a watershed between theoretical interpretation and the terrain of practical intervention, almost as if he would have tried to divide 'science' from 'revolution' by dichotomy. This means, in my own case, that I am not interested in talking about Marx, if Marx is reduced to the status of a *classic*, but only if he seems to be effectively useful in understanding the tendencies of *contemporary* capitalism, in order to know how to fight against it, in order to understand how to take up a position on the terrain of politics—especially, with regard to my own profession, on that of the *critique of economic politics*.

On the terrain of methodology, I shall tell you a story of going backwards. This is something which goes counter to the many stories of how a pre-determined design was realised, as are repeatedly proposed in the history of Marxism, as well as for the many variants of it for which the plural of 'Marxisms' has been introduced. The book by Corradi still belongs to those histories of 'design'. In those histories, Marx is first talked about as an *origin*, which is not yet (or at least only partially) *corrupted*—before the vicissitudes of a conceptual process are deployed which form the story of a *loss,* which is finally followed by the story of a *return* to the original Marx, recovering the *fullness and wealth* [of his thinking].

This is the result of a reading [of this history] which I just called into doubt, of the Marx who today becomes 'ever more true'. This further 'story of design' still is—to my mind—a prisoner of that kind of Marxism which abhors any *open* problems: it is still a Marxism which seeks to dwell in the warm abode of (some) Marx without any contamination, without the critical ruptures which have [in actual fact] occurred within the very same Marx to whom this real abstraction has been referring.

I should better confess it immediately: my Marx forever and still is [and will be] the Marx of the theory of abstract labour, of the theory of value and of surplus value, of the theory of money—more precisely, of [the theory of] the *monetary* constitution of capitalist control [*commando*] over *living* labour, and of class struggle, after all, *within the very heart of production*. But I should also confess to the following: the very Marx to whom I turn back and whom I do not belittle in any way is a Marx *full of problems* [*problematico*], a Marx full of unresolved problems who is always busy trying to find new answers [to them]. Therefore, my Marx is a Marx whose labours are permanently going on. And for this very reason it is useful, and even essential, to write his history [as it were] 'backwards', and it will open *totally new* [*inedite*] perspectives. Making use of the metaphor of the spiral, rather than that of the circle, this gives us some responsibility—not only concerning the interpretation we offer, but our positive reconstruction of the critique of political economy as well. Writing history backwards means, in reality, precisely the following: to start from the problems with which *we* are confronted today and from the solutions we intend to try out [*sperimentare*], and to bring about an emergence of those questions with which we can interrogate the authors of the past, in order to muster their help in our own research.

From this point of view, the philological faithfulness to what these authors thought of themselves is less important. The instruments [of research], the categories and the tracks bequeathed by these authors are a thousand times more important, and it lies in our own hands to find ways of making them fruitful [for our own research]. This methodical procedure should not appear in any way alien or strange to us, as it is the same one followed by Marx in his *Theories of Surplus Value*, where he engaged in a confrontation with the classical political economy of Smith and Ricardo—or which has been applied, basically, by such widely diverse authors as Böhm-Bawerk, Schumpeter or Sraffa, in their [references to the] history of the political economy or of the economics which had preceded them.

1.2 For the very reason that the situation stands in these terms, it will not suffice to stay on the terrain of an 'interpretation' of Marx as such, purely and simply [conceived]. [In other words] of the philological verification of what he has 'really said' (even if we are, as should be clearly stated, very far from undervaluing the decisive contributions to this level of research which have taken place in the past years; and even if the very validity of a [practice of] reading backwards consists of making visible those layers of an author's thinking which had escaped the preceding readings, and therefore raises evidence that may and should then be confirmed by further philological research). We need the courage to attempt a 'reconstruction' of Marx: [i.e.] a reconstruction which must open up to other contributions, coming from outside Marxism. Reading Marx anew—we could even say 'writing him anew' [*riscrivere*]—today therefore signifies criticising the economics, the sociology, and the philosophy *of our own times*, and in no way restricting ourselves to the criticism of the economics of his time as Marx has furnished us, as if no social science existed after him.

For these reasons, the history I present in the following will not only give a very *selective* story, concentrating on a small number of authors and following a path which is, like many others, a personal one but will tell you a story which is very far from occurring 'by necessity'. In this way, to give only one [striking] example, and in contrast to Cristina Corradi but also to many other writers she loves to quote, I am not convinced that the final results of an [author like] Colletti or an [author like] Napoleoni constitute [as it were] the truth about Colletti as a whole or about Napoleoni as a whole, as they are presented. And I could prove the same to be true of all the authors I make use of to present 'another' [different] history. In some respects, this will be a *surprising* story—as the path I shall present aims at bringing to fruition once again several pathways which had been cancelled out, identifying crossroads of which there is almost no memory anymore, pointing out paths which have not been taken, but may be worth attempting to run through: peepholes into the existence of a Marxian thread which we may, provisionally and synthetically, define as '*quelli del lavoro vivo*' [those of living labour].

From della Volpe to Colletti

2.1 As announced, I will concentrate on only a few moments of the Italian theoretical development [*vicenda*] and [I shall apply] the most synthetical procedure possible, while following a sequence which only partly respects the existing linear chronology. First, there will be Galvano della Volpe. I think it is difficult to deny that 'dellavolpism'—all the limitations of 'scientism' one may attribute to it notwithstanding—had a liberating effect in the immediate situation after World War II. Marx has been considered, firstly, as a *scientist*, an empirical scientist—a 'sociologist' and a 'political economist'. But a scientist of one specific, particular and determined object: of capitalism. Against the renewal of historicism [*neostoricismo*] and the feeble attempts to take up Gramsci, this reading [of Marx] breaks, before everything else, with all philosophies of history, with all idealisms and humanisms, as they are cheaply on offer. It is certainly underpinned by a reductionist reading of Marx's relation to Hegel—but we shall return to this further on. Secondly, also (or maybe properly) due to its scientism, dellavolpism has been open to understanding Italy no longer as a backward society, but as a fully developed [kind of] capitalism.

We cannot understand the dellavolpism of the 1950s and 1960s without situating it in the *very same* cultural climate as *operaismo*—that of *Panzieri*, of the journals discussing neocapitalism, and can also add to this picture the [ongoing] debates on the tendencies of Italian or European capitalism, as well as, above all, the group of people which came to constitute *Il manifesto*. Groups going against the traditional reading of (then) contemporary capitalism as a monopoly capitalism, substantially parasitic and destined to stagnation, of which Italy was supposedly an exemplary case. Dellavolpism, alongside operaism or the heresy of Ingrao, exactly start from the opposed hypothesis: Marx is useful [for them] precisely because we are confronted with a capitalism which is everything except in a phase of backwardness and stagnation—it is an advanced capitalism in which the conflict between labour and capital takes a central role.

The philosophical background against which all of this takes place is no less significant and positive: the insistence on a rupture by the young Marx, breaking away from Hegel, which carries della Volpe to the point of rejecting the dialectics of matter and reducing dialectics to the limits of reason (as a unity or co-presence of contraries), and insisting on the Marxian criticism of any real hypostatisation (of the inversion of subject and predicate, with the corresponding 'substantialisation' of the abstract) which, rather evidently following the young Marx, were identified as pertaining to the philosophy of Hegel. Certainly, della Volpe carried within himself a quite *ingenuous* image of Marx as a theoretician of alienation, of a Marx as an integral humanist. Furthermore, he does not see that in the 'fully developed' Marx, in the Marx of the *Grundrisse* and *Capital*, dialectics plays a much more substantial role: it is real dialectics, *taking place outside of thought*. Nor does he see how, for Marx, the inversion of subject and predicate and real hypostatisation not only structured Hegel's *Logic*, but also the [specifically] *determined* logic of that very *specific* object which is *capital*. In my discourse [on these matters] it counts for little whether the Hegel referred to is the actual historical Hegel—an entire recent body of literature calls this into question with very strong arguments which I cannot discuss here. What is important, is the [very] Hegel who is the Hegel *of Marx*: of the Marx who discovers that the Hegel of the real hypostatisation is the Hegel without whom it is impossible to understand this world that is 'walking upon its head', that 'mystical' world which is the world of the commodity and of capital.[8]

2.2 Within this backwards [-looking] history, it seems possible to reread Colletti, who is scolded so much today, as a happy overcoming of these limitations of dellavolpism. He constitutes, if you will, the 'internal truth' of dellavolpism. As it is quite clear, I am not speaking here of Colletti's last phase, the one following the year 1976 during which he lives on only [as] a shadow of his former greatness. I do not talk either about the certainly important Colletti who has remained within the beehive of the development of dellavolpism until the mid-1960s. I talk about a Colletti who stretches from the '*Introduzione*' to Bernstein, from the year 1967 to the 'Introduction' to the 'Early Writings' [of Marx] which appeared in English in 1975 (and of which I do not know the date of completion). [Thus, I am speaking] of a Colletti who includes as much his [writing of] *Il marxismo e Hegel* from 1969, as the scarcely understood *Politico-Philosophical Interview* of 1974. This was the Colletti who in these very years was warmly received by Alfred Schmidt, who recommended his students [to] read him, alongside Reichelt and Backhaus. I have to confess the whole truth here, however—that the most interesting Colletti is the one who—in spite of himself and even with horror at a certain point—discovers the constitutive role *contradiction* plays in Marx as a *critic of political economy*. And it is precisely *this* Marx—the Marx who not only peacefully continues the classics—whom Colletti will claim [to present] for some years, making him his own banner. Without this Marx of contradiction, it is impossible to build a *science of capital*, a science which is [wholly] *inseparable* from revolution.

At the centre of this Colletti, there is a new reading of the theory of value which sees—for the first time after a very long time, after too much time—abstract labour as the result of a process of *real* abstraction. This question has then been taken up as such—as a question which doubtlessly would not have emerged without the seminal and innovative writings of this Roman philosopher. How [then] has Colletti interpreted this 'real abstraction'? Abstract labour, for him, is the ex-post socialisation of private labour, in [the processes of] *exchange*, [i.e.] of a labour which is *not immediately social*. This refers to the *final* market of products [bought by consumers], while 'exchange' means here the exchange *of commodities* which is intrinsically *monetary*—points Colletti flies over, but which have proven essential for understanding the full meaning of my story.

It is true that this reading of abstract labour contains an ambiguity within itself, or at least a seeming ambiguity: the abstract character of labour seems to be entirely located within the connections of mere *circulation*. Value, as well abstract labour [itself], seem to be categories constituting themselves [as such] within in the sphere of the exchange of commodities. Even worse: we are dealing here with a mercantile circulation which is *not yet capitalist*. The entire argument refers, indeed, to that analysis of the commodity with which *Capital* opens, [or] to that Marx who at least at the beginning of his major work seems to 'found' the identity [existing] between value and labour on [the sphere of] still 'simple' circulation. Either way, it is interesting to note here that Colletti, by going down this road—which carries our author to the contestation of the vision of abstract labour as a merely *mental* generalisation, typical of the best examples of Anglo-Saxon Marxism, like Dobb or Sweezy—has willingly ended up in meeting Hegel, [i.e.] arriving at dialectics and contradiction.

2.3 In the year of 1969, in the last chapter of his *Il marxismo e Hegel* [Marxism and Hegel], Colletti ends the [entire] book by formulating an affirmation which implies more than a little commitment: it is not only impossible to understand Marx without reading Hegel's *Logic*, but Hegel's logic is [indeed] the [very] logic of *Capital*—of *Capital* as a book, [as well as] of capital as a *social reality*. Certainly, Colletti has [only] a *poor* idea of the dialectical contradiction, as A and non-A. A telling example in this respect refers to the key category of 'labour': as is a bit typical of Italian and non-Italian Marxism, this term is applied indiscriminately to signify rather different realities which were, quite to the contrary, always clearly distinguished in Marx. We have, indeed, to distinguish here [1] between labour as labour power or 'capacity to work', [2] labour in its proper sense, that is *living* labour, as the process of expenditure [*erogazione*] in action, [as] 'fluid' [labour], [3] *objectified* labour, or the commodity as a 'gelatine' [*Gallerte* in German] of abstract labour, [i.e.] immediately private and only intermediately social labour, which therefore already is, as such, 'ideal' money having to realise itself on the (final) market, and, [4] finally, that (*unique*) kind of labour which is *immediately* social, which is the *concrete* labour producing money *as a commodity*, such as gold, which functions as the measure of value. We could add to this list, finally, [5] *immediately socialised* labour, [i.e.] labour that is social *ex-ante*, as is typical for those forms of labour where individual labour *as such* is executed *in common*: where labour is social in the very act of its expenditure.

Colletti often exemplifies the presence of a logic of contradiction in Marx by referring to the [very] fact that labour is [determined] by the latter, at the same time, as being [just] a *part* of capital (insofar as it is acquired by variable capital), and by being the *whole* of capital (insofar [as labour is] the origin of surplus value, and therefore of capital as it is accumulating). However, it is quite clear that labour signifies two effectively *different* things here, and that we are not facing a logical contradiction in its proper sense. In the first case, the labour we are talking about is 'labour power'. In the second case, it is abstract labour [as it is] 'objectified'. Only when we put [this problem] in these terms, do things begin to appear in a different light: because behind the first and the second sense of labour there lies, evidently, the 'living labour' of the salaried worker. Objectified abstract labour is, indeed, the now 'dead' *sedimentation* of labour in action, expended according to the 'socially necessary [quantity of] labour time'. Labour in action is [therefore] labour in its moment of 'becoming', [and] therefore the activity extracted from a determinate social subject, the 'worker' (or better, to improve the rendering of the German word [*Arbeiter*, FOW], the 'labourer') who is the *bearer* of that labour power.

Behind the dialectical pseudo-contradiction, a strong social contradiction emerges. That contradiction according to which the unavoidable capitalist push towards an ever more marked reduction of labour as variable capital risks undermining the very basis of the exploitation of labour, of [the production of] surplus labour and of surplus value, within the capitalist labour process. The dialectical pseudo-contradiction *can* [therefore] translate into an acute and real contradiction, precisely because labour power and living labour are, internally and inseparably, linked to the determinate social figure of the wage labourers. In this way, objective as well as subjective conditions are created for the *crisis* of capital accumulation. The contradiction to which is thus alluded in a still confused way is [therefore] that between capital and the working class in their *macrosocial* relation as classes. But the path towards truly putting [this question] in these terms is [still] long.

Claudio Napoleoni in the Early 1970s

3.1 Continuing on this same road, Claudio Napoleoni emerges as a central figure from the early 1970s on. In my story—while Colletti may be read as the 'overcoming' or the 'internal truth' of della Volpe—Napoleoni presents himself as the 'overcoming' or the 'internal truth' of that Colletti [who concentrated on] abstract labour. And, I repeat here, it is not the entire Napoleoni. Above all, it is the Napoleoni between 1971 and 1974: that is, the Napoleoni who breaks with the journal *Rivista trimestrale* and begins a research project which will remain unfinished. [Or] that Napoleoni who is determined to recuperate Marxian theory as a whole, and more particularly, the Marxian labour theory of value, in the synergy between its philosophical and economic aspects determining its underlying structure. Valuable hints [*spunti*], however, appear in the wide breadth of reflections to be found between the '*Introduzione*' to Paul Sweezy's *Theory of Capitalist Development*, written in 1970, and [the book] *Il Valore* ['*Value*'] in 1976. In the first case, we find a Napoleoni still proposing a neo-Ricardian reading of Marx, in the second, a Napoleoni who follows Colletti in admitting a (supposedly) irremediable rupture between Marx, the philosopher, and Marx, the economist. Even if, from *Valore* onwards [Napoleoni] has stated that the Marx who serves to truly understand capitalism was, paradoxically, the utopian and not the scientist.

In order to understand Napoleoni's role in the first years of the 1970s within the vicissitudes [of the story] which I am telling, we must also, if not before anything else, refer to 'oral' tradition. I particularly refer here to the lectures given at the University of Torino. In those years, Napoleoni continuously reread Marx's entire oeuvre as an economist in his courses on The History of Economic Doctrines, and charted an interesting path in so doing—from the unpublished chapter of *Capital* (1970–1971), via *Capital* (1971–1972), to the *Theories of Surplus Value* (1972–1973), and even to the *Grundrisse* (1973–1974). In the meantime, in his courses on Economic and Financial Policy, Napoleoni closely examined—from head to tail, as it were—Keynesianism as well as the Sraffa school, but also *Monopoly Capital* by Baran and Sweezy and, above all, Marxian crisis theory. This is a Napoleoni who only partially, and with significant limitations, filters through in his publications. Moreover, this oral tradition—as conserved and documented in the *Fondo Napoleoni*—can make the reading which I shall propose here plausible, also in this retrospective case in the following paragraph.

3.2 Let us now consider Napoleoni's contribution. It consists, in my view, on the whole, of two theses which brought a definitive advancement with regard to Colletti. Napoleoni makes it clear that abstract labour, in the beginning of *Capital*, is what Colletti was really talking about. It expresses, therefore, the situation in which the labours of individuals are not immediately social labours, but are immediately 'private' and 'independent' labours, only intermediately social. Considered from this point of view, the abstract character of labour *corresponds* exactly to the abstract character of the *commodity*, insofar it is *destined to become money*, [i.e.] wealth *in general*. In Marx, however, abstract labour is still something else—in the *Grundrisse*, it is defined as the labour of the *waged worker*. From this second point of view, the abstract character of labour constitutes the other face of the abstract character of *capital*: labour is abstract, insofar as it is wage labour. Napoleoni insists on the question as to whether a contradiction exists between these two determinations of abstract labour, and his answer is: no, there is also *identity*. Commodity exchange is generalised and becomes truly *universal*, to the point of becoming capable of constituting a society, *only* with capitalism, when the capability to work as such is exchanged as a commodity, as the labour power possessed by the worker (or, rather, which possesses him), and is alienated to the capitalist for a determined time.

This leads to the conclusion that abstract labour and value are the very same thing, at one point considered as a *process* and at the other as a *result*. Abstract labour is the activity under those capitalist conditions which alone render possible a general (and monetary) exchange of commodities. Value [then] is the *outcome* [*esito*] of this activity as such: insofar as it is a case of 'general' wealth, value is *nothing else but money*. The production of commodities is production of money and plus-money [*plusdenaro*]: abstract labour is, formulated synthetically, the labour which produces money as capital. Because this takes place within the immediate production [of commodities] destined to be sold, labour power must first be purchased on the labour market in exchange for a monetary salary, according to the 'formula of capital'.

It is self-evident that Napoleoni can be rather easily reread in the *opposite sense*, or exactly backwards, as was done only a few years later by several of his disciples (myself among them). It is possible to see something more in the reference to wage labour than what was explicitly said by the economist from the Abruzzo region—[i.e.] a strong emphasis laid on the dimension of wage labour [being] 'in movement'. *Living* labour itself is revealed to be the [very] lynchpin of the Marxian construction at this point, as the pulsating and active centre of the Marxian totality, analytically reconstructed within the *monetary sequence* which is [constitutive of] the 'cycle of monetary capital'. However this may be, it has been an immediate consequence in the Napoleoni of the early 1970s to make vanish the supposed ambiguity in Colletti's definition of abstract labour as a real abstraction. The private and independent labours of which Marx writes in the beginning of *Capital* and on which Colletti effectively builds his argument are then inescapably redefined on the scale of the general exchange of commodities, which is inescapably *always already capitalist*. According to Napoleoni, those 'private' and 'independent' labours are nothing else than the *capitalist firms* [*emprese*] in their 'struggle of competition' among themselves. They are the labour of *a collective labourer*, as organised by *one* capital, who, in [the process of] *competition,* is suddenly seen as *distinguished from* and *opposed to* all the others.

This type of competition is something we cannot afford to leave out of our consideration, even in our analysis of the very essence of capitalism, as it is the implicit result of the foundational category of abstract labour itself. Again, this is not a deduction which Napoleoni proposes with exceeding clarity, nor can it be very easily derived from his position, as it has again been done by those disciples of his who were, indeed, lacking in discipline. We do not have to do here, as should be clear, with the typical [kind of] competition as conceived by classical or by neoclassical economists, of which economic theory has always been full, to which Ricardo as well as Walras referred to in their specific ways. Accordingly, competition does not render all firms equal: competition through which, within the same branch of production, the average commodity is produced under the same technical conditions, and an identical rate of 'average' profit is obtained throughout the [different] sectors—so-called *static* competition. Concerning this point, Marx had already defended the *dynamic* type of competition Schumpeter would later speak about. It concerns the inter-capitalist conflict between the 'many capitals': the battle of the various firms begins from an innovation which—contrary to the thesis of the Austrian economist—does not derive from the 'heroic' spirit of the *entrepreneur*, but from two different impulses, both endogenous to the capitalist process. On the one hand, the pulling motor is [constituted by] the requirement, [as it is] intrinsic to *capital as a whole*, to control and to command labour, in order to be able to guarantee the [very] extraction of labour as it is always again obtained, period after period, by this *incessant structural transformation*, which is continuously changing the technical as well as the organisational conditions of the labour process. On the other hand, and at the same time, we must account for the tendency of the *individual* firms to differentiate one from the other in the methods of production followed with the same branch of production—this gives rise to an excess or deficit of surplus-value compared to the average of the industry in question. Taken together, this constitutes a powerful centrifugal force which, as it were, fans the rate of profit between the sectors, while at the same time contributing to defining the methods of production from which, then, 'production prices' are derived. This is a kind of competition which the tradition deriving from Sraffa has mostly cancelled out, [thereby] reducing Marx to Ricardo—and with regard to which Napoleoni has limited himself to a [mere] intuition of it.

3.3 Before we proceed, it would be wise to dwell one more moment on this author, and take a small step backwards. It has been said that Colletti identified abstract labour with 'alienated' labour. Due to this alienation, abstract labour as an ex-post socialisation of private and individual labours properly constitutes one of those real hypostases, as they are typical of the philosophy of Hegel, against which della Volpe inveighed. The producing subject is reduced to a mere appendix of the product as such, insofar as it is a commodity, i.e. of the 'thing', presenting an occasion for '*reification*' in its true and proper sense. This line of argument provides access to the idea that alienation concerns a subject which is *too* generally human—a kind of humanism, which, in the later Napoleoni, as it were, slips into spiritualism. The root of this slippage can be found in his reading of the works of the mature Marx through the filter of the *Economic-Philosophical Manuscripts* of 1848.

Here, again, the contribution of the Napoleoni of the early 1970s is [quite] illuminating: abstraction and alienation on the *final* market for commodities have a history of a constitutive process behind them. Forcing this argument just a little bit, we could say that what occurs on the *labour market* and what takes place within the capitalist labour process is what really counts. On the labour market, the [labouring] workers in flesh and blood are a mere appendix of the commodity they are selling, namely their labour power—although in this case, the seller is inseparable from the commodity which he alienates. Within this same process of immediate production, for capital, workers are merely the providers of 'living' labour, they *are* this labour which is abstract and concrete at the same time, producing (surplus) value and (surplus) money in the same moment they are producing use value. But this labour remains, inevitably, an activity *of theirs*, insofar it is assigned to them as their property, beyond its quantity, due to the form of valorisation. Only through workers is it possible to provide the 'fluid' out of which that 'gelatine' of value is then crystallised.

Reading backwards in this way, reading Colletti through Napoleoni and Marx through Colletti and Napoleoni, it becomes impossible to avoid the issue of [their] relation to Hegel—and this much beyond what della Volpe has been capable of thinking: as much in terms of continuity as in terms of rupture.

In terms of continuity. Because *Capital* [capitalised in the original] really is the subject which pretends—analogously to the Absolute Idea of Hegel—to be able to pose integrally its own pre-suppositions, to be able to valorise itself, to 'breed' value out of value, as it were, 'automatically'. *In terms of rupture*. Because this attempt, taken literally, is necessarily bound to fail.[9] Behind the *circularity* of capital, there is—as Napoleoni made clear—a more fundamental path to be traversed, which is *linear*: from (living) labour to the (newly created) value, to the accumulation [of capital]. Capital must leave the dimension germane to dead labour and incorporate, in a process to be continuously repeated, that *other* of itself which is 'living' labour, and therefore, also, the workers. [This is] another process, in relation to dead labour, which must be internalised, *subsumed*, without the possibility of *ever* achieving it once and for all.[10]

In terms of continuity, still: because the 'real hypostasis'—the inversion of subject and predicate according to Hegel—truly structures the reality of the society of commodities in a profound way. And, again, *[in terms of] rupture*. Because, as it is the society of commodities, a society which suddenly is capitalist and monetary, this inversion finds its most complete expression in the relation between the labour force and the worker, and therefore between living labour and the worker. This is a scandal, albeit one which also constitutes the site of that social antagonism located at the centre of the spiral of capitalist accumulation—which amounts to the same as reaffirming the impossibility of closing, in the manner of idealism, the totality of capital, and to arguing that this finds a 'materialist' base: here, quite evidently, 'materialism' must be understood in the Marxian sense, which refers us back to the *social relations of production* and to the *primacy of practice.*[11]

This way of thinking [about these developments] certainly institutes a continuity between the young and mature Marx. However, quite to the contrary of what we have grown accustomed to thinking, we have here a continuity which again must be read backwards, with emphasis on the 'slipping' of meaning the key categories undergo [on the way] from the first to the second. The concerns [*temi*] of [Marx's] youth, such as the critique of the real hypostases, on which della Volpe and Colletti insisted so sharply, are then reshaped in light of the *critique of political economy* as it develops in the *Grundrisse* and *Capital*. Opposing the second critique to the first one reveals a deep lack of understanding of the Marxian theoretical project.[12]

Recuperating a 'Marxian' Thread: Rubin, Grossmann, and Luxemburg

4.1 For everyone who, like myself, bears the '*stamp*' of the encounter with Napoleoni deeply [in his theoretical identity], a point of difference from many interpretations of Marx as are currently [accepted and have been so] for at least thirty years now, acquires fundamental importance—I refer here to those readings of Marx according to which valorisation is a phenomenon pertaining exclusively to production.[13] And indeed, since the end of the 1970s it has become rather common to accuse Colletti, as well as Napoleoni, of 'circulationism'—whereas today, rather paradoxically, some of those authors who seek to remain true or faithful in relation to Marx will take over as their own the opposite accusation: that [Colletti and Napoleoni] have stuck to the idea of an incorporated labour which is wholly determined within [the sphere of] 'production', and thereby have relapsed into Ricardianism.

These matters are more complicated. Concerning the relation between capital and labour, Marx does not talk very much about the relation[14] of production,[15] but rather refers to the *social* relation of production. We begin to understand the importance of this more fully, once we come to ask where this relation is defined. As Napoleoni sees quite clearly, the relation between capital and labour constitutes itself in two places which are intimately linked [to each other], as preliminaries to the final exchange on the commodity market: on the market for labour at the very beginning, or better *in the buying and selling of the force of labour*, and after that, as a consequence, within the *labour process* as a *capitalist* process. However, the labours [carried out] in the immediate process of valorisation are not immediately social, so that, considering everything, it is by the mediation of the market of commodities [again] that valorisation is realised in a 'final' way. Once we have reached this phase of the capitalist circuit, however, the [underlying] relation between capital and labour has already been hidden by the competition between capitalist firms.

If these matters stand in these terms, [it is quite clear that] the categories of abstract labour, of value, and of valorisation cannot be restricted [as it were] to what is limited by [the category of] immediate production, as does the kind of Marxism which I criticise.[16] On the other hand, it would be equally unilateral to see value as created *entirely* [*integralmente*] within [the sphere of] circulation, and to consider the abstraction of labour as something which takes place *totally and exclusively* in the final exchange of commodities—a position which has spread quite rapidly in the international debate since the 1970s, particularly around the line [of debate on] so-called 'value form'. The point here is that *living* labour—the 'fountainhead' of value produced in a [determinate] period—[i.e.] the 'fluid' that swells forth from the use made of this labour power and, therefore, in the proper sense of the term, from the exploitation of the capability to work—is placed within the immediate process of production, in the middle between two [distinct] acts of circulation. The first takes place at the very beginning of the capitalist circuit, when capital buys labour power. Circulation here is in the proper sense [of the term] fundamental—at least for everyone interested in theoretically defining the class relation between capital *in its totality* and the 'working' *class* [as such]. The second stands at the very end of the capitalist circuit, that which relates to the monetary exchange on the market of commodities. Here, the protagonists [of the exchange] are the firms which produce for [supposed] demand in order to make a profit—and we know now that this exchange obscures even the traces of the processes which have generated it.[17]

4.2 From my perspective, it is rapidly becoming clear that Napoleoni untied some knots of the Marxian theory of value in a far too dismissive way: he almost cancelled—as it were, by mere stipulation—the processual dynamics of the relation between production and (the double kind of) circulation in Marx. This has been, all things considered, [the very element] which allowed the adjective of 'living' to pop up when he traced abstract labour back to the work of the salaried workers, as well as his indulgence in the confusion [between labour and labour power] which I noted as typical of Italian Marxism in its referring back from value to labour. All of this is clarified by reading Isaak I. Rubin's book on Marxist theory, which appeared in Italian translation in 1976, and prior to that in English translation in 1973 (on the basis of the Russian original of the third edition, published in 1928). The debate provoked by the book has not yet been translated. This came too late to have an impact on the debate.[18]

In Rubin, it becomes clear why the [thesis of] the identity between the activity and its result, as it structures Napoleoni's discourse on abstract labour and value, is, to say the least, rushing the issue. The abstraction of labour, Rubin defends convincingly, constitutes itself only in the 'exchange'—even if Rubin is far less clear than Napoleoni on the implications of the fact that general[ised] exchange of commodities is, as such, already *capitalist* exchange. For Rubin, this is the decisive point: as capitalism is the society of generalised exchange, everything which is true for abstract labour as it is derived from exchange as such is also true for capitalism. For Napoleoni, the fact that generalised exchange is capitalist exchange opens the possibility of understanding that abstract labour is also derived from capital—and that it is nothing else than the (living) labour of the wage workers.

What should we understand as '*exchange*' [here]? According to Rubin, two things [answer this question]: most certainly the *final* metamorphosis of the commodities into money, where the abstraction of labour is *actualised*. 'Exchange', however, is also understood as referring to the totality of the capitalist process in its imbrication of immediate production *and* final circulation. And if this is in fact the case, the Russian economist adds, the abstraction of labour is already *going on* within the immediate process of valorisation, where value is [still] *latent* and abstract labour is in [a state of] *potentiality*. The 'form' of society already marks its 'content', even its material one within production and within human activity, according to a kind of 'retro-action'—therefore, by its being destined for the final exchange, as an essentially monetary exchange.[19]

Rubin made a second major contribution, the relevance of which will only become clear much later in our story. The salient point concerns the inveterate question of the 'transformation of exchange values into prices of production': the Russian economist has a clear idea that this transformation is brought about in Marx along a sequence of steps, which he defines as the 'method of comparison'. In this point, Rubin explicitly takes up Benedetto Croce, but also criticises him.[20] In Marx, there is patently a kind of 'counter-factual' reasoning which functions as the basis for the *logical* priority of 'values'[21] in relation to the 'prices of production'.[22]

According to Rubin, [and] against Croce, the world of value expresses a social situation defined by the general[ised] exchange of commodities, and not a kind of 'natural' state. For Rubin, however, as well as for Croce, comparison can be analytically defined on the basis of a *given* configuration of productive forces, which is equivalent to imagining that the social working day is *invariable*. Initially, it is pre-supposed that the new value produced goes entirely into [the paying of] wages. Gradually, a reduction in [the part of] wages occurs, which allows profit to develop. Marx's argument, accordingly, proceeds *in stages*. According to Rubin, in a first moment abstraction is made from the competition between capitals—a competition which, evidently, is understood here in the classical Ricardian sense of 'static' competition. In this way, the analysis of the origin of surplus value as a form of surplus labour in the proper sense of 'values', as Marx developed it, is justified,. The determination of prices of production would, then, take place in a *second moment*, when the tendency towards the equality of the rates of profit between the different branches of production is introduced into the theoretical framework.

It is quite clear, now—at least for everyone with Napoleoni's lectures in mind—that Rubin suffers from a grave limitation, which spoils his analysis of the relation between production and circulation: His 'world of value' *is not* immediately capitalist, because the universal exchange of commodities is not [considered to be] capitalist as such. If we follow Napoleoni's reasoning, the priority of the commodity in relation to capital in Marx's exposition has its reasons in the logical structure of the argument contained in *Capital*. It is derived from the impossibility of analysing the relation of capital—which has its roots in the buying and selling of labour power as a commodity—without first introducing the category of the 'commodity' in a precise manner. This has nothing to do with any possibility of separating a situation of general[ised] exchange from its determination by capitalism, as it will be revealed in the course of Marx's further exposition.[23]

4.3 Recovering access to Rubin's contribution has been accompanied, at least for the author of this essay, through the rediscovery of at least two authors belonging to this Marxian thread, who have been submerged and cancelled out—or read in quite a reductive manner—by the various Marxisms which followed them. I refer here to Henryk Grossmann and to Rosa Luxemburg.

The first can be dealt with fairly quickly: I certainly do not refer here to the Grossmann of the tendency of the rate of profit to fall, or of his methodological essays, but to that of *Marx, Classical Political Economy and the Problem of Dynamics*.[24] In our story, Grossmann was the figure who—with great intelligence—clarified that there is not only one [type of] competition, but rather *two types* in Marx. There is not only the competition of firms in order to be equal [to each other], [i.e., the] classical or neo-classical [type] which I have called static; there is also the dynamic, 'Schumpeterian' [type of] competition of firms fighting with each other in order to obtain extra surplus value (and therefore extra profit). A competition which cannot be avoided. In order to survive within the world of capital, it is necessary, above all, to practise aggression towards one's competitor.

Rosa Luxemburg is significant for more than one reason.[25] Firstly, like Rubin, but perhaps even more [so], Luxemburg insists that it is impossible within Marxian theory to separate abstract labour on one side and money as a commodity on the other. Abstract labour, as we would say today, *exposes* itself by necessity in the *concrete* labour which produces *gold as money*. In this function of the *measure of value*, it will be impossible to *ever* totally eliminate the 'metallist' aspect from Marx's theory—it suffices to think of the return of 'hard cash', and therefore of gold, as occurs in every general crisis on the world market. It is also and above all for this reason, as the Polish revolutionary has written, that [the value] of Marx is a 'real' abstraction from labour.

Secondly, this attention to money and therefore also to the strictly monetary aspects [of the capitalist process] is one of the two legs upon which the vision underlying the *Accumulation of Capital* walks, as it were. This is something her detractors, even if they were correct in various minor details, were simply unable to understand. This is now eminently clear, as the problem posed by Luxemburg yet lives, while the scholasticism of her critics has come to nothing. As is evident in her *Anti-Critique*, the question raised by Rosa Luxemburg is seen through the filter of a reading of the reproduction schemes as both *macrosocial* and *monetary* at once. The question posed here is—before asking 'where does the demand come from which realises surplus value in monetary terms?', or 'where does the money come from which allows such a realisation?', or both questions together, in a confused way—above all the following: 'how does money *enter* the capitalist monetary circuit?', and, therefore: 'how is this money *recuperated*?'

For Luxemburg, it is [quite] clear that an evident separation exists between the classes with regard to their access to money: in a 'pure' capitalist economy, which is closed and which exists without a state, money enters only via the channel of that very same capitalist class, whereas the working class obtains it exclusively insofar as the workers are employed and receive an amount [of money in the form of] wages. For this very reason, the acquisition of the elements of constant capital—be it via the reconstitution of the quantity spent [in production] or be it for enlarged reproduction—is [simply] a *family affair*, circulation internal to the class. The anticipation of variable capital instead requires that money moves out of the pockets of the capitalists to the advantage of the wage labourers—in this case, this can just as much be realised by the quota which maintains the same level of occupation on the condition of wage parity, or the quota by which the level of occupation is increased. On the basis of the hypothesis, adopted by Luxemburg as well as by Marx, that the wages are spent entirely in the acquisition of consumer goods, it is clear that recuperating the advanced sums poses no problem whatsoever for the capitalist class. This class obtains *all* variable capital back, while leaving to the workers only that part of the goods produced in a given period constituted by goods to be acquired through wages as elements of sustenance.

In Luxemburg's schemes, no distinction is made between 'monetary' capital (banks) and 'industrial' capital (firms); money is always and commonly introduced by the capitalists *as a class*, including in the case of *enlarged* reproduction. It is unclear where the *totality* of the firms may obtain a surplus of money—at least if one adheres to the hypothesis of a completely capitalist world. Things change [however] with the presence of something 'external', which is not capitalist. In that case, an influx of *new* liquidity becomes possible, which realises the surplus value *in money* on the basis of net exportation (i.e. in excess of imports) towards the non-capitalist area. This was evidently Luxemburg's thesis, which she prolonged in her theory of imperialism. The same result is obtained, Kalecki will later say, on the basis of that [kind of] 'internal' exportation constituted by public deficit spending, if financed by the central bank. This is perhaps the first way of reading the Marxian 'cycle of monetary capital' in terms comparable to what we are today accustomed to calling the 'theory of the money circuit'.

Thirdly, and lastly, it will be important and original to recuperate the Marxian notion of *relative* wages, as it can be read in Marx's 1857 *Introduction* [to the *Critique of Political Economy*]. Let us follow the reasoning of our Polish revolutionary, for whom the *differentia specifica* between capitalism and feudalism is the following: in feudalism, how much is due to the ruling class, which will make use of it primarily in the form of luxury consumption, is determined before production—this is defined as the labour time to be spent or in terms of the produce to be ceded, i.e. in real terms. Should the feudal serf work some more, with the largely stagnant technologies typical of all pre-capitalist forms [of society], his real income could rise, along with his rate of participation in the product produced in a given period. In capitalism, all this is different. The *real* wage is determined in advance, corresponding to [the amount of] necessary labour, understood as the quantity of labour required for producing the goods of sustenance.

As labour power is sold *before* the production process unfolds, and as the capability to work is 'attacked' in the workers and 'exploited' within the immediate process of valorisation,[26] the living labour which is extracted must be considered *indeterminate* [as such] in the moment it is bought and sold on the labour market—its effective determination only takes shape in the conflict and co-operation which effectively occurs in the sites of work as a 'contested territory'. According to this way of considering these things, the very entity of surplus value as well as the time of surplus labour standing behind it are essentially *variable*. They depend on the struggle around the [extension of the] working day and the intensity of work, as well as on [the ways and rhythms of] technological and organisational change—[i.e.] on the form in which human activity subsumed under capital is 'put to work'.

The conclusion [of all this] is quite clear: relative wage, the *rate* of the newly created value flowing to the workers, will *necessarily tend to fall*, even if real wages increase. It does not take much to understand that the 'crisis of realisation' central to *The Accumulation of Capital* derives from this [element of Luxemburg's diagnosis] as well, according to a logic untainted by 'underconsumptionism' and which, on the contrary, derives directly, in a linear manner, from the endogenous push of capitalist accumulation, first of all from the extraction of relative surplus value. A fall of the relative wage, which is only the other face [of the coin], is equivalent to a fall of the rate of wages and of the consumption of the workers [in the totality of expenditure], and imposes the need for an increase in capitalist investment in order to avoid insufficiently effective demand. Luxemburg does not say so, but it is quite easy to introduce another element to her argument: the increase of investment necessary to maintain conditions of equilibrium of enlarged reproduction increasingly becomes [with each further step] more difficult [to maintain]. In fact, we will have to counterpose the continuous modification of the conditions of an equilibrium of enlarged reproduction to the fall of the relative wage. It is unavoidable that, sooner or later, 'disproportions' will emerge co-involving important sectors of the economy, the generalisation of which will then lead to insolvencies and dismissals, to financial crisis, and [finally] to an excess of *global* demand over the supply of commodities.[27]

From here, it is only a short step to carry out one further operation, which would assemble all the scattered pieces of the various theories of crisis found in Marx's work[28] and make them turn around the pivot constituted by living labour. In Marx, the *tendency of the rate of profit to fall* is defended on the basis of arguments which, to me, seem hardly acceptable. It is, however, [quite] clear that whenever this has in fact been verified, as it was during the Great Depression towards the end of the nineteenth century, the value composition of capital has contributed a much more elevated dynamic [element to this] than [just] the rate of surplus value. The technological and organisational innovations tied to the labels of *Fordism* and *Taylorism* also served this [purpose]: overcoming [precisely] that blind alley by bringing about conditions under which the rate of profit could grow (at least potentially) more rapidly than the composition of value—a major component of which is also derived from the devaluation of the elements of constant capital. It is at this very point that the *crisis of realisation* is capable of becoming operative, even more so if—as in the Great Crisis of the twentieth century—monetary and financial aspects graft themselves onto the tendency towards overproduction, which first serve to accelerate accumulation and then, in a later phase, lead to a more devastating explosion of the very crisis.

There is, evidently, a possible way out [of this]: *political management of effective demand*. [Historically] realised Keynesianism—first over the course of World War II, and later during the so-called *Golden Age*—rose on the basis of an ever-increasing exploitation of labour power within the direct production of value, in the face of more sustained growth of real wages. The technical and organisational configuration of that capitalism is, however, [quite] fragile in relation to struggles within production—and not only in terms of wages, which exploded towards the end of the 1960s and early 1970s, thereby pre-determining a *social* crisis in the immediate process of valorisation. Capitalism has responded to this over the past decades through financialisation, a centralisation not based on concentration, and a universal casualisation of labour.

This [kind of] *unitary* reconstruction of the Marxian theory of crisis which takes living labour as its central axis is not only compatible with the theory of abstract labour, but can be deduced from it in a totally coherent way. This is what Napoleoni denied in 1970, forgot after 1976, but which he rediscovered and proclaimed in very clear words in his lectures on the theory of crisis in 1972–1973 and in 1973–1974, which I attended in person.

The Theory of the Monetary Circuit

5.1 It will not have eluded the reader that there are several [important] implications of what has been said [so far], if only for the history of a certain 'Marxian' heresy as I defend it. For those who have, as I did, engaged in those lateral paths [of the debate], some aspects of Italian economic heterodoxy have appeared (and still do appear) [quite] unacceptable, while others have turned out, ultimately, to be obvious.

After all, it has become evident that a theoretical scheme like that applied by the followers of Sraffa was totally inadequate. [Accordingly,] a scheme with an immediately *non-monetary* theoretical 'kernel' in which the configuration of production is treated as *given*, competition is flattened out to *only one dimension* (to that of the tendency towards the equality of the profit rate), the distribution conflict is concentrated on the *struggle for wages*, and the influence of monetary policy is considered an *exogenous* factor, could only appear as a return to a Marx deprived of everything which differentiates him from Ricardo. Accordingly, it is perfectly justified to characterise this kind of 'Sraffaism' as 'neo-Ricardian'.

We have already referred to the reasons for such a judgement here. In Marx, value is simultaneously the *monetary* expression of *nothing else* but (socially necessary) labour (time). The extraction of living labour is determined by the antagonism around the *use* made of labour power—which pre-supposes variability of labour time and/or surplus value. Competition is, therefore, entirely dynamic. The crisis of 'Fordism' arises out of struggles within the *immediate* valorisation [process]—which is not exclusively or even principally about wages, as the Sraffians would seem to say (at least at first sight), and as the *operaisti,* [i.e. the defendents of Italian 'workerism'] would certainly say. Command over money is far too clearly structurally relevant to limit it to something regulating the rate of profit from the outside.[29]

Fundamentally, it does not take much to understand that if we take money out of the theory of value, and if the argument takes the phase in which labour is already objectified and therefore dead as its starting point, then what remains of Marx? Nothing more than a kind of labour value in the [theoretical] mode of Ricardo, which inevitably reveals itself as *redundant* [at the end of the day].[30]

In order to find a way forward out of this, it was necessary to turn to [really] thinking about (surplus) value and (the circuit of) money, assigning a central place to *living* labour. And as we have already indicated, however, this suggests the presence of authentic problems in Marx, in the very Marx of living labour—but at the same time opens up real perspectives [*piste*] to resolve this difficulty. These perspectives, as we shall see, lead us to a close confrontation with heterodox [economic] theory, as developed in the twentieth century without [reference to] Marx, albeit not necessarily against Marx—an entirely new 'political economy' to be taken up, but also to be criticised.

The problems I have alluded to concern two questions: the first deals with the problematics—regarded as over and done with by all orthodox as well as most heterodox Marxists—of why value should exhibit *only* labour in money. The second, quite evidently, is the *transformation problem*. If the way [of solving it] proposed by the followers of Sraffa is no good, what can we oppose to it? The perspectives [of a solution] just alluded to relate to the *theory of the monetary circuit* in its contemporary version proposed by Augusto Graziani.[31]

5.2[32] In Marx, value 'exposes' itself only in the final circulation of commodities. That exposition corresponds to a [movement of] 'expression' which goes, as it were, *from the interior to the exterior*: from 'latent' value to 'realised' value, borrowing Rubin's terminology. Or, to be more precise and more rigorous: value within the commodity is a *fantasy* [*fantasma*], and this fantasy must take possession of a *body*. This 'body' is that of money as a *commodity*. Accordingly, the commodity must transmute—from being 'ideal' money, which it already is at the end of its production process and before the exchange—[by changing] into 'real' money.

In other words, for Marx, commodities are *not* commensurable, because of [the intervention of] money. Quite the contrary, because commodities are already commensurable 'in themselves and by themselves', they measure their own values in common, [i.e.] in money. This presupposed commensurability derives from the fact that value is already, before the effective final exchange, money—[in the form of] 'imagined' money. After taking possession of the body of the money-commodity, value crystallises in a *chrysalis* which is real money. That value—as the 'gelatine' of labour now objectified—has behind it [nothing else but] 'living' labour [as] the *larva* which—in [the process of] its metamorphoses—produces this chrysalis. This chrysalis later undergoes its ulterior metamorphosis into a butterfly, that is, into 'money as capital'. In this very process, value valorises itself, *as if* it were 'an animated monster which begins to work, as if its body were by love possessed' (Marx 1976, p. 302). Capital valorises itself only insofar and to the degree which this butterfly is also a *vampire*: dead labour which returns to life by 'sucking' living labour from the working class. If one seeks a summary of *Capital*—certainly slightly 'gothic', but efficient and true—this is it. We are not dealing here with colourful metaphors, but with the analytical substance of the critique of political economy as such.

All of this is correct, but only under three conditions. The first relates to the identity between value and labour which takes place through the operation of the 'monetary expression of labour time': value 'reveals' itself in the metamorphosis [of the commodity] with money only in the final exchange of the commodities, through [an act of] 'equalisation' of abstract labour with the *concrete* labour producing gold as money, which then functions as the measure of value. Although this tracing back of value to labour appears to operate exclusively in the final [process of] circulation, Marx reasons differently. To explain how, we must address the second condition: the metamorphosis of the commodity from ideal money to real money cannot be taken for granted—something Marx not only knew very well, but explicitly insisted upon. The category of value is one which must, together, also explain the equilibrium and the disequilibrium, a point Napoleoni established in the 1970s. Here, Marx's reasoning seems to depend on a *mere assumption*, which is even quite arbitrary, of equality between supply and demand. Agreeing to avoid flattening things by simply referring to the connection circulation, he provides us, concerning this point, with the third condition which justifies the Marxian trajectory from immediate production to final circulation. The value of money as the measure of value has to be considered, as Marx defends, as 'given' *even before* the final exchange. In fact, commodities present themselves on the market *already* with an 'imagined' price, just as money enters the market *already* with a value [determined] for it. How is this possible? Because money, as Marx argues, must 'enter' the economic circuit from somewhere. [And] this occurs *at the source of production*, in the form of a non-monetary(!) exchange, an exchange, therefore, of products—simply put, [in the form of] *barter*. The value of money, as it establishes itself in this way, is therefore already regarded as fixed at the very beginning of the circuit—or, even better, of the series of capitalist circuits interwoven among themselves, so that the commodity *is* at the same time money, and that money exhibits or reveals *only* labour. Marx makes this clear when he values commodities in 'sterling', while at the same time referring back to their monetary expression of nothing but 'labour'.

This appears quite complicated, but is not. Fundamentally, it merely states that the link between value and abstract labour is established by the medium of money as a *commodity*, that this link is established in the *final* circulation of the commodities, [and] that this is not in contrast to a trajectory which stretches *from* production *to* circulation, insofar as Marx pre-supposes that the money-commodity has a determined value *before* the final circulation, and assumes that demand is equal to supply.

However, all this seems to break down if we abandon the money-commodity. In that case, the anticipated monetary capital would be *without value*. We would find ourselves, after production, before a mass of use values produced by concrete labour, which are evidently incommensurable among themselves before the monetary exchange, and of which their eventual commensurability could only be imputed to the money of the final exchange. This is, well considered, the opposite of Marx's thesis—a thesis which opens up the *dichotomy* we can register within the contemporary debate, between a 'substantialist' thread (primacy of the use value, or also of a socially necessary labour time which is known before the exchange) and a 'formalist' one (within the final circulation, the value form would make a content commensurable which is not commensurable [as such]). Value, in its phantasmagorical form between use value and value form, dissolves [as such], and together with it the entire trajectory of the 'expression' of the exposition, from the interior to the exterior, vanishes [as such]. Value, in its dimension of equilibrium, again, falls away entirely in its *Ricardian* dimension, as it evidently depends on a sort of renewed Say's law regulating exchange, or upon an *ad hoc* stipulation.

5.3 Things change, however, if we follow the path of rereading Marxian theory sketched in the preceding sections to its logical conclusion, proceeding to a crossover with the contemporary theory of the monetary circuit as a synthesis of Schumpeter (the Schumpeter of 'financing' for production and innovation, see Schumpeter 1947, p. 83f) and Keynes (the Keynes of the 'principle of effective demand' in his *General Theory*, but also the Keynes of the theory of the distribution of income in his *Treatise on Money*).[33]

Obviously left open [in all these attempts, as exemplified by Graziani (1983 and 1995), to develop a Marxian equivalent to these elements of Schumpeter and Keynes,] is how to justify the tracing back of value to labour. [At least] the outlines of a solution seem to be within our reach—even if we pay less attention to what Graziani effectively said, but rather concentrate upon that which his scheme makes possible to say in a sensible way within my own problematics. What else is 'variable capital'—read as a monetary anticipation—than an '[ex-]ante-validation' in money of the emerging process of valorisation, indeed on the basis of a certain system of *expectations*? Should it not be seen as a kind of *ex-ante sanction* for the abstract character of work performed by workers capital has acquired as elements of the production process and may make use of and, therefore, *exploit*—even if this abstract character still only exists as *a possibility*.

Regarding the system of expectations, I am referring, *on the one hand*, to the expectations of *firms* concerning the exploitation of labour within immediate valorisation, as well as the present and future conditions of that final demand which will allow the 'actualisation' of latent value as it has emerged from immediate production. However, I am also referring [*on the other hand*] to the expectations of workers concerning the real equivalent, in terms of commodities for wages, of the amount of monetary wage they receive from the capitalist at the beginning of the [entire] circuit—something which will truly be defined only at the [moment of the] circuit's 'closing'. If one pre-supposes [*ipotizza*], as Marx does, that these expectations will be fulfilled—which, as should be clear, is *in no way* guaranteed, for reasons which Marx himself indicates and underlines very forcefully—the newly produced value will correspond *in its entirety* to the 'gelatine' of living labour which has 'objectified' and 'crystallised' within the [respective] period, according to the time of socially necessary labour [having been spent]. In sum, it will then correspond to a magnitude which is theoretically known, before the final exchange on the market for commodities [takes place]. On the other hand, things properly stand like this, if—as the Keynes of the principle of effective demand has noted (but, basically, also the Marx of 'ordinary' demand in the third volume of *Capital*)—the expectations of the firms for *the short period* are supposed to be always realised. In these circumstances, supply is equal to demand because valorisation is conceived as *pulled by demand*—without implying, in any way, an adherence to Say's law, as this is based upon a vision of the functioning of the capitalist economy quite opposed [to Marx's].

At this point, a number of things begin to settle, as it were, in their proper place. It has [already] been said, that—if we accept the theory of the monetary circuit—the workers have little choice with regard to their real *collective* consumption. Not only the level, but also the composition of production are decided *autonomously* by the firms and banks, that is by *total* capital, irrespective of the choices made by single firms with regard to the investment in production and to the way it is financed. Wicksell as much as Keynes's *A Revision of the Treaty* have drawn the conclusion that—in abstract terms—firms as well as banks could impose the real level of their consumption on workers as they wish. The point at which Marx differs is [at first sight] less radical. According to him, the real wage is *normally* supposed to be on the level of 'historical' and 'moral' sustenance, which is like saying it is a result of class struggle. In reality, the reference to sustenance has [here]—from Marx's perspective—merely the aim of excluding that the emergence of surplus value could be attributed to any sort of injustice on the side of the capitalists. However this may be, if this hypothesis is introduced into the scheme of the monetary circuit, and if one therefore reasons in terms of a real wage of sustenance which would be *given* for the *class* of workers, [then] it will be the level of wages which regulates the value of labour power. If the price of labour power oscillates above its value, the struggles (*nota bene*: *within production*) will constitute the principal mechanism that will lead the price back to the level of the value. It is, however, not excluded that—if faced by a persistent discrepancy between the two quantities—it will be the price which, as it were, carries the value in tow, going up or going down.[34]

An interesting case presents itself here: if the real wage paid by capital to the class of the workers is known from the very beginning of the circuit, and if it is given on the level of sustenance, this means that if the workers' expectations are fulfilled, then the capital that has been advanced, even if only in sign-money [moneta-segno], will possess an ex-ante value (precisely as in Marx), which can be verified and defined *before production*. The reason for this is simple: the power of acquisition of variable capital (in sign-money) is [merely] the number of workers acquired on the labour market, to which there is an accordance in the real [amount of] consumption for sustenance, to which then, again, corresponds [an amount of] 'necessary labour' (understood as the labour required for the production of those commodities which are part of the consumer goods [ordinarily exchanged for wages: *beni-salario*]), according to a certain 'price' which corresponds to the 'value' of labour power. If expectations on the exploitation of the labour power are fulfilled, then—before the final exchange—the emerging produced commodity is also known, as well as if it is anticipated to sell at expected (or 'imagined') prices. Additionally, in this case—as in Marx—an 'ideal' sum of money corresponds to a [quantity of] labour contained [in it]: the 'labour time socially necessary' to produce the 'latent' value. As production is carried out with a view to expected demand and short-term expectations are supposed to be fulfilled, that 'latent' value is being actualised in full—not excluding, in fact quite coherent with it, that concerning long-term expectations which regulate the capitalists' investment expenditures, variation is always possible and that, eventually, even strong instabilities may arise.

This sequence is properly that of Marx: the latent value which emerges from production has its 'coming out' in the final circulation, by following a movement of 'expression'. The circuit of value goes from the 'content' towards the 'form'. On this point, Rubin has written that Marx takes on the perspective of Hegel and not that of Kant: whereas for Kant form is something external in relation to substance, for Hegel the substance itself develops and gives life to the form latent within it. In this sense, Rubin concludes, the form of value 'expresses' the substance of value. The difficulty of this position, and of this sequence, will be overcome only if the content, and the [very] substance of value are marked by the form *in anticipation*—due to the [ex-]ante monetary validation in financing, which in turn allows capitalist 'manipulation' of the ways in which the wage workers are 'put to work' within the immediate processes of valorisation. The substance which finds expression in this way is, accordingly, *already* 'formed' as such, already defined in structural terms by the social relation of production, well before the final exchange.

5.4 From Colletti to Napoleoni, from Rubin to Graziani, we now arrive at Marx: [at a] Marx who, at the end of this trajectory, has now become the Marx of 'living' labour within the 'monetary circuit'. [Once arrived] at this point, I can move on rather more rapidly. The interest of whoever has followed this road until now has concentrated wholly on the social and morphological transformation [which takes place] within the capitalist relation [of production] according to a cycle structured as following: capitalist development => (technical and political) composition of the working class, and its unification => economic and social crisis => capitalist response in terms of a restructuring and decomposition of the [working] class => urgency of a reunification [of the working class] under the conditions determined by the new composition. In this reasoning, one looks at the monetary circuit when speaking of abstract labour, and vice versa, as these are two sides of the same coin. The abstraction of labour as a process has, in fact, three [different] moments: the 'capability [*capacità*] for labour' (which corresponds to the *financing* of production), labour 'in action' (*production* in the narrow sense), and 'objectified labour' which is then 'actualised' [or 'realised'] on the market [in the exchange] against money (the *sale*, which is [then] followed by the *reimbursement* of the [advance] financing).

The novelty of these authors' line of research consists also of their forceful emphasis on how capital—due to the *inseparability* of labour power as a commodity from the workers who furnish that living labour from which the substance of value originates—*always* has to obtain the [needed] supply of labour in the immediate process of valorisation, without this ever being definitively guaranteed. It is not even sufficient—following the intelligent proposal of Scerpanti[35]—that the workers' obedience has been 'bought' on the labour market. The extraction of living labour remains undetermined, from a categorical perspective, as long as production has not begun—and in this [indetermination], if we look closely, lies the profound kernel of labour value in Marx's style. This extraction *can* be contested in the place of labour. Capital must be capable, each and every time, of controlling and overcoming this very 'uncertainty' from which it can never completely emancipate itself, because it is also, if not mainly, within the capitalist labour process that capital constructs its [own] hegemony. In this respect, it is difficult to overestimate the importance of the entire body of literature on the labour process as elaborated by Braverman and, after him, by all the critical approaches among which at least the writings of Michael Burawoy deserve to be mentioned. If capital has to reassert its own control and command over living labour [continuously], then this last [factor] must be 'subsumed' within the technical and organisational structure as such, i.e. abstract labour in its 'becoming' or in its 'potency' in turn must *actualise itself* on the market. This cannot be assumed, as we well know, as something which is a matter of course, [and] is exposed [as such] to a radical uncertainty. Firms would not activate the processes of valorisation if they did not expect to sell their commodities on the market—elevating 'effective demand' to [the position of] the key variable in the process of determining the level of production and [therefore] employment.

The Transformation as a 'False Problem', and an Unexpected Sraffa

6.1 The argumentative thread which I have begun to delineate[36] […] touches on a sensitive nerve for all Marxists—or for quasi all of them—[the problematic of] the 'transformation of exchange values into production prices'.[37] This is a delicate question, [particularly] because the presumed 'scientificity' of Marxism was contested by Sraffa's followers, taking the supposed incoherences and insufficiencies of this 'transformation' in Marx as their points of departure.[38]

On this point, Messori has made a double contribution: on the one hand—and this was where I differed from him—he remained for quite some time a prisoner of the [quite] chimerical search for another, different determination of production prices which [could provide] an alternative to Sraffa's solution. On the other hand, he anticipated in a quite brilliant way a good deal of what later became known as the New Interpretation of the transformation—in a line of a remarkable and superior originality.

In the face of the [clear] impossibility of solving the two equations simultaneously which Marx pioneered in [the process of] his deduction of the prices from the values—that between the sum of the values and the sum of the prices, and that between the sum of the surplus values and the sum of the gross profits—Messori made it clear that, in this transformation, the condition of 'normalisation' which must be identified as most consonant with the theory of abstract value (or labour) is that which posed between the so-called 'excess [elements]' which are valued in 'values', and in 'prices of production'. [By this] Messori refers to that [equation] which today is known as that between the 'net product' expressed in values (variable capital and surplus value for the entirety of the economy) and the median 'net product' expressed in prices (the amount of wages in money and the total gross profit in money). The elements of constant capital are then valued in prices of production, as also holds true for the basket of goods which defines variable capital. According to this way of looking at things, the national income does nothing more than give expression in terms of money to *direct* labour, [i.e.] the living labour spent in this period of time. The divergence between the elements of constant capital valued in production prices in relation to the same valued in 'values' is not of great interest—the Marxian theory of value is, in fact, defined by the *invariance* of the 'objectification' of living labour. This invariance is valid, and *must be* valid, irrespective of the system of prices in which the result of the exploitation is valued.

It should be clear—although even I, to my dishonour, took some time to understand this—that the condition of normalisation proposed by Messori is the most natural one. At least for everyone who understands that the true *foundation* of the tracing back [*reconduzione*] of value exclusively to labour—without which the entire theory of Marx would collapse—is *not* found in the first three chapters of *Capital,* as was somewhat thought by the entirety of old and new Marxism. It is found, instead, in [the process of] extraction—which, as we have said, is *potentially conflictual*, and *ex-ante indeterminate*—of *living* labour as 'abstract' labour, i.e. as labour that produces money.[39]

On my side,[40] [I have come to the conclusion] that it is a clear result of the arguments deployed so far, that the limitation of the 'neo-Ricardian' tradition consists in its lack of awareness that it proceeds upon assumptions which eliminate those [very] questions from the horizon of its own theorising, by which the labour theory of value had played not only an essential, but even an irreplaceable, role within the Marxian discourse: the *money-form* (and, therefore, the non-neutrality of money), [the issue of] *where the newly created value [*neovalore*] comes from* (and, therefore, the 'exploitation'), the *dynamic competition* (and, therefore, the endogeneity of technical progress), *the co-operation*, [and] *the conflict* or *the antagonism* within the capitalist labour process (and, therefore, the possibility of a 'social' crisis of valorisation). Moreover, the theory of value [as] abstract labour constitutes the internal and indissoluble *unity* of these theses. The fact that the configuration of production is considered as [simply] *given* by these Neo-Ricardians is of decisive importance here. As Marx clearly established in *Theories of Surplus Value*, Ricardo's limitation lies precisely in his exclusion of that 'variability' of the working day, without which we could not even begin to pose the problem of the origin of the 'profit' [in adequate terms].

The problem of price determination in the final circulation arises on a 'microeconomic' level, i.e. when the 'macrosocial' question of valorisation is already settled.[41] The [issue of the] transformation is, in sum total, *irrelevant* for an evaluation of Marx's theory of value. The real problem lies in [determining] that which is being transformed—and this is a *very serious* problem.[42]

It is clear that if the real wage of the [entire] working class is given—independently of and before the microeconomic determination of prices takes place—then the 'necessary labour' is also known, properly understood as the labour required for the *production* of the consumer goods [*beni-salario*] required for [their] sustenance. In order to purchase these commodities at prices defined by a certain rule, a certain amount of wages in monetary terms is required. A *diverse* quantity of labour, which I shall call 'paid labour', will correspond to this aforementioned quantity of money. This is the labour which can be acquired on the market for that amount of monetary wage, if a certain *value of money* is given: this aforementioned [value] can be defined as the amount of abstract labour 'exhibited' by one unit of money, and is calculated by dividing [the sum total of] total direct labour by the national income in money. In turn [then], the value of the money is nothing more than the other side of the *monetary expression of the socially necessary labour time*, and obviously tells us how much labour is being 'ordered' in exchange for a given unit of money. 'Necessary labour' and 'paid labour' can only diverge if the capitalist intensity [of labour] is not the same in the sector producing commodities constituting consumer goods as in the economy as a whole, in the production of the 'net product'.

On the other hand, such a divergence has nothing to do with the most fundamental *macrosocial* relation between the classes, which is not even touched by it. The relation between *total* capital and the 'working' *class* defines [as such] a certain 'normal working day' [within a given society]. This *total* capital has to apply a certain part [quota] of the labour employed in order to produce the subsistence wage of all the workers, and therefore it is known [how much] 'necessary labour' stands behind the commodities bought by the workers, irrespective of the [quantity of] labour ordered on the market by the [corresponding] amount of the wages in money. Any eventual 'divergence' with regard to [the quantity of] 'paid labour' will [then] be compensated by a corresponding divergence with reversed premises between the 'surplus value' contained in the commodities acquired by the capitalist class and the [amount of] labour 'ordered' by the gross profits [realised] on the market. The reason for this divergence can be better understood if one places oneself on the level of analysis referring to the *individual* firms, taking the standpoint of *singular* capitals within a *static* [kind of] competition. As the equality of the profit rate is given [under these conditions], each and every individual firm, regardless of what commodities it produces, intends to obtain—in the final exchange—(the equivalent of) an [amount of] profit proportional to (the equivalent in 'ordered' labour of) *all* monetary capital that has been advanced, independently of its diverse composition [in terms of] constant and variable capital, and independently of the labour time 'objectified' in these commodities in [the process of] their production.

If things stand like this, the 'rate of surplus value' as a relation between [the amounts of] labour 'contained' [in the commodities] is based upon the reference to the *class* relation within the capitalist *totality*, where the immediate production value plays the central role. The rate of gross profits in relation to the amount of monetary wages 'translates' this class relation in the sphere of circulation viz. distribution, but thereby also hides and dissembles it by 'filtering' it on the microeconomic level. This seems, to me, a [clearly Marxist] result—indeed, a more Marxist one is difficult to imagine. Reification erases the very traces of the process from which it has taken its origin. [In this way,] the 'fetish character' of reality necessarily transmutes into the 'fetishism' which makes it impossible to see the form of living labour behind dead labour [through the veil of mystification] and the command of the monetary.[43]

6.2 [After describing the main lines of a debate concerning the relation of Sraffa to Marx, Bellofiore argues his own position in this debate.] If the reference is to a basket of commodities, then a difficulty seems to emerge for the Marxian theory of value: the amount of wages is paid in money. If the commodities acquired by the workers change, does the labour 'contained' in the sustenance change accordingly? And does not, as a consequence, the rate of surplus value [expressed in] value also change? It is precisely this, as the theoreticians of the New Interpretation maintain, which justifies their preference for the rate of surplus value [expressed] in terms of the 'ordered' labour of the monetary wages, albeit in a relation which, in their hypotheses, is alleged to be unchanging. This is due to the fact that 'necessary labour' is identified in their writings with what I have called 'paid labour'. Sraffa, however, (in my mind correctly) sticks to the definition in terms of labour 'contained' and of values on the level of the interpretation of Marx—but he converges with the new approaches and reads it in terms of labour 'ordered' and of 'prices of production' when he has to define the rate of surplus value in an operative way.

My own position is, from this point of view, quite outside the mainstream: within a vision [limited to] the monetary circuit, the problem [as] described [simply] *does not exist*. The so-called freedom in consumption belongs to the *singular* worker, not to the *class* which finds itself confronted with a *given* number of commodities. The 'labour contained' which corresponds to the real consumption of all the workers is, in sum total, *invariant*—once the composition of the production is known, as determined by the choices of the capitalist class—and corresponds to the 'price' of labour power expressed in labour value. If, then, that real consumption corresponds to the [level of] *subsistence*, the rate of exploitation is fixed *before* the final exchange, and the 'price' of labour power corresponds *exactly* to the 'value' of the labour power, which workers have every reason to expect from the selling of their labour power on the labour market in the beginning of the monetary circuit, and which they will realise on the goods market at the closing of this circuit. In other words, the rate of surplus value is perfectly determined in [terms of] 'value', independent from the [existing] rule for determining prices—and even more from divergences between 'values' and 'prices'.

6.3 At this point, two alternative ways of posing this question with regard to method face off. According to the model [scheme] of the monetary circuit, the reasoning follows [the notion of] an authentic *macroeconomic foundation* for the determination of prices and the distribution [of these goods]. According to the 'New Interpretation', and to almost all the new approaches to Marxian value theory, macroeconomic results are derived from the *aggregation* of the individual cases of behaviour, following a more traditional microeconomic foundation.[44]

[In this way,] the veritable problems of Marxian theory are avoided. The only preoccupation [these authors] seem to have is demonstrating that it is possible to *define* the rate of surplus value in a way compatible with a correct derivation of the prices of production. It is positive [*all'attivo*] here that the confusion is left behind, according to which the success of the transformation would be decisive for the *scientific* demonstration of exploitation and for the analytic validation of labour value. What is negative [*al passivo*] here, is [the circumstance] that everything relies, once again, on the cancellation of the one and only veritable problem of Marxian theory: how to justify the tracing back [*riconduzione*] of value to labour, which is ultimately relegated to metaphysics once again.

Before we come back to this point to conclude, let us face a further question unavoidably raised by the discovery of this 'unpublished' text by Sraffa: the resulting possibility of reading [Sraffa's] *Production of Commodities [By Commodities]* not without the range of [the problematics of] labour value, let alone against it—should it not signal to us, against all the prejudices [prevailing] in the debates of the 1960s and 1970s, that Piero Sraffa should also be placed, even if only partially, within the Marxian tradition of 'living labour'?

The Origin of New Value [*Neovalore*]: Prolongation of Labour and Class Struggle Within Production

7.1 One matter which could not fail to strike me in Sraffa's letters is the fact that in 1940, in order bring out the function of a decisive divide in the construction of *Production of Commodities*, we find clear evidence in a note titled '*Use of the notion of surplus value*', a quotation from the first volume of *Capital*, where Marx traces surplus value back to the prolongation of the working day, beyond the point where labour would have produced nothing more than the equivalent of the value of labour power itself. This quotation makes it exceedingly clear (if it is not caricatured by an interpretation which by now [appears] centuries-old) that Marx justifies [his theory of] the origin of surplus value according to a *method of comparison*. However, this 'counter-factual' comparison has nothing to do with that of Croce, and is still sufficiently different from that of Rubin. Its peculiarity lies, in fact, in the circumstance that *both* poles of the comparison are taken from the capitalist situation which is being analysed.

Marx knows perfectly well that 'exploitation' implies the subtraction of the *value* of the labour power from the *value* of the commodities produced and sold in the time period, and, accordingly, of the *value* of the means of sustenance. A system of valuation is, therefore, required which always is a system of 'prices'. The 'values' and the 'exchange values' are a system of prices, as well. They are *simple* prices, proportional to the amount of labour 'contained' [in the commodities], and correspond to the prices which one would have with a profit rate of zero. This assumption of prices corresponding to a situation marked by the absence of [any] profitability, however, in no way refers to a 'hypothetical' non-capitalist society, despite appearances.

In reality, this question is rather simple, and we have begun to resolve it in the preceding paragraph. This argument now must be brought to a conclusion. Marx traces back the [origin of] value to labour, because in a capitalist society the 'new value' [*neovalore*], [i.e.] the new value produced within the current period, emerges [*si dà*] only to the degree in which the capitalists are capable of extracting 'living labour' from the labour force. This fact may appear like a banality, but we have [already] seen it is not. Once it has appropriated the natural elements which it requires, total capital has everything which is of service to it on the side of commodities, as the result of the production of past and present periods: [amounts of] fixed capital, intermediary goods, etc. This is a kind of self-production [*autoproduzione*] corresponding to 'dead' labour. From here, no kind of 'valorisation' of the anticipated value can result. Valorisation [as such] depends solely on the *use* being made of the 'special' commodity [which is] labour power. Marx is crystal-clear that this commodity possesses a double peculiarity, referring not only to the fact that its use value properly is the substance which creates value, the living labour objectifying itself in the product as a commodity. The living labour which indeed comes from this commodity is also 'attached' to its bearer, who in reality is no mere appendix of it. Due to the circumstance [*visto*] that the contract on the labour market precedes the effective spending of labour [power], this aforementioned [element] must be obtained within the labour process as the site where co-operative, conflictive or even antagonistic [types of] behaviour may occur.

'To exploit' labour, then, signifies, *first*, to get hold of 'living labour'. *No living labour [means that there is] no new value*. But also: there is no possibility of recuperating the expense [effected] in constant capital, and therefore no reincarnation of past labour. In order to obtain living labour, one must, after all, pay a real salary to the workers to which 'necessary labour' corresponds. How much this necessary labour would be, is discovered rather easily: if the methods of production and the real wage are given, it is hypothetically assumed that the working day lasts as long as is necessary to produce the means of subsistence [for the workers] and to reconstitute the means of production employed [by the capitalists]. The relations of exchange corresponding to this situation, where living labour is imagined to be spent for a time equal to the necessary labour, are properly the 'values' and the 'simple prices'. In reality, however, as Marx has written and as Sraffa reads him, living labour is prolonged beyond that duration. It is by this very prolongation that surplus value emerges which *wholly and only* originates in surplus labour. The [very] *use* that is made of labour power, [i.e.] 'exploitation' in a primary sense, is something which invests the *entire* time of abstract labour of the workers. Furthermore, it is impossible to dissociate it from exploitation in a second sense, i.e. the existence of an 'excessive quantity' of living labour over [the quantity of] necessary labour.

It is clear that the transition from the extraction of 'absolute' surplus value to the extraction of 'relative' surplus value does not change anything from this point of view. Before anything else, [simply] because the social working day always remains, in whichever way, fixed by the real conflict over the effective labour time. In our current days, it should be sufficient to refer to the conflict over working time at the level of the working life (such as regarding the issue of the age of retirement), or, more generally, to the questions of the timetables which are being followed [in production], of the 'intensity' of labour or of the 'porosity' of the working day. In any case [it is true] that, even if the [duration of] the work day may or should be regarded as given, the time of 'surplus labour' still is necessarily variable due to the course taken by the augmentation of the 'productive power of labour'. What determines as much the extraction of labour *tout court* as the [duration of] the time of surplus value, is, generally speaking, the technological and organisational control of capital over 'living' labour. [And this takes place] within a social context, where the means for the extraction of relative surplus value are the same ones as those serving to deepen the extraction of absolute surplus value.

Abstract labour is, therefore, defined as the *working time* in which some *concrete* form [of labour] is always spent and always insofar it is time of *socially necessary labour*, but this is then looked at from the point of view of the *expected production of money and of surplus money*. The emergence [genesis] of technical and organisational progress is then explained by the necessity of extending the excess of labour obtained from labour power over the labour contained in it [from the point of view of its reproduction] as much as possible. This is then realised by reducing, by way of innovation, the labour contained in all commodities, accordingly also in the commodities to be bought for wages. This innovation is simultaneously designed to ensure that the capability to work is translated into labour in action as much as possible, by overcoming any hindrances and resistances [to an effective labour process] and through furthering collaborative behaviour [on the side of the workers].

I can quote here what I wrote in 1982, in one of my first articles in the Journal *Unità Proletaria*: 'The waged character of labour ([i.e.] the [very] nature of variable capital, as it is determined *a priori*) and the generic and abstract character of wealth ([i.e.] the [very] nature of surplus value, as it is determined *a priori*) bring about that the capitalist strives to extract the greatest possible quantity of time of surplus value from the workforce, via the extension and/or intensification of working time, and via the augmentation of the productive power of labour. The last mentioned [aim] is realised in the first line by way of the division and subdivision of labour, which leads to[45] a growing automatic character of human labour which then could easily be replaced by machines. In the [processes] following [these developments] the modification of the system of machines, itself turns into a [real] pre-supposition of the articulation of the labour of the workers.'[46]

The categorical basis of the tracing back of 'new value' to 'living labour' is, then, the class struggle [as it occurs] within the production [process], on the extraction of *all* labour. Furthermore, this is certainly a case [of the dialectical formula] of 'posing the pre-supposition'. In the face of the impossibility of integrally producing the conditions for its own reproduction and accumulation in a completely 'ideal' and 'automatic' way, capital, as a *circular* totality referring back to itself, is [continuously] forced to 'dirty its hands' at this 'material' alterity constituted by the workers. Its valorisation depends, ultimately, on that linear trajectory which goes from the labour 'in becoming' to the 'new value'. It therefore depends on an eternal struggle with the *other of itself,* from whom it must conquer and vanquish the co-operation, the participation and the subalterntity. [This, then] constitutes a dynamic which cannot be reconstructed in *historical* or *political* terms from the point of view of the social-subject-in-struggle, for the very reason that the totality no longer comes to a close truly and permanently in the Hegelian way, at least according to the Hegel whom Marx wants to turn on his head.

7.2 It is rather singular that the very work which—at least in the current orthodoxy [*vulgata*]—has contributed the most to relegating the theory of labour value to the attic, [i.e.] *The Production of Commodities by Commodities,* was written by one of the few persons in the twentieth century to 'see'—perhaps better than other authors who were superior to him in their exegetic capacity—the decisive role which the prolongation of the social working day plays in Marx's argument—[beginning from] that situation in which 'living labour' is only in parity with 'necessary labour'. Generally, the comparison between the two is always introduced for discussing a reduction of wages, instead of a prolongation of the working day. Sraffa, as I have reminded the reader, reads Marx's [own] comparison in a certainly more faithful way as to how things are found in *Capital* [than those authors]. It would be a [quite] different question to discuss the use Sraffa then made of this in his own inquiry, in which he pursued a different and more limited object [of inquiry]. Moreover, this Sraffa fits rather well to the other Sraffa we have encountered: the Sraffa who emphasises that behind the commodities which produce commodities there is, in any case, labour, because otherwise the circularity of capital would in fact not take place—and who interprets distribution in terms of the 'rate of exploitation'. In that Sraffa, the economic system, in a snapshot 'after the harvest', at the end of the circuit [of capital], *can* be seen as the outcome of a story: the story of 'money as capital', and the story of capital as 'control' over 'living' labour.[47]

[Following Napoleoni's analysis which, like Sraffa's, has come close to a reconstruction of the logic of Marx's argument, we can refer to two conflicting theses.] The first thesis consists in defending that the 'constitution process' of the relation of capital, after the sale and the purchase [*compravendita*] of labour power, properly consists of the 'subsumption' of labour under capital, and thus that the capability of capital to extract labour in action from the capability of labour [to work][48] is not 'automatically' guaranteed. The second thesis is that if we follow this argument, the entire Marxian line of reasoning—from the origin of surplus value to the determination of prices—is configured according to a double procedure of 'comparison'.

7.3 The line of interpretation just mentioned is effectively one which I first proposed in the 1990s,[49] and was taken up again (and articulated much more clearly in a formal and analytical respect) by Stefano Perri (1996a) with a definite step forward.[50] According to this way of looking at things, Marxian discourse evolves in *four phases* which [form the] link [between] the discourse on the origin of surplus value [and that] on the transformation of values into prices.

In a *first phase* of this reasoning, the relations of exchange will be those valid in the case of a simple guarantee of the reproduction of labour power and of the replacement of fixed and circulating capital to the necessary degree, with techniques and subsistence consumption as a [constant] given. [In this hypothetical case,] [the amount of] 'living labour' is *equal* to [that of] 'necessary labour'. In this case, alluded to in their specific ways by Sraffa and Napoleoni, profit is absent [from the model], and 'prices' coincide with 'values'. In a *second phase*, the effective capability of capital to obtain time of 'living labour' beyond [the time of] 'necessary labour' is taken into consideration. In his efforts to imagine the *prolongation* of the working time Marx abstracts from changes in the rate of exchange, he maintains the relative prices as proportional to the 'values'. However, as the commodity is now logically known to be a *capitalist* commodity, i.e. [intimately] linked to the emergence of surplus value, and, accordingly, of profit, the relative prices will have to diverge from the proportion [*rapporto*] between the [quantities of] labour contained [in them].

The *third phase* of this analysis [then] determines the 'average' profit rate and the prices of the commodities as 'produced by capital' in starting from the 'values', by applying a different price to the same commodity according to its appearance on the side of the *input*, as a commodity which is *not yet* capitalist in the beginning, or on the side of the *output*, as a commodity which is already a *capitalist* one. This is the point of *mediation*, as it is necessary here, which leads us on to the *fourth phase* of the argument, which was not completely developed by Marx. In this fourth moment of comparison, we take into account that—within an 'equilibrium of reproduction' and with capital now *constituted* [as such], and if the technology is considered 'stationary'—the same prices will have to be applied to the *input* as are applied to the *output*. Relative prices and the 'equal' profit rate will then be determined *simultaneously and in a circular way*. Should this last-named passage [*passaggio*] remain caught [*intrappolato*] in a 'fetishist' perspective instead of advancing 'behind' the objective 'fetish character' of capital, it will be incapable of rising above the reification of the process which has generated it.[51]

The third and the fourth moments of this analysis are corresponding logically, once again, to a confrontation between a *hypothetical* and an *effective* situation. It is a matter, if you will, of a second 'counter-factual' comparison, [carried out] according to [Marx's] *method of comparison*. The third phase is crucial here in order to maintain the relation between surplus value and surplus labour: the double relation of exchange applied to the same commodity, according to its appearance on the side of *inputs* or of *outputs*, fills the role of [at the same time] isolating, but *not* separating, the question of the 'profound' origin of capital from that of its genesis within production and from the redistributive dynamics of circulation. The fourth moment, then, will correspond to the fixation of the 'ideal' prices of (re)production, which further contribute to obscuring the process of valorisation. The [very] circumstance that the surplus value 'controlled' by the gross monetary profits after the transformation [of values into prices] diverges from the labour 'contained' within the goods acquired by the profits, as well as the other corresponding element, [i.e.] paid labour, diverges from 'necessary labour', is perfectly mirrored by this research. This corresponds to the dissimilation of what constitutes the 'social relation of production', as it occurs within the sphere of the final circulation as determined—in the interaction between the sale and the purchase of labour power and immediate production—by the class struggle [taking place] between total capital and the working class at the centre of a process of valorisation, trailed by effective demand and validated in advance by the monetary financing of the production [process].

This rereading of the *abstraction of labour* as a process, as the other face of the *monetary character of the sequence* of 'the cycle of money capital', appears totally congruent to the way in which Marx defines 'real abstraction' within capitalism.[52] That [the commodities produced] are validated in advance from the side of the monetary capital advanced is, in fact, a completely essential step to be made, if 'reality is turning into an abstraction' [cf. Marx's transitional notes '*ad* Feuerbach', MECW, Vol. 5, 3], which is the condition *sine qua non* for the production of that [very] scandal which consists in the real hypostasis, turning 'labour power' as much as 'living labour' (as 'abstract labour in [its] becoming') into a substance confronting the workers. That reality has now revealed itself to be an abstraction which gives life to the fantasy of value, i.e. of labour objectified as ideal money, 'then turns around in reality', 'but from now on emptied of its content and at once transformed into the incarnation and manifestation of the abstraction itself—so that the process of reality itself acquires a "metaphysical" dimension and the abstraction turns into true reality, in [an act of] general inversion which executes the same movement as in the Hegelian inversion of being and thought'.[53]

The Best Is Still to Come

8.1 Our discourse comes to an end here, at least for the moment. It demonstrates, perhaps, that a history of Italian Marxisms is an *impossible* project, although we can never be thankful enough to Cristina Corradi for trying to realise it! [Simply] because, if the thread of reasoning which I have proposed here makes any sense, the vicissitudes of Italian Marxism cannot be [meaningfully] separated from developments which have taken place elsewhere. And because one is forced, whether one wills it or not, to leave the sacred enclosure of referring to Marx alone, and to the tradition which has—in one way or in another—referred back to him. In sum, the theoretical 'self-sufficiency' of Marxism is a [mere] *myth*—and when it is not, it has to be judged, in any case, as a disaster we must avoid like the plague.[54]

[Such a theoretical self-sufficiency], however, is impossible for even more fundamental reasons: because it is imperative [*se deve*]—if one does not want to stay within a mere academic and philological enterprise—to turn to Marx *against* the [diverse] Marxisms. We must be determined to come back to relaunching, for our times, the critique of political economy according to the lesson we can learn from Marx—and not to return to some supposedly 'original' Marx, which is closed into himself. This does not [of course] oblige us to reiterate the old truths [of Marx], but to bring the theory of value to life again, in the critique of the social science *of our own times*, in the reconstruction of the dynamics of capitalism[55] *with which we are confronted*, and within the [political project] of an antagonistic social subjectivity [*soggetto*] which would begin by calling into question the [dominant] form of labour *today*, before everything else, within the very [process of] production.

8.2 Our discourse, accordingly, comes to a close where it should begin. Also because this Marxian approach should, by historicising itself, make it clear which were [and which are] the conditions of its own 'production'. It is true that the analytical and methodological rereading of Marx which I have presented here, by way of my history [of a main line of the debate] moving, as it were, 'backwards', to my mind seems to re-establish, on more solid foundations, the key and most controversial points of the critique of political economy as Marx constructed it: the *monetary* nature of value, the *exploitation* of labour, and *capital as a contradictory totality* and an *inverted reality*. It cannot be doubted, however, that a reading of this kind became possible only after the workers' struggles of the 1960s and 1970s made a decisive practical contribution to the crisis of 'Fordism'—and after the dynamics of the financial [markets] had, from the 1970s and the 1980s onwards, been, in a practical way, at the centre of processes of capitalist restructuring.

At this point, we must ask to what extent this peculiar 'return' to Marx—which is, at the same time, a 'step forward' in relation to Marx—was really capable of [theoretically] accounting for the 'mutations' [occurring] 'after Fordism', [of explaining] the new elements of capitalism, and the [further] metamorphoses of labour. And [we have to ask] how far this reading of ours has been [effective] against the many ideologies which have sometimes made Marxism, as well as post-Marxism, into an object of fashion.

But this will be for another time.

Notes

1. [Or anyone who has taken a real look at the MEGA² edition dealing with Marx's manuscripts on the complex issue of *Capital*.] [MEGA², Abt. II *Das 'Kapital' und Vorarbeiten*, cf. the official presentation at http://mega.bbaw.de/struktur/abteilung_ii, as well as Michael Heinrich's *Invaders from Marx. On the Uses of Marxian Theory, and the Difficulties of*

a Contemporary Reading (https://cominsitu.wordpress.com/2017/02/09/marxs-capital-after-mega2-michael-heinrich/).]
2. [Cf. Michael Krätke's (2017) defence of Engels's difficult work in this respect.]
3. [Cf. the short description of the state of this edition (following its conclusion) given in Michael Heinrich's *An Introduction to the Three Volumes of Karl Marx's Capital* (2012). For those who read German, see Hecker 2003.]
4. [I tend to argue that this is a more careful formulation of what is generally (also in the following text)—although practically not in Marx—referred to as 'capitalism', cf. my 'What *capitalism* is, what it means to be against it, and what it takes to end it: Some remarks to prevent a renewal of blind alleys', in *Returns of Marxism. Marxist Theory in a Time of Crisis* (=IIRE Notebooks for Study and Research, No. 57), edited Sarah R. Farris pp. 101–127.]
5. [In the following, remarks of the translator are placed in brackets like this one.]
6. [The essay begins by referring to Cristina Corradi's history of Italian 'Marxisms' (Corradi 2005), to which the collection of essays has been dedicated in which this text was first published (Bellofiore 2007). Here, Bellofiore expresses his conviction 'that the nodal points of the history of Marxism must be read in a quite different way' from that of the Marxist tradition'.]
7. [For the sake of transparency, the translator has also marked additions like this, made for the sake of clarity or for smooth reading, with brackets, and in some cases, where his translation follows the need for a certain liberty of expression, by adding the Italian word(s) in brackets as well.]
8. [Della Volpe's contribution may be gleaned from della Volpe 1957 and 1980, cf. Merker 1975 and Fraser 1977; and that of dellavolpism from Alcaro 1977.]
9. [I tend to think that this is true exactly as Bellofiore formulates it here: this tendency towards self-reproduction is, as it were, the in-built tendency of capital as such—but in reality is incapable of overcoming what Marx reflected as 'the limits of dialectical presentation', i.e. the real limitations of the ecological system(s) of the planet Earth, of human biological and cultural reproduction, and of the conditions for international peace—in the sense of replacing them by processes internal to the accumulation of capital, not in the sense of disrupting them, occasionally or fatally, cf. my remarks in Wolf 2004.]

10. [At this point, as Bellofiore adds, his reconstruction of Marx coincides with that of Chris Arthur—cf. e.g. Arthur 1986.]
11. [Here, Bellofiore marks the point at which the path he has taken diverged from the one followed by Roberto Finelli (Finelli 1987) in his attempt to extend 'the ontological circle of Hegel' to an epistemological and even anthropological circle', which ignores Marx's critique of Hegel, cf. also Sbardella 2007.]
12. [This statement, which I take to be a dismissal of the Althusserian effort to understand the epistemological breakthrough to the scientific understanding of capital's domination in modern bourgeois societies, deserves further discussion. As a starting point, I refer to Urs Lindner's critical survey of the debate on Marx's philosophy (Lindner 2013).]
13. [Bellofiore refers to Cristina Corradi as an example.]
14. [In English, it is not possible to translate the subtle distinction, possible both in German and in Italian, between a [mere] '*Beziehung*' or '*relazione*' and a [more important] '*Verhältnis*' or '*rapporto*', which is more than its quantitative side, aptly expressed in English by 'proportion'.]
15. [Here, Bellofiore refers to the ample use made of the term by Maria Turchetto in her contribution (Turchetto 2007).]
16. [Here, Bellofiore accuses especially Athusser, and Althusserian Marxism, of not even having read the first section of *Capital*—and therefore to lose any access to Marx's argument from the very beginning.]
17. [In the following paragraph, Bellofiore situates his own 'personal intellectual biography' within the developments delineated above, defining his relations with a considerable number of participants of recent Italian debates in the field his article refers to.]
18. [In the following lines, Bellofiore (rather convincingly) imagines the impact Rubin's book might have had on the Italian debate, had it appeared 'in time'.]
19. [This is then further elaborated by Bellofiore, underlining Rubin's capacity to see the capitalist character permeating the entire process from its very beginnings.]
20. [Here, Bellofiore follows Nicolò Bellanca's interpretation of Croce (Bellanca 1992), which is centred upon Croce's 'elliptic comparisons' in spite of their differences 'on the terrain of reconstruction [of Marxian theory]'.]
21. In other words those *simple prices*, i.e. [the prices which are directly] proportional to the labour contained [in the commodities], expressed in

money—which will effectively regulate the exchange, in a situation, when the value composition of capital within the diverse sectors is the same, or in that situation there is no [generalised] rate of profit.

22. In other words the *capitalist prices* which are fixed when the [prevailing] distributive rule guarantees an equal distribution of gross profits in proportion to the entirety of advanced capital, variable as well as constant.
23. [Bellofiore underlines here that Rubin's reading of this transformation is still closely related to that defended by those who rely on 'living labour'.]
24. [Written in German and circulated as a mimeographed paper at the New York *Institute for Social Research* in 1941; then published in German in 1969 only.]
25. [Bellofiore underlines that Luxemburg's choice in this context is much more than a personal predilection.]
26. In the function of the innovations which revolutionise the technical structure, as well as the organisation of labour, and in the function of the social antagonism in the places of production.
27. [The following paragraph 4.4 begins by specifying the personal way in which Bellofiore has become aware of the developments just delineated. We take it up from where it returns to the general theoretical development, after having postulated, referring back to his own doctoral dissertation, an 'integration of the two threads which are usually kept separate, [i.e.] the [theories of a] so-called crisis of "disproportion" and [of an] – erroneously, as we shall see – so-called crisis of 'underconsumption' into a unified theory of a crisis of realization'. Bellofiore underlines that it seems to be 'possible to derive a complementarity here from a "reconstruction" of Luxemburg's argument: the Polish revolutionary has in fact furnished all the elements required for this'.]
28. [It would be useful to have an English translation of a major, but largely forgotten work on this very issue, deriving from the West Berlin branch of the 'Reading *Capital* movement' since the 1960s, i.e. the 'crisis project's' ambitious attempt to reconstruct Marx's theory of the capitalist crisis from his published texts (cf. Bader et al. 1975).]
29. [Bellofiore adds that these readings of Marx have clearly been 'historically situated', and goes on to refer it to the 'new quality of the conflicts acted out by the workers [*una qualità nuova del conflitto operario*].]
30. [Bellofiore here refers to Ian Steedman's (1977) 'glorious "demonstration"' of precisely this redundancy, as well as to the fact that this argument was already known in Italy, due to the Napoleoni of the 1960s.]

31. [Bellofiore explains here his close relation to Marcello Messori, who works on these very issues.]
32. [Bellofiore opens this paragraph with a complex autobiographical reference of how he shared with some colleagues, among whom he mentions Riccardo Realfonzo, 'the conviction that all kinds of a theory of the money-commodity should be rejected' and maintains his position concerning the 'crucial role of the money-commodity', although he would reformulate it today in a language closer to that of Roberto Finelli.]
33. [Bellofiore discusses here, how Graziani (cf. Arena and Salvadori 2004), picking up from Napoleoni, brought [the issue of] 'the financing of production by banks' into the centre of the debate.]
34. [Bellofiore makes a brief reference here to specific contributions on this issue, cf. Bellofiore 1993a, b; Bellofiore and Realfonzo 1997; Bellefiore et al. 2000.]
35. [Bellofiore is evidently referring here to Screpanti 2001.]
36. [Here Bellofiore refers to Messori, with whom he shares this approach to these problems, in spite of all differences, and recalls the respective debates of the late 1970s and early 1980s.]
37. [At this point, Bellofiore again refers to Corradi's discussion of the authors who had claimed to have solved this problem.]
38. [Bellofiore criticises Napoleoni here for referring to this problem as one for which a solution is yet to be found.]
39. I shall return to this in the next section.
40. [Bellofiore refers here to his own attempts to solve these problems, already in his very first contributions to the debate.]
41. [Bellofiore refers to a 1983 article by Graziani, which he claims coincides with his own position.]
42. [Bellofiore adds an argument concerning the central importance of the reduction of value to labour only.]
43. [In the following section 6.2, Bellofiore develops 'how this reasoning develops, if dynamic competition is taken into account', referring, again, to Messori's and his own contributions on this issue, and pointing to the debate which emerged in this respect with contributions from Stefano Perri, Giorgio Gattei, Duncan Foley and Fred Moseley, finally leading to a rehabilitation of 'the two equations of Marx, in the very letters of the Marxian text'. This is further expanded in section 6.3, by focusing especially upon the interpretation of Sraffa, with special focus on his 'temporal' reading of Marx (cf. the *Temporal Single System Interpretation*, https://

en.wikipedia.org/wiki/Temporal_single-system_interpretation), following a contribution by Dario Preti (2002), and referring to interventions by Gattei (2003), Perri (1998) and Bellofiore (2008), then extending it to Sraffa's positive relations to Marx's labour theory of value, as it is visible in his letters and unedited manuscripts.]

44. [In the following paragraph, Bellofiore mainly takes issue with the line of interpretation of Marx's theory in this aspect as defended by Stefano Perri (1998) and Andrea Salanti (1990), which he does not find 'particularly attractive'.]
45. [However, the question has to be introduced here as to which kind of 'social' and 'political' terms we are looking at: if these are conceived in terms of the dominant forms of the social and historical sciences, Bellofiore's argument is convincing—but the task of developing different kinds of scientific terms in these fields of inquiry, which take their starting points from Marx's *Critique of Political Economy* (as well as from his later *critique of politics*), still remains open—and is urgent need of discussion.]
46. Bellofiore 1982, p. 104 [Bellofiore adds here: 'These very sentences have been taken up again in the 1990s in *Vis-à-Vis*, as well as in *Trimestre*'.]
47. [Bellofiore adds two paragraphs here, in which he shows that Napoleoni also addressed this issue. The points most relevant for the further argument are found in the second paragraph, which is translated here almost completely.]
48. [At this point, the difficulties resulting from the fact that there are two words for the Italian '*lavoro*' in English, which in its usage is structurally close to the German '*Arbeit*', become all too evident in the English translation.]
49. [Cf. e.g. Bellofiore 1996a, b.]
50. [Bellofiore underlines here that before Perri (1996a), these interpretations were far too dependent on the *New Reading*, rereading it by following the 'way of Pasinetti' (cf. the classical critique in Samuelson and Modigliani 1966), i.e. by modelling an 'analysis of a monetary production economy' without class struggle.]
51. [In Bellofiore's text, it is not grammatically clear which is the subject of this sentence. I ascertain from the gist of the argument that it is labour power, referring back to 'living labour', which is inseparable from the workers.]

52. [For details, Bellofiore here refers to the reading proposed by Raffaele Sbardella (2007).]
53. [Supposedly, this quote comes from the text Bellofiore quoted in the middle of section 7.1 (see footnote 50.]
54. [Bellofiore is indubitably correct so far, cf. in German Krätke 2017. A potential misunderstanding of this—which Bellofiore does not fall into, although he does not point to it clearly—should, however, be avoided: Marx's *critique of political economy at once* refers back to the classics (and their important continuators which also exist within the Marxist tradition, like Vargas or Mandel, or at its margins, like Sraffa), *and* marking a break with the limited and uncritical perspective even of the 'classics' like Smith and Ricardo, which Althusser hinted at with his notion of the 'epistemological break'. Authors like Gérard Duménil and Dominique Lévy (cf. Duménil and Lévy 2013) have tried for some time now to address this double challenge, one side of which Bellofiore is, as it were, 'playing down' here.]
55. [For a critical perspective on this 'short-hand expression' cf. above, footnote 6.]

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Capitalist Communism: Marx's Theory of the Distribution of Surplus-Value in Volume III of *Capital*

Fred Moseley

What competition between the various amounts of capital … is striving to produce is capitalist communism, namely that the mass of capital belonging to each sphere of production receives an aliquot part of the total surplus-value proportionate to the part of the total social capital which it constitutes. (Marx and Engels 1975, p. 193)

Capitalists are like hostile brothers who divide among themselves the loot of other people's labor. (Marx 1861–1863a, p. 29)

In Book III we come to the transformation of surplus-value into its different forms and separate component parts. (Marx and Engels 1975, p. 191)

I have argued in my recent book (Moseley 2016a) and in several papers (2002, 2009, 2011) that there are *two main levels of abstraction* in Marx's theory as contained in *Capital*: namely, the *production* of surplus-value in Volumes I and II, and the *distribution* of surplus-value in Volume III. The primary question addressed in the theory of the production of surplus-value

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is the *determination of the total surplus-value* produced in the whole economy in a year, whereas the theory of the *distribution* of surplus-value mainly addresses the *division of the total surplus-value into individual parts*: first the equalisation of profit rates across industries in Part Two, and then the further division of the total surplus-value into commercial profit, interest and rent in the rest of Volume III.

The key point about this logical method is that the production of surplus-value is theorised *prior* to the distribution of surplus-value, in other words the *total surplus-value* produced in the economy as a whole is determined *logically prior* to the *division* of the total surplus-value into individual parts. The total surplus-value is determined in the first level of abstraction (the production of surplus-value), and is then taken as a *pre-determined given* amount in the second level of abstraction (the distribution of surplus-value or the subsequent division of the total surplus-value into its individual parts).

This logical progression from total surplus-value to the individual parts of surplus-value *follows directly from Marx's labour theory of value and surplus-value*. According to Marx's theory, all the individual parts of surplus-value come from the *same source*—the surplus labour of productive workers. Therefore, total surplus-value must first be determined (by surplus labour) and then divided into its constituent parts, which in turn depend on other factors besides surplus labour (e.g. competition among capitalists which tends to equalise the rate of profit).

Marx resorted to Hegelian terms to describe these two levels of abstraction in his own work, namely as *capital in general* and *competition*, or *many capitals*. I argued in Moseley 2014 that this aspect of Marx's logical method was influenced by Hegel's logic of the Concept, particularly the Concept's moments of *universality* (capital in general) and *particularity* (many capitals). Therefore, I argue that Volume III operates primarily at the level of abstraction of competition, and that, accordingly, the main subject addressed by Volume III is in fact the *distribution of surplus-value*. It follows that Marx's theory of the distribution of surplus-value in Volume III is based on the fundamental premise that the total amount of surplus-value has already been determined by the theory of the production of surplus-value in Volumes I and II, and this pre-determined total amount is *taken as given* in Volume III's theory of the distribution of total surplus-value. The division of the total surplus-value into individual parts does not change the magnitude of the given, pre-determined, total surplus-value.[1]

Marx's theory of the distribution of surplus-value in Volume III explains the individual parts of surplus-value (equal rates of profit, industrial profit, merchant profit, interest, and rent) as the *necessary forms of appearance* of the unifying substance of surplus-value, which is produced by the unpaid labour of workers. To agents of capitalist production (and, generally speaking, economists), these different forms of surplus-value appear to originate from separate and independent sources (e.g. interest from capital, rent from land, etc.). Marx's theory, however, demonstrates that these forms of surplus-value are all derived from the same source: workers' surplus labour. In other words, Marx's theory demonstrates the 'inner connection' of surplus-value's various forms of appearance. Furthermore, Marx's theory explains how the illusion that these individual components of surplus-value come from separate and independent sources is a 'necessary appearance', in other words an appearance that, although false, necessarily arises on the basis of capitalist production. Therefore, another objective of Volume III is not only to explain these important phenomena related to the distribution of surplus-value, but also to elaborate why these phenomena appear differently to the agents of capitalist production (and to economists). Marx stated his intention to explain these more concrete forms of appearance in the first paragraph of Volume III:

> Our concern is rather to discover and present the concrete forms which grow out of the process of capital's movement as a whole... The configurations of capital, as developed in this book, thus approach step by step the form in which they appear on the surface of society, in the action of different capitals on one another; i.e. in competition, and in the everyday consciousness of the agents of production themselves. (Marx 1981, p. 117)

The overall logical structure of Volume III and how it relates to Volumes I and II has hardly been discussed in English-language Marxian literature. Sweezy's classic *Theories of Capitalist Development* discussed Part Two (the 'transformation problem') and Part Three (the 'falling rate of profit'), but did not discuss the rest of Volume III, and provides no interpretation of the overall structure of Volume III nor its relation to the first two volumes. Mandel's introduction to the Penguin edition of Volume III (Marx 1981) briefly mentions that the subject of Volume III is the distribution of surplus-value, but does not emphasise this important point—nor does it explicitly discuss the relationship between total surplus-value and the individual parts of surplus-value. The currently dominant Sraffian interpretation of Marx's theory argues that Volume I is concerned with the 'value system', while Volume III tackles the 'price system'. However, discussions of the 'price system' in Volume III are almost always limited to Part Two (the 'transformation problem'). Little or nothing is said about the rest of Volume III, not even Part One, which is a crucial preliminary to Part Two. Parts Four through Seven are seldom if ever discussed, and no explanation is given of how these other parts relate to Part Two. At an international conference on Volume III held in Bergamo, Italy in 1994 (commemorating the 100th anniversary of the publication of Volume III), very little discussion of the overall logical structure of Volume III could be observed (see Bellofiore 1997). This chapter, by contrast, presents a comprehensive and detailed interpretation of Volume III as a whole.

It reviews each of the seven individual parts of Volume III (except Part Three) in order to demonstrate three main points: (1) that the main subject of Volume III is the distribution of surplus-value; (2) that the total amount of surplus-value was already determined in Volume I and is taken as given in Volume III's analysis of the division of this total amount into individual parts; and (3) that these individual parts of surplus-value are explained as 'necessary forms of appearance' of the common substance of surplus-value, produced by surplus labour. The chapter concludes with a discussion of a very important letter written by Marx to Engels in 1868 which summarises the overall aims and logic of Volume III, providing further support for the interpretation of Volume III presented here. (Chapter 3 of Moseley 2016a provides 80 pages of textual evidence from all the drafts of *Capital* to support this interpretation, especially the *Manuscript of 1861–63*.)[2]

The primary textual basis of this chapter is the well-known Volume III of *Capital*, edited by Engels. Marx's original Volume III manuscript was written in 1864–1865 and published in German for the first time in 1992 as part of Volume II/4.2 of the *Marx-Engels-Gesamtausgabe* (MEGA). An English translation of Marx's original manuscript (by Ben Fowkes) appeared quite recently (Marx 2016), with an introduction by the author (Moseley 2016b). Only a handful of differences between Marx's original manuscript and Engels's edited volume relate to the subject of this paper (Marx's theory of the distribution of surplus-value and the prior determination of the total surplus-value), and will be identified in the relevant sections below.

The first important change worth mentioning is that Engels changed the book's *title*! Marx's title for the 1864–1865 manuscript was *Die Gestaltungen des Gesammtprozesses* (*The Forms of the Process as a Whole*). We know from its contents that the 'forms' presented in this book are *particular forms of appearance of capital and surplus-value*—profit, average profit, commercial capital and commercial profit, interest-bearing capital and interest, and landed capital and rent. In my view, a better title for Volume III would have been *The Forms of Appearance of Capital and Surplus-Value*, as that is what Volume III is mostly about.

Unfortunately, Engels removed *Gestaltungen* from the title, and changed it to *Gesammtprozess der kapitalistischen Produktion* (*The Process of Capitalist Production as a Whole*). This title misses the main point of Marx's manuscript (which Engels perhaps did not fully understand, as discussed above). Although Book III does address capitalist production as a whole, in the sense of the unity of the process of production (Book I) and the process of circulation (Book II), more precisely, Book III is about the *particular forms of appearance of capital and surplus-value* (profit, average profit, etc.) that develop out of the processes as a whole already theorised.

Part One: Profit and the Rate of Profit

Part One of Volume III provides a transition from Marx's analysis of capital in general to his analysis of competition. Before analysing the division of total surplus-value into individual parts, Marx first derived new 'forms of appearance' acquired by surplus-value: profit and the rate of profit.

Marx defines profit in terms of the surplus-value determined in Volumes I and II: profit is the quantity of surplus-value determined in Volumes I and II, related conceptually to the total capital advanced (including constant capital), rather than only to variable capital (which, according to Marx's theory, is the only source of surplus-value). Profit is thus always and by definition *the same magnitude as surplus-value*, and has already been determined by the prior, general analysis of capital in Volume I. The amount of surplus-value obviously does not change as a result of this different way of measuring the same amount of surplus-value in relation to the total capital as profit. The same amount of surplus-value is simply related to total capital, rather than just to variable capital. The rate of profit expresses this relation of the surplus-value to the total capital as a ratio (as distinguished from the rate of surplus-value, which is the ratio of the same surplus-value to the variable capital only).

There is an important difference between Marx's original manuscript and Engels' edited volume in the opening pages of Chapter 1. After the first paragraph (roughly the same length in both volumes), four important paragraphs in Marx's chapter are missing from Engels's version. In these paragraphs, Marx points out that the theory of surplus-value presented in the previous two books has determined the magnitude of surplus-value produced by a given capital in a year. If this pre-determined magnitude of surplus-value is related to the total capital advanced instead of variable capital alone, then this magnitude of surplus-value is transformed into 'profit'. Here are excerpts from these missing paragraphs:

> In one year, a capital produces a **certain quantity of surplus-value**… If one now calculates the surplus-value produced in a year … in relation to the *total capital advanced,* which consists of the constant capital advanced plus the variable capital advanced, the surplus-value is transformed into *profit.*
>
> From the point of view of its material, the *profit* … is nothing other than the *surplus-value* itself. Its **absolute magnitude does not therefore differ** from the absolute magnitude of the surplus-value which capital produces during a given turnover time. It is **surplus-value itself, but calculated differently**, or, as it initially appears, viewed subjectively in a different way.
>
> *Profit,* in a material sense, and therefore as an absolute magnitude or quantity, is not at all different from *surplus-value*… e.g. £100. (Marx 2016, pp. 49–50)

The earlier drafts of this chapter in the *Grundrisse* and the *Manuscript of 1861–63* open with similar paragraphs. In the *Grundrisse*, Marx writes:

> Capital is now posited as the unity of production and circulation and the surplus-value it creates in a given period of time ... In a definite period of time, ... capital produces a **definite surplus-value** ... A capital of a certain value produces in a certain period of time a **certain surplus-value**. Surplus-value thus measured by the value of the presupposed capital, capital thus posited as 'self-realizing value' – is *profit* ... (Marx 1973, pp.746–747; *italicised* emphasis in the original; **bold** emphasis added; these conventions will be followed throughout this paper)

And in the *Manuscript of 1861–63*[3]:

> Considered in its totality ... the movement of capital is a unity of the process of production and the process of circulation.
>
> The *surplus value* produced within a given period of circulation ... when measured against the *total capital* which has been advanced is called – *profit*...
>
> Considered with respect to its material, **profit is absolutely nothing but surplus value itself**. Considered with respect to its absolute magnitude, it therefore does not differ from the surplus value produced by capital over a particular turnover time. It is surplus value itself, but *calculated* differently. (Marx and Engels 1992, p. 69)[4]

Although Engels omitted these important paragraphs and instead began with a specific numerical example, the analysis still clearly assumes that a given quantity of surplus-value has already been determined. In this numerical example, the given quantity of surplus-value is £100. Profit is defined in the same way as in the earlier drafts: as equal to the given pre-determined quantity of surplus-value related to the total capital, rather than just to the variable capital: 'As this supposed derivative of the total capital advanced, the surplus-value takes on the transformed form of *profit*' (Marx 1981, p. 126).

Marx emphasises further that the source of surplus-value is obscured and goes unrecognised by capitalists (and economists) in these forms of appearance of profit and the rate of profit. Profit appears to arise from both constant capital and variable capital equally. Marx argues that this illusion is no accident; rather, it necessarily appears this way to capitalists because they fail to distinguish between constant capital and variable capital. To capitalists, both components of capital are equally 'costs', and surplus-value therefore appears to arise from both in equal measure:

> Profit, as we are originally faced with it, is thus **the same thing as surplus-value** save in a mystified form, though one that necessarily arises from the capitalist mode of production. Because no distinction between constant capital and variable capital can be recognized in the apparent formation of the cost price, the origin of the change in value that occurs in the course of the production process is shifted from the variable capital to the capital as a whole. (Marx 1981, p. 127)

Marx's analysis of profit and the rate of profit in Part One of Volume III is presented in terms of an individual capital, as is his theory of surplus-value in Volume I. However, Part One of Volume III remains at the level of general abstraction of capital and thus addresses that which all individual capitals have in common. In this case, the commonality is that surplus-value appears as the result of both constant capital and variable capital, rather than just variable capital alone. Thus, the individual capital in Part One is analysed as a representative of the total social capital, or as 'an aliquot part of the total social capital'—as in Volume I. Therefore, when Marx assumes that the surplus-value has been determined, he not only means that the surplus-value produced by a single individual capital has been determined, but also that all the quantities of surplus-value produced by *all* capitals have been determined, and hence that the *total* social surplus-value has been determined.

Marx expressed this point explicitly in the earlier draft of this chapter in the *Manuscript of 1861–63*:

> Just as the surplus-value of the individual capital in each sphere of production is the measure of the absolute magnitude of the profit – merely a converted form of surplus-value – so is the *total surplus-value* produced by the total capital the absolute *measure of the total profit of the total capital*, whereby profit should be understood to include all forms of surplus-value, such as rent, interest, etc. It is therefore the absolute magnitude of value …

which the capitalist class can divide among itself in various headings. (Marx and Engels 1992, pp. 98–99)

This assumption of a given, pre-determined total amount of surplus-value is the basic premise of Marx's theory of the distribution of surplus-value throughout the remainder of Volume III.

Part Two: The General Rate of Profit and Prices of Production[5]

Part Two is the beginning of Marx's analysis of competition and the distribution of surplus-value, first considered across different branches of production. Marx assumed that the rates of profit in different branches of production tend to be equalised as a result of competition among capitalists as a more or less empirical fact (although he certainly acknowledged the many obstacles to this equalisation). The important point is that this empirical fact of equal rates of profit (or at least a tendency towards equality) appears to contradict the labour theory of value and surplus-value, because profit appears to arise from total capital, rather than from variable capital alone. This apparent contradiction between the labour theory of value and equal rates of profit was of course the main 'stumbling block' of Ricardian economics.

Marx calls attention to this apparent contradiction in Chapter 11 of Volume I of *Capital* and promises to explain it at a later stage of his analysis, according to his logical method of first determining the total amount of surplus-value and then later determining the individual components of surplus-value, such as the average profit collected in each industry. Marx commented that 'for the solution of this apparent contradiction, many intermediate terms are still needed' (Marx 1867, p. 421). The main 'intermediate term' needed to explain this apparent contradiction is the determination of the total amount of surplus-value and the general rate of profit prior to the explanation of equal profit rates across industries.

The equalisation of profit rates across industries is accomplished through the determination of the prices of production of individual commodities, which are different from the values of individual commodities.

Therefore, Marx's explanation of the equalisation of profit rates across industries is necessarily concerned with the determination of these prices of production. The key point I wish to emphasise is that Marx's theory of prices of production and the equalisation of profit rates is based on the premise that the *general rate of profit* (to which individual rates of profit are equalised) *has itself already been determined prior to the determination of prices of production*, and is *taken as given* in this determination of prices of production. For a book length study of Marx's theory of prices of production see Moseley 2016a.

The general rate of profit (*R*) is defined as the ratio of the total amount of surplus-value (*S*) to the total capital advanced (*C*) in the capitalist economy as a whole:

$$RP = S / C \tag{1}$$

The total amount of surplus-value is determined by the prior analysis of capital in general in Volume I of *Capital* and is taken as given in the determination of the rate of profit.[6]

Marx expressed the determination of the general rate of profit as the ratio of the aggregate totals as follows:

> … the value level of the **total capital advanced** (both constant and variable), … [together] with a **given size of surplus-value or profit for the entire capitalist class**, determines the rate of profit … (Marx 1981, pp. 299–300)

> Let us assume that the **total industrial capital** advanced during the year is 720c + 180v = 900 (say in millions of pounds sterling), and that s′ = 100 per cent. The product is then 720c + 180v + 180s. If we call this product or the commodity capital produced C, then its value or price of production (since the two coincide when we take the totality of commodities) = 1,080 and the rate of profit on the total capital of 900 is 20 per cent. This 20 per cent, as explained already, is the average rate of profit, since here we are reckoning surplus-value not on this or that capital of particular composition, but rather on the total industrial capital with its average composition. (Marx 1981, p. 398)

The general rate of profit thus determined, it then becomes a given, a 'pre-requisite' for the determination of prices of production: 'The prerequisite [of prices of production] is the existence of a general rate of profit …' (Marx 1981, p. 257).

Prices of production are then determined according to the following equation:

$$P_i = K_i + RC_i \qquad (2)$$

where R is taken as pre-determined by the prior aggregate analysis of capital in general, K_i is the costs of production of the given commodity (the sum of consumed constant capital and variable capital) (a flow variable), and C_i is the total stock of capital invested in the given industry. The magnitudes of individual capitals consumed and invested in each industry (K_i and C_i) are taken as given, as the sums of money which initiate the circulation of capital in each industry. Therefore, prices of production are determined by adding the average profit to the given costs of production for each commodity, with the average profit determined as the product of the general rate of profit and the given capital invested in each industry, and the general rate of profit determined by the prior analysis of capital in general. In this way, the pre-determined total amount of surplus-value is distributed such that all industries receive the same rate of profit.

> The prices of production arise from an adjustment of commodity values under which, after the reimbursement of the respective capital values consumed in the various spheres of production, **the total surplus-value is distributed**, not in the proportion in which it is produced in the individual spheres of production, … but rather in proportion to the size of the capitals advanced… It is the constant tendency of capitals to bring about, by competition, this adjustment of the total surplus-value which the total capital produces … (Marx 1981, p. 895)

The average profit included in the price of each commodity (= RC_i) will in general not be equal to the amount of surplus-value actually contained in that commodity, and hence the price of production of each commodity will in general not be equal to its value or proportional to the labour time required to produce it. However, the total amount of surplus-value is not altered by this redistribution of surplus-value among individual industries according to the total amount of capital invested. As a whole, the divergences of individual profits from individual surplus-values balance out so that the sum of individual profits is equal to the total amount of surplus-value (*S*), as determined in the Volume I analysis of capital in general. This can be trivially shown as follows:

$$\Pi = \Sigma \left(RC_i\right) = R\Sigma \left(C_i\right) = RC = \left(S / C\right)C = S \qquad (3)$$

This result follows tautologically from Marx's logical method employed in the determination of prices of production. Because the total amount of surplus-value (the 'limit') is taken as given in the determination of prices of production, the total amount of surplus-value cannot possibly change as a result of this determination (cannot 'abolish the limits').[7]

> The transformation of values into prices of production **does not abolish the limits** on profit, but simply **affects its distribution** among the various particular capitals of which the social capital is composed … (Marx 1981, p. 1000)

> The equalization of the surplus-values in the different spheres of production **does not affect the absolute size of this total surplus-value**; but merely alters its *distribution* among the different spheres of production. The *determination of this surplus-value* itself, however, only arises out of the determination of value by labor-time. (Marx 1968, pp. 190–191)

Note the latter passage states that the total surplus-value 'arises out of the determination of value by labor-time', which is the theory of surplus-value presented in Volume I of *Capital*.

The equalisation of profit rates across industries further obscures the origin of surplus-value. Because profit is in fact distributed across industries according to total capital invested and not the amount of variable capital, profit appears to come from both the constant capital and variable capital components of the total capital equally. Marx argued that this illusion is a 'necessary form of appearance' in capitalism because competition enforces the equalisation of profit rates across industries:

> It is now purely accidental if the surplus-value actually produced in a particular sphere of production, and therefore the profit, coincides with the profit contained in the commodity's sale price… The actual difference in magnitude between profit and surplus-value in the various spheres of production … now completely conceals the true nature and origin of profit, not only for the capitalist, who has a particular interest in deceiving himself, but also for the worker. (Marx 1981, pp. 267–268).

> Profit does not merely *seem* to be different, but *is* now in fact different from surplus-value … Capitals of equal magnitude yield equal profits; in other words, profit is proportional to the size of the capital. Or profit is determined by the value of the capital advanced. The relation of profit to the organic composition of capital is completely obliterated and no longer recognizable in all these formulae. (Marx 1971, p. 483)

Marx argued that Ricardo and his followers failed to provide a satisfactory explanation of equal rates of profit and prices of production precisely because they failed to follow the logical method of the prior determination of the general rate of profit. Instead, Ricardo simply assumed equal rates of profit and prices of production in the first chapter of his *Principles* without first explaining how the rate of profit is determined:

> Instead of *postulating* this *general rate of profit*, Ricardo should have examined how far its existence is consistent with the determination of value by labor-time and he would have found that instead of being consistent with it, *prima facie*, it *contradicts* it, and that its existence would therefore **have to be explained through a number of intermediary stages**, a procedure very different from merely including it under the law of value. (Marx 1968, p. 174)

The main 'intermediary stage' omitted by Ricardo is the prior determination of the total amount of surplus-value and the general rate of profit, which is then taken as given in the subsequent determination of prices of production.

I have argued in Moseley 2016a that, if the interpretation of Marx's logical method presented here is accepted along with the key premise of the prior determination of the general rate of profit, one must conclude the following: (1) Marx's theory of prices of production is not 'incomplete', in other words Marx did not fail to transform the inputs of constant capital and variable capital from values into prices of production, because these inputs are taken as given quantities of money capital, not derived as the values or prices of production of given means of production and means of subsistence. The *same* quantities of money capital are taken as given in Marx's theory of surplus-value in Volumes I and II and in his theory of prices of production in Volume III. The only difference is that the disaggregated quantities of constant capital and variable capital in each industry are taken as given in Volume III, rather than the aggregate quantities of constant capital and variable capital, as in Volumes I and II (the sum of the disaggregated quantities of capital are by assumption equal to the aggregate quantities of capital). (2) Marx's two aggregate equalities are both simultaneously true, as Marx himself concluded. (3) The rate of profit does not change as a result of the determination of prices of production. Instead, the rate of profit is taken as given in Marx's theory of prices of production, as determined in the prior aggregate analysis of capital in general in Volume I.

Part Four: Commercial Profit[8]

The next component of surplus-value explained in Volume III is commercial profit, or the profit collected by commercial capital. Commercial capital is capital which functions solely in the sphere of circulation, in other words performs only the pure circulation functions of buying and selling, and activities related to buying and selling (accounting, advertising, credit, etc.). Because these functions by themselves are 'unproductive' in Marx's theory, in other words produce no value or surplus-value (see Moseley 1992, Chapter 2, for a further discussion of Marx's concept of unproductive labour), the existence of commercial profit appears to contradict this assumption of unproductive labour.

Marx calls attention to this apparent contradiction between the labour theory of value and commercial profit in Chapter 5 of Volume I, and again promises to explain it at a later stage of his theory, according to his logical method of first determining the total amount of surplus-value and then later determining the individual parts of surplus-value, such as commercial profit. Marx remarks that in order to explain these apparently contradictory phenomena, 'a long series of intermediate steps' is necessary, which are 'entirely absent' in the analysis so far.

> In the course of our investigation, we will find that merchants' capital and interest-bearing capital are derivative forms [of industrial capital]. (Marx 1977, p. 267)[9]

Marx's explanation of this apparent contradiction is that commercial capital receives its profit as a deduction from the surplus-value produced by industrial capital (or rather produced by the labour employed by industrial capital). The general mechanism through which this deduction of commercial profit from the total surplus-value occurs is through the difference between commercial capital's buying price and its selling price. Commercial capital buys commodities at less than their price of production and then sells these commodities at their price of production, enabling it to recover its cost and collect the average rate of profit. In this method of determination of commercial profit, the *prior determination of the total amount of surplus-value* is very clear. Commercial profit is 'a portion of the surplus-value produced by productive capital as a whole.' The 'limits of surplus-value' (i.e. the total amount of surplus-value) is given, prior to the distribution of surplus-value through competition among individual capitalists. The general rate of profit is not determined by competition, but rather by the prior analysis of capital in general.

> Since commercial capital does not itself produce any surplus-value, it is clear that the surplus-value that accrues to it in the form of the average profit forms a **portion of the surplus-value produced by the productive capital as a whole**. The question now is this: How does commercial capital attract the part of the surplus-value produced by productive capital that falls to its share? …

> It is clear that the merchant can obtain his profit only from the price of the commodities he sells, and also that this profit which he makes on the sale of his commodities must be equal to the difference between his purchase price and his sale price; it must be equal to the excess of the latter over the former. (Marx 1981, pp. 395–396)

> If **the limits of value and surplus-value are given**, it is easy to perceive how the competition between capitals transforms values into prices of production and still further into commercial prices, transforming surplus-value into average profit. But without these limits, there is absolutely no way of seeing why competition should reduce the general rate of profit to one limit rather than to another, to 15 per cent instead of 1,500 percent. (Marx 1981, p. 429)

How then are the purchase price and the selling price of commercial capital determined?[10] With the inclusion of commercial capital, the general rate of profit (R') is now determined as the ratio of the pre-determined total amount of surplus-value to the sum of industrial capital (C_p) and commercial capital (C_c), not just to the industrial capital as before:

$$R' = S/\left(C_p + C_c\right) < R = S/C \tag{4}$$

Therefore, the general rate of profit is less than what it was in the absence of commercial capital.

Commercial capital's buying price or 'wholesale' price (WP) (or industrial capital's selling price) is then determined as follows (considering both the total industrial capital and the total commercial capital, rather than individual capitals):

$$WP = K_p + R'\left(C_p\right) \tag{5}$$

where K_p is the cost of production (the sum of variable capital and constant capital consumed). Since $R' < R$, the average profit added to the costs of production by industrial capital is less than in the absence of commercial capital. In this way, industrial capital appropriates a smaller share of the total surplus-value.

The remainder of the total surplus-value is then received by commercial capital by adding the average profit to its buying price to determine its selling or 'retail' price, or price of production (P):

$$P = WP + R^{'}\left(C_c\right) \tag{6}$$

Prices of production are now different from those determined in Part Two, because the proportion of commercial capital will vary across industries and because the addition of commercial capital reduces the general rate of profit that is taken as given.

This then is Marx's explanation of how commercial capital receives a share of the total surplus-value even though it produces no surplus-value. It is trivial to show that the sum of industrial profit ($R' C_P$) and commercial profit ($R' C_C$) determined in this way is equal to the pre-determined total amount of surplus-value[11]:

$$R^{'}C_P + R^{'}C_C = R^{'}\left(C_P + C_C\right) = \left[\, S/\left(C_P + C_C\right)\right]\left(C_P + C_C\right) = S \tag{7}$$

The only difference is that a part of this total amount of surplus-value is now collected by commercial capital, rather than by industrial capital, by means of the above relative price mechanism. Marx presented a numerical example of this method of determination on page 398 of Volume III, and gave a similar example in an 1868 letter to Engels to be discussed below.

The appropriation of profit by commercial capital further obscures the origin of surplus-value. Because commercial profit, like industrial capital, receives a profit proportional to its total amount, it appears as if profit is produced by commercial capital as well as by industrial capital. This illusion is enhanced by the effect that the rate of turnover commercial capital enjoys on the rate of profit, for example a faster rate of turnover of commercial capital increases the rate of profit (see Chapter 18 of Volume III). Again, these illusions arising from circulation necessarily arise in capitalism because the products of capitalism are commodities which must pass through phases of circulation and because capital must be invested to carry out these necessary functions of circulation, even though these functions do not themselves directly product surplus-value:

> As the reader will have recognized in dismay, the analysis of the real, inner connections of the capitalist production process is a very intricate thing and a work of great detail; it is the task of science to reduce the visible and merely apparent movement to the actual inner movement. Accordingly, it will be self-evident that, in the heads of the agents of capitalist production and circulation, ideas must necessarily form about the laws of production that diverge completely from these laws and are merely the expression in consciousness of the apparent movement. The ideas of a merchant, a stock-jobber or a banker are necessarily quite upside-down. (Marx 1981, p. 428)

Part Five: Interest

Interest is the next component part of surplus-value explained in Volume III. In Marx's theory, interest is simply a part of the total surplus-value which 'functioning' capital (either industrial capital or commercial capital) has to pay to the capital lenders for the use of their capital. Again, the total amount of surplus-value is pre-determined and taken as given in the analysis of the division of this total surplus-value into 'profit of enterprise' and interest:

> Interest … is … **nothing but a part of the profit**, i.e. the surplus-value, which the functioning capitalist, whether industrialist or merchant, must pay to the owner and lender of capital is so far as the capital he uses is not his own but borrowed. (Marx 1981, p. 493)

> **Where a given whole such as profit is to be divided into two, the first thing that matters is of course the size of the whole to be divided**… And the circumstances that determine the magnitude of the profit to be divided, the value produce of unpaid labor, are very different from those that determine its distribution among these two types of capitalist … (Marx 1981, p. 482)

> The ratio in which profit is divided, and the different legal titles by which this division takes place, already assume that profit is ready-made and pre-

> suppose its existence... **(P)rofit is produced before this division takes place** and before there can be any talk of it. (Marx 1981, pp. 504–505)

> With the division into interest and profit of enterprise, the average profit itself sets the limit for the two together. It supplies the **given amount of value they have to share** between them, and this is all they have to share. (Marx 1981, p. 1001)

Marx argues that there are no general, systematic laws that determine the rate of interest, as there is with the rate of profit. Therefore, there are no general laws determining the relative shares of 'profit of enterprise' and interest in the total surplus-value. The rate of interest is instead determined by the supply and demand for capital as loan capital. The most relevant point for our purposes is that the maximum rate of interest is the rate of profit. This maximum limit for the rate of interest follows from the prior determination of the rate of profit, before the division of the total surplus-value into 'profit of enterprise' and interest.

Marx called interest the 'most fetishistic form of surplus-value', because interest appears to arise solely out of the nature of capital itself, with no necessary relation to labor or even production. Marx argued that this fetishism necessarily arises in capitalism because of the actual emergence of loan capital and the consequent division of the total surplus-value into interest and profit of enterprise. Even capitalists operating without borrowed capital nevertheless often divide their 'gross profit' into interest and 'net profit':

> The division of profit into profit of enterprise and interest ... completes the autonomization of the form of surplus-value, the ossification of its form as against its substance, its essence... (I)nterest then seems independent both of the wage-labor of the worker and the capitalist's own labor; it seems to derive from capital as its own independent source. (Marx 1981, p. 968)

> It is in interest-bearing capital – in the division of profit into interest and profit – that capital finds its most objectified form, its pure fetish form, and the nature of surplus-value is presented as something which has altogether lost its identity. Capital – as an entity – appears here as an independent source of value ... (Marx 1971, pp. 498–499)

Marx's theory of interest and the division of the total surplus-value into 'profit of enterprise' and interest is presented in Engels's Chapters 21–24 of Part 5, and are very similar to Sections 1–4 of Chapter 5 of Marx's original 1864–1865 manuscript. The rest of Engels's Part 5 is very different from the rest of Marx's Chapter 5—the very long Section 5 ('Credit. Fictitious Capital'; 175 pages)—because this part of Marx's manuscript was quite messy (see Moseley 2016b, pp. 24–33) and Engels tried mightily to make it more presentable (dividing it into ten chapters!). Although the substance of the material does not change, its organisation differs significantly. This version of Section 5 does not really belong in Volume III, because it does not deal with the distribution of surplus-value (i.e. the determination of interest and the rate of interest), but instead belongs to a lower level of abstraction on the Credit System which Marx planned to include in a later volume.

Part Six: Rent

The final component of surplus-value explained in Volume III is land rent. Rent is explained as a part of the total surplus-value which landlords are able, through their monopoly of the land (and other natural resources), to appropriate for themselves rather than it be distributed among all capitalists. In this theory of rent, the total amount of surplus-value is again taken as a given magnitude, as determined by the prior analysis of capital in general. This total amount of surplus-value is 'split' into profit and rent, while rent does not enter into the equalisation of profit rates across industries: 'All ground-rent is surplus-value, the product of surplus labor' (Marx 1981, pp. 772–773).

> The analysis of landed property in its various historical forms lies outside the scope of the present work. We are concerned with it only in so far as a **portion of the surplus-value** that capital produces falls to the landowner. (Marx 1981, p. 751)

> In our analysis of ground-rent, we intend to proceed first of all from the assumption that products that pay a rent of this kind – which means that

> –**a part of surplus-value… is reducible to rent** – are sold like all other commodities at their prices of production… (Marx 1981, p. 779)

Marx's theory of rent assumes that agriculture is organised on a capitalist basis, and that capital invested in agriculture achieves the same average rate of profit as all other industries. However, agriculture is unique in that productivity differentials of different types of land are due in part to unequal rates of natural fertility, which cannot be eliminated by competition or capital transfer. As a result, the price of production of agricultural goods is determined by labour-time requirements on the least fertile land, rather than labour-time requirements on land of average fertility. The greater quantity of goods produced by the same amount of labour on more fertile lands will sell at the same price as goods produced on the least fertile land. Therefore, goods produced on the more fertile land will contain a sustainable 'surplus profit', in other words a profit above the average rate of profit. This surplus profit is transformed into (differential) rent, paid to landlords because of their private ownership of the land and thus their monopolisation of the benefits of the greater natural fertility:

> Capital-profit (profit of enterprise plus interest) and ground-rent are thus nothing but particular components of the surplus-value; categories in which this surplus-value is distinguished according to whether it accrues to capital or landed property; designations which in no way affect its essence. Added together, they form the total of surplus-value. Capital directly pumps from the workers the surplus labor that is expressed in surplus-value and surplus product. (Marx 1981, pp. 959–960)

Rent collection by landlords further obscures the origin of surplus-value by giving the impression that surplus-value arises from the natural fertility of the land. Indeed, to some such as the Physiocrats, it even appears as if all surplus-value, not just rent, originates from this natural fertility:

> Finally, besides capital as an independent source of surplus-value, there appears landed property, as a limit to the average profit which transfers a portion of the surplus-value to a class that neither works itself not directly

> exploits workers, and cannot even, like interest-bearing capital, launch forth in edifying homilies about the risk and sacrifice in lending capital. Since in this case one part of the surplus-value seems directly bound up not with social relations but rather with a natural element, the earth, the form of mutual alienation and ossification of the various portions of surplus-value is complete, the inner connection definitively torn asunder and its source completely buried, precisely through the assertion of their autonomy vis-a-vis each other by the various relations of production which are bound up with the different material elements of production process. (Marx 1981, p. 968)

Part Seven: Revenue and Its Sources

Finally, we come to Part Seven, 'Revenue and its Sources', which is seldom discussed in the literature but which I consider highly important. Part Seven provides a culmination of Marx's theory of the distribution of surplus-value in Volume III of *Capital*, and makes the main points of Volume III exceedingly clear: (1) the distribution of surplus-value into its component parts, (2) the prior determination of the total amount of surplus-value, and (3) the necessary appearance of the individual parts of surplus-value as separate and independent 'sources' of value.

The quantitative premise of the determination of the total surplus-value prior to its distribution is clearly expressed throughout Part Seven. The total surplus-value is determined by 'unpaid labor', which is the theory of surplus-value presented in Volumes I and II. This pre-determined total surplus-value is then the 'limit' of the sum of the individual parts:

> Profit (profit of enterprise plus interest) and rent are nothing more than characteristic forms assumed by particular portions of the surplus-value in commodities. The size of the surplus-value sets a **quantitative limit** for the parts it can be broken down into. (Marx 1981, p. 971)

> The sum of average profit plus ground-rent can never be greater than the quantity of which these are parts, and this is already given before the division. (Marx 1981, p. 972)

> We have thus an **absolute limit** for the value component that forms surplus-value and can be broken down into profit and ground-rent; this is determined by the excess of the unpaid portion of the working day over its paid portion, i.e. by the value component of the total product in which this surplus labor is realized. If we call this **surplus-value whose limits are thus determined** profit, when it is calculated on the total capital advanced, as we have already done, then this profit, considered in its absolute amount, is equal to the surplus-value, i.e. it is just as regularly determined in its limits as this is. It is the ratio between the total surplus-value and the total social capital advanced in production. If this capital is 500 … and the surplus-value is 100, the absolute limit to the rate of profit is 20 percent. The division of the social profit as measured by this rate among the capitals applied in the various different spheres of production produces prices of production which diverge from commodity values and which are the actual averages governing market prices. But this divergence from values abolishes neither the determination of prices by values nor the limits imposed on profit by our laws… This surcharge of 20 per cent … is itself determined by the surplus-value created by the total social capital, and its proportion to the value of this capital; and this is why it is 20 percent and not 10 percent or 100 percent. The **transformation of values into prices of production does not abolish the limits to profit, but simply affects its distribution** among the various particular capitals of which the social capital is composed … (Marx 1981, pp. 999–1000)

This last passage is a concise summary of Marx's theory of prices of production, in which it is clearly stated that the general rate of profit (the 'surcharge') is determined prior to prices of production by the aggregate ratio of the total surplus-value to the total capital.

Marx's theory of the total amount of surplus-value is of course based on the labour theory of value, which itself is based on essentially the same premise: that the total amount of value, or the total price, is determined prior to its division into individual parts, or individual forms of income. Leaving aside the constant capital component of the total price, the total new-value produced in a given period may be divided into wages plus the various forms of surplus-value discussed in Volume III. Marx emphasises repeatedly in Part Seven (and especially in Chapter 50) that the labour theory of value assumes that the total amount of new-value is determined by ‘objectified social labor’ prior to its division into wages plus profit plus rent, etc. Two examples:

> The commodity value of $250 thus produced, and determined by the amount of labor objectified in it, sets the limit to the dividends that worker, capitalist, and landlord can draw from this value in the form of revenue – wages, profit, and rent. (Marx 1981, p. 994)

> The value freshly added each year by new labor … can be separated out and resolved into the different revenue forms of wages, profit, and rent; this in no way alters the limits of the value itself, the sum of the value that is divided between these different categories. In the same way, a change in the ratio of these individual portions among themselves cannot affect their sum, this given sum of value… What is given first, therefore, is the mass of commodity values to be divided into wages, profit, and rent … (Marx 1981, p. 998)

Marx also contrasted his theory of value and surplus-value with the essentially opposite view, held by the ‘vulgar economists’, that the forms of income are first determined separately and independently prior to the total amounts of value and surplus-value being determined as the sum of these individual forms of income. According to this view, the different forms of revenue (wages, profit and rent) are themselves independent ‘sources’ of value, rather than parts of a pre-determined total value. Marx termed this opposing view the ‘Trinity Formula’, or the ‘illusions created by competition’. Another version of this view is of course Adam Smith’s ‘cost of production’ theory of value:

> This new value of 100 is all that is available for division into the three forms of revenue. If we call wages x, profit y and ground-rent z, the sum of x+y+z, in our present case, is always = 100. In the minds of the industrialists, merchants and bankers, and the vulgar economists as well, things proceed quite differently. For them it is not the commodity value that is given as 100, after this 100 then being divided up into x, y, and z. Instead, the price of the commodity is simply put together out of the value magnitudes of wages, profit, and rent, which are determined independently of the commodity’s value and of one another … (Marx 1981, p. 1007)

Marx argued that this illusion necessarily arises in capitalism because individual capitalists, in their everyday practical calculations, do in fact regard these different forms of income as given and independent magnitudes, in other words as the prevailing magnitudes in the economy at a given time. Individual capitalists are not interested in a scientific analysis of value and distribution and simply take the forms of income as given, as they actually exist in the economy. These forms of income appear to be determined in separate and independent ways, while the total price appears to be determined as the sum of these individual parts.

Marx also argues in Part Seven that 'vulgar economics' simply took these everyday perceptions of individual capitalists as its point of departure, seeking to give these perceptions some coherence and profundity: 'Vulgar economics actually does nothing more than interpret, systematize, and turn into apologetics the notions of agents trapped within bourgeois relations of production' (Marx 1981, p. 956).

Thus, at the end of Volume III, Marx arrives at the point promised in the first paragraph of Volume III: the explanation of the different forms of appearance of surplus-value on the surface of capitalist society and in the consciousness of individual capitalists and vulgar economists.

1868 Letter

There is one final piece of important textual evidence concerning the aims and logic of Volume III worth discussing: a letter Marx wrote to Engels in April of 1868, three years after completing the full draft of Volume III (in the *Manuscript of 1864–65*) and one year after the publication of Volume I. In this letter, Marx explains to Engels what Volume III is all about.

By this point in his life and theoretical development, Marx had a clear idea of the subject matter and overall logical structure of Volume III, as well as its relation to Volumes I and II. Hence, this letter provides crucial evidence concerning the nature of Volume III, and should be regarded as Marx's final and definitive statement on the matter. Readers are encouraged to read the four-page letter in its entirety.

In previous letters, Marx and Engels had addressed the effect of a change in the value of money on the rate of profit, an issue raised and discussed by Marx in a letter dated 22 April (Marx and Engels 1988, pp. 16–18). Engels replied four days later that he agreed with Marx's analysis, but raised the following objection:

> The only thing that is unclear to me is how you can assume *m / (c + v)* as the *rate of profit*, for *m* does not flow solely into the pockets of the industrialist who produces it, but has to be shared with the merchant, etc.; unless you are taking the whole branch of business together here, therefore disregarding how *m* is divided up between manufacturer, wholesaler, retailer, etc. In general, I am very keen to see your exposition on this point. (Marx and Engels 1988, p. 19)[12]

Engels's objection had to do with the division of the total profit into different individual parts, the main subject of Volume III.

In order to explain this point to Engels, Marx replied in the letter on 30 April with a long and detailed summary of what he then called 'Book III' (what we know as Volume III) (Marx and Engels 1975, 191–195). Marx stated his intention: 'It is proper that you should know the **method** by which the rate of profit is developed'.[13]

Marx began his summary of 'Book III' by clearly stating its main overall subject: 'In Book III, we then come to the conversion of surplus value into its different forms and separate component parts'. In other words, we come to the distribution of surplus-value.

The letter then summarises each of the seven parts of Volume III, corresponding exactly to the seven parts of Marx's draft of Volume III in the *Manuscript of 1864–65* which Marx probably had in front of him as he wrote. Let us review several excerpts from this letter which are especially relevant to the main points of this chapter.

The summary of Part One begins with the main points emphasised above, that profit is only 'another name' for surplus-value, and that there is no quantitative difference between them:

> Profit is for us, for the time being, only *another name* or another category of *surplus value*. As owing to the form of wages, the whole of labor appears to be paid for, the unpaid part of labor seems necessarily to come not from labor

> but from capital, and not from the variable part of capital but from capital as a whole. As a result, *surplus value* assumes the form of *profit*, without there being *any quantitative* difference between the one and the other.

After discussing the important concept of *cost-price*, Marx summarises his analysis of the determination of the rate of profit by the rate of surplus-value and the composition of capital (the ratio of constant capital to variable capital), which 'has of course been hitherto *inexplicable* to everybody'. He then makes the following important methodological comment:

> The laws thus found … hold good *no matter how* the surplus-value is later divided among the producer, etc. This can only change the *form of appearance.* Moreover, they remain directly applicable if m/(c+v) is treated as the relation of the socially produced surplus value to the social capital.

In other words, the laws concerning the rate of profit derived in Part 1 apply directly to the 'socially produced surplus-value' and 'social capital'. These laws 'hold good no matter how surplus-value is later divided up among the producer, etc.'. The later division of the total surplus-value only changes the *forms of appearance* of this total surplus-value, but not its magnitude. As illustrated above, Marx's theory in Part One is discussed in terms of an individual capital, but this individual capital represents what all capitals have in common, and thus represents total social capital.

Marx's summary of Part Two clearly states the determination of the general rate of profit by the ratio of the total surplus-value to the total capital, prior to the determination of prices of production:

> This rate of profit, expressed absolutely, can be nothing but the *surplus value* produced (annually) by the *capitalist class* in relation to the total of capital advanced by society as a whole. For instance, if the social capital = 400c + 100v and the surplus value annually produced by it = 100s, then … the rate of profit is 20 per cent. This is the *general rate of profit.* … The price thus equalized, which divides up the social surplus-value equally among the various masses of capital in proportion to their sizes, is the *price of production* of commodities, the center around which the oscillation of the market prices moves.

Marx calls this equalisation of profit rates through prices of production a kind of 'capitalist communism', in which each capital receives a 'fractional part of the total surplus-value proportionate to the part of the total social capital that it forms'.

His summary of Part Four is another clear and unambiguous statement that the total amount of surplus-value is determined prior to its division into individual parts, in this case prior to its division into industrial profit and commercial profit. Marx extends the numerical example in his summary of Part 2 (see above) to include a merchant capital = 100. Because *the total amount of surplus-value remains the same* (= 100), the general rate of profit is reduced from 20 per cent to $16\frac{2}{3}$ per cent. This new, lower general rate of profit is then taken as given in the determination of both the selling price of industrial capital (what I have called the 'wholesale price') and the selling price of commercial capital (what I have called the 'retail price'), as discussed above:

> Until now we have only dealt with *productive capital*. Now there enters modifications through *merchant capital*.
>
> According to our previous assumption the *productive capital* of society = 500 (millions or billions, *n'importe*). And the formula was 400c + 100v + 100m. The general rate of profit p′, = 20%. Now let the merchant capital = 100.
>
> So, the 100m has now to be calculated on 600 instead of 500. The general rate of profit if therefore reduced from 20% to 16%. The *price of production* ... now = $583\frac{1}{3}$. The merchant sells at 600 and therefore realizes ... $16\frac{2}{3}$ % on his 100, as much as the productive capitalists; or in other words, he appropriates 1/6 of the social surplus value.[14]

The summary of Part Five is very brief, but repeats the point that total surplus-value is determined prior to its division into profit and interest:

> Next comes the splitting up *of this profit* into entrepreneur's profit and interest.
>
> For Part Six, there is only one phrase:
>
> *Transformation of surplus profit into rent.*

This phrase by itself is not entirely clear, but we know from previous sections that it means a part of the pre-determined total surplus-value is 'transformed into rent' by the pricing mechanism discussed above.

Finally, Marx's summary of Part Seven emphasises his critique of the 'vulgar conception', according to which each of the different forms of income (wages and profit and rent) flows from a separate and independent source, and the value of commodities is determined by adding up these independent forms of income. As discussed above, Marx's notion is quite the opposite: total value is determined prior to its division into individual parts, or individual forms of income.

> At last we have arrived at the *phenomena* which serve as the *starting point* in the vulgar conception: rent, coming from the land; profit (interest), from capital; wages, from labor. But from our standpoint things now look different. The apparent movement is explained.

For these reasons, the letter provides very strong evidence in support of the interpretation of Volume III presented here. Volume III's primary subject matter is the distribution of surplus-value. Its key quantitative premise of the prior determination of the total amount of surplus-value is clearly and unambiguously stated, particularly in the summaries of Part Two and Part Four.

Conclusion

This chapter has provided considerable textual evidence to support the following conclusions: (1) that the main subject of Volume III is the distribution of surplus-value into its individual component parts; (2) that the total amount of surplus-value has already been determined by the prior analysis of capital in general in Volume I and is taken as given in Volume III's analysis of the division of this total amount into individual parts; and (3) that these individual parts of surplus-value are explained as 'necessary forms of appearance' of the common substance of surplus-value, produced by surplus labour.

Müller et al. (the editors of the MEGA) and Michael Heinrich have argued that Marx encountered difficulties in the *Economic Manuscript of 1861–63* in maintaining the logical distinction between capital in general and competition, and that he abandoned this logical structure thereafter (Müller et al. 2002, pp. 16–17; Heinrich 1989, pp. 68–72). I have argued, to the contrary, that Marx did not encounter these difficulties in the *Manuscript of 1861–63*, nor did he abandon this logical structure after that (Moseley 2002 and 2009). The main aspect of Marx's logical structure of capital in general and competition is the production of surplus-value and the distribution of surplus-value, in other words the determination of total surplus-value prior to its division into individual parts. Marx most certainly did not abandon this fundamental quantitative premise of his theory after 1863, and thus did not abandon the logical structure of capital in general and competition.

The main textual evidence to support this conclusion is Volume III itself, which we have just reviewed. Volume III addresses the particular forms of surplus-value and the individual parts into which the total surplus-value is divided, while the quantitative premise for the entire book is the prior determination of the total surplus-value. We have seen above that this quantitative premise is repeated in all chapters of this manuscript, including in the concluding Chapter Seven on 'Revenue', in which Marx's logical structure (the whole of surplus-value is determined prior to its parts) is contrasted with the opposite logical structure of 'vulgar economics' (the parts of surplus-value are determined prior to and independent of the whole, and the whole is determined by adding up the parts). Therefore, it is clear Marx retained the logical structure of capital in general (production of surplus-value) and competition (distribution of surplus-value) after 1863.

This chapter will hopefully stimulate further research and discussion of Marx's logical method in *Capital*, and the overall logical structure of Volume III and its relation to the first two volumes in particular. Equipped with a better understanding of Marx's logical method, we should then be able to move beyond *Capital* and further develop Marx's theory towards more concrete levels of abstraction, including especially an analysis of the modern credit system.

Appendix

Marx's Work on Volume III After 1865: Why Did Marx Not Finish Volume III?

Scholars and others have often wondered why Marx neglected to finish Volume III of *Capital*. Volume I was published in 1867 and Marx died in 1883. In that time, he almost finished Volume II, but made very little progress on Volume III. This Appendix summarises my understanding of the main reasons why Marx did not finish Volume III and made so little progress during the last fifteen years of his life.

Marx's only significant and sustained work on Volume III after 1865 was the *Manuscript of 1867–68*. At the time, Marx was invigorated by the publication of Volume II which was still going strong. The manuscript is about 400 book pages in length, about three-quarters of which relates to Volume III (and the rest to Volume II). Almost all of the content later found in Volume III addresses Part 1, including four drafts of the volume's first 10–15 pages (which Marx was clearly dissatisfied with), the relation between the rate of profit and the rate of surplus-value (Engels's eventual Chapter 3) (about 100 pages), and the effect of capital turnover on the rate of profit (Engels's eventual Chapter 4, which was only a title in Marx's *Manuscript of 1864–65* and was written by Engels in his volume) (about 100 pages).

There is also a very interesting and potentially important thirty pages relating to Part 2 of Volume III (i.e. prices of production and the 'transformation problem'). These pages drop the oversimplified assumptions found in the *Manuscript of 1864–65* and allow for *unequal rates of surplus-value* across industries, as well as for *unequal turnover times* across industries, which complicates the analysis considerably. Marx does not get very far in these thirty pages, but this limited work is an indication that he intended to extend his theory of prices of production to incorporate these more realistic assumptions.[15]

The only other work conducted by Marx on Volume III after 1868 was 125 pages written in 1875, dealing almost entirely with the relation between the rate of profit and the rate of surplus-value (Engels's Chapter 3) and consisting mostly of tedious numerical examples without general conclusions (similar to Marx's thirty-four-page footnote at the beginning of the *Manuscript of 1864–65*). It appears that Marx was somewhat obsessed with these details. Ultimately, these examples are not particularly necessary to establish Marx's main point, which is that the rate of profit depends not only on the rate of surplus-value, but also on the composition of capital (as a critique of Ricardo). As Samuel Moore (who helped Engels condense this material into Chapter 3) said, Marx's simple algebraic equation ($p' = s'(c/v)$) shows this dual dependence.

Marx worked more on Volumes I and II than on Volume III in the 1870s, writing a complete draft of Volume II in 1870 and revising it significantly in 1877, including the addition of Chapter 21 on Expanded Reproduction. In the early 1870s, Marx worked quite a bit on the later editions of Volume I—the second German edition and the French edition in 1873–1875. The latter took quite some time, as Marx was unhappy with the translation and reworked large parts of it. These other volumes thus took priority over Volume III, and Marx never really returned to Volume III after 1868.

So why did Marx neglect to work more on Volume III, or at least prepare it for publication? The following is my answer to this question as I understand it.

The main reason for Marx's lack of progress on Volume III after 1868 seems to have been his *declining health*. He turned fifty in 1868, and was seldom fully healthy after this point.

He suffered from chronic liver and gall bladder problems and periodic bouts of skin infection (boils, carbuncles) on many parts of his body including his buttocks, which made sitting difficult at times. Moreover, these bouts were sometimes accompanied by severe, debilitating headaches. His health problems were aggravated by his extremely unhealthy lifestyle, often working late into the night, eating poorly, and smoking countless cheap cigars. He spent significant stretches of time in various English and German health spas throughout the 1870s, which sometimes provided temporary relief but no real cure and his doctor ordered him to refrain from working more than four hours a day.

A related reason for his lack of progress on Volume III in the 1870s was probably a degree of sheer *mental exhaustion*. The 1860s had been a tremendously intense and productive time for Marx: he wrote the *Manuscript of 1861–63* (1600 book pages), the *Manuscript of 1864–65* (a full draft of all three volumes), the first edition of Volume I, and the *Manuscript of 1867–68* (in addition to his organising work for the International Workingman's Association). He appears to have simply lost some of his mental energy after this period. Although he read extensively on subjects relating to Volume III, particularly Russian agriculture and the developing financial system (especially in the United States), in addition to a wide range of subjects including the sciences (agronomy, geology, physiology) and mathematics (calculus) while taking thousands of pages of notes and excerpts, he seems to have been incapable of sustained and original work. Engels mentioned that there were signs of depression in Marx's manuscripts, which was probably both an effect and a cause of his lack of progress on Volume III.

Another reason for his lack of progress, often not fully appreciated, is the *originality and difficulty of the subject matter* of Volume III. Volume III presented a comprehensive and unified theory of all the particular forms of surplus-value: average profit across industries, commercial profit, interest and rent. Such a comprehensive and unified theory had never been done before and has not been since. All of these particular forms still required a fair amount of additional work, depending on how complete Marx wanted the volume to be (presumably fairly complete), such as how far he wanted to incorporate turnover time into the volume (both in the dynamic sense of changes of turnover time and in the static sense of unequal turnover times across industries). Marx's work on turnover time in the *Manuscript of 1867–68* probably helped him realise the complexities involved more clearly, which in turn may have been an obstacle to returning to work on Volume III.

Another, final reason for Marx's lack of progress was that he *worked almost entirely on his own*. He appears to have hardly discussed Volume III, even with Engels, following the long 1868 letter discussed above. Marx probably avoided discussing his work on Volume III with Engels because he knew that Engels would put pressure on him to finish the volume.[16] Although hard to imagine, Marx apparently went so far as to avoid asking Engels directly to edit Volumes II and III, but instead instructed his daughter Eleanor to tell Engels to 'make something' of the manuscripts. Marx did not collaborate with anyone else on any parts of the theory of the particular forms of surplus-value in Volume III. It is unfortunate he neglected to prepare Engels to finish Volume III after his death, as this would have been a good task for Marx in the 1870s, and might have even motivated him to work more on the volume.

As mentioned at the conclusion of the main text, the MEGA editors and Michael Heinrich have argued that Marx encountered difficulties in the *Economic Manuscript of 1861–63* in maintaining the logical distinction between capital in general and competition, and abandoned this logical structure thereafter. They also suggest that these difficulties and uncertainties in his basic logical framework was another (and perhaps the primary) reason for Marx's failure to finish Volume III and his inability to even make progress on the volume after 1868. I disagree. In my view, the basic logical structure of Marx's theory—the production of surplus-value (capital in general) and the distribution of surplus-value (competition) was settled in Marx's mind (and, furthermore, is logically sound). The unfinished work to be done on Volume III in the 1870s remained within this basic logical structure, but there was simply too much of it, and Marx must have felt less and less capable of finishing the volume. That task, it seems, has been left to us.

Notes

1. Parts 1 and 3 of Volume III remain at the level of capital in general prior to the analysis of the distribution of surplus-value, nor is the distribution of surplus-value into individual parts considered in these sections. Part 1 contains a key transition from capital in general to competition that introduces the concepts of profit and the rate of profit, and will be discussed below. Part 3 of course addresses Marx's theory of the falling rate of profit, which applies to the general rate of profit for the total social capital.

   Part 2 is discussed after Part 1 due to the logical connection between 'the transformation of surplus-value into profit' in Part 1 and 'the transformation of profit into average profit' in Part 2. Surplus-value is first transformed into profit by relating it to total capital, and then profit is further transformed into average profit by the equalisation of profit rates across industries. Marx argues that the second transformation is a necessary consequence of the first transformation. As capitalists measure surplus-value in relation to the total capital and attempt to maximise the rate of profit rather than the rate of surplus-value, competition among capitals tends to equalise rates of profit across industries. Therefore, Part 2 is discussed after Part 1 in order to maintain this necessary connection between these two transformations of surplus-value into profit. But the distinction between capital in general and competition would have been clearer if the order of Parts 2 and 3 had been reversed. Part 3 will not be discussed further in this chapter because it is not directly related to the distribution of surplus-value.

2. Volume III of *Capital* as we know it was written in 1864–1865, just after the *Manuscript of 1861–63*, which includes the *Theories of Surplus Value*. In the *Manuscript of 1861–63*, Marx developed his theory of the distribution of surplus-value as presented in Volume III of *Capital* for the first time. The full *Manuscript of 1861–63* has been translated into English and published as Volumes 30–34 of the 50-volume *Marx-Engels Collected Works* by International Publishers.
3. This very interesting draft of Parts 1 and 3 of Volume III is included in the *Manuscript of 1861–63* published in English for the first time in Volume 33 of the *Marx-Engels Collected Works* in 1991.
4. A little earlier in this manuscript (in a part included in the *Theories of Surplus-Value*), Marx stated this important methodological point very clearly: 'When in general we speak of profit or the rate of profit, then *surplus-value* is supposed to be *given*. The influences therefore which determine surplus-value *have* all operated. This is the presupposition.' (Marx 1971, p. 228)
5. Engels's Part Two is very similar to Marx's Chapter 2; there are no differences related to the distribution of surplus-value and the prior determination of the total surplus-value.
6. The total capital advanced is taken as given, as the amount of money capital (M) advanced in the first phase of the circulation of capital (M – C … P … C′ – M′) in the capitalist economy as a whole (see Chapter 4 of Moseley 2016a for a further discussion of the initial givens in Marx's theory as quantities of money capital).
7. It is just as easily demonstrated that the sum of individual prices of production is equal to the aggregate price determined in the Volume I

analysis of capital in general, see Moseley 2016a, pp. 39–40. Contrary to the widely-accepted Sraffian interpretation, both of these aggregate equalities are true simultaneously if Marx's own logical method is followed.

8. Engels's Part Four is also very similar to Marx's Chapter 4; there are no differences related to the distribution of surplus-value and the prior determination of the total surplus-value.
9. We can see from this sentence that the same method of investigation also applies to Marx's analysis of interest.
10. I consider here only the simple case in which there are no additional costs of circulation beyond those necessary to purchase the commodities. For a consideration of the more complicated case with additional costs of circulation, see Moseley 1997.
11. Similarly, the sum of 'retail' prices of commercial capital is equal to the total price of commodities determined in Volume I and the sum of prices of production in the earlier case without commercial capital.
12. *m* here stands for *Mehrwert*, the German word for surplus-value.
13. This letter is a clear indication of how little Engels knew about Volume III.
14. There is one terminological difference between this letter and the 1864–1865 draft of Volume III: prices of production are defined as the selling price of industrial capital (the 'wholesale price'), rather than the selling price of commercial capital (the 'retail price'), as in the 1864–1865 draft. Marx either changed his mind, or perhaps remained undecided as to which of these two prices should be called prices of production. The method of determination of these two prices, however, is exactly the same as described above, with the general rate of profit taken as given, as determined by the ratio of the total surplus-value to the total capital, now including commercial capital.
15. The *Manuscript of 1867–68* should be a top priority for translation into English. Should you have an idea of how to fund this project, please contact me at fmoseley@mtholyoke.edu.
16. This was Engels's explanation to Bebel as to why he knew so little about the state of Marx's Books II and III: '… had I known, I should have pestered him night and day until it was all finished and printed. And Marx knew that better than anyone else' (Marx and Engels 1995, p. 53; 30 August 1883 letter from Engels to August Bebel).

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Another Productive and Challenging 'Incompleteness' of *Capital*, Volume III

Frieder Otto Wolf

The 'incompleteness' of Marx's third volume is, of course, quite evident: '*Hier bricht das Manuskript ab…*' (see Krätke 2002, 2003). Although debates evolving around it since its initial publication, most prominently raised by Karl Kautsky (1914), have argued for other aspects of its incompleteness, not all held up to subsequent critiques.[1] Some, however, like the ones discussed in this volume by Riccardo Bellofiore and Jan Toporowski, have proven to be a real challenge for productive thinking in Marxian economics.[2]

Indirectly, this directs our attention to another issue—to asking what exactly is the third volume about in terms of its specific, as it were constitutive, object of investigation? This seems to be an easy question: Marx explicitly told us that the first volume was about the *production* of capital, the second (also unfinished, according to Marx's idea) about the circulation of capital, and the third (which, in its preparations, had come last, in search of a 'synthesis' of the entire construction) about

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capital's 'comprehensive process' (*Gesamtprozess*). Marx leads us, according to its carefully constructed overall systematic structure, from the subject matter of Adam Smith's *Wealth of Nations* as an 'immense mass of commodities [*ungeheure Warenmasse*]', which is quickly decomposed into the single *commodity*, then analysed *to be* both use value and exchange value, with the latter unfolded in the forms of value constituted by commodities (already resulting from capitalist production) in relations of exchange, as the 'exclusive realm of Freedom, Equality, Property and Bentham' (Marx 1976, p. 280), before proceeding to the deeper reality of the capitalist production process. Marx planned to return to this illusionary reality of the 'surface' of modern bourgeois societies (dominated by the capitalist mode of production), systematically unfolded in the first section of Volume I, in the last section of Volume III, where he intended to demonstrate that the 'trinity formula' as elaborated by 'vulgar economics'—and the illusions it contained—was the 'logical' outcome of the underlying structure of the process of the continuing reproduction of capital (i.e. the capitalist mode of production).

This rough outline of Marx's plan to present his critique of political economy in a systematic, almost Hegelian and to some degree self-validating form, is, however, misleading in at least four aspects:

1) it does not devote attention to what Marx called the 'limits of dialectical presentation' (see Wolf 2001), which obliged him to resort in central, by no means marginal, points to historical and empirical findings, which necessarily remained contingent to his systematic construction;
2) it neglects the background presence of 'living labour' and the resulting class antagonism throughout Marx's (systematic and empirical) argument;
3) it does not look to the historical character of the reality explained by this theory[3];
4) it neglects the economic specificity of Marx's argument, and therefore fails to address one of Marx's central claims, that of presenting the critique of political economy 'exposed critically as a system'.

In less abstract, less 'epistemological' terms, we can begin from Marx's concept of the 'character mask': whereas the capitalist is relevant for Marx's critique of political economy only as such a character mask, the presence of workers necessarily goes beyond the figure who has sold his or her labour power to the capitalist[4] and now follows him into the process of production. They are living people, with living bodies, living a complex culture in which relations of sex and gender, geographical and ecological location, as well as the complex ecology of humankind within the biosphere of the planet Earth overlap.[5] This was already, even beyond the level of visibility reached in the nineteenth century,[6] rather explicitly addressed by Marx in Volume I, most tangibly in his extended analysis of the struggle for a normal working day (see Wolf 2001). In the second volume, where a complete discussion of the metamorphoses of capital[7] would also have required a reconstruction of the metamorphoses of variable capital[8] in the reproduction process of the workforce (i.e. not of the individual worker, but of the worker as an element of the given social labour force, 'in its ideal average'), Marx side-stepped this with the plausible argument that it would be 'easy', while the metamorphoses of capital were more complex and more important for his further argument.

Indeed, it is rather simple to construct the metamorphoses of variable capital on the side of the workforce[9] (composed of individual labour powers in their 'ideal average', as they are to be looked at on the level of Volume III), and to apply this retrospectively to the circulation process of capital as reconstructed in Volume II: *first,* we have 'labour-power-ready-to-be-offered-as-ready-for-use' (1) as it emerges from its individual reproduction process, then, *second*, we have 'labour-power-offered-as-ready-for-use' (2) as it is bought by the capitalist on the market (or, maybe, as a slightly more complex figure, 'labour-power-ready-to-be-prepared-for-use' (2a) the capitalist is forced to buy due to lack of the aforementioned variety). *Third*, we have 'labour-power-actually-in-use' (3) within the labour process,[10] and *fourth*, 'labour-power-spent-by-its-having-been-used' (4).[11] So far, this all takes place under the control of the capitalist, after having bought this labour force. The process of reproduction of the labour force is, of course, not restricted to the capitalist production process: at one end it must appear on the market as a 'labour-power-offered-as-ready-for-use' (2), to be transformed by the labour contract with the capitalist into the aforementioned variety. At the other end, the 'labour-power-spent-by-its-having-been-used' (4) moving from the production process into the sphere of its reproduction[12] turns, *fifth*, into a 'labour-power-to-be-reproduced-by-the-consumption-of-goods-and-services' (5) in order to become, *sixth*, a 'labour-power-in-the-process-of-being-reproduced-by-the-consumption-of-goods-and-services' (6) resulting in its final metamorphosis into a 'labour-power-reproduced-to-its-full-potential' (7), which then transforms itself into (1).[13]

At this point in our argument, it is not without consequence that it is unavoidable to distinguish in principle between the forms of reproduction of variable capital and of labour power: variable capital as such only relates to 'labour-power-offered-as-ready-for-use', the other phases of labour power reproduction are of no interest to it[14]—as long as a sufficient supply of such labour power is available on the market, regardless of how it may have arrived (via migration, child-rearing or education, or by the simple reproduction of the labour power spent).

These forms of labour power's metamorphosis describe a complete reproduction cycle of labour power as an individual entity,[15] and thereby complete Marx's reconstruction of the circulation of capital in Volume II. They would be very useful in analysing the capitalist impact on consumption, family structures, leisure habits and all the rest of it—but this is not our concern here.

The three major discussions of Marx's theory of the reproduction of labour power I know of neglected this specific aspect of the metamorphoses of capital, such as that put forward by Hubert Heinelt in an argument close to the debates on the 'derivation of the state'.[16] Interesting contributions on these questions can be gleaned from his unduly forgotten attempt (Heinelt 1980), as well as from Michael A. Lebowitz's (2003) grand attempt to overcome the 'incompleteness' of Marx's theory in this respect by using Marx's theory as a general starting point for sketching out what would have been Marx's planned volume on wage labour (without addressing these metamorphoses within *Capital*). Equally useful insights can be found in the attempt (inspired by Richard Wolff) to analyse the ways capital makes use of age-old patriarchal structures (Fraad 1994).

In his foreword to Heinelt's book, Bernhard Blanke convincingly stresses[17] the 'gap' in Marx's critique of political economy, specifically concerning the 'reproduction of labour power' (7) which then leads to a 'latency' of the 'class-society related dialectics of the theory of value': as a mere 'dependent variable of the valorisation of capital'—according to the reconstruction of the reproduction cycle of variable capital, as we have traced it—the 'life process [*Lebensprozess*] of the wage labourers' cannot be adequately grasped (8). This insight is then, according to Blanke, only related to the problems of 'the social and historical variability of wages' (ibid.), of 'the necessity of life-preservation in the event of a non-sale of the labour power' (ibid.), of the 'variability of the utilities and uses of labour power' (ibid.)—the forms of reproduction, let alone the metamorphoses of labour power, do not even enter the horizon of inquiry.

The same can be said about Heinelt's dissertation, which concentrates on the institutionalised forms in which the class struggle leads to '*Verrechtlichung*', official labour market and social policies which provide '"organized" and "institutionalised" forms of solving determinate reproduction problems of wage labour resp. labour power' (Blanke 1980, p. 7). He defines his object of inquiry as the '*Arbeiterbewegung*' (workers' movement), as well as the function of 'social policy' with regard to it. Accordingly, he seeks a theoretical framework with which to analyse the organised labour movement in its relations to the problems of labour power, as articulated in *Capital*, and to analyse social policies as they have been constructed particularly in the German 'system of social security' (ibid., p. 45). Following a discussion of contemporary approaches to social policy, he specifically looks for 'substantial points of linkage' [*inhaltliche Anknüpfungspunkte*] for the analysis he intends to carry out 'within the reproduction of capitalist society, as exposed in Marx's *Capital*' (ibid., p. 71). Specifically, he addresses Marx's second volume of *Capital* which he correctly identifies as the theoretical context in which 'the reproduction of wage labour can be exposed in connection with the reproduction of its "materiality", i.e. of labour power' (ibid., p. 77). This construction of the relation between wage labour (bought by variable capital) and labour power (in need of reproduction) as a relation of form and 'materiality' then bars the way for Heinelt to address the problematics of exchange relations (and their respective forms) between variable capital and labour power, and therefore the problematics of the formally independent reproduction of both.[18] Heinelt refers to the difference of perspective between the three volumes of *Capital*, but does not follow this through to more than the abstract statement that it is 'common to all these forms (i.e. of the reproduction of labour power) that they are form-determinate [*formbestimmte*] forms of appearance of the reproduction of wage labour – more concretely: of its materiality, [i.e.] of labour power' (ibid., p. 78). Doubly blinded, I think, by his more superficial reading of wage labour and his mis-application of the categories of form and materiality, Heinelt then turns his attention to investigating the meaning of the relevant legal categories, rather than specifically addressing the places of the reproduction of labour power—within the cycles of reproduction of capital, within its 'comprehensive process' or without them.

Michael A. Lebowitz convincingly argues that 'by Marx's own standard, capital as a whole is not the adequate totality in which all presuppositions, all premises, are shown to be reproduced' (Lebowitz 2003, p. 66). As Marx himself showed with regard to the reproduction of labour power (in his chapters on the struggle for the normal working day, see Wolf 2001) or—less prominently—concerning the ecological bases of human reproduction (see Saito in chapter "Profit, Elasticity and Nature" of this book), capital proves structurally unable to constitute such a closed, or even closing, cycle of reproduction. He even reconstructs 'the process of the production of the worker' (Lebowitz 2003, p. 67), prefixing this with the consideration that 'considered abstractly […] the process of production of the worker appears as a natural process of production'—like the production of agricultural goods?—'considered as a whole, however, it will be seen as a process of reproduction of a specific relation – that of wage labour' (ibid., p. 71). Between these extremes of looking at a natural process—i.e. the reproduction of labour power as potentially 'living labour'—and at the relation of wage labour—i.e. the relation between variable capital and the amount of wage labour it is capable of mobilising for the production process by buying a certain quantity of labour power—lies the real problematic of the reproduction of labour power. Lebowitz goes on to differentiate 'this process of production' into different determinations which, however, are neither phases nor forms of the reproduction of labour power: 'Firstly, this process of production is immediately a process of consumption', 'a process of consuming use-values … [including] any which produce the worker in "some particular aspect"'. This corresponds to Marx's first discussion of the reproduction of labour power, where its value is defined by the value of the commodities necessarily consumed in its reproduction. However, it overlooks Marx's second discussion of the issue, where the worker's own individual work, as well as that of his wife and children is taken into account—as feminists have pointed out, this is the model Marx refers to when concretising his theory of labour value.[19] Lebowitz then leaps immediately to the result of this process: 'the worker himself' (ibid., p. 68)—a simplification, which largely misses the point. The process does not simply result in the worker as such, but in the worker ready to be employed and used by capital. 'Finally', Lebowitz adds, 'the production of the worker is a *labour process*'. He is correct in this, as in his polemics against ordinary notions of 'free time' (ibid., p. 68f.) or in his reconstruction of the 'process of the production of the worker' as 'a labour process of the "simple" type' (ibid., p. 69). The closest Lebowitz ever comes to the issue of the metamorphoses of labour power in its process of reproduction is his discussion of the specific relation of the worker to capital: 'He must find the buyer for whom his property, labour power, is a use-value' (ibid., p. 71). But he at once drowns this insight in a pseudo-dialectical formula: 'This to be for self, the wage-labourer must be a being for another', which he then tops by declaring: 'Capital faces not a wage-labourer for capital but a wage-labourer for self'.

Harriet Fraad neglects these issues and goes directly to the issue of the specific labours of individual reproduction flowing into the reproduction of labour power. Due to her orientation towards Richard Wolff's model of overdeterminism, she is not interested in the interlinkages between the reproduction process of labour power and the reproduction process of capital, but convincingly illustrates how the reproduction of labour power is in reality linked to other human reproduction processes.[20]

My reconstruction of the metamorphoses of variable capital, on the one hand, and of wage labour on the other, sheds light on the moot points of these constructions. What should be stressed, however, is that the relations I propose considering in my reconstruction of the metamorphoses of variable capital/labour power are 'abstract' in a very specific sense, by merely addressing, describing and explaining one dimension in the actual life of those who are, historically correctly, described as 'living labour'. The actual persons undergoing these metamorphoses, often *uno actu*,[21] undergo other processes of reproduction at the same time, i.e. as a sexual and gender partner, as a bearer of ecological relations, or of a position in geographical space.[22]

It seems clear that these other relations or positions of the human beings dominated by them must also be analysed and reconstructed from the point of view of the comprehensive reproduction of modern societies. This is to say that, *first*, it is highly implausible to see them as mere remnants of earlier modes of production: in the case of the family, it seems clear that we can distinguish historically between older forms and the modern family, as imposed on the ordinary, individualised members of modern societies through intense political struggle (see Donzelot 1977).[23] A similar modernisation process seems to have transformed relations between the 'Global North' and the 'Global South': the structural inequalities operating within (and continually reproduced by) the capitalist world market do not seem to allow for an extension of equality between the participating entities (which range from indigenous communities, 'failed states', 'weak states' and 'ordinary nation-states', to 'dominant nation states' or 'empires' like the United States and the People's Republic of China) or, finally, to transnational political entities like the European Union, which remains *sui generis*. *Second*, it seems quite implausible to view them as mere 'superstructures', still somehow 'deriving' from the capitalist mode of production and its dominance in modern societies—the gendered, unequal division of labour with the sheer amount of unpaid labour it commands[24] is arguably a foundational structure of modern societies no less 'basic' than wage labour. The same holds true for the sheer quantitative weight of inequality between the 'Global North' and the 'Global South'. *Third*—and here a considerable amount of further research is needed—we can assume that the effective existence of such elementary social structures will not be lines of simple continuity, but must be analysed and reconstructed as specific reproduction processes in which elementary metamorphoses will have to be analysed and theoretically reconstructed as such—from forms of 'normal existence' (in the everyday routines of an average married couple or in times of peaceful exchange in the international sphere) to its moments of 'exhaustion' or 'crisis' (eventually leading to divorce or war in the two exemplary cases already referred to), via its forms of 'recovery' or 'stabilisation' (like 'peace treaties' or 'reconciliation').[25]

I consider it plausible that Marx—in elaborating the second volume of *Capital* for publication—would have gone to comparable lengths as in Volume I by extending his treatment of 'primary accumulation', which transcends the systematic structure of *Capital* with regard to 'the struggle for the normal working day', to 'the revolutionary impact of large-scale industry on manufacture, handicraft and domestic industry' or to 'so-called primitive accumulation'. Similarly, had he included the cycle of reproduction of variable capital—the cycle of reproduction of labour power considered from the point of view of capital—he would certainly have addressed the aforementioned dimensions in the manner of an empirico-historical 'illustration'[26] presenting the dimensions of this 'overdetermined' process, even without unfolding them systematically.

How, then, can these findings on the dimensions of reality of the *circulation* of capital (in Volume II) abstracted in Marx's analysis by its defining metamorphoses (inconspicuously brought about by his neglect of the reproduction cycle of labour power, with its specifically and unavoidably 'overdetermined' forms) be taken up in further research? Critical scientific research into these dimensions of modern societies will have to face the simple but difficult question of whether it is possible to develop a specific theory of the modern family or of international relations. It will have to take Marx's critique of political economy as a model in at least four respects: (1) in that of reconstructing the specific cycle of metamorphoses defining their ways of (static or dynamic) reproduction, (2) in that of distinguishing between their immediate appearance, as it were, on the surface of modern bourgeois societies, and the structural causalities operating in their 'internal depth', (3) in that of bringing out their characteristics as modern structures of domination,[27] and (4) in, as it were, deciphering the continuous and cyclical struggles undergirding their reproduction processes.

This leads us to an important, perhaps even decisive, question concerning the way in which these problems of labour power and the workforce—or of the class struggle of the exploited workers—are presented in Marx's theoretical reconstruction of the comprehensive process of capital (i.e. in Volume III of *Capital*).[28] As we take from Bellofiore's argument (see above), this is not the real, tangible class struggle of a given collective workforce as it appears in Volume I,[29] but the very same class struggle—because it is always one, in the same way as it is true of the human individuals (or social 'persons') waging it—as it appears on the 'surface' of modern bourgeois societies dominated by the capitalist mode of production, in other words as a struggle between different groups of property owners and interest bearers[30] (without necessarily remaining restricted to these superficial forms). This downside of the class struggle, underlying even the 'inverted' forms of the 'trinity formula', does not make itself felt, as it were, without an adequate mediation: in order to emerge as such, it must find forms and processes of organisation. Whereas in Volume I these forms and processes could be described by the individual workers 'put[ting] their heads together' (Marx 1976, p. 416) and, in Volume II, as a modification of the spontaneous metamorphoses of the other side of variable capital by interrupting or restricting its use in order to obtain concessions in terms of wage determination and working regulations, in Volume III it would have to be analysed—as it should have been[31]—as an indispensable moment of the ongoing comprehensive process of the reproduction and valorisation of capital, again in its ideal average.

On the level of the comprehensive process of capital as reconstructed (at least in rough outlines) in Volume III, our reminder concerning the underlying metamorphoses of labour power will help to overcome the superficial paradox that labour power is reproduced by a kind of labour—invisibly contained in the activity of consumption—which itself seems to have no value at all (see, for example, Nyikos 2010, p. 187)[32]: the individual labour of the worker (and of his or her family members) is spent within the different forms of the metamorphoses of labour power, without ever appearing on the market as a commodity—in other words without ever being constituted as an exchange value, remaining in the dimension of use value, as concrete labour which is not only indivisible from, but actually undistinguished from, living labour as a part of the very processes of living one's life.

This is specifically visible when looking at the metamorphoses of labour power (which Marx, however, left out of his Volume II manuscripts), but becomes invisible as such in the comprehensive process of capital reconstructed theoretically in Volume III, already within the capitalist process as a whole, integrating production and circulation processes: in other words well before turning into the very illusions of the economic surface of modern capitalist societies dominated by the capitalist mode of production. This could be read, I propose, as a way of repressing the pervasive presence of living labour within the capitalist mode of production—which no additional elaboration can undo. More specifically, we can safely assume that conflicts of interests will unavoidably occur between the different 'sources of revenue'—capital, labour and landed property—as they emerge in Marx's last chapter, where the text 'breaks off'. The conflicts between these kinds of property owners, inevitably mystified as conflicts over individual property, will not fail to sensitise workers to the question of adequate wages, as well as working times and conditions which do not inflict damage on their labour power. This will lead them, inevitably, to begin some kind of class struggle, even if initially in rather illusionary forms.

However, if at any point Marx's presentation of his theory of the way the capitalist mode of production dominates modern societies pushes beyond the limits of dialectical presentation, then at the point where the class struggle of the really existing workers (or rather the classes emerging in class struggles on a local, regional or national level) takes the superficial form of the figures of organisation of the 'averaged and idealised' proletarians as specimens of their class, such as in trade unions or political organisations, it ceases to be an unambiguous expression of 'living labour'. In general terms, we can still view the presence of 'living' labour as acting behind the curtain of the 'surface' of the trinity formula, but it appears impossible to conceptualise any transformation beyond the capitalist mode of production on this general level. A process of disrupting and overcoming capitalism only appears conceivable on the level of the real life of specific historical formations of societies (i.e. individual societies with all their over-determinations).[33]

The perspective I have sought to unfold with regard to a contemporary reading of Volume III of Capital—as well as of, most especially, Marx's manuscripts from 1861 to 1863—in spite of the substantial proposals to enlarge the terrain of the critique of political economy it contains, should not be misunderstood as a proposal to abandon what could be called its economic specificity. In *Capital*, Marx begins from the specifically economic issue of wealth, in order to arrive, at the end of his exposition, at an explanation of the trinity formula as is characteristic of the economic surface of modern societies dominated by the capitalist mode of production. That is to say, throughout his *critique of political economy* he refers to the *economic* dimension of modern societies.[34]

As hinted at the beginning of this chapter, this implies that there are other fields of inquiry to be critically investigated and theoretically reconstructed in ways comparable to the *critique of political economy*—which therefore may serve as an Ariadne's thread for them, albeit without constituting a general framework from which they could be 'derived' without further research into their specific realities. Therefore, from a Marxian perspective, it must provide ample space for a disciplinary division of labour—although not in the hybrid forms of a Marxist economics, sociology, psychology or political science, but in the new and autonomous forms of a Marxian critique of political economy, as well as of politics, leaving other dimensions to those who have worked on them more specifically, like feminists on gender relations or researchers from a 'Southern' perspective on international relations of dependency. Such fields of critical inquiry are distinct from the academic disciplines found in history and society at large, as the critique of political economy combines analyses of class struggle with analyses of economic forms of reproduction of the capitalist mode of production. Generally speaking, they combine an awareness of the historical character of the specific fields they analyse with heightened attention to the struggles underlying and, as it were, 'dynamising' their specific forms of reproduction—and thereby overcome, more or less simultaneously, on the one hand, false 'omnihistorical' pretences continuously reproduced by the dominant ideologies, as well as their elaboration within what could be called the dominant 'vulgar sciences'. On the other hand, they must perform critical work in order to destroy the false impression of evidence underlying all these 'vulgar sciences', distinguishing it from valid insights into the forms, structures and tendencies of the respective fields, as can be gleaned from serious investigations.[35]

All this must be done before being fully capable of critically addressing the ideological or cultural elaborations of such structures and their metamorphoses. Here, again, the question must be raised (and answered) whether these processes can only be analysed in their historical contingency, in other words as they concretely exist and operate within (for example) the German, the Japanese, the English or the Brazilian formation of a modern bourgeois society, or whether it is possible to analyse and reconstruct a *general* structure of modern ideology and ideological state apparatuses[36] (modern by their very definition) and their ways of reproducing themselves objectively as well as within the subjectivities of modern individuals.

Again, insofar as such general theories are feasible, they may use Marx's *Capital* in its totality, comprising the reconstruction of the comprehensive process of capital, as well as the way it presents itself on the level of the (economic) surface of modern capitalist societies (in its ideal average) as a 'methodical thread of Ariadne'—in other words, certainly not 'deriving' from it[37] what should be found out by specific critical research making use of the existing elaborations of these fields of inquiry which are, in the last instance, shaped by the dominant ideologies, but investigating surface phenomena and deep mechanisms, distinctive forms and structures, as well as resulting tendencies of crisis, rupture and eventual transformation as they exist in these dimensions of the comprehensive process of social reproduction and its undergirding plurality of struggles against domination. Judging from past experiences of 'reductionism' and claims of these various struggles' respective autonomy, it seems impossible to arrive at a comprehensive general theory of modern forms of domination and the liberation struggles they provoke. A fuller understanding of their specificities as well as of their interaction[38] will have to be achieved by differentially elaborating these diverse fields of critique—while the task of their unity, or at least coordination, must be shifted to the deliberative processes unfolding in the spheres of organisation and politics.[39]

Notes

1. Particularly the 'incompleteness' with regard to the tendency of the profit rate, as argued by Böhm-Bawerk and Bortkiewicz (see especially the debates triggered by Sraffa's treatment of the issue, Gehrke and Kurz 2006), which has basically been shown to be based upon an artificial construction (Hecker 1997, 121f; Steinvorth 1977).
2. While others appear overly driven by a desire to 'disprove Marx', like Shortall 1994.
3. Underlining this does not imply downgrading Marx's theory to a mere narrative, nor following the desperate attempts to salvage the 'orthodox Marxism' of the Third International by postulating a historico-systematic reading of *Capital* (such as Holzkamp 1974 or Haug 1973): it merely suggests the historical limitations of the validity of the systematic critique of political economy, which evidently does not apply as such to pre-modern structures of domination and exploitation.
4. This has occasioned a theoretically challenging albeit misleading debate over whether 'labour power' can really be construed to be a commodity like all others (see, for example, Gintis and Bowles 1981).
5. With regard to which Marx demonstrated an impressive visionary force (see Saito, chapter "Profit, Elasticity and Nature" in this book).
6. To which Marx has been, I think, unduly restricted in the reconstruction of the ecological dimension of his critique of political economy by the mainstream of Marxian 'political ecology' as has emerged thus far (see Castree 2015 for the Anglophone debate), represented by Paul Burkett, Jean-Paul Deléage and John Bellamy Foster.
7. These 'metamorphoses of capital' have been so little discussed that Timo Hein, in a book of the same title (Heim 2013), feels able to use this word in a different sense, referring to historical changes in the overall functioning of modern, capitalist-bourgeois societies. In the East German debate, the 'forgotten' problematics of the reproduction of the capitalist mode of production were forcefully rearticulated by Helmut Steiner (Steiner 1985, 2016), although he did not recognise the specific importance and forms of the reproduction of labour power.
8. However, see below for the diverse 'options' available to capital in acquiring the workforce it requires.
9. I delivered a first sketch of these metamorphoses lacking from Volume II of *Capital* in a debate with Wolfgang Fritz and Frigga Haug (Crome et al. 2002).

10. See the important debates initiated by Braverman and Buroway.
11. This category is marked by a structural conflict between the workers' claim to have their labour power back 'undamaged' and the capitalists' claim to make use of their purchased commodity as much as possible. In order to rationalise this conflict a number of specialised practices and investigations have developed, beginning more or less with the development of 'labour law' (Edelman 1973).
12. Which is ordinarily the family, with important implications in the dimension of the gendered unequal 'division of labour'. This, however, is not necessarily so: strictly individual models—with all goods and services needed for the reproduction of labour power acquired on the market—can also be imagined, while, on the other hand, communal or even public intervention models are possible in this respect, and have historically been the object of important struggles.
13. For brevity's sake, I avoid discussing the inter-generational reproduction of the workforce, which Marx addresses under the restrictive label of the reproduction of '*Ersatzmänner*'. This evidently implies sex and gender, as well as ecological relations and *geographical* positioning (migration!) of the real human individuals constituting the said workforce. In methodological terms, I am convinced that the problematics this raises are the same as the ones raised by the reproduction cycle of the individual labour power.
14. We could describe this as the full sum of capital reproduced in its metamorphoses, then, dividing into 'constant' and 'variable' capital, and, finally, in the process of its reproduction, returning to its owners to be divided again into income generated, and investment into C and V, and so on.
15. We are not on the concrete level here, grounding our perspective, again, from Volume III of *Capital*, where we cannot talk about actually existing individuals, but are dealing with individual instances of a theoretically reconstructed 'ideal average'.
16. See Bernhard Blanke's presentation in Heinelt, where he postulates a 'mediation' between 'a systematic analysis of the anatomy of bourgeois society, [i.e.] of the reproduction process of capital [i.e. the object of *Capital*, FOW], a systematic analysis of the political system [then considered to be the task of the 'derivation of the state', FOW] and a systematic analysis of the reproduction of wage labour' (Blanke 1980, p. 6). The point I am trying to make against Blanke and Heinelt (as well as against Lebowitz) is that the issue of the respective *lacuna* in Marx is not just a

question of his unwritten book on wage labour, but can and should be taken up specifically in a modern reconstruction of *Capital*—not only as it is, but as it should be. The Italian tradition of *operaismo*, first formulated by Tronti (1966), has the advantage of avoiding philological and theoretical details, thereby referring to the class struggle of the working class as a dynamic undercurrent within *Capital* itself.

17. Although written in a language still largely that of the specific debates on the 'derivation of the state' as they unfolded in West Berlin and—to a lesser degree—the Federal Republic of Germany, see the major contribution by Blanke et al. 1975a and 1975b, as well as the useful critical overview developed by Ingo Elbe (2008, pp. 319–443), which shows that these debates cannot simply be dismissed as irrelevant for appearing tied to an overly systematic reading of Marx's theory.
18. In principle, variable capital is capable of reproducing independently of any given reproduction of labour power, as long as it finds labour power ready for use on the market, as a commodity.
19. It should be noted that the first definition of the value of labour power given by Marx—as entirely reproduced by the consumption of commodities, in the form of various goods and services—would result in a prohibitively high value, or in very rapid processes of incomplete reproduction of its value.
20. My main criticism of her work addresses her neglect in properly distinguishing between modern and pre-modern forms of 'patriarchal' gender relations. These modern forms developed largely in the twentieth century (cf. footnote 23).
21. Its capacity to describe such uno actu-realities of overdetermination in simplifying terms, which occludes all aspects of implicit or formalised domination, seems to be the grounds for the surprising attraction of sociological role theory (see Furth 1971 or Jackson 1998).
22. This complexity of the real situation of wage labour explains the surprising legal complexity of 'labour law', extending far beyond the seemingly simple structures of the 'labour contract' by which the capitalist, on the labour market, buys the individual labour powers he (or she) expects to need. Some of this complexity may be gleaned from George Daremas's analysis in this book (chapter "The Social Constitution of Commodity Fetishism, Money Fetishism and Capital Fetishism").
23. Legal divorce, the abolition of all tutelage of the husband over 'his wife', and—only recently—the extension of marriage to same-sex couples, has been a visible step of this formal modernisation process. This process did

not, however, bring about material equality of the married partners, or in the distribution of household labour (Schulze 2004).

24. Not only at the domestic level but on all levels and contexts within modern society, as indicated, e.g., by the structurally distinct cosmetic expectations placed on male and of female individuals.
25. Bourdieu and Passeron (1977), and the group around Althusser working on their critique, ironically coincide in neglecting these elementary, primary forms of reproduction, and concentrate on the institutionalised forms of their secondary reproduction (see, in spite of all insistence upon class struggle, the critical alternative to Bourdieu's analysis of the school offered by Baudelot and Establet 1971).
26. Marx himself uses this concept, such as in his 'illustrations of the general law of capitalist accumulation'.
27. On the model of Marx's distinction between wage labour as an objectively mediated (*sachlich vermittelt*), i.e. modern, 'structure of domination' and *personal* domination or dependency (as in traditional slavery or in all kinds of feudal relations). The appeal of role theory in sociology seems to stem from the fact that it addresses the formal structure of all modern relations, as defined on the level of the 'surface' of modern societies by the principles of 'Freedom, Equality, Property and Bentham' (see above). Its irremediable flaw (see Furth 1971), however, consists in its blindness to the dominational 'depth' characteristic of these very relations, in a way comparable to wage labour's structural situation of being dominated and exploited by capital.
28. It is important to stress here that *Capital*, although 'closing the circle' of its systematic argument by coming back, in the end, to the 'appearing surface', is not a closed conceptual system on the model of Hegel's logic. On the one hand, its systematic 'development of the concept' is interrupted, time and again, by presentations of empirico-historical findings leaving the systematic structure of the argument; on the other hand, it remains open to additional conceptual reconstructions, which may find their place before its concluding 'syllogism', as in the areas of 'interest-bearing capital' (see Toporowski in this book—chapter "Marx's Critical Notes on the Classical Theory of Interest"), or in the case of the modern corporation (see Toporowski and Bellofiore in this book—chapters "Marx's Critical Notes on the Classical Theory of Interest" and "Taking Up the Challenge of Living Labour A 'Backwards-Looking Reconstruction' of Recent Italian Debates on Marx's Theory of the Capitalist Mode of Production"). There is indeed room for speculation

(indirectly reinforced by Saito's findings) that the importance of this—in a way still 'Hegelianising'—syllogistic form of *Capital* as a whole rapidly diminished in Marx's eyes during his last years.

29. At least on the level of exemplification, as in the chapter on the struggle for the normal working day, whereas, in general terms it should be clear that Volume I also argues under the pre-supposition of the 'ideal average' of the reproduction of capital, as fully articulated in Volume III.
30. Which entails, on the one hand, that the very formal '*Umschlag*' of capital—in its velocity and rhythm—also must be 'deciphered' in terms of class struggle, while the openness of Marx's construction will allow the incorporation of further developments of the money form, as well as of the form of the capitalist firm (see Toporowski in this book (chapter "Marx's Critical Notes on the Classical Theory of Interest")).
31. Not necessarily in Marx's manuscripts or in Engels's edited version of them, as we have them now in *Marx-Engels-Gesamtausgabe* (MEGA^2) (for a differentiated evaluation of their status of theoretical elaboration see Bischoff et al. in this book—chapter "'Secular Stagnation' and the Tendency of the Rate of Profit to Fall in Marx's *Critique of Political Economy*"). And yet, I think it is possible to show that they should have been developed in place of the argument which I indicate here, and can be developed now as a contribution to elaborating a fully-fledged and contemporary critique of political economy taking up Marx's pioneering but incomplete theoretical corpus.
32. Referring to passages in Marx's manuscripts, in which Marx underlines that, from the perspective of capital, the appropriation of victuals is no labour (cf. *Resultate des unmittelbaren Produktionsprozesses*, p. 30), or that 'the consumption of the worker […] remains an aspect of the production and reproduction of capital' (Marx 1976, p. 718).
33. What Marx has been able to do within Volume I, which is constructed on the level of the 'production of capital' (which should not be misunderstood as anything else than an abstract moment of its complex reproduction process), although—in hindsight—not very convincingly, i.e. to delineate a perspective leading beyond the capitalist mode of production, cannot be repeated properly on the level of Volume III. Here, the class struggle emerging from 'living labour' is, properly speaking, 'irrepresentable' and, therefore, a disruptive potential to be kept under control through all kinds of 'extra-economic' mechanisms.
34. This makes it easier to understand his arguments as contributions to ongoing debates in economics, particularly with regard to the 'dissenting voices'

of modern economics like Schumpeter, Keynes and Kalecki, and so difficult to relate it to theorists of the non-economic dimensions of modern societies like Max Weber (see Bader et al. 1975, who attempted precisely this with considerable effort and subtlety, but less than convincing results).

35. Such a programme of '*Wissenschaftskritik*', a critical reconstruction of the relevant sciences in the field of history and society, was undertaken in various places in the twentieth century, to my knowledge most intensively in West Berlin and West Germany in the 1960s and 1970s (see the collection of essays from this wave in Klüver and Wolf 1972), as well as in France in the same period (see the present attempts at a critical renewal in France, as they look back on these developments, Haag and Lemieux 2012). Following the defeat of left-wing alternatives in Western Europe in the mid-1970s, it could not—for obvious institutional reasons—be pursued in due form and had to remain a largely unexecuted epistemological programme.
36. Althusser's intuitions in his manuscript on the 'Reproduction of the Relations of Production' (in Althusser 2014, pp. 1–214) seem to provide a reliable starting point, as well as first instruments for these inquiries, especially if we are aware of the unresolved internal tensions in his exposition of his theory of ideology, partially due to his preference for making use of the early modern and transitional (and therefore still strongly personalised) models of absolutist monarchy and the Catholic Church to exemplify modern, objectively mediated structures of ideology as well as ideological state apparatuses, which should at least be counter-balanced by also taking his extensive analysis of trade unions (not taken up in the shortened 'pre-publication' of *Ideology and Ideological State Apparatuses*) and of the Communist Party (in later publications, see Althusser 1977 and 1978) into account.
37. At has been the bane of many academic papers in the social sciences since the early 1970s, beginning with a recapitulation of *Capital* in order to find a starting point for 'deriving' the constitutive notions for a scientific analysis of their specific field of inquiry—be it psychology, sociology, ethnology or political science.
38. The analysis of the cycle of reproduction of labour power with respect to variable capital, as sketched out above, with its unavoidable links to gender, generational and geographical processes, serves as a prime example of these deep and multiple interlinkages.
39. This would further contribute to making Lenin's overoptimistic notion of ever achieving 'the concrete analysis of the concrete situation' as a

strictly scientific result quite impossible, due not just to the time factor involved in the difference between scientific investigation and political deliberation, but also the need to conceptually integrate findings from different scientific disciplines analysing contemporary society.

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‘Secular Stagnation’ and the Tendency of the Rate of Profit to Fall in Marx’s *Critique of Political Economy*

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Whatever shortcomings they may have, the advantage of my writings is that they are an artistic whole, and this can only be achieved through my practice of never having things printed until I have them in front of me in

In our following text, all quotes from Volume III of *Capital* are taken from MEW 25 (i.e. Engels’s edition of 1894). We are aware of the differences between Marx’s originary manuscript from 1863–1865 and Engels’s edition. This does not concern, however, the problem we are discussing, in other words the ‘law of the tendential fall of the rate of profit’. And the controversies about this ‘law’ to which we are looking back have been conducted by referring to this edition.

We are aware that is is quite different in other fields, e.g in the discussion oft he so-called „transformation problem of values into prices“ which cannot be properly understood without going back to Marx’s manuscript (as published in 1992 in MEGA II.4.2): Marx’s problem had not been the mathematical compatibility between price- and value-systems, but rather the forms of the comprehensive process of capital, which define specific relations between individual agency and unconscious orientation processes. And this dimension has been plaid down in Engels’s edition. We have also worked on this change of perspective in the *Third Volume* of *Capital*, cf. our extensive interpretation of Marx’s manuscript in MEGA II 4.2 in Joachim Bischoff/Axel Otto et. al., *Ausbeutung – Selbstverrätselung – Regulation. Der 3. Band des „Kapital“*, VSA: Hamburg 1993. (Original translation by Jeffrey Butler)

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> *their entirety. This is impossible with Jacob Grimm's method which is in general better with writings that have no dialectical structure. (Marx 1865b, p. 173)*

Introduction

'A spectre is haunting the world economy, the spectre of "secular stagnation"'—at least according to Peter Bofinger, a member of the German special advisory board for assessing the development of the economy (Bofinger 2016b, p. 24).[1] Lurking behind this 'spectre' is a deep-seated unease on the part of economists regarding the current state of the world economy. Bofinger goes on to state that:

> [m]any things indicate the world economy has been afflicted with a severe functional disorder for several years', informing readers: 'The world economy is not running smoothly, despite very expansive monetary fiscal policies. In my opinion, the problem is we simply have a chronic demand problem in the world economy, and this chronic demand problem has a lot to do with the fact that we have been experiencing massive redistribution in the world economy, a redistribution from earned incomes to capital incomes and, among earned incomes, from lower earned incomes to higher earned incomes. This redistribution leads to us taking money from those who spend most of their income, and giving it to those who save most of their income. That simply derails the world economy. (Bofinger 2016a)

Functional disorder has prompted various forms of state intervention to counteract and overcome this intrinsic systemic deformation in recent years. Central banks in the most important capitalist countries have attempted to effect an economic upturn by implementing low interest policies and buying up securities, 'but it is clear: the more deeply-seated problem is the distribution problem, and if we fail to get it under control, we will have no other option than to permanently try using national deficits and low interest to somehow keep everything running' (ibid.). Actually, governments ought to be pursuing the creation of sustainable growth accompanied by normal interest rates. Ideally, this should also happen without incurring national debt; however, such a development is only possible if income distribution also becomes more balanced than is currently the case.

A tendency towards stagnant growth within a given national economy becomes a problem when attempts to compensate for the loss in domestic demand by boosting exports reaches its limits because countries with a glut of imports face growing economic problems (rising unemployment, foreign debt). The second way out is also no longer practical: the chronic lack of demand from companies and private households was long compensated for by the fact that countries were prepared to incur massive debts. This policy, however, also kept the countries suffering from a chronic lack of demand heavily indebted. It is less the case today that further indebtedness has triggered increased social resistance, so much so that the chronic lack of demand in the global economy has generated growing inequalities and disparities within and between national economies and societies. The negative consequences of this functional disorder can be summarised as follows:

- No economic growth means an increase in cutthroat competition between individual companies and little or no job creation. This in turn means that existing unemployment cannot be reduced, while increasing unemployment is also often the norm. Even at a low level of technical sophistication, a constant national product leads to the same number of commodities being produced with a decreasing quantity of labour, and the employment level—measured by total labour hours necessary per year—thus also declines.
- When a country's savings are permanently higher than its investments, an excess of supply on the capital market results, leading to falling interest rates. Lowered interest rates make it easier for all economic actors to take on debt, feeding the risk of a credit bubble. At the same time, low interest rates increase the incentive to invest savings on the capital markets and speculate on price increases there. This in turn raises the possibility of a speculation bubble, with dramatic consequences for the real economy should it burst.
- Economic growth is a basic pre-requisite for the reduction of national debt. When production and employment rise, governmental revenues also increase. At the same time, expenditures for addressing unemployment decline. Because no increase in national revenue is possible without economic growth, debt reduction becomes more difficult.

This tendency toward secular stagnation was also dealt with in Marx's *Critique of Political Economy*. Building on the classical political economists (Adam Smith and David Ricardo, among others), Marx proceeded from the assumption that the possibilities for profit realisation and thus the rate of profit (return on capital) in a capitalist economy would necessarily decline over time. Marx's theory of the tendency of the rate of profit to fall is a fundamental element in his analysis of capitalism. It is thus irritating when contemporary scholars attempt to remove the crux of his analysis from value theory. It is in this context that we seek to contribute to the understanding of *Capital*, Volume III, and thus to the analysis of the entire process of capital accumulation and the reproduction of the capitalist mode of production's global dominance.

The Significance of the Law of the Tendency of the Rate of Profit to Fall in Marx's *Critique of Political Economy*

In expounding his critique of political economy, Marx observed that a progressive change in the composition of capital takes place parallel to the advance of capital accumulation. The component of total capital known as constant capital (machinery, raw materials, all imaginable forms of the means of production) grows faster than the other component of capital, expenditures spent on wages or acquisition of labour power. This observation, which Marx later formulated as the 'law of the progressive increase in constant capital, in proportion to the variable' (Marx 1890, p. 583) was also formulated more or less precisely by Barton, Ricardo and Sismondi, Professors Richard Jones, Ramsay and Cherbuliez, and others (see Marx 1865a, p. 147). As industry progresses, the demand for living labour does not keep up with the accumulation of capital. Although it also increases, it does so in a continually declining proportion to increases in capital. Marx concludes that this trend in the development of modern industry causes the balance of power in society to tip more in favour of the capitalist and against the worker (see ibid.).

In *Outlines of the Critique of Political Economy*, the first rough draft of his larger work *Capital* written in 1857–1858,[2] Marx states:

> If the rate of profit of the larger capital declines, but not in proportion to its size, the *gross profit* remains the same as that on the smaller capital; it remains stationary. If the decline in the rate of profit is proportionately greater than the increase in the size of the capital, the *gross profit* on the larger capital, as compared with the smaller, declines just as much as the rate of profit does. In every respect, this is the most important law of modern political economy, and the most essential one for comprehending the most complex relationships. It is the most important law from the historical viewpoint. Hitherto, despite its simplicity, it has never been grasped and still less has it been consciously formulated. (Marx 1857/1858b, pp. 132, 133)

Already at this stage of the development of *the Critique of Political Economy*, Marx rejects all loopholes in the law: the ultimate stagnation of the value product and the degree of capital valorisation have nothing to do with underdevelopment, agriculture, the exhaustion of productivity or the like[3]: 'Competition can permanently depress the rate of profit in all branches of industry, i.e. the average rate of profit, only if, and only to the extent that, a general and permanent fall in the rate of profit operating as a law is conceivable also *prior to* and regardless of competition. Competition executes the inner laws of capital; it turns them into coercive laws in relation to the individual capital, but it does not invent them. It realises them. To wish to explain them simply by competition means to admit that one does not understand them' (Marx 1857/1858b, p. 136).

The unpleasant oppositions and antagonisms within which classical economy traffics (and which Ricardo emphasises with scientific mercilessness) are also aggregated into well-to-do harmonies in the debate over the future of accumulation, for example by Bastiat and Carey, the harmonists among the economists of their time (see ibid., p. 640), who saw the cause behind the fall in the profit rate in increasing wages, while capital was compensated for by growing profit volume. In all of this, we are dealing with no more and no less than an assessment of capitalism's overall prospects for future development.

Marx anticipates a developed condition of capital accumulation, and on this basis seeks out the contradictions inherent in the capitalist form of society. In doing so, he sees the decline in the rate of profit to be equivalent to the following points:

> (1) the productive power already produced and the material basis which it constitutes for new production … (2) the decline of the part of the capital already produced which must be exchanged for immediate labour … (3) (with) [great] dimensions of capital in general, and also of the portion of it which is not fixed capital; hence the development of intercourse on a vast scale, a great number of exchange operations, a large market, and the all-round nature of simultaneous labour; means of communication, etc., the existence of the consumption fund necessary to effect this gigantic process (the workers eat, need housing, etc.). (Ibid., p. 133)

This reflection on the stages of developed capital accumulation appears repeatedly throughout *Outlines*. It deals with, in essence, a constellation characterised by rationalisation of production through the introduction of sophisticated scientific methods, an advanced developmental stage of society's capital stock, comprehensive development of needs, and a high level of prosperity within society. For Marx, the question of the further development of social productivity is posed under these conditions, as these are the pre-requisites for the emergence of the fundamental contradiction:

> that the material productive power already available, already elaborated, existing in the form of fixed capital, as well as the *scientific power*, population, etc., in short, all the pre-requisites of wealth, all the conditions for the maximum reproduction of wealth, i.e. for the rich development of the social individual – that the development of the productive forces, brought about by capital itself in its historical development, at a certain point abolishes the self-valorisation of capital, rather than posits it. Beyond a certain point, the development of the productive forces becomes a barrier to capital, and consequently the relation of capital becomes a barrier to the development of the productive forces of labour. Once this point has been reached, capital, i.e. wage labour, enters into the same relation to the development of social wealth and the productive forces as the guild system,

> serfdom and slavery did, and is, as a fetter, necessarily cast off. … The growing discordance between the productive development of society and the relations of production hitherto characteristic of it, is expressed in acute contradictions, crises, convulsions. The violent destruction of capital as the condition for its self-preservation, and not because of external circumstances, is the most striking form in which it is *advised to be gone and to give room to a higher state of social production*. … *Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the labourer, and a most straightened exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentaneous suspension of labour and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on fully employing its productive powers without committing suicide. Yet, these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow*. In the developed movement of capital, this process is slowed down by moments other than crises; e.g. the continuous depreciation of a part of the existing capital; the conversion of a large part of capital into fixed capital which does not serve as an agent of direct production; the unproductive dissipation of a large part of capital etc. (Ibid., p. 133, p. 134)

This sketch of the contradictory developmental perspective of capitalism found in *Outlines* contains practically all the components of Marx's law of the tendency of the rate of profit to fall, and is the most persuasive expression of the historical relativity of the capitalist method of production he would later develop more systematically. In addition to the law as such, we also see its countervailing tendencies in the form of periodic capital devaluations, which in turn are pre-conditions for capital accumulation to proceed[4]—as well as for realising the uninhibited development of labour's productive power and material prosperity for the general population by throwing off the capitalist forms of social wealth that impede rational, just, social development.

The significance of the law of the tendency of the rate of profit to fall was often lost in the socialist left's debates concerning capitalism's inevitable collapse ('crisis theory'). A particularly far-reaching misunderstanding of the nature of Volume III of *Capital* as a depiction of the 'entire process of capitalist production', namely the argument that the self-contained system of values contained in the first volume of *Capital*, was now transformed into a system of prices, or a value that only has to 'assert itself' in the price tendency. Legions of Marxists were led astray by early critics like Bortkiewicz (1906/07) into accepting the transformation of values into production prices which, in the majority of cases, made finding the correct perspective and solution through the method in which the problem had originally been posed quite impossible.[5]

The *Critique of Political Economy* is more than a theory of exploitation and distribution of surplus product between the dominant classes and their co-consumers in the bourgeois-capitalist mode of production. Rather, it is a comprehensive theory of social reproduction and social self-regulation with systematic points of contact for the analysis of everyday structures and forms of political governance in bourgeois society. Bearing this in mind, Marx directs his attention to 'the anatomy of bourgeois society to be sought in the political economy', which, in total contrast to the allegedly economistic approach for which he is generally criticised, makes it possible to grasp social structures 'in the flow of movement' for the first time. Marx presciently remarked of his own age 'that the present society is no solid crystal, but an organism capable of change, and is constantly changing' (Marx 1867, p. 21). The unfounded reduction of Marxism to a simple theory of exploitation with a correspondingly unequivocal concept of class and class struggle blocked the development of a more adequate understanding not only of the totality of the economy, but also of the overall living conditions in bourgeois society, and led to repeated mis-diagnoses of the conjuncture with a view to capitalism's elasticity and overall structural limits.

The central subject matter of all existing rough drafts of Capital is in this respect precisely the question as to how and in which sequence capital is developed in its totality (Marx 1857/1858a, p. 208). At the same time, the difficulty in developing an adequate theory of the reproduction of social organic systems is that 'in the fully developed bourgeois system each economic relationship presupposes the other in a bourgeois-economic form, and everything posited is thus also a premise' (ibid.). What we require is a depiction of the interaction of the anatomy of bourgeois capitalist relations of production on different levels, up to and including the forms of consciousness of actors involved, as appropriate to the object of investigation (production, reproduction and distribution of surplus value). Each change and revolution of capitalist productivity leads to 'a new quality of surplus time' and 'the development of a constantly expanding comprehensive system of different kinds of labour, different kinds of production, with a corresponding system of ever more extended and ever more varied needs' (ibid., p. 336). This entire context of interactions is realised in an economy of costs mediated by competition. Both the determination of costs at an average social level and the differentiation of a new social mode of operation—the development of an economy in a social hierarchy—shows that the process of capital production, also when depicted as a direct production process, has always been more than a specific structure of the extensive utilisation of labour and exploitation. We are dealing, from the onset, with a certain mode of social production and reproduction with characteristic mediating forms of social self-regulation.

This moment of social regulation, however, is not a self-conscious quality of the subjects themselves, but rather a distortion of the structure of (value) relations that has taken on a life of its own—in part repressively imposed, in part processed by participants in the relations of production from a distorted point of view, which in this way appear as ineluctable pre-conditions determining their individual scopes of action. The alienated quality of social self-regulation is rooted, of course, in the historically determined form of labour utilisation, in other words in a specific form of the reversal of subject and object in the production process. In theoretical analysis, however, it is difficult to view this production process separately from its dimensions of being at the same time a process of reproduction, and as such being subjected to specific forms of social regulation that are also, in a certain manner, the determining guideline for subjects' actions. For this reason, the sequence of steps in the argumentation must again and again lead to the forceful separation of economic form determinations that actually belong together: 'The march of our analysis compels this splitting up of the subject-matter, a splitting up that is quite in keeping with the spirit of capitalist production' (Marx 1890, p. 308).[6]

The creation of surplus value and its depiction as average profit are not two separate, temporally sequential processes, but rather a unified operation, albeit characterised by an interrelationship between production and distribution. Furthermore, this distribution of surplus value as average profit in the course of competition that precedes the law of the tendency of the rate of profit to fall is not a conscious process on the part of the capitalists: 'The general rate of profit appears blurred and hazy' (Marx 1894, p. 368) and not as a factor of capital's strategic orientation. Marx is not primarily interested in the mathematical compatibility between value and the price system, but rather views the forms of the entire process as decisive, nor could any statistical-linear correlation between value and (production-)price levels do justice to this complexity and the dynamics of the capitalist reproduction process more generally. Veritably, the entire general profit rate debate has dealt with a rather narrowly formulated aspect of average valorisation, seeking to find what new form determinations can be used to explain a tendency toward evenly distributed profit participation on the basis of value. This is not, however, the actual problem.

Marx has to account for (and does so with his depiction of the direct production process) how the historically new type of operational mode of the production process, based on the actual socialisation of the relations of production, can superficially correspond to a certain regulatory context allowing for the practical realisation of a specific capitalist mode of production in a given historical context. He must demonstrate how subjects are tied into this regulatory context of competition, both in actuality and in respect to their consciousness[7]: 'Surplus value, however, necessarily assumes the form of *profit* in the bourgeois mind – and this is not just a way of looking at things. The relation of surplus value as a *relation of profit* dominates bourgeois production, determines the distribution of the capitals in the different branches of production, is so to speak the triangulation point for free competition (the competition of capitals amongst each other, i.e. the real movement of capitals in which alone the laws of capital are realised. These laws are in fact nothing but the general relations of this movement, its result on the one hand, its tendency on the other.)' (Marx 1861–63, p. 1603). 'A closer investigation of this point belongs to the chapter on competition. Nevertheless, the decisive general considerations must be adduced here' (p. 1623). This means that, in profit, the element of an average valorisation with a tendency towards being equal is already laid out, that ultimately becomes valid for all capital in the form of the general rate of profit.

Similarly complex and dynamic at the level of the total process is Marx's return to the development of the productive force of social labour from *Capital*, Volume I as expressed in the law of the tendency of the rate of profit to fall: 'With the accumulation of capital, therefore, the specifically capitalistic mode of production develops, and with the capitalist mode of production the accumulation of capital. Both these economic factors bring about, *in the compound ratio of the impulses they reciprocally give one another* (accentuation by the author), that change in the technical composition of capital by which the variable constituent becomes always smaller and smaller as compared with the constant' (Marx 1890, p. 585).

The laws of motion of the self-valorisation of value imply an accelerated accumulation of capital and thus the growth of the absolute quantity or entire mass of surplus labour appropriated. Growth of total social or national capital thus occurs more rapidly than the fall of the rate of profit: 'Development of the productive forces of social labour is the historical task and justification of capital. This is just the way in which it unconsciously creates the material requirements of a higher mode of production' (Marx 1894, p. 259). Capitalist reproduction and accumulation and the revolution and development of the forces of production inherent to a competition-mediated cost economy organise themselves by means of the social rate of profit. The tendency towards a levelling of the degree of valorisation of the total social capital implicit in this also points to the historical conditionality of this social self-regulatory context—itself a source of conflict within national economy theory:

> What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And here the quantitative proportion means everything. There is, indeed, something deeper behind it, of which he is only vaguely aware. It comes to the surface here in a purely economic way – i.e., from the bourgeois point of view, within the limitations of capitalist understanding, from the standpoint of capitalist production itself – that it has its barrier, that it is relative, that is not an absolute, but only a historical mode of production corresponding to a definite limited epoch in the development of the material requirements of production. (ibid.)

In short: it is necessary to examine this 'purely economic manner' more closely.

There can be no question: 'The law of the tendency of the rate of profit to fall described by Marx in the third volume of *Capital* is one of the most controversial parts of the Marxist critique of economy to date. However, it is less a conflict between Marxists and their critics; one finds all parties involved arguing on the basis of Marx's theory quite frequently. This is not astonishing, as most of Marx's critics already consider his theory of value to be refuted, and thus need not concern themselves with findings developed on its basis. The intensity of this inner-Marxist controversy is due to the importance ascribed to the law of the rate of profit by those who defend it. For them, it is the most important foundation of Marx's crisis theory, or even of a tendency toward a crisis-fuelled collapse of capitalism' (Heinrich 2007, p. 47).[8]

The Law of the Tendency of the Rate of Profit to Fall and Growth in Total Profit as Expressions of Accelerated Capital Accumulation

According to Marx, the productive forces of social labour are always productive forces of labour in its concrete useful form; their growth expresses itself as an increasing mass of use values produced per unit of living labour (see Marx 1867, p. 60). In the developed capitalist mode of production, increases in the productive forces of social labour come mainly from the means of production: functions previously the domain of living labour are taken over by machinery (automation) and the organisation of the entire labour process is structured according to the machine system. Under modern conditions, this principle of the development of industrial forces of production not only holds true to a continually greater extent and at continually higher levels of automation for the branches of material production, but increasingly so in service sector industries as well. The machine system is the objective-technological embodiment of natural laws decoded by universal scientific work, elevating production to a scientific basis. It constitutes the backbone of the technical and social organisation of the social labour process and the remaining functions of living labour. Under such conditions, technological progress is in the eminent sense 'embodied technical progress'.

This tells us something truly fundamental about value- (and price-) related expressions of the increase in the productive forces of social labour. Marx coined the term 'technical composition of capital' for this development. Growth in the forces of production manifests itself in an increase in the technical composition of capital, as given amounts of living labour process ever-greater amounts of raw materials in a given period of time due to the fact that functions of living labour are increasingly taken over by machines. The increased importance of the means of production as opposed to living labour is expressed quantitatively with regard to raw materials (input) as substrates of the use value produced, and qualitatively with regard to the redistribution of the necessary work or process steps of the means of production and living labour. At the outcome of the production process, this changed composition of production factors leads to declining value or price per piece of output—not only in terms of the share of value representing newly added living labour, but also in terms of the share representing the value of the machinery transferred to the use value mass produced per unit of time. This is because, generally speaking, new machinery will only replace existing machinery or be invested in when the value (price) of the said machinery is less than that of the workers it will replace. For this reason, wage levels also have an influence on productivity in each individual production process—a circumstance occasionally referred to as the productivity whip of wages and salaries.

In terms of value, the technical composition of capital is expressed in the organic composition of capital, which relates the value (price) of the means of production to the expression, in value, of newly added living labour.[9] At the same time, we must take into account the repercussions of growth in the forces of production on the value of the means of production. However, the value (price) of the means of production, as output factors or results of production processes, is determined or reduced using the same methods of growing the forces of production to the extent they take place on an industrial basis. Something analogous holds true for the value of labour power as an expression of the value (price) of food necessary to reproduce the individual worker (including the so-called 'historical and moral element' in the value of labour power). This means that every change in the prices of factors of production can be traced back to antecedent changes in their combination in the spheres of their respective production processes—hence, the determination of capital's organic (and, furthermore, the value-) composition ensues from its technical composition. In Marx's words:

> The composition of capital is to be understood in a twofold sense. On the side of value, it is determined by the proportion in which it is divided into constant capital or value of the means of production, and variable capital or value of labour-power, the sum total of wages. On the side of material, as it functions in the process of production, all capital is divided into means of production and living labour-power. This latter composition is determined by the relation between the mass of the means of production employed, on the one hand, and the mass of labour necessary for their employment on the other. I call the former the value composition, the latter the technical composition of capital. Between the two there is a strict correlation. To express this, I call the value composition of capital, *in so far as it is determined by its technical composition and mirrors the changes of the latter,* the organic composition of capital.' (Marx 1890, p. 574; emphasis added)

When taking into account this relationship between the factors of usage ratio and prices and the reduction of the change of the latter to a change in the former, in other words as a causal relationship, the consequence for total social capital and the long-term trajectory of development, because they are ultimately determined by value, is an increase in the organic composition of capital as an expression of the growth of productivity on an industrial capitalist basis. The technical progress objectified in the means of production is, moreover, the basis for economies of applied living labour: increases in labour intensity, for example the exploitation of more human labour per unit of time with a corresponding increase in value up to the generalisation of increased labour utilisation and a changed composition of the total productive labourer in respect to simple average labour and complicated labour (skilled labour) respectively. Both forms of 'disembodied technical progress' generally take place for total capital over the longer term on the basis of machinery revolutionised *in natura*, and thus merely alleviate the rise in the value composition of capital as determined by the change in the usage ratio.[10]

As the long-term rise in the organic composition of capital is the fundamental reason for the tendency of the general rate of profit to fall as the forces of production develop and capital accumulation accelerates (something analogous holds true *mutatis mutandis* for the value composition of the capital advance), the contexts sketched out here were and are always the focus of ongoing debates within Marxism itself. Okishio's differentiation between cost and productivity criteria in the implementation of new technology is correct at face value, but his decision to intersperse this with the so-called 'transformation problem' of values into production prices leads him astray, as he couples the law of the tendency of the general rate of profit to fall not to value-related expressions of every development of the productive forces on an industrial basis, but rather to the ominous differentiation between basic and non-basic sectors and thus to the development of actual wages. As a result, this leads to a rationale directly opposed to Marx's law ('Okishio's theorem', see Okishio 1961). The rejection of a 'strictly legitimate connection between an increase in productivity and an increase in the organic composition' (Bader et al. 1975, p. 199) and the excuse of providing 'the proof of the law' of increasing organic composition by investigating 'whether the conditions for constant or declining organic composition are compatible with the preconditions of the system of capitalist production' (p. 200), which in itself appears more than strange, arises from Bader's misunderstanding of simultaneously analysing changes in the factor usage ratio and factor prices for the entirety of social capital, instead of taking their causal relationship and thus their successiveness into account. It is often also not realised that the development of the productive forces is dealt with in Marx's *Capital* as a topic differentiated within itself, yet exhibiting numerous points of contact. Alongside differentiation between methods and consequences of the development of the forces of production, Marx also addresses the economy of living labour when considering the rate of surplus value as well as the economy of objectified labour in light of the rate of profit. These dimensions are intermixed in the concept of technical progress found in bourgeois theories of production and growth, only differentiating between labour-saving technical progress (with or without a greater investment in capital) and capital-saving forms—a differentiation that satisfies the business economist (and practical capitalist), but prevents observers from developing actual explanations of fundamental macroeconomic contexts and their developmental tendencies.

The tendency for the average rate of profit to fall is already established in general form when demonstrating the necessity for the organic composition of total capital to rise over the course of the development of the forces of production over the long term. All further influencing factors considering the rate of profit represent countervailing tendencies that slow down the speed at which the profit rate declines and, similarly, points of departure for corrective interventions through different policies.

First The long-term rise in the general rate of surplus value as assumed by Marx counteracts the fall of the rate of profit, albeit with declining effectiveness. The immanent contradiction in the production of surplus value (industrial production) between the increase in the rate of surplus value at the expense of its amount, assuming a constant amount of capital, not only expresses the contradiction between the development of the productive forces in general and the aim of capitalist production as the production of surplus value, in other words the fundamental contradiction between productive forces and production relations, but also the tendency for this contradiction to intensify when the compensation of an increasing rate of surplus value as opposed to the productivity-induced reduction in the number of simultaneously utilised (productive) work days with a view to the amount of surplus value is reduced.

Second The general rate of profit is determined not only in relation to the direct process of production, but also to the process of capital circulation. The separation of capital into productive and circulating capital (commodity capital and money capital) and the simultaneous existence of capital in all its forms, as well as replacement periods for fixed and circulating capital (as part of productive capital), have an effect on the rate of profit. In addition to differentiations within the capital structure and the movement of its individual components, the circulation process pre-supposes personnel and material expenditures, circulation costs for unproductive functions that do not increase the use value financed as necessary costs subtracted from the sum of surplus value, and which thereby figure as further components of the capital advance in the finished form of the rate of profit.[11]

With the amount of surplus value and the amount of profit (the difference is in the circulation costs) as well as the total capital advanced, all of the economic variables that determine the accumulation of capital in the first instance[12] are gathered together in the general rate of profit for the total capital of a given society: productive capital as fixed capital, as productive reserve of half-finished goods still in the production process (in material production branches), circulation capital as commodity capital (stock of finished goods and marketable goods), and money capital (to be distinguished from the investment forms of lending capital: fictitious capital). Individual capitalists' pursuit of (surplus) profit, their cost economy as producers, their rationalisation and expansive investments as investors, as well as the cash and treasury management of money capital periodically freed up obscure and mystify fluctuations not only in (market) production prices of commodity products generated in cyclical periods of time in the superficial market price movements, but also fail to reveal the internal mechanism of accumulation dynamics in forms emerging on the surface. The double character of the law of the fall of the rate of profit, being both a decrease in the rate of and, simultaneously, a growth in the *amount* of profit—both in macroeconomic dimensions and in the intercyclical term—allows the intrinsic contradiction of capitalist surplus value production to attain its external form of motion. As long as the accumulation of total capital takes place at a faster pace than that expressed by the fall in the rate of profit (see Marx 1894, p. 223), then growth in the forces of production and accumulation will lead to an increasing sum of profit at the macroeconomic level that simultaneously provides the formative elements for the further accumulation of capital. An interaction also takes place, analogous to the twofold character of commodities and the double determination of the capitalist production process as a process of labour and valorisation, between the (material) mass of the accumulation fund and the (value-related) rate of accumulation, presenting itself as the ratio between additional and original capital: 'The accumulation of capital in terms of value is slowed down by the falling rate of profit, to hasten still more the accumulation of use-values, while this, in its turn, adds new momentum to accumulation in terms of value' (Marx 1894, p. 260).

The accelerated accumulation of total social capital that is more precisely determined by the progression of the fall of the rate of profit, is the long-term intercyclical steady form of motion of the intrinsic contradiction of capitalist surplus value production as it compensates for the fall in the rate of profit through simultaneous growth in the amount of profit. Admittedly, this is not an infinite progression, but a form of motion that is itself inherently contradictory. This is because a tendency toward a declining rate of accumulation with an increasing mass of the accumulation fund also leads to declining growth in the total number of productive work days, thus decreasing total social value product and, despite a simultaneous rise in the general rate of surplus value, causing a decrease in growth in the total amount of surplus value in a given society. Due to simultaneously rising circulation costs in the market structures that have changed from sellers' to buyers' markets, as well as the increased importance of finance capitalist transactions, stagnation in terms of macroeconomic profit growth occurs even earlier. An increasing ratio of accumulation, in other words the division of profit into additional capital and revenue, remains as a countervailing instance under these limiting general conditions. In earlier phases of capital accumulation, this was lamented as a lack of macroeconomic savings for necessary capital stock formation. Classical political economy (Ricardo) thus praised capitalists' personal thrift as a virtue. Today, under a much more highly developed state of society's overall forces of production and macroeconomic capital supply, accumulation is less likely to be restricted from the inflow side, but much more likely to be restricted from the utilisation side (i.e. through antagonisms in the relations of social distribution). Not savings, but rather consumptive demand becomes a limiting element for the maintenance of investments to an extent that it absorbs increasing savings. More than any other scholarly figure, John Maynard Keynes stands for the systematic analysis of this problem and its potential resolution.

The number of industrial cycles with long-term accelerated accumulation of a society's total capital would be minimal and the length of such a developmental period relatively short if the process of capitalist accumulation did not entail further intrinsic latitude for the progress of accelerated capital accumulation, which in turn represent countervailing inputs *vis- à-vis* the fall of the general rate of profit. Several worth mentioning here include increasing shares of complicated tasks within the overall volume of macroeconomic productive work (partially as a result of the automation of simple tasks and partially due to structural changes), improved effectiveness of circulation operations, economisation through imports, increases in national value through exports and, finally, lowering the price of labour power below its actual value.

Manifestations of the General Rate of Profit and Forms of Implementation of Capital Accumulation in Production and Investment Decisions

In contrast to the interest rates quoted daily on the financial markets, the general rate of profit of total social capital only exists as a 'a tendency, a movement to equalize specific rates of profit' and 'only as the lowest limit of profit' (Marx 1894, pp. 366–367). This circumstance, namely that the control centre of capital accumulation, the production of surplus value and the entire process of social reproduction including its subordinate non-capitalist sectors (state, private non-profit-areas) function as hidden variables not directly visible in the conscious activities of actors or expresses itself in other forms, is, on the one hand, characteristic of a mode of production that obeys the law of value. On the other hand, it has led droves of both well-meaning and malicious interpretations of Marxist theory astray. First of all, the following statement holds true: the general profit rate of total national capital[13] is a continually evolving result of competition-mediated equalisation processes between capitals (and branches of production), and is only important as a quantity consolidated as a cycle average. Accordingly, the law of the fall of the rate of profit only applies intercyclically over the long term, due (not only) to its countervailing tendencies. Additionally, capitalists' genuine cyclically determined production and investment decisions, strongly determined by the antagonism between wage and profit ratios, are responsible for the generation of (market-)production prices from fluctuations in market prices. On the other hand, changes in macroeconomic value relations only take place intercyclically in the long-term perspective, indeed particularly due to the devaluation of fixed original-capital over the course of a cyclical contraction that in part standardises its changeover period and brings about a sizeable reinvestment over a brief period of time. This reinvestment of fixed original-capital feeds not only the beginning of a new cyclical upturn, but also simultaneously renews the material basis of the reproduction process through the replacement of technically and morally exhausted machinery, and readjusts the distribution of total capital among the different branches of production through investment as well as centralisation and repulsion of individual capitals. With this reinvestment of fixed capital at the end of the contraction and the beginning of the new upturn, capital accumulation simultaneously overcomes the restrictions that led to the previous crisis by means of the wage rate and imbalances between supply and demand. It becomes evident in cycle-independent fluctuation that 'the rate of accumulation is the independent, not the dependent, variable (and) the rate of wages (is) the dependent, not the independent variable' (Marx 1890, p. 581).

Capitalists' investment motivations and calculations for the recirculation of their original capital through replacement *in natura,* for the purchase of entire companies, for the investment of additional capital to open up new product lines (diversification of the product range) and for the expansion of their existing business transport capital accumulation, value creation and employment trends regulated by the process of equalisation and the development of the general profit rate. Perhaps a replacement investment is justified by comparing equipment to other plants, their competitors or to new equipment entering the market; or maybe they decide between a reproductive or purely financial investment of additional capital by comparing the different 'marginal efficiencies of capital' (e.g. internal interest rates of investment alternatives) with the interest rate for money. Perhaps, alternatively, they must decide between making a material investment and buying ownership titles on existing capital. All of these investment calculations pursue the realisation of maximum future profits by increasing sales and reducing costs, as well as with possible capital gains. The general rate of profit as the average rate of profit is never the focus of investment decisions, but rather (at best) a retrospective consideration of returns on capital in their own business, in individual sectors and in the entire economy. The general rate of profit as the average rate of profit, as an (unconscious) result of capitalist profit-seeking in competition and their price signals, only comes about *ex post facto* as the result of countless conscious investment decisions. Thus, nothing could be further from the truth than developing mathematical models of functionalist reproduction equilibriums so as to connect value and price calculations with each other (such as, for example, Sraffa 1960).

Although the length of the industrial cycle is the first and foremost determinant for the equalisation of the general rate of profit, various exceptions can, as frictions or restrictions, modify or impede the generation of an average profit rate in some areas. In addition to natural monopolies, such as in extractive industries due to the extraordinary natural yields of mines, intermittent frictions *vis-à-vis* the equalisation of the profit rate emerge primarily through government intervention. However, as government structural policy is only seldom proactive in the sense of consciously promoting prospective innovative industries and clusters, this primarily relates to delaying the market exit of declining industries due to structural change; that is, making this exit 'socially acceptable' in terms of potential job losses through public subsidies. On the other hand we are dealing with public utility monopolies that were, as a rule, previously organised as state-owned companies and thus belonged to the sphere of unproductive public commodity production. In the meantime, most have either been organisationally privatised or totally transformed into state or even private capital. By being given over to capitalist competition, their monopolies—originally granted out of public supply considerations and thus not connected to monopoly prices, but, on the contrary, lower cost prices—were by and large broken down, and the public or semi-public corporations of today generally sell their products at production prices. This does not exclude possible short-term after-effects of former dominant market positions.

In contrast to the notion that contemporary capitalism is a form of monopoly or state-monopoly capitalism still found on the political left, the exact opposite holds true for the *differentia specifica* of a systematic above-average profit rate over the long term.[14] This statement can be qualified in theoretical terms: monopolies are identified as large national and international companies operating as oligopoly suppliers and buyers on national and international markets, which are in turn characterised by a great degree of transparency and the actual or at least potential presence of international actors as well as standardised procedures for submitting bids and tenders. These are precisely the market structures in which competition is most intense and in which temporary surplus profits are more rapidly competed away. Accordingly, it comes as no surprise that empirical findings for the Federal Republic of Germany show annual returns on capital (before and after profit taxes) of large corporations lower than those of private companies and sole proprietors. This is not necessarily true for individual years, but holds up structurally over the long term. From this, we can draw the astonishing conclusion that somewhat above average profitability is achieved precisely in the so-called 'non-monopolistic' corporate sector. This can also be theoretically justified, as this sector harbours the locally and regionally oriented businesses and services operating in small-segmented market structures or as so-called higher valued services that often managed to retain and protect professional privileges through access to and reliance on government fee schedules. Possible monopoly profits in these areas are thus based rather on pre-bourgeois, underdeveloped conditions and not on an alleged 'monopoly capitalism' as the historical successor to a capitalism based on free competition.

Manifestation of the Immanent Contradiction in the Production of Surplus Value: Structural Capital Overaccumulation, Financial Instability Through Rising Indebtedness, and the Tendency Towards Secular Stagnation in Capitalist Wealth Production

The accelerated capital accumulation characteristic of the twofold law of the tendency of the rate of profit to fall and the sum of profit to increase is, for its part, contradictorily determined as an intercyclical steady expression of the immanent contradiction of surplus value production (between increased productivity and valorisation). This expresses itself in a tendency for accumulation dynamics to decline (sinking accumulation rate), as well as a tendency towards a decline in the growth rate of productive employment, the value product and the amount of surplus value in respect of profit. If limitations on the accumulation rate through individual consumption of a share of the surplus value or profit was the accentuating characteristic of the immanent limits of the progress of accelerated accumulation under earlier conditions, then under developed conditions antagonistic relations of distribution constitute a mere reflection of the fundamental production relations *sub alia specie*. In both cases, the enforcement of these limitations means that predatory competition between (reproductive) capital reinvestment and the valorisation of existing original capital gains acceptance to a growing extent. Renewed investment does not lead to corresponding growth in production and employment, but rather takes existing value creation and employment out of circulation. The cause of this constellation is that too much capital has already been accumulated for further increases to the total sum of profit to be realised on the macroeconomic level. Expressed differently, the general rate of profit in such an instance has gradually declined in the preceding phase of accelerated capital accumulation to such an extent that reinvestment of additional capital can only be expected to ensure increased valorisation or ensure rising marginal capital efficiency when functioning capital is devalued somewhere else.

Manifestations of this accelerated capital accumulation exhaustion and its replacement by not only cyclical but also structural capital overaccumulation are manifold. Superficially, the difference between expected returns on real investments and the money interest rate no longer yields a level of entrepreneurial profit justifying the risk of reproductive capital investment at a higher level. The consequence is a redirection of capital capable of being invested in interest-bearing valorisation through the purchase of fictitious capital with the expectation of profit from price shifting speculation. Increased redirection of freed up money capital into financial investment forms either leads to an increased supply of lending capital on money capital markets and lower interest rates there, and/or finances consumptive credits to the general public and private households to a growing extent.[15] Both alternatives open up new latitudes for (reproductive) capital accumulation: interest rate reductions due to a growing supply of money capital on the credit and capital markets improve investment calculations, as they now have access to possibilities precluded while money interest rates remained high. The financing of consumptive credit to public and private households stabilises consumptive demand and feeds new sales potential through an attenuation of antagonism in the distribution relation.

In both situations, however, this scope for reproductive capital accumulation is linked to grave negative side-effects. Should the money interest rate lose some of its regulatory influence over reproductive capital accumulation,[16] systematic mis-allocations of capital are favoured and capital and economic structures incapable of reproducing themselves are created. Stabilisation of consumptive demand through rising indebtedness on the part of the state and private households has a similar effect, although here obsolete capital and economic structures are conserved and codified in addition. Because (and to the extent that) they are based on credit, their expansion will necessarily lead to a collapse sooner or later. The most recent example of this dynamic was (and is again) the overheating of the real estate market and the formation of wealth bubbles. Following their collapse, the credits financing them will suffer and the banks as credit-giving institutions will face solvency problems. Now, at the very latest, the impending crisis begins to pose an existential threat to the progress of social reproduction itself. Thus, to the extent that filling in this space stabilises capital accumulation and social reproduction in the short term, it will at the same time prevent the economy from breaking out of the overaccumulation trap. Political responses to manifestations of crisis may appear to bring relief for the time being, but the ultimate cost is an ever growing stack of deepening contradictions.

What could conditions for breaking out of the overaccumulation trap look like in this situation? The answer to this question is complicated and must take the various historical constellations in which this type of situation has arisen into account. Although a period of accelerated capital accumulation followed by structural overaccumulation of capital represents a general process that necessarily results from capitalism's internal laws, its characteristics can only be ascertained through precise empirical analysis. As long as the capitalist mode of production was not yet established in its developed form across all spheres and areas of the total social reproduction process, space still existed to be usurped by capitalist relations ('acquisition'), thereby allowing the system's limits to be reduced to mere temporary barriers. In this situation, it is worth noting that the capitalist mode of production, in contrast to all pre-bourgeois modes, is not a fixed element with principally limited latitudes for development, but can in fact adjust its prospects through influence over (economic) policy, which have the potential to become tools for dealing with emerging contradictions and restrictions to valorisation. Overcoming the international gold standard's circulation of banknotes equivalent to gold within a given country, a currency regime that sets narrow limitations on the possibilities for exerting political influence, and replacing it with a modern currency policy within the framework of an international currency standard and overcoming the gold backing of domestic banknotes by means of inconvertible central bank notes created new possibilities for action and fields for an economic policy influencing capital accumulation. The development of social distribution relations through the redistribution of income by the modern interventionist and social welfare system operates in the same way: based on an optimised rationalisation paradigm and a new dominant method of operation in terms of the process of social production (Taylorism/Fordism), a qualitatively new accumulation regime was created in the post-war period that opened up new perspectives for capital accumulation after the first major crises at the end of the 1920s and into the 1930s. The violent destruction and devaluation of capital substance and capital values, as well as changes in the class and social structure as a result of World War II eliminated the 'gluey-parasitic sediments' (Gramsci) and created further fundamental pre-conditions for a new round of accelerated capital accumulation in many countries. Likewise, the accelerated accumulation of the post-war era came to an end in most capitalist metropolises with the world economic crisis of the mid-1970s. Since then, capital accumulation has again moved into the mode of structural overaccumulation. The fact that it took more than three decades for the crises which first emerged on the periphery of the capitalist world market to eat their way into its core in the form of the financial market and world economic crisis since 2007–2008 documents the expanded intervention and problem-solving measures of national and international economic policy in comparison to the period between the wars. The various attempts at overcoming capitalist overaccumulation since the mid-1970s (supply-side economics, neoliberalism, financial market-driven capital accumulation) through expanded indebtedness and the stimulation of the rates of fictitious capital (asset-based wealth driven accumulation) have all proven to be ‘self-defeating’ measures in the classical sense. In the meantime, neoliberalism’s promised new constellation of economic and societal prosperity can be regarded as a definitive failure.

The second great crisis of the capitalist social formation has by no means been overcome, but rather pushes forward in new waves as political decision makers fall back on mistakes long thought overcome. An austere fiscal policy and growing protectionism are further destroying the internal and external connections between societies and national economies. The prospect of very low economic growth with a tendency towards stagnation further impairs the growth of productivity already structurally depressed by overaccumulation. Thus, the falling decreased rate of profit again reveals that the capitalist mode of production has been untrue to its traditional calling and can no longer guarantee its future success.

Capital’s General Rate of Profit in the Federal Republic of Germany (Empirical Illustration)

The law of the tendency of the rate of profit to fall functions at any given time within historically distinct developmental periods of capitalist accumulation and embodies the exhaustion of its developmental latitudes. Additionally, these developmental periods, characterised in sum by the law of the tendency of the rate of profit to fall, also allow us to distinguish between historical periods of capitalist social formation as a whole. However, these periods come into sharp conflict with the traditional theory of capitalism as consisting of competitive, monopoly and ultimately state-monopoly stages. Moreover, it emphasises the dialectic of barriers and limits to capitalist economy and society. Rather than a general crisis of capitalism since the mid-1970s, we identify an ongoing crisis of structural overaccumulation of capital in all core capitalist countries, albeit in different phases. Irrespective of national specifics, neoliberalism and its deregulations of labour markets, demolition of public economic structures, and unfettering of fictitious capital prices as well as the creation of new forms thereof, represented a concerted attempt to overcome capitalism's problems with more capitalism. Its failure in the great crisis of 2007–2009 and the subsequent waves persisting today document the unworkability of neoliberal concepts as a reflection of their fundamental unsustainability, something those familiar with political economy already knew to begin with. All attempts to boost the rate of profit by promoting the production of *absolute* surplus value and thereby reviving the accumulation of reproductive capital and value creation have failed since the early 1980s. The remarkable rise in the rate of surplus value was in an almost classical way 'self-defeating': whatever German capital was able to improve in its cost structure through downward wage pressures on the one hand, was then lacking in consumer demand on the other. German accumulation's nonetheless above average performance was based mainly on continually increasing export surpluses, that is, national overproduction externalised onto foreign markets. This took place to a large extent at the expense of other countries, whose domestic productivity levels still offered enough competitive advantages for Germany despite decreased productivity growth tied to the lower growth path. It was not sufficient, however, to (perhaps individually, in any event not sustainably) break out of structural capital overaccumulation, precisely because the methods for promoting the production of absolute surplus value preclude the comprehensive establishment of increased forces of production in a new mode of operation for social production that pre-supposes increased co-operation between companies on equal terms and activation of the subjective productive forces of direct producers. Without propagating an exaggerated catastrophe scenario or theory of social collapse, we nevertheless conclude that the current economic scenario is not characterised by a mere barrier to capitalist development that can be overcome within the system, but that the limits of this mode of production, which cannot be surmounted using system-immanent means, are in fact taking shape more clearly and asserting themselves more forcefully.

The 'spectre of secular stagnation' quoted above echoes the 'concern of the English economists over the decline of the rate of profit' found in Marx (1894, p. 259). The most important aspect of this 'horror of the falling rate of profit is the feeling that capitalist production meets in the development of its productive forces a barrier which has nothing to do with the production of wealth as such; and this peculiar barrier testifies to the limitations and to the merely historical, transitory character of the

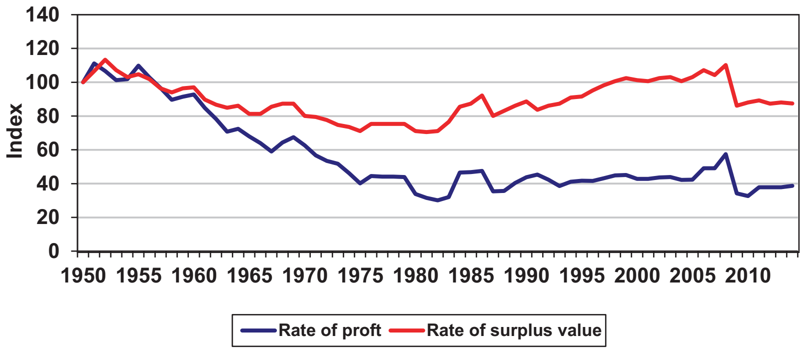

Fig. 1 Developmental relationship of the rate of surplus value and the rate of profit in the Federal Republic of Germany (Source: Krüger 2015)

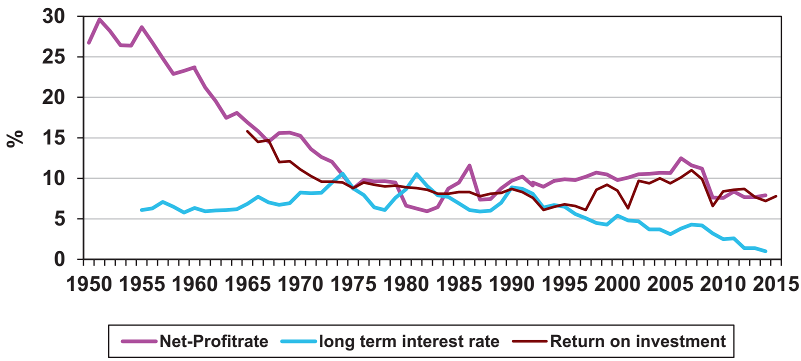

Fig. 2 Rate of profit, rate of return, interest on capital (Source: Statistisches Bundesamt (Federal Statistics Office), Volkswirtschaftliche Gesamtrechnung; Deutsche Bundesbank (German Federal Bank) and own calculations (Krüger 2015))

capitalist mode of production; testifies that for the production of wealth, it is not an absolute mode, moreover, that at a certain stage it rather conflicts with its further development' (p. 242).

Notes

1. A great number of explanations of and contributions to the discussion of secular stagnation exist, see Teulings and Baldwin 2014; Lu and Teulings 2016; Bischoff and Steinitz 2016.
2. On the relationship between money and capital in *Outlines* see Bischoff and Lieber 2008.
3. See Marx 1857/1858b, p. 137: 'Ramsay and other economists justly distinguish between the growth of productivity in the branches of industry supplying the constituents of fixed capital, and naturally of *wages*, and growth in other industries, e.g. the luxury-goods industries. The latter industries cannot diminish necessary labour time.' See also p. 138: 'Other economists, e.g. Wakefield, take refuge in discussing the *field of employment* for the growing capital. This belongs in the analysis of competition and is evidence, rather, of a preoccupation with *the difficulty for capital to realise a growing volume of profit, which amounts to a denial of the immanent tendency of the rate of profit to fall.* And the necessity for capital to seek a constantly expanding *field of employment* is itself a consequence'.
4. On the necessary qualitative differentiation between the quantitative differences between cyclical crises and capital devaluations and structural crises with factors impeding capital devaluation, see below.
5. The idea of an intentional transformation of individual value fractions of the macroeconomic commodity product into a production price system while taking the so-called reproduction scheme as a basis, as propagated by proponents of the so-called 'transformation from values into production prices', proceeds from a false point of departure. It allows itself to be taken in by the specific mystifications of value creation and the production of surplus value, mistaking variable money capital for an advance payment and, connected with this, a disregard for differences in form between constant and variable capital in the creation of products and the accumulation of value. In tandem with this is the identification of variable capital with the value or price of the necessary food bought with the

returns of waged labour (variable capital as 'approvisionnement', a false manifestation already reproduced by Adam Smith and criticised by Marx in passing, see Marx 1893, pp. 210–211.

6. Bischoff and Lieber 2011 demonstrate how this 'tearing apart of the object' through all rough drafts of *Capital* (1857/58, 1861–1863 to 1867) is reflected in Marxist research.
7. The competition-mediated form in which individual capitalists implement increases in the forces of production—generally referred to as 'anticipation'—substantiates the connection between the reciprocal presuppositions of the different sides of bourgeois-capitalist totality. Moreover, it is evidence that the relations of the process of direct production are integrated into a regulatory system for the entire economy. Therefore, when anticipation is discussed in Chapter 10 of *Capital*, Volume I, then only in terms of the categories used: extra surplus value is later referred to more precisely as surplus profit, individual and social value (market value) as individual and sector-specific cost price or individual and market production price.
8. We reject the separation of the law of the tendency of the rate of profit to fall from the crisis character of the development of capital as recommended by Heinrich (2007): 'How does it look with regard to Marx's crisis theory, is it in fact so dependent on his law of the rate of profit ? At least on the basis of Engels's edition of the third volume of *Capital* we can hold the view that Marx conceived his crisis theory as a consequence of his "law of the tendency of the rate of profit to fall", although he could not complete it. Marx's thoughts on crisis theory changed several times, both in regard to substance and in methodological importance, after beginning his elaborations of the critique of political economy in 1857. Yet nowhere in the various rough drafts and deliberations on the categorical structure of his work can evidence be found suggesting he sought to couple the crisis theory with the profit rate law' (p. 77).
9. Here, we must distinguish between capital employed in the production process, both total (gross) fixed capital and total living labour independent of its division into paid and unpaid labour, as well as the respective capital value advanced for certain periods of time, which encompasses net fixed capital (gross fixed capital less cumulative write-offs) and money capital advanced for the purchase of raw, auxiliary and operating materials, as well as external labour and worker acquisition (variable capital advance). Changing functional differentiation in the value composition of the capital advance and the organic composition of utilised capital

does not have implications for the actual situation discussed here, namely that the change in the technical composition of capital determines the development of organic composition and, as the turnover relationships of capital are only a secondary modifying circumstance, the value composition of the capital advance as well.

10. Something analogous also holds true for an extraordinary economy in circulating constant capital through continuing increases in productivity due to the favourableness of natural conditions for mining and agriculture, which are expressed in prolonged value reductions for units of industrial raw materials and agricultural products. Under developed conditions, such exploitation of favourable natural conditions is generally also tied to social, in other words industrially determined, increases in productivity. In addition, one-time exploitation of natural resources would not be the pre-condition for a limitation—in the extreme case a reversal—of an increase in the organic capital composition, but rather a prolonged and sustainable condition. Both determine these circumstances as exceptional situations, in other words as modifications of general principles that can only be empirically registered and analysed.
11. The finished form of the general profit rate not only contains the structure of the different components of industrial capital originating in the production and circulation processes, but also the respective profit rates of commercial or merchant capital, as well as of bank and insurance capital. Merchant capital's rate of profit acquires commercial profit from the profit margin between sale and the cost prices of commodities lowered by the material and personnel costs of circulation, which, as with industrial capital, figure as advance factors. The profit rate of bank capital opens up access to bank profit from interest-based business (debtor minus creditor interest) and non-interest transactions (provisions, commercial profits) of bank capital. 'Bank profit' refers to the bank's investment capital, its material and personnel circulation costs—the situation for private insurance companies, which like banks earn their profits from underwriting capital, is analogous. The latter is made up of the premium payments from customers (insured people and goods, etc.) minus expenses paid for claims (in addition to reserves set aside) and interest paying investment of the difference. 'Insurance profit' also refers to insurance companies' investment capital (circulation costs). The rates of profit of these different types of capital are gathered together in the equalisation process to a macroeconomic average profit rate in competition, through which the scale and distribution of total capital in the

various spheres of production and investment, as well as the assessment of macroeconomic circulation costs in the entire national production process, is regulated.

12. In the following, further elements accompany differentiation between distribution and redistribution processes (market and politically determined income distribution). Over the course of the continuity of the reproduction process, these revert from results of capital accumulation to their determining requirements—with the exception of interest rates, which become part of the superficial manifestations of the profit rate. These will not be addressed in this chapter.
13. The determination of total social capital as national capital was always controversial within Marxist circles. At times, the fundamental economic determination of total capital as national capital was denied, as it was assumed, given capital's tendency to create a world market, that the existence of national economies was a mere product of political circumstance. The same holds true for the determination of the general rate of profit, also conceptually understood as a 'world profit rate' for all developed capitalist metropoles (see Neusüß 1972; Altvater 2010). With regard to equalising national average profit rates in and through foreign trade, this equalisation is subject to entirely different laws than the national equalisation of individual and industrial rates of profit. In fact, possible international equalisations in valorisation conditions only come about through the national processing of the value- and use value-related effects of foreign trade and the international movement of capital (see Krüger 2010, p. 781ff).
14. Monopoly profits were and are alleged to arise in individual examples, but have yet to be empirically substantiated. Studies analysing the annual financial statements of companies in search of monopoly profits have regularly come up empty-handed (see, for example, Saß 1978). The yearly representative analysis of the company statements put out by the German Federal Bank also shows no evidence of monopolistic tendencies in a structural or long-term sustainable form. In this calculation, we disregard international corporations' tax-avoidance policies by transferring profits into low tax areas. These potentially above average profits do not arise through monopoly profits before taxes, but can at best be demonstrated after taxes. In this, they do not exploit the non-monopolistic corporate sector, but rather the general public though legal and half-legal tax breaks and loopholes.
15. Both consequences have successively determined the constellations between the reproductive and financial spheres of the economy after the

transition from accelerated accumulation to overaccumulation of capital. In the seventh post-war industrial cycle (1976–1982), decelerated capital turnover—the initial continuity of general price increases on the commodity markets due to money wages that were (still) too rigidly downward—as well as state-supported consumer demand and growing liquidity preferences on the money capital markets due to increasing insecurity led to a simultaneous declining or low profit rate and high or increased money interest rates. Through the change in the balance of power on the labour market, a shift towards restrictive governmental financial policy and the end of money-policy accommodation for inflationary processes by the central banks since the eighth post-war cycle (starting in 1983), this first phase of structural overaccumulation was replaced by a development in which the 'tacit connection' (Marx 1894, p. 419) between the supply of and demand for reproductive and money capital expressed in a long-term consonance between a low rate of profit and falling interest rates due to excess macroeconomic savings (a savings glut) emerged (see Krüger 2015). 'Since we have seen that the rate of profit is inversely proportional to the development of capitalist production, it follows that the higher or lower rate of interest in a country is in the same inverse proportion to the degree of industrial development, at least in so far as the difference in the rate of interest actually expresses the difference in the rates of profit. … In this sense it may be said that interest is regulated through profit, or, more precisely, the general rate of profit. And this mode of regulating interest applies even to its average' (Marx 1894, pp. 359–360).

16. With the central banks' very relaxed money policy (quantitative easing) that reinforces these market tendencies, the regulatory function of the interest rate is essentially overridden. Here, however, we must differentiate: unto itself, a basic interest rate of zero or near zero is also the relativisation and revocation of the capital character of interest-bearing capital. In order for positive regulatory potentials for accumulation to arise from this, regulation of investments must take place in the framework of a macroeconomic structural policy and, in addition, be coordinated with the financial policies of public households. Moreover, the pre-requisite for pinpointed control of investments would be that the accumulated debts of corporations, banks, the state and private households be reduced to the extent that making payments on them would not create new mis-allocations or that not paying them would not produce uncontrolled creditor collapses (see Krüger 2016).

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Profit, Elasticity and Nature

Kohei Saito

Introduction

Today, no one openly disagrees with the notion that Marx's *Capital* is an unfinished work. It is widely known that Volumes II and III were published only after Marx's death, in 1885 and 1894 respectively, thanks to Engels's diligent editorial stewardship, and it is therefore quite understandable that despite his remarkable attempt to transform a series of incomplete 'manuscripts' into a seemingly finished 'work'—and thus disseminate the theoretical influence of Marx's thought as a philosophic and economic doctrine of 'Marxism'—various individuals soon began to criticise *Capital*'s serious theoretical defects and inconsistencies (Böhm-Bawerk 1896; Tugan-Baranowsky 1905; Bortkiewicz 1952 [1906–7]). Although debates both defending and dismissing Marx's theory have raged for over 100 years, their outcomes have unfortunately not always been productive. This is partly because Engels's aforementioned editorial liberties sometimes obscured Marx's original intent. Although Engels's

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accomplishment is undoubtedly of great importance, the fact remains that, ultimately, an unfinished work cannot be retroactively transformed into a closed 'system'.

The publication of Marx's original manuscripts in the second section (*Abteilung*) of the new, complete works of Marx and Engels, the *Marx-Engels-Gesamtausgabe* (MEGA^2), has brought with it renewed hopes of resolving these controversies. The series has now published all of Marx's existing economic manuscripts, allowing us to finally examine his writings in their original form and thus conduct a thorough comparison between Marx as *Capital*'s 'author' and Engels as its 'editor' (Roth 2002). Particularly crucial volumes are II/4/1, II/4.2, II/4.3, II/11 and II/14, as they contain Marx's original manuscripts for Volumes II and III of *Capital*, including various passages Engels neglected to incorporate into his edition of the book. Of course, this does not mean that the MEGA will resolve all pre-existing disagreements simply by freeing scholars from Engels's editorial 'distortions'. It remains an undeniable fact that Marx's *Capital* is simply incomplete. Thus, for some, the publication of these manuscripts only strengthens their belief that Marx's critique of political economy suffers from 'ambivalences' (Heinrich 2012, p. 230) or even 'fundamental flaws' and 'confusion' (Stedman Jones 2016, p. 398) due to residual traces of classical political economy which Marx sought to overcome, but ultimately failed to do.

The so-called 'law of the tendency of the rate of profit to fall' provides a fitting example of these debates (Sweezy 1942; Robinson 1942; Okishio 1961).[1] Although the 'law' remained unpopular (even among Marxists) for quite some time, a new trend has recently emerged seeking to analyse the most recent economic crisis from the perspective of this alleged 'law' (Carchedi 2011; Kliman 2012; Konishi 2014; Roberts 2016). The law's defenders argue that Marx's intention is often misunderstood: he did not seek to prove the law's 'iron necessity', but rather to grasp the causes behind the phenomenon of the falling rate of profit, the existence of which was widely recognised among political economists like Adam Smith and David Ricardo at the time.[2] In this sense, Marx did not exclude the possibility of the profit rate failing to decline under certain conditions, and in fact heavily emphasised the existence of a 'living contradiction' in the determination of the profit rate, which caused the law to take effect only 'tendentially'. By recognising this tendential character, it becomes possible to ask why the profit rate has not fallen, rather than simply give up on the 'law' when an apparent rise in the rate of profit occurs.

According to Marx, the law's contradictory appearance depends on the 'elastic' potential of capital, in turn based on the elasticity of the material world as a whole. Nonetheless, he cautions us that this elasticity cannot be extended indefinitely, as 'insurmountable limits' to capital exist. Because capital requires actual, living material bearers, its endless drive towards self-valorisation is inevitably conditioned by the material characteristics of its bearers. Thus, the problem of the falling rate of profit cannot be reduced to a mere mathematical question, but must be understood in relation to various material aspects of capital.

For this reason, Marx carefully analysed these limits in various parts of the world, while his later work expanded its scope to include ecological aspects, arguing that nature itself imposes barriers on capital's endless drive. He studied the natural sciences intensively in order to understand the role these limits played in the process of capital accumulation. Although unable to fully integrate this aspect into *Capital*, the focus of Marx's notebooks indicates that, contrary to the widespread misperception that Marx privileged economic crisis in his theoretical work, he actually offers an even more comprehensive vision of what amounts to a total crisis of humanity once ecology is brought into the analytical foreground.

Capital's 'Living Contradiction'

Marx defined the rate of profit (r) as a ratio between surplus-value (s), and the sum of constant capital (c) and variable capital (v):

$$r = \frac{s}{c+v}$$

When the left side of the formula is divided by v, we get:

$$r = \frac{\frac{s}{v}}{\frac{c}{v}+1}$$

Two variables thus determine the rate of profit, i.e. the 'rate of surplus value' (s/v) and the so-called 'organic composition of capital' (c/v).

Marx argued that the rate of profit declines over the course of capitalist development. A basic argument supporting the law of the falling rate of profit is that the organic composition of capital continues to increase as the development of productive forces results in machines replacing more and more workers. The amount of surplus-value stagnates because 'dead labour' (constant capital) tends to operate independently of human 'living labour' (variable capital). According to Marx, the basic contradiction of capitalist development is that the very technological innovations introduced to achieve higher levels of relative surplus-value under capitalist competition tend to remove human labour power as the sole source of (surplus-)value from the production process. Here, the limit to capital is capital itself, precisely *because* its increasing productivity in the pursuit of profit ends up narrowly limiting labour's social productivity manifested as the declining profit rate under capitalism: 'The progressive tendency for the *general rate of profit to fall* is thus simply the expression, peculiar to the capitalist mode of production, of the progressive development of the *social productivity of labour*'.[3] Marx highlighted the importance of this law, claiming that 'this is in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations. It is the most important law from the historical standpoint. It is a law which, despite its simplicity, has never before been grasped and, even less, consciously articulated'.[4]

Given Marx's stressing of the law's importance, it comes as no surprise that a series of attempts would be made to refute it. One popular critique is the mathematical explanation provided by Ladislaus Bortkiewicz, who argued: 'Marx's own proof of his law of the falling rate of profit errs principally in disregarding the mathematical relationship between the productivity of labour and the rate of surplus value' (Bortkiewicz 1952 [1906–7], p. 73). The increase of the organic composition of capital certainly lowers the rate of profit, but only while increasing productivity and thus the rate of surplus-value at the same time. Bortkiewicz thus argued that Marx failed to prove that the organic composition of capital will always increase faster than the rate of surplus-value. More recently, the same critique has been repeated by Michael Heinrich in his *Science of Value* (*Wissenschaft vom Wert*) (Heinrich 1999, p. 329). Like Bortkiewicz, Heinrich argues that the law of the rate of profit to fall 'cannot be substantiated': 'the point is, *which of the two quantities changes more rapidly* – and we do not know that' (Heinrich 2013a, pp. 23, 25).[5]

In this context, the uniqueness of Heinrich's argument lies in the fact that he takes Marx's original manuscripts, published for the first time in the MEGA, into account (Heinrich 2013b, p. 165). He acknowledges that Marx conducted a series of mathematical calculations in those late manuscripts now available in Volume II/4.3 and II/14, modifying the quantities of constant capital, variable capital and surplus-value in various directions.[6] Notably, the 1870s manuscript includes cases in which profit does not fall, but in fact increases. Heinrich believes that Marx came to recognise the possibility of the rate of profit to increase more clearly around this time. Heinrich bolsters his argument by pointing to the fact that Marx jotted down a note for the third edition in his own copy of the second edition of *Capital*, Volume I, stating that when the value composition of capital increases, the rate of profit can potentially increase as well (ibid.).[7] Furthermore, Heinrich adds that Marx did not refer to the law of the profit rate to fall after the 1870s, even when discussing economic crises. Heinrich maintains these facts suggest 'Marx was plagued by considerable doubts concerning the law of the rate of profit' in the 1870s (Heinrich 2013a, p. 28).

The argument concerning the two variables is in fact an old one, to which Roman Rosdolsky (1977, ch. 16, 17, 26) formulated a reply decades ago. According to him, the rate of profit can be reformulated in the following way:

$$r = \frac{s}{c+v} < \frac{s}{c} < \frac{s+v}{c}$$

The right side represents a case in which the rate of profit is highest. This shows that, irrespective of the actual rate of surplus-value, the maximum rate of profit decreases when *constant capital* increases faster than living labour ($s + v$). This means that rising capitalisation decreases the maximum rate of profit independently of the rate of surplus-value. Conditioned by this maximum rate of profit, the actual rate of profit decreases over the long run *if* the increase in the value of constant capital is greater than that of living labour. This assumption is quite likely, given that mechanisation is nothing but an increase in the ratio of dead over living labour for the sake of raising productivity '*through* the extended employment of machinery' (Shaikh 1978, p. 239). Certainly, this 'probability' alone does not absolutely refute Bortkiewicz's and Heinrich's claim. Due to various counter-tendencies, the law possesses no 'iron necessity', but its degree of probability is quite useful in analysing capitalism's long-term development, as recent empirical research demonstrates.

A newer question is whether Heinrich is justified in arguing that Marx came to fully appreciate the possibility that the profit rate would not necessarily fall in the 1870s. This claim appears rather dubious, as Marx always stressed the 'living contradiction' of capital, and also pointed to various 'countertendencies' in the manuscript for *Capital*, Volume III. In other words, Marx was clearly aware that a series of factors work against the general tendency of profit rate to fall by actually increasing the rate of profit. In this sense, Marx always recognised the importance of understanding the problem of the falling rate of profit in a dynamic manner through the unity of two contradicting tendencies.

This dynamic and even contradictory relationship between 'tendency' and 'countertendency' is immanent to capital and its endless attempts to overcome barriers imposed upon it. Japanese Marxist Samezo Kuruma emphasised the importance of capital's 'living contradiction' in his editorial work spanning fifteen volumes of the *Marx-Lexikon*, particularly in volumes 6 and 7 dealing with Marx's theory of crisis. This concept refers to two contradictory tendencies immanent to capital, as Marx wrote in the *Grundrisse*: 'Both tendencies [are] necessary tendencies of capital. The unity of these contradictory tendencies, hence the living contradiction'.[8] Marx also said: 'By its nature, therefore, it posits a barrier to labour and value-creation, in contradiction to its tendency to expand boundlessly.

And in as much as it both posits a barrier specific to itself, and on the other side drives over and beyond every barrier, it is the living contradiction'.[9] While capital attempts to raise absolute productivity, it also confronts barriers to such increases. Because capital itself posits these barriers, it repeatedly and inevitably confronts and must overcome them anew. Marx calls this incessant dynamic of capital a 'living contradiction'.

The same logic applies to the rate of profit. By definition, the aim of capital is to maximally valorise itself. To achieve this goal, capital radically transforms and reorganises the processes of production and circulation from the perspective of capital's efficient accumulation, increasing labour productivity. The process emerging out of this intrinsic tendency of capital, however, reveals itself to be problematic for capital itself, as mechanisation compelled by capitalist competition for more surplus-value results in a higher organic composition of capital, linked, in turn, to a declining rate of profit accompanied by the formation of relative surplus population.

This is not the whole story, however, as a 'living contradiction' of capital plays an important role here as well. Marx viewed this process of capitalist accumulation as a 'double-edged law of a *decline in the rate of profit* coupled with a simultaneous *increase in the absolute mass of profit* arising from the same causes'. He argued:

> The same development of the productivity of social labour, the same laws that are evident in the relative fall in variable capital as a proportion of the total capital, and the accelerated accumulation that follows from this – while on the other hand this accumulation also reacts back to become the starting-point for a further development of productivity and a further relative decline in the variable capital in relation to the constant capital – this same development is expressed, leaving aside temporary fluctuations, in the progressive increase in the total labour-power applied and in the progressive growth in the *absolute mass of surplus-value* and therefore in *the absolute mass of magnitude of profit.*[10]

Marx's point is that the tendency of the rate of profit to fall is a law in which the *fall in the rate of profit* due to the development of productivity coincides with an *increasing mass of profit*. Marx repeated the same point:

> Thus the same development in the social productivity of labour is expressed, as the capitalist mode of production advances, in two ways: on the one hand in a progressive tendency for the *rate of profit to fall*, and on the other in a constant growth in the absolute *mass of the surplus-value or profit* appropriated; so that, by and large, a relative decline in the variable capital corresponds to an absolute increase in surplus-value and profit.

Specifically, Marx recognised the possibility of a '*growth in the total capital* that takes place more rapidly than the fall in the rate of profit'.[11] A fall in the rate of profit is compensated by growth in the overall amount of profit—one of the ways capitalists seek to overcome barriers imposed by the falling rate of profit in the first place.

Certainly, this growth in the total mass of profit does not occur at all times, but rather only when the increase in total capital is proportionally larger than the fall in the rate of profit. Otherwise, the decline in the profit rate would also result in a decline of the amount of profit overall, meaning that individual capitalists are compelled to accumulate at an accelerated rate just to compensate for the falling rate of profit and secure the previous amount of profit, let alone increase it. Thus, the falling rate of profit leads to the 'concentration' of capital as individual capitals seek to secure profit levels, prompting Marx to write: 'As the *profit rate falls*, the *capital-minimum* grows…. Concentration grows at the same time, since within certain limits a large capital with a lower rate of profit accumulates more quickly than a small capital with a higher rate of profit'.[12] As long as this attempt is successful, the falling rate of profit does not immediately entail negative consequences for capitalists, as they can potentially increase their overall profits by investing a larger amount of capital. Throughout this process, the higher organic composition of capital *expels* workers from the factory and creates relative surplus population while the concentration and centralisation of capital at the same time *absorbs* it. Two opposing tendencies are at work here, representing the 'living contradiction' of the law of the falling rate of profit.

Furthermore, these processes of capital 'concentration' and 'centralization' are accompanied by various factors that actually raise, or contribute to the raising of, the rate of profit itself. First of all, capital can attain more absolute surplus-value by extending the working day beyond a given length or intensifying the labour process as a whole. Productivity rises can increase relative surplus-value by reducing the price of labour power. It is also possible to raise the rate of profit by reducing the organic composition of capital, decreasing expenditures on future constant capital. Such productivity increases also produce additional relative surplus population, which contributes to lowering the cost of labour power and thus increasing the rate of surplus-value.

Moreover, Marx speaks of an 'economy' of constant capital (Akashi 2016). The 'concentration of the means of production' as a result of the accelerated accumulation of capital makes economising fixed capital possible, as buildings, machines, heating, etc. do not rise proportionally to the total amount of labour power employed. In this sense, the centralisation of capital prepares the material conditions for a more efficient form of accumulation by improving methods of production and circulation. Another avenue for reducing constant capital is the economy of 'production waste' through recycling.[13] This type of economisation permits the reuse of existing raw materials to produce more commodities, without first purchasing additional raw materials.[14]

These factors clearly show that the law of the falling rate of profit does not take effect as an iron law but rather as a *tendency*, implying that concrete cases exist in which the rate of profit does not fall but even rises due to the aforementioned counter-tendencies. In reality, the rate of profit can exhibit both downward and upward trends, meaning the actual law can only be observed within the context of business cycles.

Considering these remarks in the economic manuscript of 1864–1865, Heinrich's claim that Marx first seriously took the possibility of an increasing rate of profit into account in the 1870s is rather exaggerated. It is true that Marx conducted various calculations in his 1870s manuscripts, including cases that suggest the possibility of the rate of profit rising. Yet as the title of one of those manuscripts aptly states, these manuscripts deal with the 'rate of surplus value and rate of profit *mathematically treated*'.[15] In other words, Marx arbitrarily changed the quantity of 'c', 'v', and 's' to see how a change in one factor would *mathematically* take effect on the rate of surplus-value and the rate of profit *without considering underlying actual changes in the material and technical components of* *capital.* Marx's calculations are so abstract precisely because he did not consider whether these mathematical changes actually correspond to a certain tendency of capitalist development, or whether these changes are even possible in the first place. In another passage from the same manuscript, Marx seems to believe in the validity of his analysis of the tendency of the rate of profit to fall, writing: 'As already examined in Volume I, this progressive percentage decrease on the part of variable capital exhibits a tendency to reduce the amount of surplus-value, calculated in percent, and thus also the rate of profit = $\frac{\mathrm{m}}{\mathfrak{C}}$.'[16] Here, Marx's alleged doubt *vis-à-vis* the falling rate of profit is not discernible.

After all, his aim was not to demonstrate the inevitability of capitalist collapse due to the falling rate of profit and resulting economic crisis, but to establish an adequate method of understanding the dynamic process of capitalist accumulation from the 'living contradictions' of capital that often manifest in opposing phenomena. Marx tried to explain such contradictory appearances *as a very result of the effect of the law of the falling rate of profit*. The recognition of the law as a tendency allows us to inquire, in a critical manner, as to why the rate of profit does not fall. In this sense, Marx's theory provides a useful 'guideline' (*Leitfaden*) for concrete analysis.

Elasticity of Capital and Its Limits

Marx repeatedly emphasised that two aspects of the law of the rate of profit to fall 'contain a contradiction, and this finds expression in contradictory tendencies and phenomena. There are contradictory agencies simultaneously in operation here'.[17] Capitalism develops through this living contradiction, which is why Marx did not depict the falling rate of profit as an 'iron law'. However, this alone does not fully negate the significance of Heinrich's argument: Marx did not refer to the tendency of the rate of profit to fall at all in the 1870s, and a certain change of tone can in fact be detected.

A narrow focus on a mathematical proof would be misleading and one-sided when trying to understand the late Marx's silence on this topic. The accumulation of capital is not simply a quantitative movement, but rather takes place together with various qualitative and material changes of its bearers during the concentration and centralisation of capital. Marx emphasised that capital cannot valorise itself in reality arbitrarily, as the actual process of production and circulation contains various factors and elements that capital cannot appropriate nor expropriate at will. Rather, it inevitably remains dependent on and conditioned by its bearers. Thus, although Marx conducted purely *mathematical* calculations in some manuscripts, he studied various material aspects of capitalist production throughout the 1870s.

In the *Grundrisse*, Marx argues that this dependence on the part of capital is also double-sided, as capital greatly modifies and reorganises the entire material world beyond its 'natural barriers', seeking to exploit new possibilities to the maximum possible extent:

> [C]apital drives beyond national barriers and prejudices as much as beyond nature worship, as well as all traditional, confined, complacent, encrusted satisfactions of present needs, and reproduction of old ways of life. It is destructive towards all of this and constantly revolutionalizes it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces.[18]

Rather than predicting capitalism's inevitable collapse, Marx emphasised how 'elastic' the power of capital actually is. Particularly in his later years, he came to pay even closer attention to this elastic dimension of capital and its power to overcome natural barriers, while observing growing tensions between capital and its material bearers. This elastic aspect of capital in Marx's analysis denotes a clear contrast to breakdown theory (Kurz 1995). Marx was probably less clearly aware of capital's elasticity earlier in his career, when he was still quite optimistic that socialist revolution would necessarily follow severe economic crisis as indicated in the 1848 *Communist Manifesto* and even, at least to some extent, in the *Grundrisse*. The more aware he became of capitalism's stubborn persistence, surviving the severe economic crisis of 1857, the more attention he paid to capital's 'elastic' potential and how it provides the system with enormous viability. Capitalism does not simply collapse, but rather is highly *elastic* in that it revolutionises various material aspects of the world in both 'intensive' and 'extensive' ways.[19]

In a manuscript for *Capital*, Volume II, Marx summarised capital's elastic potential as follows:

> It simply indicates that the capital advanced – a given sum of value which, in its free form, its value form, consists of a certain sum of money – contains, once it has been transformed into productive capital, productive powers whose limits are not given by the bounds of its own value, but, within a given field of action, can operate differently, both in extent and intensity. […] However, the scale on which this capital operates to form values and products is elastic and variable.[20]

Capital harnesses various elastic characteristics of the world in order to produce more flexibly. Such changes occur in various ways, depending on how capital takes advantage of material characteristics of each component. For example, labour power is elastic in that it can be exploited both more intensively and extensively to increase the rate of profit: 'Labour power with a certain rate of payment may be more or less severely exploited, both extensively and intensively'.[21] There are also cases in which total capital cannot be increased due to competition with other capitals. In such a situation, the elastic character of capital serves to accommodate production to changing market situations. For example, instead of hiring new workers in the case of a sudden increase in demand, existing workers are made to work longer hours, sometimes without additional wages. Workers eventually adapt to the increased intensity, for their activities are not fixed but elastic, in that they can perform various tasks in accordance with constantly changing market demands.

Furthermore, capital obtains even more elasticity from scientific advances and technologies that allow it to appropriate the 'free gift' of nature and significantly increase productivity. Nature enters the *labour process* and aids in the production of commodities together with workers, but does not factor into the *valorisation process* itself as it is not a product of labour as such. Nature is free, so to speak, and capital seeks to use its power as much as possible. Furthermore, 'science, generally speaking, costs the capitalist nothing'.[22] Conscious application of knowledge does not require additional capital beyond the costs of introducing new inventions, but allows for dramatic increases in labour productivity by appropriating natural forces essentially for free.

Nature, a fundamental factor in production alongside labour power, is also elastic: 'The natural materials which are exploited productively (and which do not form an element of the capital's value), i.e. soil, sea, mineral ores, forests, etc. may be more or less severely exploited, in extent and intensity, by greater exertion of the same amount of labour-power, without an increase in the money capital advanced'.[23] With the aid of natural sciences and technologies, capital can appropriate new raw materials and energies in the interests of increased productivity without proportionally increasing its own costs. Furthermore, capital can depend on the elasticity of nature to create 'externalities': capital does not pay for the waste it produces, while pollution does not immediately impinge upon nor make general production impossible. The environment can absorb various negative outputs resulting from production and consumption without imposing additional costs on capital.

Agriculture and extractive industries offer similar examples of the natural world's elasticity: it is possible to cultivate a certain number of crops in the following year without replenishing the soil with nutrients, or to extract large amounts of coal in a short period of time by extensively and intensively expanding overall labour. In short, nature provides more products in a manner that does not require a proportional increase of additional capital when the amount of labour invested is increased. According to Marx, this takes a form of 'anticipation': '*Anticipation* of the future – real anticipation – occurs in the production of wealth only in relation 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 between expenditure and income. In capitalist production this happens to both the worker and the land'.[24]

A problem arises, however, in that capital's elastic nature is dependent on the elasticity of labour power and natural power, the elasticity of which is in turn not without objective limits. Once these limits are surpassed, elasticity is lost entirely, like an overstretched spring. Marx emphasised the severe degradation of working conditions that occurs when overstretching this elasticity beyond a certain point:

> Just as the combination of workers and their cooperation is what permits the use of machines on a large scale, concentration of the means of production and economy in their use, so this *working together en masse in enclosed spaces*, which is a source of growing profit for the capitalist, is at the same time a cause of early death, an accelerated decline, and a *squandering of the worker's life and health*, if it is not counteracted by, on the one hand, shorter working hours, and on the other hand, special precautionary measures.[25]

Constant capital can be economised by making workers work under worse conditions (by cutting sanitary and security measures, for example). Furthermore, they can be forced to work longer hours, at greater intensity, and for lower wages. However, this modification of working conditions in capital's favour has a certain objective limit, insofar as it is based on a squandering of workers' physical and mental well-being. The working day cannot be extended beyond a certain number of hours, while labour intensity must be contained by workers' physical and mental limits. This is what Marx means when he writes of 'certain insurmountable limits' of those countertendencies.[26] The elasticity of capital, bearing great significance for the rate of profit, is highly dependent on the *quality* of material bearers. If this qualitative side is neglected or ignored, elasticity reaches its intrinsic limits and no longer delivers capital's desired results.

Capital's dependence on the material qualities of its bearers grows more explicit when considering another important aspect of the 'economy of constant capital', i.e. the economy of waste, as Marx said that the 'rate of profit depends in part on the quality of the raw material'. He wrote:

> The only thing that matters here is on the one hand the quantity of these means of exploitation *technologically* required for a certain quantity of labour (for combination with a certain quantity of living labour), and on the other hand their efficiency, the need for which in the case of the machinery goes without saying (which is the first thing one thinks about) but which also plays its part in relation to the quality of the raw material, etc.[27]

Raw materials contribute to the economy of constant capital to different degrees depending on their respective quality. This dependence on quality can become problematic for the accumulation of capital, as the quality of natural power degrades when its material characteristics are ignored, and can even be accompanied by a quantitative decline in production, or rather products. Deteriorating quality and quantity became a major social problem in the nineteenth century, particularly with regard to soil exhaustion (Foster 2000, p. 149). Through the 'anticipation' of soil nutrition, agricultural production can continue to boost overall crop production without returning nutrients removed from the soil. However, Justus von Liebig, a German chemist, warned against such agricultural practices in his epochal *Agricultural Chemistry* (seventh edition published in 1862), describing it as an unsustainable system of 'robbery'. He argued that such robbery may be more profitable for farmers in the short term, but is at the same time a crime against future generations that destroys the material foundations of a sustainable metabolic interaction between human and nature for decades to come (Saito 2016a, p. 224).

Inspired by Liebig's robust critique, Marx famously argued against capitalist agriculture in *Capital*, Volume I:

> Capitalist production collects the population together in great centers, and causes the urban population to achieve an ever-growing preponderance. This has two results. On the one hand it concentrates the historical motive power of society; on the other hand, it disturbs the metabolic interaction between man and the earth, i.e. it prevents the return to the soil of its constituent elements consumed by man in the form of food and clothing; hence it hinders the operation of the eternal natural condition for the lasting fertility of the soil. Thus it destroys at the same time the physical health of the urban worker, and the intellectual life of the rural worker.[28]

This disturbance of 'the metabolic interaction between man and the earth', known today as the 'metabolic rift' (Foster et al. 2011), is also relevant to Marx's plans to elaborate on this point in *Capital*, Volume III. In his early manuscript for this volume, Marx pointed to a possible effect of the degradation of natural conditions of production on the rate of profit: ‘It is possible for the increase in the social productivity of agriculture simply to compensate for a decline in natural productivity, or not even to do this much – and this compensation can only be effective for a certain period – so that despite the technical development, the product does not become cheaper but is simply prevented from becoming dearer’.[29] Agriculture and production of raw materials in particular are highly dependent on natural conditions not easily modified by human agency, such as soil composition, precipitation and temperature. Unexpectedly unfavourable seasons are always possible, preventing agriculture from providing what other branches of production sorely need, thus driving up the cost of raw materials and impacting the rate of profit in a negative way (Perelman 1987, p. 48).

The degradation of natural conditions through robbery practices worsens the situation even further. This is particularly true because capital concentration—as a response to the falling rate of profit—requires a larger volume of raw and auxiliary materials to keep production running. Increasing difficulties emerge as natural productivity may fail to catch up with industry’s rising productivity, and we encounter ‘a contrary movement in these different spheres so that the productivity of labour rises in one place while, it falls in another. We need only consider the influence of the seasons, for example, on which the greater part of the raw materials depend, as well as the exhaustion of forests and coal and iron mines, etc.’.[30] In other words, the introduction of new machinery may double or even triple potential productivity overnight, but productivity of raw materials rarely grows as fast as industry requires. This is problematic because the necessary amount of raw materials grows more or less in proportion to labour productivity (Lebowitz 2005, p. 138). In this situation, the ‘anticipation’ of natural power can cover increasing demands for a certain period, but can also trigger serious degradation and exhaustion of natural conditions of production over the long term. Should the supply of raw materials be interrupted entirely, a new quality of economic turbulence comes into play:

> If the price of the raw material rises, it may be impossible to replace it completely out of the value of the commodity after wages, etc., have been deducted. Violent fluctuations in raw material prices thus lead to interruptions, major upsets and even catastrophes in the reproduction process. It is particularly agricultural products proper, whose raw materials belong either to the plant or the animal kingdom, which are most subject to these fluctuations in value.… The same quantity of labour may here be expressed in very diverse amounts of use value, depending on uncontrollable natural conditions, favourable or unfavourable seasons of the year etc., and a particular quantity of these use values will accordingly have very different prices.[31]

The uncontrollable nature of natural production and capital's dependence on natural conditions become apparent in these moments of crisis. Notably, Marx recognised that this disturbance emerges not simply out of natural phenomena but precisely because of the capital's robbery of nature. The result is sudden difficulty in capital valorisation.

Although the progress of agriculture and extractive industries depends heavily on natural conditions beyond humanity's immediate influence, capital invents various counteractions to overcome any and all barriers to capital accumulation. As Marx argues, a tendency of capital emerges to construct 'a system of general exploitation of the natural and human qualities' and 'a system of general utility':

> Hence exploration of all of nature in order to discover new, useful qualities in things; universal exchange of the products of all alien climates and lands; new (artificial) preparation of natural objects, by which they are given new use values. The exploration of the earth in all directions, to discover new things of use as well as new useful qualities of the old; such as new qualities of them as raw materials etc.[32]

To transcend natural barriers, capital constantly seeks to invent new use values, to guarantee easier and more secured access to cheaper and better raw materials and energies, extend and expand its markets on a global scale, and develop faster means of transportation and communication. These endless attempts are what engender capital's 'great civilizing influence', boosting labour productivity and multiplying human desires on a scale unprecedented in history. However, this does not mean that Marx naïvely praised all capitalist progress or cultivated some sort of productivist fetish. On the contrary, Marx grew more critical of capital's 'robbery' of natural powers and saw that it ran counter to the possibility of sustainable production, as is recorded in his notebooks.

Ecology in Marx's Notebooks

Particularly in his later years, Marx studied the natural sciences such as geology, agricultural chemistry, botany and mineralogy intensively (Foster and Burkett 2016; Saito 2016b). Although it is often claimed that Marx studied them for the sake of completing his theory of ground rent, a quick glance reveals that his scope clearly went beyond that. In fact, his reception of Liebig's theory was not limited to the theory of ground rent at all. Instead, Marx integrated it into *Capital* in order to strengthen his ecological critique of the squandering that characterises capitalist production and distorts the metabolic interaction between humans and nature. Furthermore, the fact that he studied natural sciences even more intensively while preparing manuscripts for Volumes II and III in his later years suggests he was investigating various issues relating to broader topics of his own critique of political economy, such as the rate of profit and the turnover of capital.

For example, when Marx began another manuscript for *Capital*, Volume III in 1868—this time including numerous calculation patterns for the rate of profit—it is noteworthy that he noted that the increase in technical productivity can be only enough to compensate for decreasing natural power in agriculture or extractive industry, *or even less than that*: 'The amount of labour power employed can increase only to receive either the same or even less products, so that this increase in the productive force of labour serves merely as *compensation* or even as insufficient *compensation of decreasing natural conditions of productivity* as seen in certain cases in agriculture, extractive industry, etc.'.[33] In this manuscript, recently published in MEGA Volume II/4.3, Marx did not feel compelled to go into concrete factors with regard to this decreasing power of 'compensation', because his main concern is to mathematically calculate various patterns of the rate of profit with different changes in each component of capital. Nevertheless, his notebooks document his clear attention paid to various factors of natural conditions of production, which also have a significant impact upon the rate of profit.

Another example alongside soil exhaustion in Marx's analysis is stock farming. It is worth nothing that Marx paid great attention to degradation in the quality of wool and meat due to bad treatment of animals, housed en masse in prison-like sheds. In his excerpts from Wilhelm Hamm's *Agricultural Tools and Machines in England* (*Die landwirthschaftlchen Geräthe und Maschinen Englands*), Marx reacted to Hamm's praise of intensive farming in England, calling 'feeding in the stable' the 'system of cell prison', and asked himself:

> In these prisons animals are born and remain there until they are killed off. The question is whether or not this system connected to the breeding system that grows animals in an abnormal way by aborting bones in order to transform them to mere meat and a bulk of fat – whereas earlier (before 1848) animals remained active by staying in free air as much as possible – will ultimately result in serious deterioration of life force?[34]

Marx clearly distances himself from the naïve idea of increasing productivity at the cost of animals' health and well-being, and is aware of the danger of one-sided development resulting in 'serious deterioration' of natural conditions of production. In this context, it is interesting that Marx also read Hermann Settegast's *Which Direction Should Be Given to the Sheep Farming in North Germany Towards Foreign Competition?* (*Welche Richtung ist der Schafzucht Norddeutschlands der Concurenz des Auslandes gegenüber zu geben?*). In this book, Marx used a red pencil to highlight a passage discussing how a careless attempt to increase wool returns from each sheep ultimately had negative impacts on their health and degrades the quality of their wool (Vollgraf 2016, p. 113).

Another example can be found in deforestation. Marx read M. L. Mounier's *On Agriculture in France* (*De l'agriculture en France*) in 1865. Although Marx's direct reference to Mounier in his manuscript for Volume III of *Capital* gives the impression he was reading the book to understand land price determination, his notebook reveals another aspect. Marx also focused on passages where Mounier explained how unregulated deforestation and stock farming in the Alps and the Pyrenees was changing the local climate, leading to rapid desertification. Apparently, this local climatic shift was not irrelevant to agriculture and farming, as Mounier described how more frequent floods due to mountains shorn of foliage wash away arable topsoil and exhaust the land with devastating impacts on agriculture and local life more generally.

To investigate this topic further, Marx read Carl Fraas's *Climate and the Plant World over Time* (*Klima und Pflanzenwelt in der Zeit*) in 1868. Fraas gave the example of Egypt, where civilization once flourished in ancient times but was now dominated by a desert-like environment. In Fraas's telling, modern Egypt's economy became almost entirely dependent on cotton exports. This fact is striking because cotton grows 'only on non-overflooded lands'. Fraas lamented, 'what a difference between the ancient *swamp dweller who grew lotus* and today's fellah who grows cotton!'[35] Fraas warned that even cotton production would be at risk should the climate continue to change, restricting arable zones to the coastal fringes. Moreover, Fraas claimed that deforestation was accelerating in modern times, as developments in technology and transportation made logging profitable even in mountainous areas where such infrastructure had once proven too costly. As Marx later predicted, quoting from Friedrich Kirchhof's *Manual of Agricultural Business Operations* (*Handbuch der landwirthschaftlichen Betriebslehre*), this tendency towards excessive deforestation would continue and even accelerate, as it was in capital's interest to cut down trees in a premature state to shorten turnover: 'The development of civilization and industry in general has always shown itself so active in the destruction of forests that everything that has been done for their conservation and production is completely insignificant in comparison'.[36] Marx took a strong interest in Fraas's historical analysis, and even detected an 'unconscious socialist tendency' in the latter's warnings against excessive deforestation.[37] This remark shows that Marx's *conscious* socialist tendency treated ecological issues as a central task to be resolved under socialism by realising more sustainable forms of production.

Marx continued studying these topics well into the 1870s. Here, his work on geology provides a fitting example: in 1878, he read John Yeats's

Natural History of the Raw Materials of Commerce, James F. W. Johnston's *Elements of Agricultural Chemistry and Geology*, and Joseph B. Jukes's *Student's Manual of Geology*, taking extensive excerpts from them and examining passages on the economic impact of changes in natural conditions of production. In this context, Marx observed the quality of iron ore extracted from new mines. As demand for iron increased, mines continued extraction even under unfavourable conditions: 'Export of *iron ores* from Ireland despite unfavourable (natural) conditions to England and Scotland as a result of enormously increasing demands. [This] shows how the process proceeds from the *better* to the *worse* area of exploitation'.[38] This statement could be interpreted as a recourse to the Ricardian 'law of diminishing returns', yet Marx also acknowledged the progressive development of knowledge and technology in the extractive industries that counteracted diminishing productivity. In this context, he pointed to the practical importance of geology to enhancing productivity: 'Enormous amount of money is wasted in coal-mining alone due to the ignorance about it; To Jukes's knowledge alone, such a sum of money is expended that would give revenue to pay for yearly costs of geological survey in the United Kingdom'.[39] Thus, geology is 'of great importance': 'one of the main points for practical application of geology in British islands both for the purpose of guarding against a wasteful expenditure of money in rash enterprises, and for directing it where enterprise may have a chance of being successful'.[40] Geology raises the probability of more secure and profitable investments. Furthermore, the development of new machinery and technology facilitates the exploitation of new, previously unavailable materials, as Marx noted with his comments in brackets: 'Whole towns in Scotland [are] granite-built and {*an example of how the improvement of a means of labour* first transforms the object of labour into a *raw material*} *with improvements in the machinery for cutting and preparing this stone, its use* has greatly extended in England'.[41]

Agriculture remained a central topic for Marx, as growing demand for food from the urban working class forced the cultivation of less fruitful soils. In addition, agriculture's robbery practices worsened the situation by lowering the fertility of already cultivated soils. Yet Marx was also aware of rapid developments in agriculture enabling famers to make less fertile soil more productive, as documented by Johnston's remark in his notebook: 'The clay lands of this formation are *difficult and expensive to work* …. The *sandy limestone soils above the clay also poor;* but *where they rest upon*, and are *intermixed with the clay, excellent arable land is produced*'. Johnston went on to argue: 'In some localities (*Croydon*) *the arable soils of the upper chalk* have lately been made much more productive *in corn and beans by deep ploughing*, thus mixing with the upper soil as much as *6 or 8 inches of the inferior chalk*. *Excellent crops of carrots* have also been produced by *deep-forking such land*'.[42] The introduction of new agricultural machinery and scientific knowledge transformed regions once regarded as infertile into fruitful, arable land. Marx once complained that 'the actual natural causes for the exhaustion of the land … were unknown to any of the economists who wrote about differential rent'.[43] Marx, on the contrary, studied a number of different soil compositions to understand in detail how productivity could be improved and exhausted.

These examples evidence that Marx continued to study various technological improvements counteracting the tendency of capital to exhaust natural forces and resources. Marx knew that capital continues to find and invent new knowledge, technologies, and materials to keep up with increasing demand for raw materials under the extending scale of capitalist production. Nonetheless, one should note that the optimistic tone observed in his earlier works disappeared, as he came to devote more attention to the negative impacts of capitalist production on the general conditions of production. As Engels told Marx in a letter dated 19 December 1882, the latter's interest was to critically analyse capitalism's squandering of natural resources: 'The stores of energy, coal, ores, forests, etc., we succeed in squandering you know better than I. From this point of view even fishing and hunting appear not as the fixation of new sun heat but as the using up and incipient waste of solar energy already accumulated'.[44]

In short, Marx was witnessing the historical dynamism of capitalism accompanied by the development of a 'system of general utility' and a general disturbance of the metabolism between human and nature. The development of natural sciences in the second half of the nineteenth century was so rapid that Marx was no longer able to elucidate his definite view on this issue, and *Capital* unfortunately remained as an 'unfinished system'. His attitude, however, marks a clear contrast to Marxists exclusively concerned with a *mathematical* proof of the law of the rate of profit to fall. Instead, Marx focused on various counter-tendencies which provide capital with astonishing elasticity and render the appearance of the law of capitalist accumulation quite contradictory to the law itself. Consequently, he was convinced that capitalism will not necessarily 'collapse' as a result of the falling rate of profit or other contradictions.

Thus, if the late Marx neglected to emphasise the law of the rate of profit to fall, he did so because, among other reasons, he began taking capital's elasticity much more seriously as his interest shifted towards more concrete research. In this vein, Marx partially corrected his initial evaluation of Liebig's critique of the robbery system, arguing the latter underestimated the elastic power of capital and overemphasised the inevitable collapse of modern civilisation in almost Malthusian terms. Marx did not, however, fully negate Liebig's theoretical contribution. Instead, Marx continued to develop his theory of ecological crisis as an interrelation between capital and nature, basing himself on Liebig's concept of capital's *robbery* of natural power.

Ecological Crisis and Economic Crisis

Even today, the widespread misunderstanding persists that Marx 'privileged' the economic sphere over others, suffering from a variant of economic determinism (Fraser 2014, p. 56). Few serious Marxist scholars, however, would accept such a stereotype. Marx's analysis provides a solid methodological foundation for investigating various aspects of social human and natural life, including ecology, race and gender (Burkett 1999; Anderson 2010; Brown 2012). Marx's contribution demonstrated the necessity of analysing these issues in relation to the historically specific capitalist mode of production and its economic form determinations (*ökonomische Formbestimmungen*) (Heinrich 2012, 40–41). Bearing this fact in mind, various Marxists have attempted to theorise ecological crisis without falling into economic determinism.

One of the most popular arguments is the theory of 'underproduction' as suggested by James O'Connor (1998, p. 129). In light of the discussion above, his argumentation appears relatively simple: as long as capital refuses to take the sustainability of production into account, the depreciation of natural conditions of production will inevitably increase capital's overall costs over the long-term. Natural power decreases without being able to keep up with the development of industrial productivity, and nature fails to provide the amount of raw materials industry requires, in turn causing greatly increased production costs to keep production going. This is, according O'Connor, the 'second contradiction of capitalism': rising constant capital places growing pressure on the rate of profit. In contrast to earlier crisis theories of 'underconsumption' that approach the problematic from the demand side, O'Connor elaborates on a separate theory of economic crisis, that of 'underproduction' resulting from the 'cost side'.[45]

The theory of underproduction of nature, recently reformulated as 'tendency of the ecological surplus to fall' by Jason W. Moore (2015), focuses on an 'economic' crisis. It is mainly a crisis of capital, insofar as it is a crisis of accumulation due to rising production costs. Corresponding declines in profitability would cause major instabilities in the capitalist system. However, in terms of the economic 'costs' of production, the main focus of ecology under capitalism is rising costs due to the end of 'Cheap Nature', as these lower the rate of profit and may cause social instability by triggering social protests. Nevertheless, if increasing costs are the ultimate problem then cost reduction would be the solution, effected through further technological improvement and innovation—this, at least, is capital's preferred solution. Rising production costs simply prompt capital to seek out new ways of appropriating material wealth on a larger scale. Marx, however, did not claim that increasing costs alone would put an end to the domination of capital. Rather, he sought to explain that incessant attempts on the part of capital to overcome structural barriers such as the falling rate of profit feeds a growing tension between its logic of valorisation and the material dimension of natural conditions.

Because it remains unclear whether capitalism or the Earth will collapse first, there is no compelling reason to believe that capitalism will break down under rising production costs and degrading natural conditions of production before the entire planet becomes unsuitable for humans and animals. The latter is more likely, as capital could profit even from natural degradation by finding new business opportunities within it (Burkett 2006, p. 136). It is for this reason that Foster and Burkett highlight another aspect of Marx's ecology, that of the 'ecological crisis' as such (Foster and Burkett 2016, p. 6). In other words, there are two, irreducible types of crisis, as the ecological crisis cannot be conflated with a purely economic crisis. An ecological crisis addresses disturbances and disharmonies in the metabolic interaction between humans and nature in various non-economic spheres. In this sense, this contradiction lies in the interaction between economic and non-economic spheres. Disturbances of the metabolism between humans and nature are the root of various conditions of human suffering and alienation. Ultimately at stake in this crisis is the survival and co-evolution of humanity and much broader ecosystems. Capitalist production buckles under its own contradictions because its intrinsic, unrestricted development of the forces of production becomes more and more alienating insofar as it does not serve the needs of human life but instead reinforces the degradation of material living conditions. This contradiction in capitalist production demonstrates the practical necessity of establishing a more sustainable form of production beyond capitalism, before the latter collapses due to underproduction: 'But by destroying the circumstances surrounding that metabolism [between humans and nature] …, it compels its systematic restoration as a regulative law of social production, and in a form adequate to the full development of the human race'.[46] In this sense, ecological crisis is conceived not from the standpoint of capital, but from the standpoint of free and sustainable human development.

With regard to the falling rate of profit, Marx analysed various disharmonies between the endless valorisation process and the finite elasticity of nature itself. The economy of constant capital proceeds even by sacrificing human labour power as the 'bearer of living labour': 'The contradictory and antithetical character of the capitalist mode of production leads it to count the *squandering of the life and health of the worker, the depression of his conditions of existence*, as itself an *economy in the use of constant capital*, and hence a means for *raising the rate of profit*'.[47] Marx observes that the same process occurs in agriculture: 'The same blind desire for profit that in the one case exhausted the soil had in other case seized hold of the vital force of the nation at its roots'.[48] Capital's one-sidedness as mediation of the metabolic interaction between humans and nature becomes apparent in various fields as it subsumes and transforms the material world. Robbery of the material conditions of life for the sake of the valorisation of existing capital comes into contradiction with the growing possibility of fully developing the social productivity of labour in a sustainable way for the sake of free human development.

The falling rate of profit provides us with a crucial insight into how divergences between the logic of capital and the material conditions of the reproduction of the world pose barriers to the accumulation of capital. Although the falling rate of profit accelerates accumulation in order to compensate with an increase in total profit, this solution only deepens ecological crisis through degradation of the natural conditions of production that cannot keep up with the pace of industrial production. The fundamental problem here is that capital cannot overcome its own barrier without degrading the material world. A more definitive solution to this contradiction is needed to establish a more conscious and rational metabolic interaction between humans and nature. According to Marx, its precondition is the abolition of 'private labour' as a social division of labour and of 'wage labour' as a social form of work.

Notes

1. For an overview of the extensive debates over the validity of the 'law of the rate of profit to fall', see Cullenberg (1994).
2. Marx wrote: 'Simple as this law appears from the above analysis, not one of the previous writers on political economy has succeeded in discovering it, as we shall see later on. These economists perceived the phenomenon, but tortured themselves with their contradictory attempts to explain it. And given the great importance that this law has for capitalist production, one might well say that it forms the mystery around the solution of which the whole of political economy since Adam Smith revolves and that the difference between the various schools since Adam Smith consists in the different attempts made to solve' (MEGA II/4.2, p. 288; Marx 2015, p. 322).
3. MEGA II/4.2, p. 287; Marx 2015, pp. 321–322.
4. Marx 1973, p. 748.

5. In this vein, Jürgen Habermas (1976, p. 55) also argues that Marx's law of the rate of profit to fall was correct in the nineteenth century but does not apply to late capitalism because 'reflexive labor' becomes predominant and compensates the rate of profit by increasing surplus-value: 'The variable capital that is paid out as income for reflexive labor is indirectly productively invested, as it systematically alters conditions under which surplus value can be appropriated from productive labor. Thus, it indirectly contributes to production of more surplus value'.
6. MEGA II/4.3, pp. 57–77; MEGA II/14, pp. 19–150.
7. Engels integrated Marx's remark into the third edition of *Capital*, see MEGA II/8, p. 591: 'Note here for working out later: if the extension is only quantitative, then for a greater and a smaller capital in the same branch of business the profits are as the magnitudes of the capitals advanced. If the quantitative extension induces a qualitative change, then the rate of profit on the larger capital rises at the same time'.
8. Marx 1973, p. 775.
9. Ibid., p. 421.
10. MEGA II/4.2, p. 294; Marx 2015, p. 329.
11. MEGA II/4.2, p. 298; Marx 2015, p. 332; See also Miyata 2011, p. 61.
12. MEGA II/4.2, pp. 324–325; Marx 2015, pp. 359–360.
13. MEGA II/4.2, p. 113; Marx 2015, p. 147.
14. Another counter-tendency is fictitious capital. Decreasing profitability in the real economy would decrease the attractiveness for capitalists to risk investing. Idle capital flows into the stock market.
15. MEGA II/14, p. 19, emphasis added; translated by the author.
16. Ibid., p. 28; translated by the author. '$\int$' represents the sum of constant and variable capital in Marx's manuscript.
17. MEGA II/4.2, p. 323; Marx 2015, p. 358.
18. Marx 1973, p. 410.
19. The problem of 'elasticity' is what Rosa Luxemburg (2003) misses in her discussion on the reproduction schemes. The disequilibrium between production of means of production in Department I and that of means of subsistence in Department II is normal in reality. It does not lead to an economic crisis because various elasticities sustain production to get the capitalist system going.
20. MEGA II/11, p. 346; Marx 1978, p. 433.
21. MEGA II/11, p. 344; Marx 1978, p. 431.
22. Marx 1976, p. 508.

23. MEGA II/11, p. 344; Marx 1978, p. 432.
24. Marx and Engels, *Collected Works*, Vol. 32, p. 442.
25. MEGA II/4.2, p. 140; Marx 2015, p. 173.
26. MEGA II/4.2, p. 322; Marx 2015, p. 357.
27. MEGA II/4.2, p. 117; Marx 2015, p. 151.
28. Marx 1976, p. 637.
29. MEGA II/4.2, p. 709; Marx 2015, p. 754.
30. MEGA II/4.2, p. 334; Marx 2015, pp. 368–369.
31. MEGA II/4.2, p. 188; Marx 2015, p. 226.
32. Marx 1973, p. 409.
33. MEGA II/4.3, p. 80; translated by the author.
34. IISG, Marx-Engels-Nachlass (MEN), B 106, p. 336; translated by the author.
35. IISG, MEN, Sign. B 112, p. 53; translated by the author.
36. MEGA, II/11, p. 203; Marx 1978, p. 322.
37. Marx and Engels, *Collected Works*, Vol. 42, p. 559.
38. MEGA IV/26, p. 8; translated by the author.
39. Ibid., p. 478.
40. Ibid., p. 642.
41. Ibid., p. 15.
42. Ibid., pp. 78–79.
43. MEGA II/4.2., p. 723; Marx 2015, p. 768.
44. Marx and Engels, *Collected Works*, Vol. 46, p. 411.
45. This does not mean that O'Connor fully accepts Marx's own analysis. He rather thinks that Marx did not sufficiently develop these ecological aspects: 'Marx hinted at, but did not develop, the idea that there may exist a contradiction of capitalism that leads to an "ecological" theory of crisis and social transformation' (O'Connor 1998, p. 160). This type of critique is quite common among so-called 'first-stage ecosocialists' such as Gorz (2013), Kovel (2007) and Löwy (2015). They tend to underestimate Marx's theoretical contribution to ecology.
46. Marx 1976, pp. 637–638.
47. MEGA II/4.2, p. 120; Marx 2015, p. 154.
48. Marx 1976, p. 348.

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The Social Constitution of Commodity Fetishism, Money Fetishism and Capital Fetishism

Georgios Daremas

Marx opens the published volume of *Capital* by stating that the wealth of societies under the grip of the capitalist mode of production presents itself as an 'immense collection of commodities' (1976a, p. 125). This simple description condenses, in a nutshell, the mode of organisation of social life in capitalist modernity, while also gesturing towards the implicit conceptual development of the categories necessary to explain the apparent and concealed capitalist mode of production and reproduction. The existence of 'an immense accumulation of commodities' pre-supposes the constitution of a 'generalised mode of commodity production (including the commodity wage-labour)' through which a set of basic social relationships is established, determining the shape of a given society's life-process. Generalised commodity production culminates in the concept (and actuality) of *commodity fetishism*. Commodity fetishism establishes a semblance of social relationality among commodities, bestowing upon them *social qualities* as if possessed by their very own nature while at the

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same time concealing the social interconnectedness of social labour—the product of which is this world of commodities. Commodity fetishism encapsulates a double grand *inversion* in the fundamental composition of social reality: the creation of the wo/man-made commodity world does not appear as the collective product of the totality of producers, but in fact as its opposite—as a self-sufficient, independent world in which commodities orchestrate the forms of 'social intercourse' and value norms imposed on the producers (and the consumers) by whom they have been made. This self-regulating commodity world imposing itself on its producers appears to them as *what it is*, as such, as a social thing-hood dominating everyday life, while at the same time concealing its inverted structure and dissimulating itself as the 'natural state of affairs', thereby obliterating the historical specificity of its origin and social subsistence.

Marx does not restrict the process of fetishisation solely to the realm of commodities, but diagnoses its existence as pervading the other two fundamental categories underpinning the capitalist mode of production: money and capital.[1] Commodity fetishism in the expansive sense is co-extensive with the substance of the capitalist mode of production permeating the multiplicity of its forms of appearance. In its reflective forms, it even conditions major aspects of economic thought (not only that of bourgeois apologists, but also of quite a few Marxist economists), primarily in the conceptual reduction of the social character of production into 'physical inputs and outputs'. Capitalist reality is suffused with a variety of forms of commodity fetishism, the latest of which is the very obliteration of the commodity form from everyday consciousness and public discourse around economic life and the economy more generally.

Commodity fetishism is a *critical* concept revealing the *alienation* of the producing class from its objective conditions of productive existence as well as the inversions which occur in that social relation, and is thus a central pivot of the *critique* of political economy. The concept's stark absence from the dominant discourses of political economy reveals the abysmal distance of Marx's thought from that of political economy and 'economics' proper. Its raison d'être rests on a domain of relations, the ubiquitous presence of which in Marx's discourse renders it invisible to many analysts and commentators—namely, the domain of the *social*, which qualifies the major Marxian categories.

Marx's concept of commodity fetishism rests on the conceptual reflection of a self-divided unitary world, a socio-historical organic whole bifurcated into an essential hidden structure of social determinations (the primacy of the valorisation process over the socio-material process of use value production), and an apparent inverted manifestation of these determinate forms through certain forms of appearance. Much ink has been spilt over the connection between Hegel and Marx[2] stressing, more than anything, the former's undeniable influence on the latter, particularly in terms of the dialectical method and Hegel's *Science of Logic*. Hegel's elaborate logical construction of the essence-appearance relationship and of the double mode of existence of appearance in particular provides an apt framework for understanding Marx's assessment of the forms of appearance.

To reach the commodity fetishism that culminates the value-form analysis of the commodity form, certain aspects of exchange value formation must first be highlighted. A major debate among analysts over the development of the commodity's successive value forms concerns whether a pre-capitalist 'simple commodity mode of production' must be pre-supposed for the sequence of forms, or if, by contrast, a developed mode of capitalist production exists as the only background framework against which commodity value forms unfold.[3] In my view, this issue is not an either/or dilemma; in fact, *both* pre-supposed conditions are involved, as Marx sought to capture all logical forms of commodity exchange realised in the historical development of society, including barter.

Forms of Value and Commodity Fetishism

A commodity can take only four definite forms: the relative value form, the equivalent form, its inclusion in the expanded relative form, and the generalised equivalent form leading to the constitution of the money form. Of particular concern here is the 'relative value form', not only because it is the most elementary, but because its contingent character does not pre-suppose money at all—let alone capital—as it is a direct exchange of two products, an act of barter. As neither money nor capital is necessary for its existence, it becomes obvious that the capitalist mode of production is not a 'presupposition' of its form-determination. Referring to the simple relative value form, Marx asserts that '[t]his form, it is plain, appears in practice only in the early stages, when the products of labour are converted into commodities by accidental and occasional exchanges' (Marx 1976a, p. 158).

Still, its existence as an act of exchange reveals some necessary aspects associated with any commodity exchange. Firstly, and because—to paraphrase Marx—commodities do not walk to the marketplace on their own, it establishes a social relation or connection between the two exchanging parties, whether persons or communities. Secondly, the two products entail use values useful for the exchangers. Moreover, this utility is the *purpose* motivating the exchange in the first place. Thirdly, through exchange an *equivalence* is established between the two products. Exchangers once bargained for a considerable time to establish said equivalence (as still occurs in many bazaars in North Africa and the Middle East today, albeit through the money form). Bargaining took place over the determination of the 'measure of value', i.e. how much of each product would be exchanged for the other. This measure of value is not given directly by one or the other, as the products are qualitatively heterogeneous, thus necessitating a 'third' (Marx 1975, pp. 128–129) with which to measure—whether subjective, i.e. need, desire, caprice or objective, a property abstracted from the products but common to both such as weight, size, number and prospective labour time, to which they must appeal in order to ensure a comparison and proceed with the exchange. For example, a common children's game is to exchange cards which are purchased as commodities, but tend to be spontaneously employed as a 'measure of value', for example one-for-one, or size (two small cards for a larger). Regardless of the precise form of measurement, a definite ratio of exchange could be established within certain minimum and maximum ratios. If the exchange value of one item is zero, it would not be an act of commodity exchange but rather of gift-giving. On the other hand, if the exchange value was infinite, the exchange would be rendered impossible. The relative value form does not exist by itself, but is necessarily tied to an equivalent form in a unity of opposition. The relative value form *is not* its equivalent form and *vice versa*, nor can they subsist apart from each other, while no product in the exchange can hold both positions/forms simultaneously (Marx 1976a, p. 140). We must ask whether 'fetishism' emerges from this most elementary commodity form. If the object is highly coveted, rare or sacred, it may function as a 'fetish' for its new owner. This, however, is an external feature, in that the object is already a 'fetish' prior to the exchange act. The fetishistic aspect involves the condition that the social connection established by exchangers or community representatives is done for the sake of the commodity itself.[4] This is what motivates its human owners to come into social contact and 'socialise' with each other, as opposed to friendship or making alliances (in which case exchange of gifts serves to validate the social bond, rather than social interaction serving to appropriate the desired commodity). Thus, a germinal instrumentalisation of social interaction emerges even between nominally 'free' commodity owners. Of course, when such exchanges occur in slave-owning societies (where the slaves are objects of commerce, and the 'measure of value' is physical strength, age, health and sexual appearance), the idea of living creatures (humans and animals) as 'natural' instruments has already been socio-culturally entrenched. The desire to possess precious commodities from far-flung regions for which considerable local resources were offered in exchange solidified the social perception of such luxury commodities' use value as symbols of social status, power and prestige—an early pre-modern form of conspicuous consumption validating the social superiority of ruling elites. The representation of social power and wealth through the possession of precious commodities suggests a form of commodity fetishism, in that the personal characteristics of elite individuals did not guarantee their place in the social hierarchy so much as their possession of symbolic commodities (after all, what is a king without a royal crown, a throne, and a palace?). This association of valuable commodities bestowing 'uniqueness' with the consolidation of the social 'worth' of their owners gave birth to folkloric traditions of striking a 'deal with the devil'—selling one's soul to the devil in exchange for wealth and power—not only in Medieval Christian Europe but, more recently, in rural South American communities undergoing processes of proletarianisation (Taussig 1980).

The opposition between the relative value form and the equivalent form in the search for a ratio of exchange capable of materialising the exchange transaction also includes a 'peaceful' conflict over its determination. In this sense, this most elementary commodity form is a kind of proplasm of the struggle between social labour and capital over the determination of the value of 'wage labour'. Seen positively, the search for the *ratio* of exchange sharpens the social *ratio* (even if only of the elite groups involved in the transactions), enhancing social actors' cognitive ability to abstract. In this regard, a strong argument has been made that, in ancient societies where commodity production had attained a (relatively) general character, commodity exchangeability had been abstracted from use, releasing the abstraction of exchange from particularities of time and space and furnishing the ground for the severance of the intellect from empiricity, and of mental labour from manual labour.[5]

The formal oppositional couplet of relative value/equivalent form does not emerge out of thin air. Rather, both are 'forms of appearance' of commodity exchange, which in turn embody social relations. Marx traces two social processes grounding the establishment of this spermatic existence of the commodity: the first is a process of 'social habituation' which, through repetition, consolidates contact between the exchanging parties and stabilises the ratio of exchange. The second and most important social process is the impact of commodity exchange on the social division of labour. Commodity exchange has a double antithetical impact on the social division of labour, pushing the internal division of labour of communities which exchange with 'foreign communities' into 'disintegration' by facilitating the autonomisation of its spheres of production and, at the same time, where a 'spontaneous differentiation' of productive activities exists, 'converts them into more or less interdependent branches of the collective production of a whole society' (Marx 1976a, p. 472). This social transformation multiplies commodity exchanges and allows the expression of the 'third' (on which the ratio is based) to obtain a currency form. Thus, the developed or expanded form of relative value 'comes into actual existence for the first time when a particular product of labour, such as cattle, is no longer exceptionally, but habitually, exchanged for various other commodities' (Marx 1976a, p. 158).

The diverse historical existence of a mode of regular production of commodities does not mean that this mode attains the position of the dominant *social form*, but rather subsists in different modes of production and in the contemporary capitalist mode of production mainly in the sphere of personal consumption of individually produced commodities (by craftsmen and artisans) and commodified services (by liberal professions). It prepared the ground for generalised commodity production, while many of its forms of labour have been and are being 'formally' and 'really' subsumed under capital.[6] The development of a differentiated division of labour in commodity production constitutes the foundation for the emergence of the 'total or expanded' form of value and with it of a 'whole world of commodities', while 'this value first shows itself as being, in reality, a congealed quantity of undifferentiated human labour' (Marx 1976a, p. 155). The 'expanded relative value form' does not yet pre-suppose the existence of the capitalist mode of production, as the two social foundations of capital's mode—the generality of the wage-labour form and the widespread separation of the producers from the means of production—have not been introduced in the value-form analysis, nor do they constitute pre-conditions of the sphere of simple circulation. The expanded value form is defective because 'the series of its representations never comes to an end' (Marx 1976a, p. 156). Any new commodity created will simply attain a *particular* relative value expression, without ever concluding the series and thereby providing its overall unity.[7] The multiplicity of the particular relative value expressions means they stand external to each other, lacking an inner connection—the existence of a 'third' capable of unifying all of them by reflecting each one's value and thus 'embodying' value *per se*. Given the impossibility of holding both the relative value and equivalent form simultaneously, a *structural locus* is generated where one commodity forfeits the expression of its value and becomes the reflector of all other commodities' values, inscribed with the status of the 'universal equivalent' or the money form. It is only through this process that the 'world of commodities' obtains totality and internal interconnectedness. This development makes money the 'sovereign' of the commodity world and grounds the *fetishism of money*. A transposition takes place: in essence, the money form represents or mirrors the actual values of the commodities. In appearance, in ordinary consciousness, commodities have no value if not expressed in money terms (Marx 1976a, p. 187). Moreover, its value is 'determined' by the magnitude of money that must be paid for it. Simply put, the price tag of the commodity appears to define its value (how much it costs), not an 'inherent' quantum of value socially inscribed into the commodity and reflected in its monetary expression. An inversion has taken place: money—instead of being seen as a reflector of a commodity's value (as the universal equivalent or representative, as the passive agent of reflection)—is perceived as the active agent *positing* the value of the commodities. From a logical point of view, the basis of money fetishism is the collapse of a relationship of reflection/representation to that of an identity. The inner connection of the commodity's value represented by the money form is reduced to a social feature inherent in money *per se* that appears to hold an external, contingent connection to the multiplicity of commodities bestowing value upon them. The falsity of money fetishism (though 'correct' on the phenomenological level, where money 'rules' the commodity world) becomes evident if we assume the absence of the commodity world whereby money is rendered completely impotent (for what is a 'king' without subjects?).[8]

With the completion of the unity of the 'world of commodities' through 'the general form of value' and the constitution of the universality of the money form, the essential conditionality of the capitalist mode of production (wage labour as commodity) is also accounted for abstractly.[9] In this regard, wage labour itself falls victim to money fetishism. It is not the value of what and how much one can produce, but rather how much one is paid that determines the value of his or her labour power (and conceals the extraction of surplus value in its use). This fetishistic aspect accounts for the social effects on the two extremes of the labour market: on the one hand, the unemployed develop lower self-esteem and view themselves as 'worthless' because no employer is willing to pay for their labour power, while on the other, the exorbitant salaries and benefits accrued by the 'golden boys' and corporate CEOs are seen as a result of their 'uniqueness', 'excellence' or their immensely valuable contributions to their corporations and society at large.[10]

Commodity fetishism reveals an essential dimension of the commodity's form of appearance: 'The commodity reflects the social characteristics of men's own labour as objective characteristics of the products of labour themselves, as the socio-natural properties of these things. Hence it also reflects the social relation of the producers to the sum total of labour as a social relation between objects, a relation which exists apart from and outside the producers' (Marx 1976a, pp. 164–5). A double inversion is registered by the relationship of fetishism. Use values in their very materiality appear to be endowed with social (exchangeable) value as manifested in money, as if their social value is a natural property of their thing-hood and not the effect of the social labour that produced them. The value form as a 'pure' social relation is identified with the material form of the commodity. This identification, when reflected in thinking restricted to the apparent forms of commodified social reality, gives birth to doctrines of 'utility' as the foundation of valuating the commodity world. The second inversion reflects the pre-existing social relation of the independent 'private' producers who participate in the 'sum total of labour' through the social division of labour in its opposite form, as if the social relationality of commodity producers exists and is only established due to the social relation of exchange of the objects *qua* commodities. Both inversions conceal the 'social form' and the historical specificity of the generalised commodity mode of production: the socio-historical form is subdued by the socio-ontological (trans-historical) character of use value common to all modes, and the commodity form thus appears as 'naturalised', coterminous with productive human activity and human nature's 'propensity to exchange' (Smith 1981, p. 25). At the same time, the *domination* of the value relation over the conditions and process of production of use values is dissimulated. In the apparent primacy of the commodity form *cum* use value orchestrating social exchange for the sake of its own self to the detriment of the social interdependence of the 'private' producers who appear as 'bearers' (rather than as self-conscious regulators of the exchange process) guided by their commodities, the subordination of the subject (commodity owner) to his or her object is concealed. The inversions subtending commodity fetishism are not 'subjective illusions', but condition the form of their reflection (social interconnectedness rendered as a social materiality and other-determined thing-hood rendered as self-subsistent social objecthood) to appear as 'what they are' (Marx 1976a, p. 166). In the Hegelian sense, they are 'correct but untrue'.[11]

A recent trend in value analysis ('circulationism') opposes the various 'substantialist' interpretations of value by claiming that 'abstract labor is a relation of social validation *existing only in exchange* (where privately expended labor counts as value-constituting, abstract labor) then *value also first exists in exchange*' (Heinrich 2012, pp. 52–53, emphasis added). The concepts of value and exchange value are not identical. Exchange value is 'the form of manifestation' of value as the product of abstract social labour. Value is essence, whereas exchange value is a form of appearance.[12] To claim that the act of exchange determines the 'existence of value' is to assign primacy of determination to the 'form of appearance' over 'essence'. In this reversal, 'circulationism' has fallen victim to commodity fetishism itself.[13] The exchange act socially 'validates' the exchange value of the commodity, but the commodity's value as a definite quantum of labour time *pre-exists* exchange, as a product must first be produced before it is exchanged. In general, value is constituted in the production process—not in circulation. Should exchange fail to take place, exchange value *is not realised*. However, that the exchange value of a commodity may not be realised does not negate the fact that a definite amount of labour time has been spent on its production.

The circulationist logic commits two errors. The first deficiency rests on an illegitimate generalisation from the individual case to the totality of the commodity world. If few or even several commodities occasionally fail to be exchanged, their value remains 'unexpressed'—effectively destroyed.[14] If we take social actuality into account, however, we can never claim that the annual commodity production of a society has failed to be exchanged,[15] even under severe crisis conditions where sizable portions of value may be spoilt and segments of accumulated value ruined. Although possible for single commodities viewed in abstraction from the social process, it is impossible when the whole of society is considered. Marx explicitly criticises the 'circulationist' view acknowledging value only when validated by exchange when he reprimands 'pedlars of free trade' for whom 'there exists neither value, nor magnitude of value, anywhere except in its expression by means of the exchange relation' (1976a, p. 153, see also 1981, p. 966). The second error lies in the neglect of the constitutive condition of commodity production, namely that commodities are products created *in order to be sold*. Their sale is not left to chance but *pre-supposes* an immense and highly differentiated system of production, churning out billions of commodities every year. The deficiency can be called 'immobilism', taking a static view of the moments of production and circulation without regard for the social condition to which they are subject, namely a continuous process of reproduction. This means that value is always already socially 'pre-validated' within the confines of the capitalist mode of production. Empirically, this manifests in the fact that the price form of commodities is fixed before entering the sphere of circulation.

This social 'pre-validation' of exchange value becomes obvious if we consider the most precious commodity, wage labour. Discussing the role of money capital, a proponent of hybrid 'circulationism' comes to admit (and rightly so) that '[l]abour as substance is the living labour of wage workers commanded by money capital, and hence is subject to a process of commensuration by industrial capital prior to exchange […and] the buying of labour power by money capital […] allows a prevalidation of private labours within capitalist firms' (Bellofiore 1998, p. xiv).[16] We must stress that 'commensuration' and 'prevalidation' (of socially necessary labour time) exists, as no industrial capital would hire or retain a quantitatively or qualitatively underperforming labour force. This fact is reflected in the spirit of the neoliberal notion of 'employability'—the responsibility for developing the skills needed to be considered employable (hence 'commensurable') rests with prospective employees, and it is their 'fault' if they fail to embody the 'social average' of potential productiveness expected to fit into the productive machine. This social necessity breeds competitive individualism among possessors of labour power in their struggle to 'socially validate' themselves, to upgrade their skills, to be capable of *replacing* any other labour power in the 'rat race' for employment. The capitalist firm appears as the authenticator (the 'validator') of the social 'worth' of the individual labour power (increasingly, the state follows a similar employment logic as well). This condition explains the importance of prior employment for future employers (one capitalist thus having 'validated' a bearer of labour power for another) and career paths.

Exchange is a necessary moment of mediation for the manifestation of value. Constitution of value pre-supposes the socio-material development of the social foundations facilitating the emergence of 'abstract labour' as a concept in the first place. The inability to conceive of 'value' as the expression of 'abstract human labour' was the central limitation in

Aristotle's thought, rooted in the historical impossibility of developing the category of 'equal human labour' in a society defined by slavery and the 'inequality of men'. Marx divulges that '[t]he secret of the expression of value, namely the equality and equivalence of all kinds of labour because and in so far as they are human labour in general, could not be deciphered until the concept of human equality had already acquired the permanence of a fixed popular opinion' (Marx 1976a, p. 152). The notions of equality (and freedom) constitute the normative principles on which the emergence of the modern bourgeois world rests and appeals to. Locke's revolutionary conception of natural right, namely that the 'State all Men are naturally in, and that is, a *State of perfect Freedom* to order their Actions, and dispose of their Possessions, and Persons as they think fit […and in] *a State* also *of Equality*, wherein all the Power and Jurisdiction is reciprocal, no one having more than another' (1988, p. 269) introduced a paradigm shift in social thought encapsulating, on the one hand, the imminent collapse of the feudal order and the erosion of traditional social hierarchies and, on the other, the emergence of a liberated individual as the exclusive owner of his own self, body and labour power, competent to direct his own affairs and share this status equally with all others as 'members of Mankind' (in the generic sense). In his account, three conditions underpin the self-image of the modern world: firstly, that there is nothing in nature which differentiates one human from another and could thus 'justify' subjection of one to another. The lack of any intrinsic, natural human hierarchy permits the concept of the 'human species' to emerge as an all-inclusive category. Secondly, the unconditional freedom enjoyed by any given human translates into the capacity to dispose of oneself at will and realise one's self-hood according to a chosen purpose (a supreme value of modernity). Thirdly, the legitimacy of ownership is premised on notions of self-ownership and the legitimate possession of one's own products of labour. 'Equality of power' grounds equality of labour power.[17] Thus, in constructing 'abstract labour' as 'undifferentiated human labour', Marx does not violate fundamental axioms of bourgeois social life. This framework grounds the social legitimacy of the figure of commodity owner and of equivalent commodity exchange. Marx has been criticised for confusing the category of 'abstract labour' with that of 'simple labour' (Bidet 2007, p. 19) on the basis of the epistemological postulate that 'definitions' should be kept 'distinct' and refrain from overlapping with each other, thereby adulterating their univocality. This crypto-positivist postulate misses the dialectical character of categorial unfolding. 'Abstract labour' as 'undifferentiated labour' is not an abstraction of the 'commonality' of the diversity of the concrete forms of labour precisely because their *commonality* is found in their existence as concrete forms. It is a *negative abstraction*, negating their concreteness and counter-posing 'the abstract essence' with its concrete forms. As such, it would be a mere 'abstract universal', a formal, contentless abstraction. As a concept-in-becoming, it must undergo negation of itself as pure abstractness and attain 'positedness' in a concrete form, i.e. 'simple labour' as a concrete universal, thus grounding its measure of 'labour time'. As Marx is no 'pure' Hegelian, the logical transition from the multiplicity of particulars to abstract universality and back into concrete universality must reflect an actual social process of formation of 'simple labour', this being pre-dominantly the social outcome of the capitalist mode of production in its phase of 'real subsumption' of labour where, through *mechanisation*, the labourer is reduced to 'an appendage of the machine' (and thus any labourer becomes *inter-substitutable* by any other regardless of age, gender, ethnicity, etc.) and the 'machine system' incorporates all skills and techniques hitherto the domain of skilled workers (Marx 1976a, p. 799).[18] The fabrication of 'simple labour' is the product of a double social mediation, shaped by the changing technical division of labour that reconnects it in forms of co-operative labour. Thus, *co-operation* emerges as a productive force *per se*. The fetishistic aspect is located in the attribution of this new power of production to capital itself as an external force, rather than as the product of the inner bond of 'combined labour'. The second socio-historical mediation is that of the degree of socio-cultural development of the society which differentiates the qualitative character of 'simple labour'. The average social 'simple labour' of the early nineteenth century, for example, differs from that of the late twentieth century, as the latter was shaped by the existence of a universal compulsory system of education. This means that, in contrast to 'illiterate simple labour', contemporary 'simple labour' is tied to literacy and thus constitutes a more developed form of social labour (a significant increase in versatility and hence labour power mobility across types of work), while, at the same time, a transformation of certain forms of previously 'complex' labour into 'simple' forms has taken place (i.e. computer use, communication skills), and new forms of complex labour (science-based labour) have emerged in place of previous ones.[19]

Marx identifies a fundamental social division in the category of the commodity owner underlying the commodity form, and juxtaposes simple commodity production to the capitalist mode of production. He distinguishes between commodity owners who own the commodities they produce and bring them to the market (simple circulation, C-M-C), and wage labourers who own no commodities other than themselves and offer their labour power for sale. This sale of human labour power represents the *absolute* condition for the very existence of the capitalist mode of production (M-C-M̀). The general 'form of appearance' of being (legally) free and equal commodity owners masks the underlying division, just as the simple circulation circuit functions as a façade for its obverse money-capital circuit. The primary aspect of the commodity producer is to function as a 'seller', whereas money capital functions as a 'buyer' (Marx 1976a, p. 249). This antithesis in the 'departure point' of the two circuits is concealed by the fact that 'purchase' is the necessary complement of any 'sale', and thus money capital appears to be mere money as 'means of circulation' and the circuit of capital an exchange of equivalents, the determinate form of appearance of simple circulation. The salient features of this opposition between one class of commodity owners as 'private, independent producers' and the class of wage labourers as 'commodity owners' are (a) the 'private' producers *own* their means of production whereas wage labourers do not; (b) independent commodity producers *own* the commodities they produce whereas wage labourers do not; (c) independent commodity producers sell their wares, not themselves, to the market, as is the 'fate' of wage labour; (d) the value of the commodities produced by independent producers is an expression of the labour (time) bestowed on them, whereas the value of the commodities produced by wage labour contains surplus value within[20]; (e) the 'private' commodity producer appears socially 'independent', able to establish his or her social connection through the market, led to it by his or her commodity in-itself, whereas the wage labourer becomes directly social by partaking in forms of 'combined labour' configured by capital for-itself.

In this sense, the general freedom to sell and buy as enjoyed by commodity owners conceals the contradictory unity of freedom—*freedom to* sell one's labour-power and *freedom from* possession of means of production—that torments a great majority of 'commodity owners' in the capitalist mode of production. At the same time, capitalist apologists are 'pleased to confuse' the capitalist mode of appropriation, based on 'the expropriation of the immediate producer in its origins, and on the acquisition of labour of others in its further progress, with its opposite; with a mode of production that presupposes that *the immediate producer privately owns his own conditions of production*' (Marx 1976c, p. 1083). This 'pleasurable confusion' is the fetishist conflation of 'simple' with capitalist commodity production (and of the two exchange circuits) allowing capital to borrow the image of what it is not in order to present itself as such. This dissimulation hides 'expropriation' beneath the appearance of *legitimate* 'appropriation' of one's own labour, as argued in the liberal Lockean 'labour theory of property'.

Money Fetishism and Its Rule Over the World of Commodities

We saw above that 'money' is the ruler of 'the world of commodities'. However, it is also the sole gatekeeper of the commodity world: no access to any good dressed in the uniform of a commodity is possible without money's *mediation*. This condition reflects a truly universal state of affairs in our (post-)modern world—the near-total *monetisation* of social life.[21] In a society organised on the basis of generalised capitalist commodity production, monetisation means that access to money is a question of life and death. No human need can be satisfied, no desire gratified, no want fulfilled, no future designed, no dream realised without money. Due to its universality, the social process of monetisation of the conditions of social existence affects all members of society, rich and poor alike (even a homeless person begs for money rather than food). Commodification *qua* monetisation is an inescapable cross-class condition of social existence, albeit with different impacts on each respective class. *It constitutes* *a universal structure of abstract necessity and domination*, compelling every social subject to enter into commodity social relations (willingly or not) in order to *survive* physically and socially. The principle of survival in the commodity world is *competition*: 'Conceptually, competition is nothing other than the inner nature of capital, its essential character, appearing in and realized as the reciprocal interaction of many capitals with one another, *the inner tendency as external necessity*' (Marx 1973, p. 414, emphasis added). In the commodity world, the 'external necessity' of survival becomes the 'inner tendency' of ceaseless competition between individuals and social actors. *Competitiveness* is celebrated as the supreme social value by the dominant neoliberal ideology, and social Darwinism is adopted as the motivational force driving competitive firms and corporations, national economies geared towards competitiveness, competitive regional unions of states (European Union), and international trade blocks formed to bolster competitiveness within the global capital-led social division of labour. Competitive individualism becomes the internalised mode of deployment of contemporary human individuality.

Beginning in the second half of the twentieth century, a qualitative change occurred in the constitution of the commodity world. Previously, individuals as producers and consumers were *confronted* with the encroaching commodification of social spheres and of their labour power. The rapid destruction of the former modes of living and the social dislocation and cultural disorientation this caused generated multiple sites of resistance and fostered the growth of the labour movement. Today, producers and consumers are *immersed* in a ubiquitous commodity universe—practically no social activity has escaped this 'fate' of total commodification. In advanced capitalist societies, no external vantage point exists from which thematising commodity logic per se could be possible. Billions of commodity exchanges take place every day throughout one's lifetime, from the cradle to the grave (even death has failed to escape its commodity 'validation', funeral rites having also long been commodified). Everyone is now born into a pre-constituted world of commodities, and consequently all connection to the world of objects—of the past, of the present and of the future (through various forms of indebtedness from credit cards to mortgages to consumer and student loans)—is necessarily mediated through the commodity form. The ubiquity of the commodity form has transformed it into a 'second nature', a 'naturalised' background conditioning all forms of social life and all phases of the life cycle. The more the commodity world becomes the inescapable infrastructure of social relationality, the more the commodity form becomes a 'vanishing mediator' whose very existence goes unnoticed, as even the term 'commodity' disappears from everyday life and economic discourse. The totality of the world of commodities retreats behind the façade of the materiality of objects, of things endowed with the variety of use values capitalist production constantly puts up for sale at the market. *Use value is the enticement for the realisation of the commodity form*. Commodification of social life sets the stage for the construction of the *commodity self*. All the ingredients with which an individual shapes and expresses his or her selfhood—from one's physique to the symbolic markers defining social standing and personal identity—are rooted in and derived from the commodity world. Preferences, desires, aspirations, mainstream and alternative lifestyles are materialised by the commodity world and inexorably enmeshed with definite clusters of commodities. Even the emotional world is regulated by the commodity form, as in the instances of emotional discharge ('shopping therapy') and in the expression of the most important human feeling, love (which transcends self-centeredness), 'proof' of which is 'validated' predominantly through commodity gifts. Time itself is fully commodified in the form of 'wage labour', and when it appears as 'free' time, 'time left over from work' (suggesting that worktime is experienced as 'unfree'); the leisure time necessary for the physical and social reproduction of the worker as a human 'is seen as quintessentially the time of consumption' (Appadurai 1997, p. 39).

Money fetishism haunts commodity logic and the world of commodities. The absolute control of access to the cornucopia of the commodity universe explains the *cult of money* prevalent across capitalist society. From its function as *mediator* of commodity exchange, it is transposed via fetishism into the sovereign *evaluator* of any and all commodities. No commodity has value if money does not 'say' so. By holding such omnipotent social power, it becomes the common denominator reducing all products of human activity into reflections of itself. Because it is the substance of the category of (e)*valuation*, whereby all objects and persons are valued according to its measure, any product or person does not have intrinsic social 'worth' beyond that which is defined by money. Essentially, everything is *relativised* in regard to money—even the category of 'priceless' receives its meaning by default, i.e. as that which cannot be subsumed under money. Money as the supreme social norm over-determines the cultural *significance* of existing social hierarchies, of status, of prestige, of class stratification, and of social approbation. The competitive individual in his or her search for (personal) *difference* so as to express 'uniqueness' distinct from the rest (competitors), is condemned to abide by the value hierarchy imposed by money. Within the commodity universe, the only possible (and permissible) difference is the commodity difference hierarchised by money. As in the expanded relative value form, each commodity value reflects and is reflected by any other 'value' endlessly, so that each commodity self is trapped in the perennial pursuit of acquisitions reflecting its external difference from all others, who, in doing the same, reveal (by hiding under the apparent difference) their essential identity. Money totalises the circuit by 'validating' that the more expensive form of difference is 'better', whereby quality counts only as quantitative (money) magnitude. Hence the prevalent corporate strategy of commodity 'personalisation' through brand names, logos, individual features that 'excuse' differential pricing and allows the commodity self to build his or her expressed personality on ersatz minimal differences (through choosing one or another brand of blue jeans, for instance). The 'meaning of life' is thus reduced to an endless search for commodified differences and experiences, grounding the consumerist feeling of 'I consume, therefore I am'. To bring the 'meaning of life' back to life, the emancipatory project must accompany the defence of the 'commons' with zones of decommodification of basic aspects of social life.

The universality of the process of commodity exchange in the commodity world appears to 'attract' the multiplicity of private individuals into repetitive momentary acts of social interaction, and to almost instantaneously 'repel' them back into their private microcosm—creating moments of sociability only to disperse them after the 'purchase' has been completed. This semblance of sociality orchestrated by the commodity form constructs a quasi-public space (open to all money and commodity possessors) where the seemingly 'independent' individual exercises his or her freedom of choice in mis-recognition of the structure of social dependency that undergirds the apparentness of the commodity world. The publicness of the marketplace is the obverse of its concealed side, complete dominance by the regime of private property. The ever-growing privatisation of public space (through the expanded reproduction of capital) prepares the ground for the eventual disappearance of the *social*, turning the Thatcherite motto of 'there is no society' into a reality. A recent development accelerating the metamorphosis of social existence into a totalitarian private world is the increasing abstractness of the money form. Historically, the substance of money has assumed the forms of a commodity, of coins, of paper money—forms of public currency sanctioned by state power. The growing digitalisation of fiat money leads to a 'cashless society' in which the registration and flows of digital money are controlled and monitored by private corporate mega-entities like the banking system, the major credit card companies, and the semi-independent (publicly unregulated) national central banks (Scott 2017).

Capital Fetishism and the Concealment of the Valorisation Process

Capital fetishism is generated by the mode of inscription of the social process of 'valorisation' of the historically specific capital mode of production onto the social process of the production of use values through social labour. These two processes constitute two spherical relations of 'objectivity' enfolded within each other, immanent from the very outset in the antithesis between use value and exchange value intrinsic to the commodity. Concisely phrased by Marx: 'It is only by being exchanged that the products of labour acquire a socially *uniform objectivity* as values, which is distinct from their sensuously *varied objectivity* as articles of utility' (1976a, p. 166, emphasis added). The two 'objectivities' express the divided world of appearance into essential and inessential appearances (Hegel 1999, p. 499), where the 'essential appearance' (exchange value) is a 'negative reflection' of its 'essence' (value), while use value is 'mere existence' of a multiplicity of 'self-subsistent' things.[22] For Marx, the essentiality of exchange value *vis-à-vis* use value under the capitalist mode of production consists of the fact that all use value is produced to be *sold*, and hence is mere material vehicle of the commodity/money/capital form and a value container.

A double *teleological* structure organises the intermeshing of use value production and 'valorisation'. Any form of production is a purposeful activity, regardless of the social form of the society in which it takes place: 'At the end of every labour process a result emerges which had already been conceived by the worker at the beginning, hence already existed ideally. Man not only effects a change of form in the materials of nature; he also realizes […] his own purpose in those materials' (Marx 1976a, p. 284). The purpose of use value production is the creation of use values which address social needs and wants, and secure the social reproduction of the community or society. As use value production is a social-ontological condition of society's very existence ('the realm of necessity'), its trans-historical existence common to all social formations makes it appear as the 'natural condition' of humanity. But the *end* of use value production in capitalism is revealed to be a *means* instead of an end in itself; capital's *end* as the 'self-valorisation' process operating as an 'automatic Subject' is nothing but *accumulation* of value. *Stricto sensu*, the ultimate aim is not 'profit making', as profit itself is divided into money capital for reinvestment and *revenue* for the capitalist class to consume. Thus, profit is not identical to accumulation, but rather a *means* to it. The *end* of accumulation dissimulates its *usurpation* of use value production (and of capital's indifference to the type of use values produced, whether medical instruments or weapons of mass destruction) in order to appear as an unavoidable 'natural condition' catering to humanity's needs. This usurpation is reflected in the ideologeme of 'the market as the optimum mechanism of allocation of goods', as if capital would care about distributing the sum total of use values in the best possible fashion. At the same time, social labour via the *wage labour form*—through which it *alienates* its use value—has been turned from the collective subject of production into an *object of exploitation*, of surplus value production subordinated to capital's imperatives. As an 'object', social labour is 'indifferent' to the end product it produces, and thus neither 'realises' its own subjective 'end' in capitalist production but that of its self-otherness (because capital is just 'dead labour'), nor expresses its own self-determination. This deprivation of collective self-determination is the loss of social freedom (reflected politically by the capture of political power by the representatives of capital) and an index of the *social domination* suffered under the rule of capital. In the subordination of use-value production to the 'valorisation' process, a double inversion has taken place: rather than positing its own self-end, labour posits in lieu of it an *alien* end. At the same time, instead of controlling the means of production necessary for the realisation of any productive end, it is itself posited as a *means* of valorisation and as an object subservient to the very *means* it has been dispossessed of.[23]

The inscription of the 'valorisation' process onto the socio-materiality of production makes the *total labour process* (the totality of its objective and subjective interactions) to 'appear as the total manifest form of the use-value, i.e. as the *real* form of capital in the process of production' (Marx 1976b, p. 981). All aspects of value and capital as valorisation are hidden beneath and within this *real* form. In this real form 'capital is incorporated [...so] people tend to conclude that all means of production are capital *potentially,* and that they are so *actually* when they function as means of production. Capital then is held to be a necessary feature of the *human labour process as such,* irrespective of the historical forms it has assumed' (Marx 1976b, p. 981). The socio-historical specific form of capital is mis-identified as the 'permanent' socio-ontological materiality of the human productive process. The socio-historical form of capital thereby vanishes and its fetish character appears: 'Thus capital comes to be thought as a thing' (Marx 1976b, p. 982, also 1981, p. 953). This spurious identity is constructed by focusing on the 'features common to all processes of production' abstracting from their *specific differentiae* (Marx 1976b, p. 982). The fetish form of capital is also duplicated in economic thinking, whereby the '*indissoluble fusion of use-values* in which capital subsists in the form of the *means of production* and objects defined as capital [...and] the *product* [...] equated with the commodity [...] that forms the foundation for the fetishism of the political economists' (Marx 1976b, p. 983). Capitalists, economists and the general public are not the only actors espousing the capital fetish—in fact, workers' very alienation from the means of production makes them susceptible to the reality of fetishism as well: 'The objective conditions essential to the realization of labour are *alienated* from the worker and become manifest as *fetishes* endowed with a will and a soul of their own [...] It is not the worker who buys the means of production and subsistence, but the means of production that buy the worker to incorporate him into the means of production' (Marx 1976b, pp. 1003–1004). The capital fetish—the conflation of capital as a social relation with the materiality of means—makes workers experience their domination by the means (which define the exhausting rhythms of work, require constant attention, cause accidents, etc.) as 'ensouled' entities, to which they must always be obedient. This *lived experience* of the inversion of the labouring subject into object as a 'mechanical' appendage (expressed in the common saying of 'having recharged one's batteries' when resting from work) displaces the 'essential' subjection to 'valorisation', the relation of exploitation, onto its apparent form of subjection to materiality and its regulators (overseers, managers, bosses). In this sense, apparent domination *hides* exploitation and the objective, *heteronomous* conditioning of work life is translated as the subjective disposition of the 'personifications' of capital (capitalist *greed*, inhumane management). The effect is thus misperceived as the cause, reflecting a prevalent trend in capitalist culture to 'psychologise' abstract social domination by disregarding macro-social contexts and individualising the forces of coercion as characterological features of individual personalities or even of select groups.

The capital fetish is a structural condition, co-extensive with the capitalist mode of production in all its facets and hence also affecting its moments of distribution and reproduction. It permeates the so-called 'trinity formula', where the distribution of value and surplus value does not appear as the product of the 'valorisation' process divided into profit, rent and wages, but rather that these 'incomes' originate from independent (material) sources, each of which contributes, in certain proportions, to the production of the total product (Marx 1981, p. 961). The historical character of the social forms of revenue drawn by the three classes (in the formulaic derivation of profit from capital, profit designates the aggregation of the subcategories of 'profit of enterprise' and 'interest') is extinguished because all three component aspects of the value process have equated their historical specificity with the 'natural' material character of the production process. Capital appears as 'the produced means of production', landownership as 'monopolized earth' appears simply as land with its natural fertility, and wage labour appears as labour in general (Marx 1981, p. 963). The unity of the social form of value overarching the production process is lost in the reduction of each class component into its *function* within production. The objectification of these functions as material elements of the 'objective conditions' of production generates the pragmatic illusion (for each respective agent) that their 'share' in the production process is 'expressed in the respective shares that fall to them as capital and landed property, or rather to their social representatives in the form of profit (interest) and rent, just as the worker's share appears to him as wages as the share of his labour in the production process' (Marx 1981, p. 964). Methodologically speaking, the organic totality of the value process is dismembered into the fragmented perspectives of the component parts, while the inner connection that 'the revenues, all belong to the same sphere, that of value' (Marx 1981, p. 962) is effaced by the reduction of the socio-historical character to an ahistorical materiality, so as to appear as an external triplicity of sources of revenues in abstraction from 'both capital as *a relation to the worker* and from capital as *value*' (Marx 1981, p. 962, emphasis added). The segmentation of the totality into three independent 'factors of production' creates the *semblance* of a qualitative equivalence, in which each receives its due. This semblance hides the division between them in that profit (and interest) and rent are derived from surplus value, whereas wage labour is given back the value it has created as 'necessary labour' in the labour process.[24] The inner antithesis of social labour with capital constitutive of the production sphere is metamorphosed into a 'social partnership' in the sphere of distribution on the basis that they are equally necessary contributors to the final product. Due to the capital fetish, the sphere of distribution emerges as a façade of equality behind which the *severance* of the class of producers from their objective conditions of production and life sustenance (the substance of the class relationship) attains the invisibility of a 'spectral objectivity'. Empirically, distributional equivalence obtains the socio-economic form of irregular negotiations of the 'social partners' over the relative shares of 'the gains of the productivity of labour'.

There is a remarkable tacit connection between the opening chapter of *Capital*, Volume I and the trinity formula found in Volume III. The most elementary categories of the commodity form maintain an underground continuity with the most developed categorial forms exhibited in the capital fetish: 'The internal opposition between use-value and value, hidden within the commodity, is therefore represented on the surface by an external opposition' (Marx 1976a, p. 153). The 'internal opposition of use-value and value' is the inner antithesis of capital and (surplus) value-creating labour hidden by capital fetishism. But how is this reflected 'on the surface by an external opposition'? Quite simply, because both 'interest', 'rent' and 'wages' appear to productive capital as *costs* necessarily subtracted from its 'profit-making'. This 'external opposition' suggests relationships of conflict in the sphere of distribution between the relevant class components involved in the total production process. Such conflicts include not only those between the landowning class and productive capital, but also and more significantly—due to growing 'financialisation' (borrowing of money capital)—between finance and industrial capital forms. Consequently, a perennial pressure, both internal and 'external', is placed on productive capital to squeeze the variable capital given back to the working class. There is also a fourth 'social actor', the state, which intervenes in the appropriation of surplus value produced by eliciting a portion of surplus value through taxation. These distributional struggles over the allocation of the total surplus value furnish a plausible exegetical explanation for the contemporary two-pronged strategy of neoliberal capitalism, namely the 'deregulation of labour relations' and the dismantling of the welfare state. Deregulating labour relations means that productive capital can increase the extraction of surplus value by 'reinvigorating' forms of *absolute* surplus value by extending the 'working day' beyond its legally established limits. This takes the forms of expanding legitimate working hours and abolishing overtime pay. Such 'overwork of the employed part of the working class swells the ranks of its reserve; conversely, the increased competitive pressure that the reserve thereby exerts on the employed workers forces them into overwork and submission to the dictates of capital' (Marx 1976a, p. 789). Such overwork explains the widespread 'exhaustion' felt by the working class, which determines its sphere of socio-cultural reproduction and predisposes it to passive consumption of mass culture without leaving time for rational reflection on the conditions of its social existence.

Neoliberal capitalism systematically undermines the institution of collective bargaining and erects obstacles to trade union activity and exercising labour solidarity, thus eroding the collective strength of social labour. It ruthlessly promotes the *individualisation* of the wage contract, as beneath the formal equality of the two 'commodity owners'—and given the universality of monetisation—gaping asymmetries of power exist. Such asymmetry results in wages *below* the value of labour power, as the increase in the number of 'working poor' (full-time workers whose wages are insufficient to make ends meet) attests. The deregulation strategy fosters the constant expansion of casual, temporary and part-time forms of labour, the formation of a sizable *precariat* eking out an existence on the verge of social extinction, epitomised by the 'zero hours contract' in which labourers are totally subservient to capital as the moment of sale of their labour power becomes the organising principle of their daily lives. The enforcement of such methods to pump out surplus labour 'allows' productive capital to partially alleviate the pressure for transfers of chunks of surplus value exerted by finance capital.

Dismantling the welfare state minimises the share of social surplus value transferred in the form of corporate taxation to the state to subsidise its social expenditures allocated to society's more vulnerable groups. This twin attack on the regulatory frameworks of labour relations and on the 'welfare state' constitute two crucial fields of struggle and sites of resistance which the Left must *defend*—along with the protection of the socio-historically mediated natural environment, the preservation and expanse of the *commons*, and the ceaseless critique of commodity/money/capital fetishism and the competitive individualism accompanying it—if the emancipatory project is to succeed and democratic socialism to flourish.

Notes

1. 'The ossification of relations, their presentation as the relation of men to things having a definite social character is here [the character and form of capital as complete] likewise brought out in a quite different manner from that of the simple mystification of commodities and the more com-

plicated mystification of money. The transubstantiation, the fetishism, is complete' (Marx 1975, p. 494, cf. 1981, pp. 965–966).

2. MacGregor (1984/1990) has undertaken an exhaustive comparison of the two thinkers, illuminating their similarities but sometimes over-stretching his interpretation, verging on total subsumption of Marx under Hegel's auspices.
3. For an argument in support of 'capital as pre-supposition of the commodity forms and of simple circulation' which also reprimands the rival viewpoint (of Meek, Engels, et al.) for exhibiting a 'most shallow and hasty reading of Marx's *Capital*', see Banaji (1979, pp. 29–30).
4. In children, it is the transition from 'let us play exchanging cards' to the inverse form of 'let us exchange cards and play' by which exchange subordinates the activity of playing.
5. Alfred Sohn-Rethel (1978, pp. 28, 56, 67). The historical generality of his argument compels Sohn-Rethel to paper over fundamental distinctions of the commodity form grounded in their social source, like that between the independent commodity producer and wage labour commodity production.
6. For instance, the protracted social and legal struggle of local American pharmacists and shop owners in the 1930s against corporate chain stores which destroyed their businesses and thus their independent livelihoods, turning them into 'drug clerks' and wage labourers while undermining the civic spirit of local communities (Sandel 1996, pp. 227–231). Small-scale independent commodity producers and providers form the backbone of the petite bourgeoisie and currently face a renewed attack on their conditions of existence—the shrinking of the 'middle classes', defined in income terms, in most European Union countries (Eurofound 2017, p. 52) under reigning neoliberal capitalism.
7. Faccarello (1998, p. 38) argues that the defect of the 'expanded value form' rests on a fallacy Hegel calls 'infinite progress' (misidentified by Faccarello as 'endless regression', ignoring the condition that the 'endlessness' is oriented towards the future).
8. I develop an analysis of 'money fetishism' in Marx's early writings in *The Concept of Political Representation from Hobbes to Marx* (2011, pp. 142–173).
9. The completed value form with its money form warrants the exchangeability of anything and everything that enters its circulation sphere, and

encompasses the commodification of labour power whenever wage labour makes its historical appearance as commodity.

10. In advanced capitalism, the income stratification scale and wage differentials constitute the social norm of the evaluation of an individual's personal 'worth' and establish standards of 'success'. At the same time, they trigger competitive individualism, hypocrisy (via self-promotion) and mistrust of others in the pursuit of higher positions in the pecking order.
11. 'Correctness' refers to the agreement of a representation to its object; 'truth' concerns the correspondence of an object to its concept (see Prokopczyk 1980, p. 75).
12. '[E]xchange-value cannot be anything other than the mode of expression, the "form of appearance", of a content distinguishable from it' (Marx 1976a, p. 127).
13. If exchange constitutes value and exchange means to express the commodity's 'value' in money form, then it follows that money constitutes the value of the commodity. But as shown above, this *money fetishism* assigns to the equivalent form (which is a 'passive agent', a value reflector) the power of determination of the value of the relative value form that, as the active agent, should have determined/posited its reflection onto the body/use value of the equivalent form.
14. The same condition applies to use values. As material entities, '[u]se-values are only realized [*verwirklicht*] in use or in consumption' (Marx 1976a, p. 126). This clearly shows that 'use-value' is a *social* relation grounded on the material qualities of the objects in tandem with the social needs they satisfy. Left unused, an object does not become a 'use-value', but it does not follow that it loses its material existence and the possibility of becoming a 'use-value' in another social context or framework of social needs (for example, recycling waste).
15. Beyond the fact that, in the mass production system, 'the purchaser is from the outset an object of calculation' (Adorno 1982, 78) and the 'average profit added onto the cost prices', the transformation of values into prices of production precedes exchange, and if exchange defined value, the distinction between individual commodity value and *market value* would be nonsensical (Marx 1981, pp. 274, 279 respectively).
16. His account seeks to reconcile both conditions of 'prevalidation' and of ultimate 'validation' by exchange through the dual function of money as 'money capital' and 'general equivalent' (Bellofiore 1998, p. xiv).

17. '[T]he value of a commodity represents human labour pure and simple, the expenditure of human labour in general' (Marx 1976a, p. 135). He continues with a contrast drawn from Hegel (1991, § 190R, p. 228), who juxtaposes the bourgeois to the human being as mere creature of needs, and Marx stresses that in 'bourgeois society' '*man as such* plays a very mean part' (ibid., emphasis added). The reduction of the labourer to 'labour pure and simple', to 'man as such' within bourgeois society is a form of *depersonalisation*, the fetishistic inversion of a person into a 'labouring' instrument. Capital's drive seeks equalisation as levelling down and *dehumanises* labour in the name of *man as such*.
18. The widespread introduction of artificial intelligence and robotisation in the capitalist production process will soon simplify 'complex labour' itself, as we can already observe in artificial voice systems, translation services and driving practices.
19. Braverman, in his effort to prove the 'degradation of work' under capitalism—although he acknowledges the generalisation of literacy and the handling of numbers—is led to hail illiteracy on the pretext that 'reading and figuring are […] the elementary attributes of a manageable population' and thus pliant to manipulation at will (1974, p. 436). He completely misses the dialectical aspect of this historical upgrading of the 'general intellect'.
20. 'Originally, we considered the *individual commodity in isolation*, as the result and the direct product of a specific quantity of labour. Now, as the *result*, the *product of capital*, the commodity changes in form […containing] a *quantity of labour* equal to *the value of the constant capital* [transferred to the product…] + the value of the *quantity of labour* exchanged for variable capital […] and the remainder constitutes the *surplus-value*' (Marx 1976b, p. 969; Robles-Bàez 2015, p. 302).
21. Hegel theorised the necessity of rendering all citizens' services to the state in monetary form (excepting military service) on the basis that money is the universal measure of all things (hence succumbing to money fetishism) and thus establishing an 'equitable' quantification of services (1991, § 299R, p. 338).
22. In Hegel, essential and inessential appearances are both identical (as appearances) and different (as essential/inessential). The (essential) appearance that reflects its law-like essence within itself emerges as 'a *world*, which *reveals* itself as a *world in and for itself* above the world *of Appearance*'. The world of 'value' lurks 'above' its distinct manifestations

as exchange values. 'This world in and for itself is also called the *supersensuous world*' (Hegel 1999, p. 507). Commodities as 'sensuous things' inscribed with value 'are at the same time suprasensible or social' (Marx 1976a, p. 165).

23. A dual teleological objectivity, one within the other, where in the first 'mechanical objectivity' there is an inversion of the means-end connection, sublated by the second 'objectivity' in which 'the return of the end into itself' is realised and both 'objectivities' are sublated in the Notion's self-determination, is analysed in Hegel's *Logic* (1999, pp. 748–752).
24. 'Given back' because variable capital is 'exchange of *objectified* labour for *living labour*' (Marx 1976b, p. 1003) and wages are nothing but a portion of value, through which social labour 'buys back' the 'means of subsistence' it itself has produced. This is a *culmination point* of capital fetishism where the wage contract exchange is just 'the deceptive *illusion* of transaction' (Marx 1976b, p. 1064).

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Marx's Critical Notes on the Classical Theory of Interest

Jan Toporowski

In its treatment of money and interest, Volume III of Marx's *Capital* is an unfinished and transitional work. Sandwiched between *Theories of Surplus Value* which, in its Part III, contains an extensive critique of 'vulgar' political economy and its understanding of interest, Volume II of *Capital* and, subsequently, Volume I—where interest is not mentioned at all—Marx's discussion of the topic represents one of the first serious responses to the Ricardian theory of interest. It contains highly valuable insights for understanding how his vision of capitalism and finance evolved, as well as the direction in which it did so.

The first part of this contribution examines Marx's theory of interest, highlighting his departure from the Ricardian, or classical theory of interest. That said, Marx's theory remained located in the 'classical' capitalism of his time, when finance was external to the capitalist system of reproduction in the sense that capitalist finance was acquired through primitive accumulation, or borrowed from banks less involved in intermediation

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between capitalists. The second part of the contribution extends the theory beyond Hilferding to modern finance capital and the changed function of the rate of interest when capitalist financing is internal to the capitalist system of reproduction.

Marx on Interest

Marx's first reflections on the interest rate appear in the notes subsequently published as Part III of *Theories of Surplus Value*. In an addendum entitled 'Revenue and Its Sources. Vulgar Political Economy', Marx argued that with capitalist production a new type of financing emerges, which he called 'interest-bearing capital'. This acquires the character of a fetish, existing seemingly independent of capitalist production. Marx sought to challenge this conception by arguing that, in industrial capitalism, interest is paid from surplus value. On this basis, he argued, the polemics against interest penned by contemporary critics like Proudhon, which attributed the evils of capitalism to excessive interest or usury, were 'fetishistic'. Usury, Marx argued, was a feature of mercantile capitalism, rather than industrial capitalism (Marx 1971, p. 487). In industrial capitalism, interest circulates between capitalists in the sense that an individual capitalist can decide whether to lend his (money) capital for interest, or employ it himself in the process of production (ibid., pp. 477–478).

Thus, Marx's main point in his notes was to emphasise that, under capitalism, interest acquires a new social and economic significance as it is now paid out of surplus value, which requires the circulation of money through industrial production. However, his notes are inconclusive, exhibiting at least two ambiguities. Firstly, ambiguity exists over whether interest is paid out of existing stores of accumulated profits, in which case the current flow of profits forms less of a constraint on interest payments. Indeed, if stores are large enough, current profitability may become unnecessary, and the requirement that the rate of profit be at least equal to if not greater than the rate of interest proves superfluous. The second ambiguity arises in accounting for interest payments: if interest is paid between capitalists, then an individual capitalist's income no longer depends solely on the 'profit of enterprise' left over after payment of interest on the money capital borrowed. The individual capitalist's income must also include the interest received on money capital previously lent to other capitalists. Marx's admission that the capitalist may decide to be a money capitalist or a functioning capitalist already concedes that individual capitalists are not irrevocably committed to one or the other means of earning money from their money capital. This suggests that more recent Marxist attempts to revive the critique of usury, distinguishing a rentier capitalist class from a productive capitalist class oppressed by high interest, may be vulnerable to this same kind of fetishistic thinking. To break out of these ambiguities, it is also necessary to break with the classical theory of interest.

Marx sought to address these ambiguities in Volume III of *Capital*. Here, he was clearly influenced by the dissident thinking of Thomas Tooke and, to a lesser extent, John Stuart Mill, who rejected the real interest rate theory put forward by David Ricardo and Adam Smith. Ricardo had argued that the rate of interest is 'ultimately and permanently governed by the rate of profit' (Ricardo 1817, p. 297). Tooke and Mill, for their part, argued that the rate of interest was disturbed by too many monetary factors for this relation to be considered a reliable indicator. Tooke put forward the idea that the average rate of interest was influenced by the rate of profit: '[…] the dissenting positions of Tooke and J.S. Mill on the interest-profit relationship in the 1820s heavily influenced Marx in developing a conception of the rate of interest as an autonomous variable in the sense of being determined by forces independent of the rate of profit' (Smith 2011, p. 212). Amidst Marx's 'disordered jumble of notes, comments and extract material', his editor Friedrich Engels found the key chapters on the rate of interest 'basically completed' (Engels 1981, p. 95). In the draft that became Volume III, which Marx intended to revise, Marx concluded that the *average* rate of interest over a span of years was determined by the *average* rate of profit. However, this does not mean that all firms earn an average rate of profit—something worth bearing in mind at a time when many Marxist economists attach crucial importance to aggregate, or average, rates of profit. In fact, a spread of profit rates and interest rates exist at any one time (Marx 1981, pp. 489f, 646f). In this sense, no 'natural rate of interest' or marginal profit on capital, as enunciated by Joseph Massie and later by Knut Wicksell, existed: 'At all events, the average rate of profit should be considered as ultimately determining the maximum limit of the interest' (ibid., p. 482). Moreover, during phases of speculation, interest can be paid not out of profit, but out of borrowed capital—such Ponzi financing (as Minsky would later call it) may be sustained for a while, but borrowing to pay interest is usually the prelude to crisis. This borrowing raises the rate of interest and, as Marx identified, transforms 'every bankrupt swindler into a solvent capitalist' (ibid., pp. 648f).

Outside of these exceptions, however, Marx was adamant that the rate of interest is paid out of current profits, quoting the 22 January 1853 edition of the *Economist*: 'The relation between the sum paid for the use of capital and the capital expresses the rate of interest as measured in money'; and: 'The rate of interest depends (1) on the rate of profit; (2) on the proportion in which the entire profit is divided between the lender and the borrower'. Then, quoting from Joseph Massie's *An Essay on the Governing Causes of the Natural Rate of Interest*: 'If that which men pay as interest for the use of what they borrow, be a part of the profits it is capable of producing, this interest must always be governed by those profits […] The natural rate of interest is governed by the profits of trade to particulars' (ibid., p. 480). Marx discussed further along Ricardian lines, although it is unclear to the reader whether he is citing the classical view of interest he seeks to criticise, or stating his own: 'we find that a low level of interest generally corresponds to periods of prosperity or especially high profit, a rise in interest comes between prosperity and its collapse, while maximum interest up to extreme usury corresponds to a period of crisis' (ibid., p. 482). Nevertheless, Marx goes on, explaining that 'there is also a tendency for the rate of interest to fall, quite independently of fluctuations in the rate of profit' due to the expansion of the rentier class with surplus money savings. Moreover, '[t]he development of the credit system, the ever growing control of this gives industrialists and merchants control over the monetary savings of all classes of society through the mediation of the bankers, as well as the progressive concentration of these savings on a mass scale, so that they can function as money capital, must also press down the rate of interest' (ibid., p. 483f).

Marx's own view was stated in the next passage concerning the average rate of interest, which he linked to the long-term rate of interest: 'In order to find the average rate of interest, we have to calculate (1) the average interest rate as it varies over the major industrial cycles; (2) the rate of interest in those investments where capital is lent for longer periods.' Marx thought this long-term rate to be more or less stable (ibid., pp. 484, 488),[1] leading him to conclude that '[t]here is no natural rate of interest, therefore, in the sense that economists speak of a natural rate of profit and a natural rate of wages […] the average or middling rate of interest, as distinct from the constantly fluctuating market rate, cannot be given limits by a general law, since what is involved is simply a distribution of the gross profit between two persons who possess capital under different titles, the rate of interest, conversely, whether it is the average rate or the market rate of the time, appears as something quite different from the general rate of profit, as a uniform, definite, and palpable magnitude' (ibid., pp. 487, 489f, also pp. 490–492). In addition to identifying (in passing) the importance of the long-term rate of interest put forward by Keynes seventy years later as the key financial instrument for business investment, Marx also anticipated Keynes's 'euthanasia of the rentier'—the notion that a permanently low rate of interest would ultimately compel business to invest. In Marx's version, reducing the interest rate to zero would turn the money capitalists into functioning capitalists in order to earn a positive return on their money (ibid., p. 494). However, that in turn suggests that money and functioning capitalists are more or less the same individuals or institutions. Marx's repeated equivalence between the *average* rate of interest and the *average* rate of profit reinforces the idea that capitalist interest is paid from surplus value in general, but not necessarily from the surplus value produced at the time of the interest payment.

Here, it is worth recalling Joseph Schumpeter's criticism of the doctrine from which the Ricardian theory of interest originated: Nicholas Barbon's notion, elaborated in 1690, that interest is the 'Rent of the Wrought or Artificial Stock', namely the capital stock (Barbon 1690). For Schumpeter, this led to the classical nineteenth-century view that economic activity is determined by 'real' factors, resources and commodities, over which money is a mere veil. He observed: 'Thus we easily slip into a position that may be characterized by the equivalent propositions that the business firm earns interest or that the lender receives profit – not as would seem more natural to the unprejudiced mind, an income *sui generis* of which profit is merely the most important course' (Schumpeter 1954, p. 330).

We are left with the second ambiguity referred to at the beginning of this chapter: accounting for the interest paid and its receipt by other capitalists. In a sense, this resolved itself with the evolution of interest-bearing capital in the final years of Marx's life, the emergence of finance capital, and the further development of Marx's theory of finance by Hilferding in his *Finance Capital*. With finance capital, the money capitalist and the functioning capitalist are merged into the modern corporation or the holding company, operating symbiotically with the banking system (or investment banking in capital market economies). It is only after reviewing Hilferding—and the discussion of 'pure credit' in Wicksell and Schumpeter—that we can fully comprehend how capitalist interest involves the circulation of surplus value in the form of accumulated money profits, although interest is disconnected from the rate of profit. With the concentration and development of the money markets, the rate of interest represents the rate of exchange between different types of financing (Hilferding 1910, pp. 268–269). The following section examines the functioning of the rate of interest in such a 'pure' capitalist economy.

Capitalist Banking

The notion of interest as Massie's 'rent on stock' is associated with the use of gold as money in Volume II of *Capital*. Marx situated the production of gold in the sector producing means of production, therefore using labour and having a rate of profit that corresponds to Ricardo's and Smith's rate of profit (Marx 1978, pp. 551–554). That said, capitalist banking and finance was always more like a 'credit club' of capitalists. Capitalist credit originates in the discounting of bills by 'merchant' or 'country' banks, which were originally merely capitalists with sufficient amounts of money to buy the IOUs of their business associates at a discount (Niebyl 1946, Chapter 3). This is implicit in Marx's analysis of money and interest, and was later made explicit in Kalecki's first exposition of capitalist financing (Kalecki 1933, pp. 93–98).

This inter-capitalist credit and debt is what distinguishes capitalist credit from its predecessors, the usury and traditional moneylending of pre-capitalist societies, or the sovereign debt of the absolutist state where merchant capitalist credit first emerged. Marx's analysis of interest-bearing capital (Marx 1981, Chapter 21) shows that he was aware of the key distinguishing feature of capitalist credit, namely that it redistributes money among capitalists rather than exploiting the rural poor or buying pensions from the state.[2] For Marx, this redistribution distinguishes capitalist credit from pre-capitalist redistribution among land-owners or merchants. In a capitalist economy, furthermore, money enters exchange through capitalists' expenditure of money on production, rather than as a conventionally (or even legally) accepted token of value in exchange.

With the emergence of finance capital, the operations of banks as capitalist credit clubs become the foundation of monetary endogeneity. Capitalists possess assets including financial assets like bills, bonds, shares and government paper which they can post as collateral for loans, which in turn create deposits (Withers 1909; Robertson 1928).[3] It is this financially collateralised lending as postulated by most post-Keynesians, rather than the provision of government reserves, that makes the credit supply determined by demand: the ability of capitalists to provide collateral determines the supply of credit.

It follows that we must test the relevance of Marx's theory of interest within this kind of capitalist finance rather than in the financial system of Marx's time, based as that system was on gold production. As a first approximation of reality, it is convenient to leave out the government and foreign sectors and, for simplicity's sake, assume that workers are true proletarians whose only asset is their labour power. This provides us with a 'pure' capitalist economy in which the only form of banking is the 'pure' capitalist credit club. Banks operate by holding the deposits of capitalists and advancing loans to them. Bank profits are the margin between deposit and lending rates of interest multiplied by the value of each bank's balance sheet, after deducting operating costs. Bank profits are therefore unrelated to the level of the rate of interest itself.[4]

In this context, financial sector profits have no impact on overall profits in the capitalist economy: the margin between deposit and lending rates received by capitalists engaged in banking is obtained at the expense of the profits of non-bank capitalists; the costs of banking (premises, personnel) constitute demand for non-financial sector output and in this way return a part of their profit to non-bank capitalists, which those capitalists hand over to bank capitalists as the margin between borrowing and deposit rates of interest. In this sense, bank expenses may be subsumed under Investment (insofar as those expenses are a necessary part of investment) or Capitalists' Consumption (insofar as they are merely the discretionary extravagances associated with modern finance) in Kalecki's well-known profits equation based on Marx's schemes of reproduction in Volume II of *Capital*.[5]

Marx's rejection of the classical theory of interest, the link between interest and the gross profits of capital, can now be examined from the 'capitalist' credit club point of view. As indicated above, a literal reading of Marx and the classics suggests that *current* interest is paid out of *current* profits. In fact, at any one time, capitalists hold loans in addition to deposits and bank shares accumulated from past profits. As Kalecki would later point out, ownership of money capital is what turns a person with entrepreneurial ability into a capitalist (Kalecki 1971, p. 109). Interest is paid out of the total accumulation of profits, but the interest received by capitalists adds to their income from productive activities. In our 'pure' capitalist economy, the total value of those deposits and bank shares is equal to the total value of loans in the banking system. If rates of interest are zero, banks make no profit and capitalists' net income is the profit they make from production. Should interest rates rise, the capitalists' net income remains unchanged: as a class, they now pay interest, but their interest income (including the dividends received on their bank shares) has also risen by the same amount. How do they pay this higher interest? By using their deposits in the banking system. This is why, according to Kalecki, the velocity of deposit circulation varies in proportion to the rate of interest on money (Kalecki 1941).

What happens in the case of a truly exorbitant increase in the interest rate, which capitalists are unable to pay with their deposits? In a credit system, they can borrow more by pledging assets as security against loans, corresponding to an increase in their deposits. Providing that banks are accommodating, capitalists will borrow as many deposits as necessary to maintain interest and debt payments, and can repay debts from those interest and debt receipts.

It follows that current profits are not, as Ricardian theory asserts, the sole means of payment with which capitalists can settle their financial obligations in a financial capitalist system. Capitalists have savings and, moreover, can borrow against their assets. This can be illustrated by considering the unlikely extreme case in which aggregate profit is equal to zero while interest remains stubbornly positive. Of course, this does not mean that no capitalists make a profit, but merely that the profits of some capitalists are balanced by the business losses of others. Any profits in the banking sector from the margin between lending and deposit rates come at the expense of overall losses among non-bank capitalists.

In this case of overall zero profits, capitalists still have deposits (from past accumulated profits and borrowing) and loans from bank intermediaries. Interest on that borrowing can be paid from deposits held by capitalists who owe money, and capitalists with credit balances will therefore receive interest income. The higher the rate of interest, the higher the interest paid and received by capitalists. Bank deposits are redistributed from net debtor capitalists to net creditor capitalists. Yet what happens when, as a result of successive deposit redistributions, net debtors begin to run out of bank deposits to pay interest on their borrowing? In such a scenario—providing they have assets to post as collateral—they can borrow to pay interest, or borrow without security.[6] The expansion of loans also increases the deposit supply. As new deposits are redistributed from net debtors to net creditors, net creditors accumulate the new deposits which net creditors can use to repay their own loans. The only development that could prevent the continued servicing of financial liabilities in this way is not the failure to generate a profit in production and trade, but a refusal on the part of the banks to lend more to net debtors.

The classical theory of interest asserts that capitalists must engage in production and productive investment in order to generate the income they must pay as interest. The theory is false because, in a capitalist economy, capitalists are ultimately (through the intermediation of banks) indebted to each other, implying that equivalent deposits must be in the system, and that some of those deposits will be available to make interest payments. With a sufficiently elastic credit system, capitalists may pay any amount of interest to each other, and will then receive that same amount of interest (from which to pay more interest in the future). In practice, of course, the distribution of credit and debt are not the same, meaning that capitalists will be either net creditors or net debtors to each other. Interest and debt are thus ways of redistributing income among capitalists. They do not require production or investment to generate the profits out of which interest may be paid.[7]

Conclusion

In Volume III of *Capital*, Marx laid out the elements of a critique of the classical theory of interest that views interest as determined by the current rate of profit. Those elements include the idea that the development of the credit system gave rise to larger concentrations of money capital which in turn tend to depress the rate of interest, a separate rate of interest on long-term loans, and a view that the average rate of interest is determined by the average rate of profit (other things being equal and over a longer period). It should be noted that Marx was writing during the era of 'classical capitalism', with entrepreneurs or functioning capitalists eternally in debt to money capitalists and rarely operating as money capitalists themselves. With finance capital, the money capitalist and the functioning capitalist are merged. It is only after Hilferding and the discussion of 'pure credit' in Wicksell and Schumpeter that we can fully comprehend how capitalist interest involves the circulation of surplus value in the form of accumulated money profits. In finance capital, interest is disconnected from the rate of profit and represents the rate of exchange between different types of financing.

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Notes

1. In the twentieth century, Keynes and Kalecki argued that this long-term rate of interest was relevant to business investment.
2. Neglecting the distinction between capitalist credit and debt and pre-capitalist debt, and the income and balance sheet implications of that distinction, confuses long-term (econometric) studies of debt, such as Reinhart and Rogoff (2008).
3. 'We have spoken of bankers and financiers as the makers of credit. But we have also recognized that the chief financial material out of which they make it is the stocks and shares and other certificates of value which represents the capital created by the saving and investing classes. It is thus the growth of the forms of saving which take these financial shapes that enables the increased credit to emerge from the financial factories. All such modern saving can furnish material for the creation of more credit' (Hobson 1924, p. 89).
4. 'The rate of interest paid on deposits is always somewhat lower than the rate charged by banks on loans. The difference between these two rates remunerates the bank' (Wicksell 1899, p. 139).
5. The theory may be summarised as follows: in a closed economy with no government, in a given period total income (Y) is equal to the sum of profits plus wages (W + P), which in turn is equal to Consumption plus Investment (C + I). Y – C = I = Saving. Saving may be divided into the saving of workers (S_w) and the saving of capitalists (S_c). Similarly, Consumption may be divided into the consumption of workers (C_w) and the consumption of capitalists (C_c).

   Profits are therefore equal to $S_c + C_c$. S_c is equal to total Saving or Investment minus S_w ($I - S_w$). Total Profits ($S_c + C_c$) are therefore equal to $I + C_c - S_w$. See Kalecki (1942). It is easy to show that, in the more complicated situation where banks earn money from intermediary household or workers' deposits and loans, bank profits have no impact on aggregate profits.
6. Kiyotaki and Moore (1997) present a model of credit cycles in which the only collateral is real or productive capital. Such a credit cycle, of course, then follows the investment cycle. The much more convenient and widespread use of financial assets as collateral extends the range and possibilities of the credit cycle far beyond the less financialised investment cycle.

7. The process by which this happens in described in Toporowski (2015). Wicksell, who concedes that capitalists hold bank deposits (Wicksell 1899, pp. 138–139), does not draw the logical conclusion that those capitalists also receive interest on those deposits in addition to their income from production and trade.

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'Joint-Stock Company' and 'Share Capital' as Economic Categories of Critical Political Economy

Judith Dellheim

The '*concrete* celebration' (Bloch 1968) to commemorate Karl Marx's 200th birthday envisioned by Ernst Bloch in 1968 as a world free of virulent racism, famine and fascism, will unfortunately have to be cancelled. Nevertheless, in the spirit of 'learning hope' (Bloch 1995/1959) anew, however, we must first clarify to what extent the limits of our own theoretical work and political practice are responsible for the current predicament in the first place. To begin with, this requires a self-critical reflection of our own reading of *Capital*. The rather incomplete third volume is of particular interest in this regard: busying ourselves with Marx and his personal trajectory forces us to address the iconised image of the unity of Marx and Engels as one, indivisible pair of thinkers—an image which denies both of them their individuality, and marginalises Engels's posthumous work on Marx's unfinished papers. This, in turn, obliges us to

As understood in the context of the critique of political economy

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criticise the first edition of the *Marx-Engels-Gesamtausgabe* (MEGA), which is relatively unattuned to the intellectual journeys upon which Marx and Engels embarked. This represents at least one reason for an historical-theoretical rereading of Volume III, drawing closely on the publication of the second edition of MEGA in search of the reasons behind emancipatory-solidary forces' current weakness. Such a rereading cannot be 'innocent' (Althusser 1965/2015, p. 12). It would primarily concern itself with the development of scientific terms and their use by Marx, whose work was constantly oriented around political action on the part of the exploited and oppressed in the present (Balibar 1993/2007, p. 40), so as to realise a society of the free and equal who act in solidarity with one another and with an ecological focus.

This chapter seeks to reconstruct and discuss, in an exemplary way, the evolution and use of the categories 'joint-stock company'[1] and 'share capital' in Marx's writings (see also Krätke 1994). The terms assume particular significance in the materials Marx prepared for the third volume of *Capital*, a book the theoretical approaches of which also prove decisive to criticising both today's ongoing financialisation[2] as well as the public discussion thereof. The present chapter seeks to provide a new degree of inspiration, hopefully instigating further scientific and political debate.

The material addressed here can be categorised into the following periods:

- 1844 to the completion of the manuscript in 1858/1859, from the emergence of the joint-stock company in the *Economic-Philosophical Manuscripts* to the preparation of a specific focus in the *Critique of Political Economy*;
- from the late 1850s to two 1867 and 1869 documents of the IWA (International Workingmen's Association), published following the completion of his work on the first edition of the first volume of *Capital* in 1867;
- Marx's lengthy preparation of the manuscript from 1868–1881, over the course of which he further developed his analysis of the joint-stock company and share capital, particularly in the context of its relation to credit;

- the period of Engels's work on the publication of Marx's unpublished papers, as well as his own writings (annotations).

This depiction does not address Marx's criticisms of other theoretical conceptions of the joint-stock company and share capital, as no theoretical discussions relevant to these questions are found in the second MEGA edition of *Capital*.

On the 'Joint-Stock Company' and 'Share Capital' in the Theoretical Legacy of Marx and His 'Literary Executor' (Engels 1891/2001, p. 134)

Three guiding questions can help to orient a rereading of Marx's written bequest in search of the causes of structural weakness among emancipatory-solidary forces today:

1. How does Marx view and address those who are to be encouraged and empowered to engage in political action? Which objective tendencies of the capitalist mode of production aid or impede them from developing bonds of solidarity?
2. Does financialisation under conditions of globalisation represent a new phenomenon, or merely the unfolding of capital relations and processes as analysed by Marx? Or could it perhaps be both at once, meaning a new 'form of movement' of the relations of power intrinsic to the capitalist mode of production, as already theoretically reconstructed by Marx? What implications arise from the answer to this question?
3. To what extent have the aforementioned questions been the object of discussion regarding interpretations of *Capital* in one's own scholarly and political collective? What role does the Marxian cognitive process with its discontinuities play in this discussion? What do the answers mean? Where are our own 'reading difficulties'? Which are the

consequences? What is the impact of the second MEGA edition in terms of discovering and overcoming them?

The following deliberations will hopefully provide some elements of an answer to these questions. They flow into a more precisely-refined definition and theoretical explanation of 'capital oligarchies', into a conclusion on the cultural challenges facing emancipatory-solidary actors, and thus into an argument for renewed engagement with the reception of the third volume of *Capital* in the context of the 'imperialism debate' so critical to the revolutionary movement.

From 1844 to the Completion of the Manuscript in 1858/1859—From the Emergence of the Joint-Stock Company in the Economic-Philosophical Manuscripts to the Preparation of a Special Focus in the Critique of Political Economy

Marx began referencing the joint-stock company, discussed on various occasions, in 1844, when the problem arose in the development of his own self-understanding of a concept of history and in the run-up to his later *Critique of Political Economy* (Marx 1844/1992, p. 308). Marx and Engels analysed the economic changes induced by trade in the eighteenth century as early as in their critique of philosophy (on Feuerbach, Bauer, Stirner and others) of 1845/1846: '…the cessation of the bans on the export of gold and silver and the beginning of money trade, banks, national debts, paper money, speculation in stocks and shares…' (Marx and Engels 1845–1846/1975, p. 72). Western European slave traders had founded trading companies in the sixteenth century—joint-stock companies funded by private capital and based on credits and monopolies granted and permitted by the state (Stamm 2011, p. 46). For the most part, they were run by civil servants or dummy companies. The state, for its part, organised a convergence of interests on behalf of conquest and slavery. 'That the bourgeois, whenever their interests demanded it […] always "came to an understanding" […] is proved by the joint-stock companies, which came into being with the rise of sea-borne trade and manufacture and took possession of all the branches of industry and commerce accessible to them' (1845–1846/1975, p. 371). 'As for the proletarians, they – at any rate in the modern form – first arose out of competition [...] owing to the frequent opposition of interests among them arising out of the division of labour – no other "agreement" is possible than a political one directed against the whole present system' (ibid.). Emerging from this 'agreement' was Marx's analysis of Bonaparte's *coup d'détat*,[3] among other things: '... you will find that from 1 November 1849 onwards, French government securities rose and fell with the rise and fall of the Bonapartist stocks' (Marx 1852/2010, p. 187). Bonaparte high-handedly took over state coffers, playing and manipulating the stock exchange using railway shares: 'Hence the Bank is obliged to make advances on the railway shares [...] The existing workers' associations are dissolved, but miracles of association are promised for the future' (ibid., p. 246f). In 1856, Marx analysed the Crédit Mobilier—founded in 1852 as a joint-stock company with limited shareholder liability (a government privilege) on the direct instructions of Bonaparte himself. All the shares of the stock companies were to be replaced by a common share issued by the Crédit Mobilier. This was intended to occur through the Crédit Mobilier's purchasing of all shares, particularly in rail, mining and public works. The bank was to be the 'slave of the Treasury, and the despot of commercial credit' (Marx 1856/1986, p. 12), supplying capital above all to limited liability companies: 'Subscribing for shares to the greatest extent, in the greatest number of speculations, realizing the premiums, and getting rid of them as fast as it can be done. Stockjobbing, then, is to the base of the industrial development, or rather all industrial enterprise is to become the mere pretext of stockjobbing' (ibid., p. 20). That, in turn, is the essence of financialisation—the penetration of social reproduction processes by financial market actors; socialisation driven by financial market transactions. In sum, it amounts to credit-financed exploitation of labour forces, speculation and redistribution of resources; the reproduction of power in favour of the most powerful financial market actors and their collaborators in the state. This triggers conflicts of interests, particularly once joint-stock companies emerge in industry, which 'marks a new epoch in the economical life of modern nations. On the one hand it has revealed the productive powers of association, not suspected before, and called into life industrial creations on a scale unattainable by the efforts of individual capitalists; on the other hand, it must not be forgotten, that in joint-stock companies it is not the individuals that are associated, but the capitals'[4] (ibid., p. 21). The owners became speculating shareholders. The concentration of capital accelerates the financial ruin of the petite bourgeoisie. 'A sort of industrial kings have been created, whose power stands in inverse ratio to their responsibility – they being responsible only to the amount of their shares, while disposing of the whole capital of the society – forming a more or less permanent body, while the mass of shareholders is undergoing a constant process of decomposition and renewal, and enabled […] to bribe its single rebellious members. Beneath this oligarchic Board of Directors is placed a bureaucratic body of the practical managers and agents of the society, and beneath them, without any transition, an enormous and daily swelling mass of mere wage labourers – whose dependence and helplessness increase with the dimensions of the capital that employs them, but who also become more dangerous in direct ratio to the decreasing number of its representatives' (ibid.). The Crédit Mobilier had no choice but to collaborate. 'When that crash comes, after an immensity of French interests has been involved, the Government of Bonaparte will seem justified in interfering with the *Crédit Mobilier* […]' (ibid., p. 24). Marx had thus pointed out—in the mid-1850s—the significance of the joint-stock company for the genesis and movement of the capitalist mode of production: the slave trade served as the basis upon which co-operation between the political elites (with their relationships to landowners) and the banks organised resources for production and the growing demand for manufactured goods. Markets and wage labour flourished as a result. In this way, and through operations to realise major projects such as railways, irrigation systems and other infrastructure, co-operation between the ruling elites and the banks increasingly—and contradictorily—encompassed industrialists, as well. Over the course of industrialisation, joint-stock companies in particular led to new 'capital valorisation co-operations' which managed to obtain relative independence from the state and the banks. Or, more precisely: the joint-stock company represents a business enterprise with a certain legal status corresponding to specific interests. Marx analysed the interests of the different actors involved as well as the relations between them and other social actors. He applied the term 'oligarchy' or 'oligarchical' to illustrate how a small group of exploiting actors dictates its own interests to society, demonstrating how the they are able to do so as a result of their position within the system of social relations. Consequently, he names various types of oligarchies—the oligarchy of property or land-owners, the oligarchy of high finance, an 'oligarchic Board of Directors'. At this point, I would like to introduce the term 'valorisation co-operation' in order to emphasise the interplay between actors who exploit their social position within the 'economy' to jointly valorise capital. Their aligning interests may also simultaneously involve conflicting interests. Valorisation co-operation occurs in concrete ways, in concrete forms in which the legal status of the business assumes special significance. Throughout the discussion, the joint-stock company is for the most part considered both as a legal form and as a type of enterprise, but rarely in the context of the valorisation co-operation that realises its interests.

Given that the interests of wage earners differ according to their respective position within the social division of labour, which moreover is the outcome of a conflict of interest between competing and co-operating business owners, the political orientation of 'workers against capitalists' must be combined with an orientation towards the 'organisation of an identity of interest among wage earners' and 'workers against the elites as a whole'. In a similar vein, our scope must be broadened to include, firstly, those who suffer under this rule both in the colonies and at home, and thereby, secondly, the relation between those suffering 'at home' and the workers. It is no coincidence that Marx and Engels spoke of a 'political ["agreement"] directed against the whole present system'. The question as to how exactly the exchange concerning the 'system' and an 'agreement' ought to be organised and which relevance differing conceptions of the role of the law acquire in this represents the starting point of many debates on the Left, where distinct interpretations of Marx collide. Marx himself, however, generalised his insights during the late 1850s: the 'anatomy of this civil society […] has to be sought in political economy' (Marx 1859/1987, p. 262). 'It is […] social existence that determines their consciousness' (ibid., p. 263). But their consciousness belongs to their social existence, and they can change this existence through their consciousness—both as individuals and collectively. Here, a useful critique of political economy is dynamic. The place of its categories is, in contrast to historical sequence, 'by their mutual relations in modern bourgeois society' (Marx 1857–1858/1986, p. 44). Hence appear 'joint-stock companies, one of the most recent features of bourgeois society […] but they appear also in its early period in the form of large privileged commercial companies with rights of monopoly' (ibid., p. 45). In the 1857/1858 manuscript, Marx depicts capital as the unity of production and circulation, as a generalisation, a particularity and as an individual unit. Concerning the last, he noted: 'III. Capital as credit. IV. Capital as share capital. V. *Capital as money market*' (ibid., p. 195). From then on, we no longer find reference to the joint-stock company or shares, but instead to a specific capital form: capital owners who form a group and realise their interests through an enterprise with a certain legal status, which finances (through credit) the exploitation of slaves in or from the colonies, forced labourers, wage labourers. When these capital owners and their groups are taken as a whole, it becomes clear that they consist of members of both exploiting and exploited feudal estates and classes, of more or less independent business owners, civil servants, judicial authorities, members of the armed forces and even wage labourers. Marx further observes that these capital owners differ strongly according to their social positions. Only a select few are actually able to dictate, command and appropriate the products of the social process of labour free of charge. It is above all business enterprises in mutual competition which participate in valorisation co-operations most successfully. Once share capital determines everyday life in a given society's economy, 'The market, which at the beginning in political economy appears as abstract determination, assumes total forms. […] As money-lending market, it appears both in the banks […] but then also as the market for all interest-bearing bills: state bonds and the share market. The latter fall into larger groups. Firstly the shares of the monetary institutes themselves; bank shares; jointstock bank shares; means of communication shares (railway shares the most important; canal shares; steam navigation shares; telegraph shares; omnibus shares); shares of general industrial enterprises (mining shares being the main ones). Then for the supply of the general elements (gas shares, shares in waterworks)' (ibid., p. 210). Share capital is associated fictitious interest-bearing capital. In purely quantitative terms, the joint-stock company's capital stock corresponds to the total face value of all issued shares. The latter represent titles for the receipt of a share of the produced surplus value. Marx was keen to discover to what extent the movement of shares reflects and propels real capital accumulation, while at the same time driving forward capitalist socialisation.

> Now, for the capitalist to undertake road construction as a business, at his expense, different conditions are necessary, which all amount to this, that the mode of production based on capital must have already been developed to its highest level. If the State organises such projects through State contractors, then it is still indirectly effected through forced labour or taxes. Firstly: Large scale capital is presupposed, capital concentrated in the hands of the capitalist, for him to be able to undertake projects of such dimension and where turnover, and therefore valorisation, are going to be so slow. Hence mostly joint-stock capital, the form in which capital has worked itself through to its ultimate form, in which it is capital not only in itself, in its substance, but in which it is posited in its form as social power and product. Secondly: It must yield interest, not profit. (It can yield more than interest, but that is not necessary.) […] Thirdly: The presupposition of a sufficient volume of traffic—above all, commercial and industrial traffic—for the road to be profitable, i.e. for the price demanded for the use of the road to be worth that much exchange value to the producers [using the road], or for the road to supply a productive force for which they can pay so much. Fourthly: A part of the wealth consumed as income must be available for investment in these means of locomotion. (ibid., p. 454)

If social reproduction, which is contingent on the realisation of specific proportions in the processes of social production, circulation and consumption, occurs as continuous—because valorisable—transfer of state functions to competing (as well as selectively co-operating) capitals and the growth of the latter (ultimately) requires state intervention, then the result is the development or, rather, reproduction of contradictory forms of co-operation between these capital companies and the state. This can take place through the organisation of state-dominated stock or capital companies or through state guarantees that private companies will valorise the stock capital lucratively on behalf of the main shareholders.

> 'The separation of travaux publics from the State and their migration into the domain of works undertaken by capital itself indicates the degree in which the real commonality has constituted itself in the form of capital. A particular country […] may sense the importance of railways for production. Yet, the immediate advantage accruing to production may be too small for the outlay to appear as anything but *à fonds perdu*. In that case capital shifts the burden onto the shoulders of the State; or, where the State still […] occupies a position *supérieure* to capital, the State still has the privilege and the will to force the generality of capitalists [to put] a part of their *income*, not of their capital, into such generally useful works, which at the same time appear as *general* conditions of production, and therefore not as the *particular* conditions for any particular capitalist. And so long as capital has not assumed the form of joint-stock capital, it seeks only the particular conditions of its valorisation, while shifting the burden of the *communal* conditions onto the whole country as national requirements. […] Admittedly, it also speculates unsoundly, and *is bound* […] to do so. In such cases, it undertakes *investments* which are not profitable and only yield a return once they have been *depreciated* to a certain degree. Hence the many undertakings where the first *mise de capital* is *'a fonds perdu* and the first investors go bankrupt. The advanced capital yields a profit only at second or third hand, when it has been reduced by *depreciation*'. (ibid., p. 455f)

This goes to show that, by 1850, Marx had already largely elaborated some of the key arguments that would flow into all parts of *Capital*. The fact that he did so helps us to explain the emergence of our socially and ecologically destructive transport system and neoliberal privatisation policies. He sought to understand how, as a result of the transfer of state functions to capitalists and through the 'action of capitals as individual ones upon each other' (Marx 1859/1987, p. 47)—or, rather, within the process of competition—bonds between individual capitals grow, and how their independence decreases. Such 'abolition takes place to an even greater extent in credit. And the extreme form' of abolition is 'at the same time, the ultimate positing of capital in its adequate form … [as] joint-stock capital' (ibid., p. 48). It is a matter of associated capital, collectively mobilised via credit and valorised via the social process of production, which has a specific—and contingent—history of its own. 'Share capital' is a category of political economy concerning the realisation of specific interests throughout the economic life of a socially, politically and culturally heterogeneous and divided society. *The Critique of Political Economy* explains economic processes and commercial life, but above all it analyses and criticises the movement of relations of dominance and power as they are constituted between the members of modern societies. 'If some younger writers attribute more importance to the economic aspect than is its due, Marx and I are to some extent to blame. […] Unfortunately people all too frequently believe they have mastered a new theory and can do just what they like with it as soon as they have grasped—not always correctly—its main propositions. Nor can I exempt from this reproach many of the more recent "Marxists" who have, indeed, been responsible for some pretty peculiar stuff' (Engels 1890/2001, p. 36).

In April 1858, Marx revealed his plan to Engels (who articulated this self-criticism in 1890): 'The whole thing is to be divided into 6 books: 1. On Capital […] falls into 4 sections, (a) Capital *en général*. (*This is the substance of the first instalment*.) (b) *Competition*, or the interaction of many capitals, (c) *Credit*, where capital, as against individual capitals, is shown to be a universal element, (d) *Share capital* as the most perfected form (turning into communism) together with all its contradictions' (Marx 1858/1983, p. 298). Although the significance of this plan is often relativised in Marxology (Vollgraf 2013, pp. 9, 20–21), it is nonetheless intriguing that share capital is regarded as a pinnacle of the politico-economic analysis of the capitalist mode of production. Moreover, it is worth asking what lessons further analysis can offer for the 'political ["agreement"] directed against the whole present system'.

From the End of the 1850s to the Two IWA (International Workingmen's Association) Documents (1867 and 1869), Which Appeared After Completing Work on the First Volume of Capital in 1867

It is essential for this agreement that the fetishisations engendered by the capitalist mode of production are exposed and refuted. Furthermore, it is crucial to provide evidence that the material pre-conditions for a new mode of socialisation are already emerging within modern bourgeois societies. Marx was intent on accomplishing both—in the sense of articulating decisive, mutually complementary approaches. In his arguments on the critique of fetishisations, he developed the categories of critical political economy and placed them in relation to each other in a way that explains socialisation in the capitalist mode of production. The manuscripts provide the corresponding raw material.

Should the farmer invest in intensifying or expanding production, or 'should he invest the money with the bank, for interest, government bonds, railway shares, etc.?' (Marx 1861–1863/1988, p. 545). This question in the 1861–1863 manuscript illustrates the expansion of the stock market alongside expanding commoditiy production and money circulation. 'As I already remarked in my writing on money, the variety of production dates of distinct articles fosters the use of money as a means of payment, further as credit. It is this development of the credit system which, through the establishment of joint-stock companies etc., enables the production of such articles (i.e. through the capitalist production thereof […]), which are the result of a longer, even years-long labour process […] the very late return of which in the form of use value and (late) realisation of surplus value can lay idle the capital of even major capitalists for years. (Let alone the volume of capital the undertaking of such works devours in the first place)' (Marx 1863–1867/1988, p. 222). Credit, as the result of socialised production and circulation, facilitates the development of relations not only between commodity and capital owners, but also between creditors and debtors. Speculation on future capital valorisation, on the prospective exploitation of labour power and redistribution of income, assets and property grows. 'Whereas circulating capital – i.e. its valorisation – rests more on *present* labour, [...] the valorisation of fixed capital is based to a disproportionately greater degree on *future* labour [...] The number of shares thus increases along with the formation of fixed capital, [...] which not only represent ownership titles to its value [...], but simultaneously an entitlement to its future *valorisation*, [...] to shares in the *surplus value* extorted by the capitalist class as a whole (interest, etc.). As it were, the development of the credit system finds in this a new material basis; yet the same holds true for the development of that *segment of money capital* which amounts to no more than an *accumulation of ownership titles* concerning *future* labour and surplus labour' (ibid., p. 288).

Speculation increasingly engulfs those individuals in a position to actually build up savings. It drives forward major economic projects—'[v]ery large undertakings [...] where the proportion of constant capital is extraordinarily high, such as railways' (Marx 1864–1865/2015, p. 371) with lasting long-term effects and in the form of joint-stock companies: '...now one, now the other, continues to accumulate for a certain length of time *on the basis of a given average ratio of these components*, so that its growth does not involve any organic change and is thus no cause for a fall in the rate of profit' (ibid.). Joint-stock companies, that is the movement of share capital, counter the tendency of the rate of profit to fall. Joint-stock or capital companies are able, at least temporarily, to establish their own production costs as the basis of the price for goods they produce. This occurs not least through the actions of paid managers, who organise the building up and development of the association of capitals, that is to say, the mobilisation of capital for the operational processes required for producing and realising surplus value. 'The *wages of superintendence* (in the case of both the mercantile and the industrial manager) appear as completely separate from profit (as distinguished from interest) both in the workers' *cooperative factories* and in bourgeois *joint-stock companies*' (ibid., p. 489). This raises the question of implications for the preconditions to overcoming the capitalist mode of production and a corresponding political agenda: '*Joint-stock companies* [...] have the tendency to separate this *labour of superintendence* more and more from the *possession of capital* [...] just as with the development of bourgeois society the judicial or administrative functions, for example, became separate from *landed property*, with which they were bound up in feudal times' (ibid., p. 490). This in turn challenges emancipatory-solidary forces to seek new possibilities for action, so as to counter profit maximisation, heteronomy, ecological destruction and deception, while simultaneously identifying new challenges. If, for example, managers are paid according to shareholder value yet bear only minor or no personal risk at all while engaging in speculation, there will be a general rise in speculation and crisis conditions. 'Capitalist production has itself brought it about that the labour of direction is readily available, quite independently of the ownership of capital. […] Cooperative factories provide the proof that the capitalist has become just as superfluous as a functionary in production as he himself, from his superior vantage-point, finds the landlord to be' (ibid., p. 489, fn. 39).

This, however, does not explain how or by whom exactly state functions are to be realised. 'Vis-à-vis the moneyed capitalist, the productive capitalist is a worker, but *his work is that of a capitalist*, i.e., an exploiter of the labour of others. The *wage of this labour* is exactly equal to the quantity of others' labour appropriated, in other words it depends directly upon the degree of exploitation' (ibid.). That is not to say that the differing interests between moneyed capitalists, productive capitalists and their managers will inevitably entail positive effects for the exploited and oppressed. Marx summarises in the '*The formation of joint-stock companies*' that, in the context of the credit system based on interest-bearing capital, joint-stock companies represent, firstly, a 'tremendous expansion in the scale of production, and enterprises' (Marx 2015, p. 536). Previously, such enterprises could only be '*governmental'.* The joint-stock companies are social capitalist enterprises; in terms of their form, their capital is, *secondly*, '*social capital*' (capital of directly associated individuals) as opposed to '*private capital*', resulting from 'a social concentration of the means of production and of labour powers', while the joint-stock companies are 'social enterprises as opposed to private ones. This is the abolition [*Aufhebung*] of capital as private property *within* the confines of the capitalist mode of production itself' (ibid., p. 536). Thirdly, the 'actually *functioning capitalists [are] [transformed]* into mere *managers* (of other people's capital) and … the *owners of capital [are] [transformed]* into mere property owners, mere *moneyed capitalists*' (ibid.). The total profit is drawn 'in the form of interest, i.e., as a mere *reward for capital ownership* [...] Profit thus appears [...] as simply the appropriation of other people's surplus labour, arising from the transformation of the means of production into capital [...] as the property of another, vis-à-vis the actual producers, which includes all individuals from the manager down to the lowliest wage-labourer' (ibid.). To Marx, the separation of capital ownership and function within the joint-stock company represented an essential 'result of capitalist production in its highest development [...] a necessary point of transition towards the transformation of capital back into the property of the producers, but no longer as the private property of individual producers, but rather as their property as associated producers, as directly social property. It is furthermore a point of transition towards the transformation of all functions formerly bound up with capital ownership in the reproduction process into *simple* functions of the associated producers, into social functions' (ibid., p. 537). Wage labourers would (and should) therefore act in their own best interests by dispossessing the owners of capital, redefining and gradually assuming management functions, reshaping production and the state, while changing themselves in the process. To regard this challenge as an easy task would be naïve. The overwhelming majority of people simply hope for a good manager and a more just distribution between interest/profits and wages. Social capital, which presents itself as 'a self-abolishing contradiction [...] establishes *monopolies* in certain spheres and hence provokes *state intervention*' (ibid., p. 537). If this condition continues, because the 'necessary point of transition towards the transformation of capital back into the property of the producers' (ibid., p. 537) remains an untapped possibility, state actors and other elites once again enter the valorisation co-operation of financial and industrial capitalists, second only to top management—due to the dimension, or rather position within the process of social reproduction. The moneyed capitalists' credit-based command over a growing social system of mobilising money for credit-financed exploitation and speculation, expanding it and thus facilitating real capital accumulation based on the production, appropriation and realisation of surplus value, leads to the development of 'a *new financial aristocracy*, a new pack of parasites in the guise of company promoters and directors (merely *nominal* managers)'. They constitute 'an entire system of swindling and cheating with respect to the issue of shares and dealings in shares. It is private production unchecked by private ownership. Apart from the joint-stock system – which … destroys private industry… – credit offers the individual capitalist […] an absolute command over *other people's capital* and *other people's property* […] (and, through this, command over other people's labour). […] The actual capital […] now becomes the basis of a superstructure of credit. […] All standards of measurement, all explanatory reasons that were still more or less justified within the capitalist mode of production now vanish' (ibid., p. 538). The accumulation of capital, largely realised via the accumulation of share capital, causes a renewed concentration of capital, and *therefore* […] *expropriation*, on the most enormous scale. Expropriation now extends from the immediate producers to the small and medium capitalists themselves. This expropriation is the starting-point of the capitalist mode of production, the goal of which is to carry it through to completion, and even, in the final analysis, to expropriate all individuals from the means of production […] In the joint-stock system, there is already a conflict with this old form, but the joint-stock system itself, *within* its capitalist limits, leads to a renewed development of the opposition between the character of wealth as something social and wealth as a private affair. The *cooperative factories* […] show how, at a certain stage of development of the material forces of production, and of the social forms of production corresponding to them, a new mode of production develops and is formed naturally out of the old one. Without the factory system that arises from the capitalist mode of production, cooperative factories could not develop. Nor could they do so without the credit system that has grown out of the same mode of production [and which] forms the principal basis for the gradual transformation of capitalist private enterprises into capitalist joint-stock companies ….' (ibid., 538).

'Conflict' refers, firstly, to the negation of the individual entrepreneur by the joint-stock company, secondly, to the expendability of the capitalist and, thirdly, to the private appropriation of the products of social labour and the related speculation. At the same time, the question of the integration of the co-operative factory is raised in terms of strategies for the critique, or rather overcoming of the capitalist mode of production.

The credit system accelerates socialisation and with it 'the creation of the world market, which is [...] the *historic task* of the capitalist mode of production. At the same time, credit accelerates the violent outbreaks of this contradiction, crises, and with these the elements of dissolution of the old mode of production' (ibid., p. 539). This is a direct reference to the '*Historical Tendency* of Capitalist Accumulation' in the twenty-fourth chapter of the first volume of *Capital*. It becomes clear that Marx actually worked on the joint-stock company and share capital rather intensely before compiling the first volume, although they superficially appear to be of only marginal interest, as the first volume mainly addresses the movement of the capitalist mode of production and, related to it, surplus value and capital (on this, see also Balibar 1965/2015). In the process, Marx also explained commodity and money fetishism and the specious character of capitalist production. He composed this ultimately incomplete text in a way that animates readers to think for themselves while enjoying it at the same time, not least through the use of wit and humour. Yet in the context of the 'colonial system [which] ripened trade and navigation as in a hot-house' (Marx 1867/1976, p. 918), joint-stock companies are named alongside '"companies called Monopolia" [...] [as] powerful levers for the concentration of capital' (ibid.). 'The treasures captured ouside Europe by undisguised looting, enslavement and murder flowed back to the mother-country and were turned into capital there' (ibid.). The colonial system 'proclaimed the making of profit as the ultimate and the sole purpose of mankind. It was the origin of the modern system of public debt and borrowing' (ibid.). The above-discussed interconnection between colonisation, public debt, joint-stock company, manufacture and capital accumulation is thus reproduced. In the first volume of *Capital*, the joint-stock company is of interest particularly in the sense of a 'combined capitalist' and for the mobilisation of a required 'minimum sum of value the individual possessor of money or commodities must command in order to metamorphose himself into a capitalist [...] Certain spheres, even at the beginnings of capitalist production, require a minimum of capital which is not yet to be found in the hands of single individuals. This situation gives rise to state subsidies to private persons [...] and partly to the formation of companies with a legally secured monopoly over the conduct of certain branches of industry and commerce – the forerunners of the modern joint-stock companies' (ibid., p. 424). Joint-stock companies are also interesting in the context of speculation and swindle. Moreover, as previously hinted at, there is a clear logical interconnection between them as a 'point of transition' between a capitalist and a post-capitalist mode of production:

> as soon as the capitalist mode of production stands on its own feet, the further socialization of labour and the further transformation of the soil and other means of production into socially exploited and therefore communal means of production takes on a new form. […] Hand in hand with this centralization, or this expropriation of many capitalists by a few, other developments take place on an ever-increasing scale, such as the growth of the co-operative form of the labour process, the conscious technical application of science, the planned exploitation of the soil, the transformation of the means of labour into forms in which they can only be used in common, the economizing of all means of production by their use as the means of production of combined, socialized labour […] The monopoly of capital becomes a fetter upon the mode of production which has flourished alongside and under it. The centralization of the means of production and the socialization of labour reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder […] The expropriators are appropriated. (ibid., p. 928f)

Yet this possibility requires that wage earners reach internal agreement regarding a radical critique of the capitalist mode of production and overcome the competition which divides their interests, because: 'The advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws. The organization of the capitalist process of production, once it is fully developed, breaks down all resistance. The constant generation of a relative surplus population keeps the law of the supply and demand of labour, and therefore wages, within narrow limits which correspond to capital's valorization requirements. The silent compulsion of economic relations sets the seal on the domination of the capitalist over the worker' (ibid., p. 899).

The IWA was founded in 1864 in response to this development. In the spring of 1865, Marx gave a presentation to the General Council entitled

'Value, Price and Profit' (Marx 1865/1985, pp. 101–149). This text exemplifies how the scientifically-based enlightenment of wage earners regarding their own situation, as well as encouragement and empowering towards a 'political ["agreement"] directed against the whole present system' could be combined. In the 'Instructions for the Delegates of the Provisional General Council. The Different Questions' of 20 February and 13 March 1867, its author, Marx, suggests several points of emphasis aiming at 'combining and generalising' the emancipatory aspirations of wage earners and promoting 'their ability to take their own fate into their own hands' (Marx 1867/1985, p. 186): the collective analysis of the condition of the working class, struggles for the reduction of working hours and the collective development of universal principles and recommendations for co-operation among wage earners. According to the manuscripts, this argument reads:

> We acknowledge the co-operative movement as one of the transforming forces of the present society […] Its great merit is to practically show, that the present pauperising, and despotic system of the *subordination of labour* to capital can be superseded by the republic and beneficent system of *the association of free and equal producers*. […] Restricted, however, […] the co-operative system will never transform capitalist society. To convert social production into one large and harmonious system of free and co-operative labour, *general social changes* are wanted […] never to be realised save by the transfer of the organised forces of society, viz., the state power, from capitalists and landlords to the producers themselves. (ibid., p. 190)

Following this idea, in 'order to prevent co-operative societies from degenerating into ordinary middle-class joint stock companies […] all workmen employed, whether shareholders or not, ought to share alike' (ibid.).

At stake is solidarity among the workers of a co-operative factory, of wage earners as a whole. Marx's agenda makes sense: organising education and learning processes as well as an identity of interests among wage earners, fighting for scopes of individual and collective health and self-determination, working purposefully and democratically towards the wage earners' taking of power. On 4 May 1869, the IWA's General

Council resolved a text composed by Marx, namely 'To the Workmen of Europe and the United States' (Marx 1869/1985, pp. 47–52), calling for solidarity with Belgian workers whose strike action was being crushed in a bloodbath. Here, joint-stock companies are depicted as an alliance among the ruling elites for the purpose of economic and socio-political co-operation (ibid.).

On the 1868–1881 Manuscript, in Which Marx Further Analysed the Joint-Stock Company and Share Capital with Special Attention to Its Relation to Credit

The manuscripts for the second volume of *Capital*, written in 1868–1881, address the joint-stock company in relation to capital turnover, i.e. to social circulation.

> In the era of developed capitalism, … where on the one hand massive capitals are concentrated in the hands of individuals, and on the other hand the associated capitalist (joint-stock companies) steps onto the scene alongside the individual capitalist – where credit, too, is developed – it is only in exceptional cases that a capitalist builder still builds houses to order for individual clients. He makes a business out of building rows of houses and whole districts of towns for the market, just as individual capitalists make a business out of building railways as contractors. (Marx 1868–81/2008, p. 311)

However, 'Disturbances in the money market therefore bring such businesses to a halt, while those same businesses, for their part, induce disturbances in the money market' (ibid., pp. 433–434). The individual acts through which total social capital is moved time and again cause disproportions which disrupt or prevent completion of individual capital circuits. This 'total capital appears as the share capital of all individual capitalists together. This joint-stock company has in common with many other joint-stock companies that everyone knows what they put into it, but not what they will get out of it' (ibid., p. 509). This is related especially to the money and commodity markets. 'In all branches of industry whose production periods (as distinct from their working periods) extend over a relatively long time, money is constantly cast into circulation by the capitalist producers during this period, partly in payment for the labour-power applied, partly for purchasing the means of production that are to be used […] This factor becomes very important […] in connection with long-drawn-out enterprises undertaken by joint-stock companies, etc. such as the building of railways, canals, docks, large municipal buildings, the construction of iron ships, […] etc' (Marx 1868–1881/2008, pp. 532–533). The 'real movement of individual capitals' (Marx 1981, p. 1010) engenders certain phenomena such as, for instance, '[virtual] additional constant capital' (Marx 1868–1881/2008, p. 575)' and 'virtual additional money capital' (Marx 1868–1881/2008, p. 573) Guided by his ongoing interest in the living conditions of the exploited and, beyond the relations of production, gender relations, Marx studied the restrictive regulations affecting young women factory workers in the lodgings of joint-stock companies (ibid., ff.).

In 1864/1865, he had still not intended to discuss the topic of credit or the credit system intensively (see Marx 1864–65/2015, pp. 424, 898), merely seeking to explain 'the form of interest-bearing capital and […] the way interest acquires autonomy vis-à-vis profit' (ibid., p. 461). As late as early April 1868, he claimed to see no need for further study of the stock exchange, trade in shares, etc. (Marx 1868/1988, p. 7). That said, the effects of credit on the processes of socialisation, capital accumulation and especially on the interests of the differently exploited were too important to hold on to the original plan. In late April of 1868, he declared the credit system to be one focus of his work, mentioning a 'chapter on credit' in November of that same year (Vollgraf and Roth 2003, p. 445). In 1875, Marx probably inserted an additional passage on the problematics of debt, colonialism and the joint-stock company into the twenty-fourth chapter of the French edition of the first volume of *Capital* (ibid., p. 446).

> The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows unproductive money with the power of creation and thus turns it into capital […] The state's creditors actually give nothing away, for the sum lent is transformed

> into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would. But furthermore, and quite apart from the class of idle *rentiers* thus created, the improvised wealth of the financiers who play the role of middlemen between the government and the nation [...] has given rise to joint-stock companies to dealings in negotiable effects of all kinds, and to speculation:[5] [...] to stock-exchange gambling and the modern bankocracy. (Marx 1867/1976, p. 919)

In parallel with the accumulation of state debt and the expansion of share trading, public and private banks, the government, parliament and private speculators formed alliances—as shown with regard to the Crédit Mobilier—in order to borrow money to service public debt or finance prestigious and profitable projects such as railways, armies, colonial conquests and colonial trade. Credit money systems, the international credit system and national tax systems were established: 'Public debt became the *credo* of capital' (ibid.)—because the facilitation of specific economic projects which, given guaranteed lucrative interests and profits, entails securing resources and markets and thus dominance, or rather power in the economic sphere, and because it simultaneously entails a long-term regulatory impact on society's economic life in the sense that the direction and way in which socialisation develops is determined. The allocation of credit is tied to specific conditions. Debtor and debt service necessitate certain resource movements, which in turn lead to changes in the relations of production. When Marx worked on the first volume of *Capital*, intensely developing considerations upon transitions to the capitalist mode of production and possible transitions from the latter to a post-capitalist mode of production, he was no longer able to look optimistically towards the IWA or its successor organisation. Colonial exploitation based on public credit and stock capital (apart from the adaptation of wage earners to capital accumulation, which 'breaks their power of resistance') had managed to awaken wage earners' interest in credit-financed exploitation. The hunt for wages was now accompanied by that for special commodities and social privileges *vis-à-vis* the world's weakest populations, by speculation on additional income, by hopes of improving one's position in the existing system of social relations.

In February 1881, Marx wrote to Danielson:

> The ruling magnates amongst the different railway-nets directors contract not only – progressively – new loans *in order to enlarge their networks*, i.e. the "territory", where they rule as absolute monarchs, but they enlarge their respective networks *in order to have pretexts for engaging in new loans* which enable them to pay the interest due to the holders of obligations, preferential shares, etc., and also from time to time to throw a sop to the much ill-used common shareholders in the shape of somewhat increased dividends. This pleasant method must one day or another terminate in an ugly catastrophe. […] The octopus railway king and financial swindler *Gould* […] told the New York commercial magnates: You now attack the railways […] but take heed: after the railways *every sort of corporation* (means in the Yankee dialect *joint stock company*) will have its turn; then, later on […] *all forms of associated* capital; you are thus paving the way to – *Communism*. (Marx 1881/1991, p. 63)

The question is not simply one of credits for production 'with a vengeance', but largely about a production for credit which must pay off—borrowing in order to fund speculation or, rather, to service previously acquired debt and related interests, which leads to particular crises of production with socially, ecologically and economically destructive effects. Crises may well emanate from the colonies as well. 'In *India* serious complications, if not a general outbreak, is in store for the British government' (ibid.). Engels evidently only looked at one aspect of share capital movements which renders the chain by which wage earners are bound to capital more tolerable and tighter at once when he wrote to Bernstein in 1883: 'The stock exchange simply adjusts the *distribution* of the surplus value *already stolen* from the workers, and how that is done may at first be a matter of indifference to the workers as such. However the stock exchange adjusts this distribution in the direction of centralisation, vastly accelerates the concentrations of capitals and is therefore as revolutionary as the steam engine' (Engels 1883/1991, p. 433f).

On Engels's Work on the Publication of Marx's Estate and His Own Contributions (Annotations)

The collective responsible for editing the second edition of the MEGA reconstructed and gave recognition to the complicated history of Engels's painstaking work on the publication of all three volumes of *Capital*, particularly the third one. Thus, in brief: in his version of the third volume of *Capital*, Engels included everything relating to the joint-stock company and share capital. That said, he made two mistakes: in one comment, he remarks that the trusts are only short-lived (Marx 1894/1981, p. 215), and in another annotation in Chapter 27 he states the exact opposite (ibid., p. 429; on this, see also Vollgraf 2004, p. 31). The second error pertains to the role of share capital in the processes of centralisation. Marx himself notes on the development of productive forces under conditions of competition:

> [T]his brings about […] concentration of capital, since the conditions of production now require the use of capital on a massive scale. It also leads to the swallowing-up of small capitalists by bigger ones and the "decapitalisation" [*Entkapitalisierung*] of the former. […] This process of divorce of the conditions of labour from the producers (which would soon shake capitalist production if counteracting tendencies were not constantly at work alongside this centripetal force, in the direction of decentralisation) > forms the *concept* of *capital* and of *primitive* accumulation, subsequently appearing as a *constant process* in the *accumulation* of capital, before it is finally expressed here as the *centralisation of the capitals that already exist* in a few hands and the *decapitalisation* > (this is what distinguishes it from *expropriation*) of *many*. (Marx 1864–1865/2015, p. 350)

Engels replaced the ambigious 'shake' with 'breakdown', thereby unwittingly lending support to those in the Second International hoping for the old mode of production to break down of its own accord rather than follow Rosa Luxemburg in orienting towards revolutionary struggle (see also Vollgraf 2004, p. 32). During his work on Marx's writings for the third volume of *Capital*, Engels realised that the state of the manuscripts was such that Marx never would have approved of their publication (Jahn 1992, p. 134). Marx changed his plans many times (such as in the treatment of the credit problematics), constantly searching for new forms to express his thoughts, and increasingly sidelined the impatient Engels who urged him to finish the manuscript. As a result, Engels had to ultimately work (and strike the right balance) on three different levels: between what Marx had planned, or rather outlined, in 1864–1865; that which Marx had actually written down (often in differing versions); and that which occurred in practice (e.g. in the communications and credit system). This task left him feeling uneasy, not least because of his awareness of his own limitations in fully comprehending Marx's thought (Vollgraf 2004, pp. 12, 16). This had become particularly evident with regard to value forms, the transformation problem, transitional and macro-economic considerations, as well as to the selection of certain terms like 'functioning capitalist'. He also produced his own work around the same time, which inevitably influenced his editing work to some extent (ibid., p. 25). Adding to this were his political obligations, personal problems, illness, increasing age and declining work capacity. It is also worth noting that Engels, like his contemporaries, understood the authenticity of a text on the basis of its preserved substance, not the retention of the exact wording (Vollgraf and Roth 2003, p. 429).

Volume II.14 of the MEGA contains Engels's material on the third volume of *Capital*, including his annotations on the stock exchange, which he neglected to include in the original publication of the third volume in 1894. The draft seems to have been produced between November 1891 and November 1892 (ibid., p. 893). Engaging with this draft is rewarding not least because the initial 1933 MEGA edition upgraded this text to the status of an addendum to the third volume of *Capital* (ibid., p. 896) and was referenced in the so-called 'imperialism debate' later on. '(1) … But since 1865, when this book was written, a change has occurred that gives the stock exchange of today a significantly increased role, and a constantly growing one at that, which … has the tendency to concentrate the whole of production … in the hands of stock-exchange speculators, so that the stock exchange becomes the most preeminent representative of capitalist production as such' (Engels [1895] 1981, p. 1045). This refers to financialisation driven by stock market transactions. [At the beginning of the 1890s about 17 per cent of Germany's national wealth was invested in securities, in Prussia it was around one quarter (Meyer 2001, pp. 107–108)]. For publication, Engels would surely have explained this change with a view to the realisation of the joint-stock capital Marx analyses in the context of credit as opposed to giving even the remotest of impressions that he considered Marx's work to be outdated. In this sense, abstracting from the so-called primitive accumulation of capital and taking into consideration the dimension of stock market transactions, it is absolutely correct when Engels states: '(2) In 1865 the stock exchange was still a secondary element in the capitalist system. … The joint-stock banks, on the other hand, … were already predominant on the Continent and in America … Even railway shares were relatively weak compared with their present position … (3) … Since the crisis of 1866, accumulation has proceeded at an ever growing pace, and in such a way moreover that in no industrial country … can the extension of production keep step with that of accumulation … With this accumulation, there is also a growth in the number of rentiers' who 'pursue only a light occupation as directors of companies. And … in order to aid the investment of the mass of money capital thus afloat, new legal forms of company with limited liability were devised wherever they did not yet exist' (ibid., pp. 1045–1046). The social positions of power of those who make a living from speculation and financial transactions allow them to decisively influence social production and reproduction. They are able to improve, say, through laws—particularly those pertaining to stock capital—the conditions for the realisation of their interests. '(4) Accordingly, a gradual transformation of industry to joint-stock undertakings. One branch after the other experiences this fate. First of all iron, where gigantic investments are now needed (this was already true of mining before, where this was not already organized in shares). Then the chemical industry, ditto. Engineering. On the Continent the textile industry … breweries … Then the trusts, which set up giant enterprises with a common management (e.g. United Alkali) … Similarly now already with retailers … The same for banks and other credit institutions' (ibid., pp. 1046–1047). Here, Engels paints a consistent picture of the progressing concentration and centralisation of capital as well as stockmarket-*ification*. To Marx, in contrast, these processes are ridden with contradictions. What is surprising, however, is that Engels omits the state entirely in this context. He continues to outline: '(5) The same thing in the realm of agriculture. The enormous extension of the banks, which particularly in Germany… are more and more the holders of mortgages, ultimate ownership of the land falling into the hands of the stock exchange' (ibid., p. 1047), which found expression in altered laws once again. '(6) Then there are foreign investments, all in joint-stock form' (ibid.), which, again, are mentioned without any reference to the state. '(7) Then colonization. Today this is a pure appendage of the stock exchange, in whose interest the European powers divided up Africa a few years ago … directly leased out to companies' (ibid.).

Although joint-stock companies and the stock exchange began with brutal colonial policies and the aforementioned valorisation co-operations (backed up by stock exchange trading) intensified the violence against colonial inhabitants exponentially, colonisation cannot be adequately explained through the development of joint-stock and capital companies or the stock exchange-ification of resources alone. It necessitates, alongside economically-motivated conquest, political engagement with one's competitor. Moreover, the military certainly cannot be recruited from the stock exchange. In the draft version, the joint-stock company is not debated as an association of unequally powerful capital owners. In fact, relations between them, economic actors and non-capital owners receive only marginal attention. The everyday life of workers, however, not only became more reliant on share capital, but often also—and in contradictory ways—more prosperous. Adding to this is the fascination with technical innovation, in the production of which one is involved and which allows the daily routine to appear more attractive. A growing body of law feeds the belief that better laws—as opposed to political struggle against ruling elites—are a path to (more) justice. The socialisation of work and economic life, particularly via valorisation co-operations, has—by use of credit and share capital—reached a dimension and intensity of integration of economic and economic-political actors leading to either the illusionary agenda of a quick smashing apart of this dense network of power, or to helpless resignation in the face of the social structure's seeming invulnerability. Under no circumstances, then, should we blame Engels for the fact that his hopes did not materialise. 'If the crises demonstrate the incapacity of the bourgeoisie for managing any longer modern productive forces, the transformation of the great establishments for production and distribution into joint-stock companies and state property shows how unnecessary the bourgeoisie are for that purpose. All the social functions of the capitalist are now performed by salaried employees' (Engels 1878/1987, p. 265). That this 'taking them over by the state has become *economically* inevitable' (ibid., footnote) represented 'the attainment of another step preliminary to the taking over of all productive forces by itself' (ibid.) did not prove to be the case over the long term. At this point, Engels (unwittingly) promoted Hilferding's concept of organised capitalism, which would go on to serve as the theoretical arsenal for reformists within German Social Democracy. However, valorisation co-operations emerged from most crises stronger than before.

Conclusion

The joint-stock, or rather capital companies and share capital, became determinants of modern bourgeois societies.[6] Similar to the development of value forms, a movement of the capital relation towards share capital can be identified. Ever since the emergence of share capital, financialisation has become the most important form of capital accumulation. The most important industrial and moneyed capitalists jointly valorise their capital, or rather allow their managers to accumulate capital for them. They are the most powerful in society because their co-operation for the purpose of capital valorisation is complemented by, or combined with, partners in the state and in 'politics', 'throughout the remaining economy', in the field of 'security', in research and development, education, the media and culture, in lobbying, consulting and accounting, in the trade unions and 'civil society'. It is nevertheless an impersonal power which emanates from these valorisation co-operations, determining the direction and mode of socialisation. They appropriate the products of others' labour without providing an equivalent in return, while redistributing incomes, assets and property both via markets (particularly financial markets), and via the national and supra-national tax-, financial- and regulatory systems, to their own benefit. They impose their will upon society. They are 'capital oligarchies'. Their development has brought about structures of social production and consumption dominated by corporations, organised as joint-stock or capital companies in the areas of energy/raw materials, transport, agriculture, high tech, 'security' and finance. Capital and share capital accumulation, financialisation and capital oligarchies all form part of the same whole, continuously driving forward the factual exercising of violence upon people, the implementation of externally dictated ways of life, and the destruction of the natural sources of life. The law of value is breached by the monopoly to such an extent that the socially necessary work quota for the reproduction of commodities and the formation of market values and production prices no longer occurs through the competition of two more or less equal actors. Nevertheless, we can conclude with reference to Deutscher (1967) that Marx is not obsolete—these developments are manifestations of the relationships and tendencies which he had already pointed out (Deutscher 1967, pp. 259–260). That this occurred the way it did, that the emancipatory-solidary forces were neither able to capitalise on the collapse of so-called 'state socialism' in 1989–1990, nor on the eruption of the global financial crisis in 2008 (which called into question the legitimacy of the elites and the models they champion more generally in the eyes of relevant social groups) to stabilise and strengthen their own positions of power, is owed to one reason in particular: they were not prepared for such developments as they were incapable of realising an ongoing, democratic 'political ["agreement"] directed against the whole present system'. This agreement can be achieved only on the basis of an organised, wide-ranging, continuous analysis of the 'whole present system' and a reappraisal of the experience of active engagement with it. The challenge is to bring together and organise those suffering from exploitation, oppression and heteronomy, those resisting and those criticising these conditions as a whole. The only ones capable of organising are those already organised and those who are willing—and able—to organise on the basis of concrete interests. An organised, continuous analysis of the 'whole present system' can succeed if those who organise and analyse acquire and reproduce the capacity to radically criticise the capitalist mode of production and bourgeois society.

Luxemburg and Gramsci made specific reference to the third volume of *Capital* when substantiating the necessity of such an analysis, political education and a culture that would facilitate the former as well as political activity (Luxemburg 1918, pp. 291–301; Gramsci 1932–p. 35, § 32–38, § 41VI–VII). The problematic third volume of *Capital*, as an unfinished theoretical system with its considerations on share capital, the joint-stock company and financialisation, as well as its radical critique of exploitation and destruction of the natural world and its engagement with fetishisation, is based on Marx's manuscripts from the 1860s. And yet it invites us to ask questions, identify shortcomings, to criticise what we have read. It helps to organise the collective analysis upon which the coalition policy of emancipatory-solidary forces with a 'truly […] common resultant' (Wolf 2015, p. 738) can base itself on. This would in fact represent (or support) the 'political ["agreement"] directed against the whole present system'.

Self-determination, including and especially in gender relations; dignity (not least in the form of dignified work); globalised solidarity; ecology and thereby security in the sense of peace, guaranteed political, social and cultural basic rights; protection from and support during natural disasters; time, energy and food sovereignty—these are some of the many suggestions for the 'common resultant'. It would actually take us back to the IWA's demands for the coordination of wage earners: shorter standard working days, self-organisation for self-support, a political struggle for a mode of socialisation which emancipates humans, makes them socially equal and preserves and improves their natural environment.[7]

Notes

1. Just to illustrate their economic significance: from 1831 to 1840, the first five railway stock companies (or AG in German) were founded in Prussia. Its share of total stocks of all 27 stock companies amounted to 48 percent. By 1950 the 21 railway AGs accounted for 69 percent of the 67 stock companies' total stock (Bösselmann 1939, pp. 199–200).
2. Permeation of the process of social reproduction by financial market actors; socialisation driven by financial market transactions.

3. This also implies a discussion of the state and politics which, at least by tendency, points beyond the *Critique of Political Economy*.
4. Marx thereby addresses the question of the new forms of capitalist enterprise.
5. Meaning share trading.
6. The various concepts of monopoly capitalism, state-monopoly capitalism, organised capitalism and Empire consider the problematic of share capital discussed here to an insufficient extent.
7. The author would like to thank Lutz Brangsch and Frieder Otto Wolf for their helpful comments.

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Capital, Volume III—Gaps Seen from South Africa: Marx's Crisis Theory, Luxemburg's Capitalist/Non-capitalist Relations and Harvey's Seventeen Contradictions of Capitalism

Patrick Bond

Introduction

Why look to the still-obscure third volume of Marx's *Capital* for insights into capitalist contradictions and full-blown crises, over 150 years after his critique of bourgeois political economy first emerged? Economic crises are now commonplace, intensifying in terms of fluctuation, geographical reach, spread and metabolic urgency through which exploitative relations of market-state-society-nature unfold since the 1970s. Today, the analyses of crisis tendencies as developed by Karl Marx (1818–1883), Rosa Luxemburg (1871–1919) and David Harvey (1935–) are more necessary than ever. *Capital*, Volume III, published posthumously in 1894, exhibited both unparalleled explanatory power as well as glaring gaps. South Africa is one context in which crisis conditions are currently

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playing out, and in which Marx's analysis can be augmented through Luxemburg and Harvey. Several gaps in Marxian theory were at least partially filled by Luxemburg's *Accumulation of Capital* in 1913, particularly in terms of capitalist and non-capitalist relations, drawing upon one of her main case study sites, South Africa (Bond et al. 2007). Since 1982, David Harvey's work has revisited *Capital* and, particularly in *Limits to Capital* and *The Enigma of Capital*, provided new conceptual framings around space, time and 'accumulation by dispossession' embedded within his explanation of the capitalist system's 'seventeen contradictions'. South Africa, one of the world's most harshly unequal class societies with a corporate class deeply prone to accumulation by dispossession—or what PricewaterhouseCoopers (2016) calls 'economic crime'—assists us in developing a concrete understanding of Volume III's contributions to crisis theory.

Capitalist crisis tendencies ought to be, in the spirit of *Capital,* more explicitly explored in critical political economic research. Over the past half century, systemic tendencies towards 'overaccumulation' became increasingly evident in the core capitalist countries, alongside a brief intensification of class-, gender-, race- and South-North anti-imperial struggles, and a downturn in the rate of corporate profitability (in value-producing sectors). To counter these tendencies, the managers of global capitalism turned to several techniques to *displace*, but not resolve periodic crises. In addition to the standard responses to falling profitability identified by Marx—the intensification of production though a higher of capital-labour ratio (the 'rising organic composition of capital' that follows 'relative' surplus value extraction) together with worker speed-up and casualisation ('absolute' surplus value extraction). Three techniques are particularly evident in South Africa:

1. *delaying* problems by throwing money (especially in the form of credit) at them:
2. *shifting* capital to more amenable sites; and
3. capital's tendency towards *stealing* resources in lieu of generating profits which, in ordinary times, would arise from the standard circulation of capital.

These crisis displacement techniques help us to understand capitalist contradictions featured in *Capital*, Volume III. This is especially true in the South African context, in what is probably the world's most acute case of uneven and combined capitalist development.

From OverProduction, to Relative and Absolute Surplus Value Extraction, to Financialisation

None of the processes described above are particularly new, dating back to capitalist crisis tendencies playing out over the past two centuries as the system's laws of motion matured and as growing swathes of the world economy came to be dominated by wage labour, commodity exchange and financial markets. By the time the notes for *Capital*, Volume III were scribbled down in bits and pieces (around 1865) and assembled by Friedrich Engels as best he could eleven years after Marx's death in 1883, a new economic form had emerged: the corporation (then termed a 'joint-stock company'). The modern firm's reach and power signified a maturing of crisis conditions, which Marx interpreted as capitalist overaccumulation: 'Overproduction of capital and not of individual commodities – though this overproduction of capital always involves overproduction of commodities – is nothing more than overaccumulation of capital [...][T]he need to pursue the production process beyond its capitalist barriers: too much trade, too much production, too much credit' (Marx 1981, pp. 359, 345).

Marx identified two main reactions to temporarily shore up capitalist profits. First, some capitalists would react to competition with a stronger short-term drive to invest in capital-intensive technologies, seeking relative surplus value against other capitalists, which provides the fastest-innovating capitalists with a temporary advantage. The more investment companies make in labour-saving technology, however, the less labour there is within the production process to exploit—thus ultimately driving down profit rates across the system as a whole, even if the first companies to deploy the technology benefit from an initial competitive edge.

As Marx explained, 'the reduced rate of profit and the overproduction of capital spring from the same situation' (Marx 1981, p. 361).

Second, exploitation of workers could be intensified, described by Marx as absolute surplus value extraction through speed-up: 'The tendential fall in the rate of profit is linked with a tendential rise in the rate of surplus-value, i.e. in the level of exploitation of labour. Nothing is more absurd, then, than to explain the fall in the rate of profit in terms of a rise in wage rates, even though this too may be an exceptional case' (Marx 1981, p. 347). This is an important corrective to those post-Keynesian economists who view a falling rate of profit as a distributional process resulting from militant workers driving up labour costs, as is sometimes claimed (during the late 1960s or, more recently, in China).

These are not the only potential reactions of capitalists faced with over-accumulation and falling profits—some entail temporal (time-based) factors such as accelerating the velocity of capital circulation. However, Marx (1981, p. 418) warns that 'this turnover is decisively restricted by the speed and volume of the total individual consumption'. This accounts for the other temporal factor to temporarily overcome such consumption limits: the credit system. Finance displaces capitalist crisis over time, insofar as overproduction in the short term can be mopped up through higher immediate consumption—albeit at the expense of repaying the loans' principal and interest in subsequent periods. The benefit of the financial market, Marx (1981, p. 419) suggests, is that 'given the modern credit system, it has a large part of the society's total money capital at its disposal, so that it can repeat its purchases before it has definitively sold what it has already bought'. This financialisation process is one of the main ways to 'stall' crisis tendencies, in the form of what Harvey termed the 'temporal fix'.

Imperialism as a Capitalist/Non-capitalist Mode of Accumulation by Dispossession

Another reaction to overproduction and falling profitability in local markets is geographical expansion designed to 'shift' crisis tendencies. This is what Harvey calls the 'spatial fix', taking place at a variety of different scales from the local to the global. It was fitting that Engels' final words in Volume III—in a section on the Stock Exchange—explain the corporate financial power behind colonisation:

> Today this is a pure appendage of the stock exchange, in whose interest the European powers divided up Africa a few years ago, and the French conquered Tunis and Tonkin. Africa directly leased out to companies (Niger, South Africa, German South-West and East Africa), and Mashonaland and Natal taken possession of for the stock exchange by Rhodes. (Marx 1981, p. 1047)

The notion that the European powers divided Africa in the 'interests' of finance capital during the 1870s–1880s crisis of overaccumulation is uncontroversial, as political economists ranging from John Hobson (1902) to Ian Phimister (1992) have shown. As a result, capital's geographical expansiveness was also based, as Marx sarcastically observed in *Capital* Volume I, upon a core feature of capitalist colonialism, primitive accumulation:

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population [...] and the conversion of Africa into a preserve for the commercial hunting of blackskins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. (Marx 1976, p. 915)

Beyond stalling and shifting, then, capitalism also resorts to 'stealing': accumulation by dispossession not as a one-off case of primitive accumulation, but as a tendency which becomes more explicit during crisis periods. By 1913, Luxemburg had developed a full-fledged theory of imperialism from insights taken mainly from the third volume of *Capital,* featuring both crisis tendencies and the extra-economic character of primitive accumulation. 'Accumulation of capital periodically bursts out in crises and spurs capital on to a continual extension of the market'. Capital cannot accumulate without the aid of non-capitalist relations, nor, Luxemburg wrote, 'can it tolerate their continued existence side by side with itself' (1968, p. 413). From her reading of the continual extension of the market in Africa (including German colonies Namibia and Tanzania, the Belgian Congo and South Africa) in particular, she observed various forms of stealing:

> Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process. Bourgeois liberal theory takes into account only the former aspect: 'the realm of peaceful competition', the marvels of technology and pure commodity exchange; it separates it strictly from the other aspect: the realm of capital's blustering violence which is regarded as more or less incidental to foreign policy and quite independent of the economic sphere of capital. In reality, political power is nothing but a vehicle for the economic process. The conditions for the reproduction of capital provide the organic link between these two aspects of the accumulation of capital. The historical career of capitalism can only be appreciated by taking them together. 'Sweating blood and filth with every pore from head to toe' characterises not only the birth of capital but also its progress in the world at every step, arid thus capitalism prepares its own downfall under ever more violent contortions and convulsions. (Luxemburg 1968, p. 396)

In the period that Marx and Luxemburg analysed capital's laws of motion 'at every step', these processes of imperialism were already evident. The 1884–1885 'Scramble for Africa' took place at a Berlin conference held by the main colonial powers just after Marx's death (as Engels mentioned). For Luxemburg,

> [c]apitalism is the first mode of economy which is unable to exist by itself, which needs other economic systems as a medium and soil. Although it strives to become universal, and, indeed, on account of this its tendency, it must break down – because it is immanently incapable of becoming a universal form of production. In its living history it is a contradiction in itself, and its movement of accumulation provides a solution to the conflict and aggravates it at the same time. (Luxemburg 1968, p. 447)

Capitalism's 'breakdown' follows from the way it 'aggravates' its own contradictions, as became clear a decade after Luxemburg's 1919 murder.

Although Rudolf Hilferding's (1981) *Finance Capital* first articulated a general Marxist theory of the corporation in 1910, there were, as Henryk Grossman (1992) demonstrated in 1929, profound flaws in his conception of the banks and the real economy. Hilferding attributed far too much managerial power to 'six large Berlin banks' whose control 'would mean taking possession of the most important spheres of large scale industry'. Such stabilisation capacities were unknown to Marx and Engels while drafting Volume III. In his book *The Law of Accumulation and Breakdown of the Capitalist System*, Grossman insisted that overaccumulation was the core contradiction, but its implications for financial crisis were potentially vast—demonstrated by the meltdown of the stock market merely seven months after the book's publication. The increasingly centralised financial system Hilferding described—and twice sought, unsuccessfully, to regulate as German Finance Minister during the 1920s—did not provide capitalism with more stability, but instead with greater vulnerability (Bond 1998).

Luxemburg, in the meantime, had also made careful remarks on capitalism's tendencies towards crisis, but also provided a full-fledged theory of imperialism which holds up in both historical and contemporary terms better than those of Hilferding, Lenin, Bukharin and Hobson. Most of the prevailing theories explained imperialism by way of inter-capitalist competition, while her interpretation identified the more durable exploitative relations between capitalism and the non-capitalist world, particularly in the colonial territories from which so much surplus was drawn.

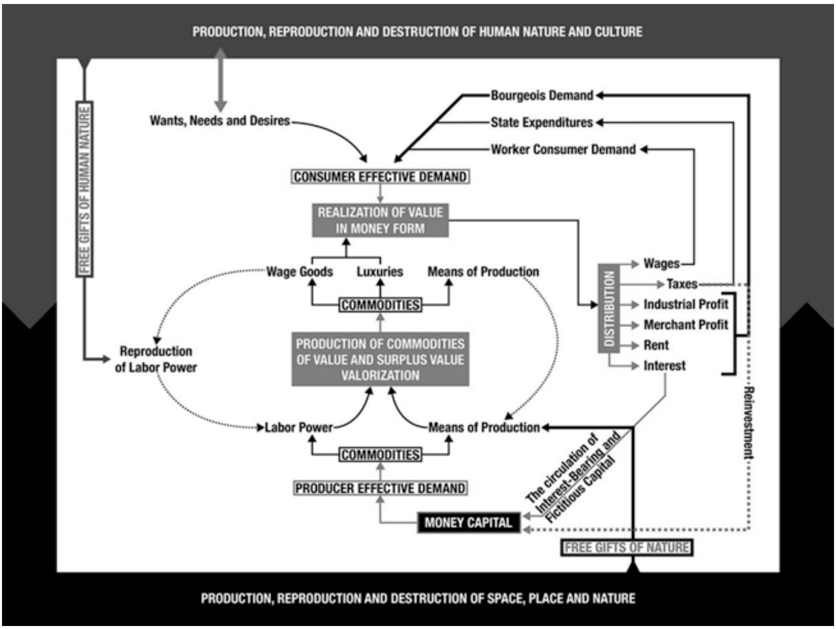
Capitalism's Barriers and Limits

Finally, drawing these insights into an updated version of economic crisis theory, Harvey suggests a series of steps representing various kinds of barriers and limits to the profitability capitalism requires to maintain its momentum:

- from the production of commodities through surplus value valorisation;
- through the realisation of value and its distribution;

- through the dilemmas of insufficient consumer demand and manipulated desires in the context of labour power reproduction (terribly gendered as that process has been throughout history);
- through investment and the circulation of financial capital; and
- ultimately, through the ways that human culture and environment bestow 'free gifts' on capitalism, as reflected in both the production and destruction of nature and indeed all forms of life.

Marx's Volume III reiterates the basic process by which 'value components […] could be resolved for their producers and the owners of the means of production into wages, profit and rent. This is simply the capitalist way of expressing the fact that commodity value is always just the measure of the socially necessary labour continued in a commodity' (1981, p. 990). Beyond that core reality of valorisation, however, lies the production, reproduction and destruction of values (including human nature, culture and the environment).



Source: David Harvey (http://davidharvey.org)

Drawing on these traditions, and explicitly linking crisis tendencies in *Capital* to Luxemburg's critique of accumulation by dispossession, Harvey expanded his conception of crisis in *Limits to Capital*. In 2014, Harvey published a survey of interlocking conceptual routes into capitalism, deploying a revitalised dialectical analysis and renewed socialist political strategy titled *Seventeen Contradictions and the End of Capitalism,* which are considered in more detail below as applied to South Africa, following a section providing background on the contemporary capitalist crisis. Our analysis, then, follows a logic based on these processes:

- the inexorable underlying tendency of competition driving capitalism to crisis is the rising organic composition of capital and hence overproduction;
- the broader condition of overaccumulation emerges, further intensifying ruinous competition;
- capital responds to crisis tendencies and pressure on profit rates at three levels:
    - as Marx showed, a search for relative and absolute surplus value in the production process:
    - as Luxemburg showed, the next stage is an intensified metabolism of capitalist/non-capitalist relations, often generating a more militaristic mode of imperialism: and
    - as Harvey shows, capital increasingly takes recourse to a wide variety of spatio-temporal fixes such as financialisation and globalisation, as well as accumulation by dispossession, also reflecting capital's power over the non-capitalist world;
- relative surplus value of mechanisation amplifies overproduction;
- the search for absolute surplus value—especially in the form of outsourced labour to other geographical sites—deepens imperialism; and
- the dominant capitals facing a crisis of overaccumulation resist and transfer the costs of the necessary devalorisation onto vulnerable spaces and populations, and nature itself.

These ideas, all of which have their roots in Volume III of *Capital,* merit analytical application in a place like South Africa with its extreme contradictions, ranging across the entire spectrum of uneven and combined development.

South Africa's Capitalist Crisis and Permanent Primitive Accumulation

A great many scholars and revolutionary activists attempted neo-Marxist analyses of the South African political economy throughout the 1950s–1980s, as apartheid first reached new heights of power before collapsing. Although a revival has begun since 2000, the 1970s and 1980s were the last period during which explicitly Marxist arguments were dominant in the social sciences (the 1990s witnessed many desertions, as former political economists turned to work within and around the state, often as deradicalised consultants; see Bond 2014). Because capitalism so obviously profited from apartheid's hyper-exploitative conditions, this earlier generation of scholar-activists asked: if we want to rid the state and society of legally-structured racism, *must we also end capitalism*?

The independent left replied in the affirmative, impressed by the rapid emergence of socialist trade unionists following the path-breaking Durban dock strikes of 1973. Intellectually, Marxist scholars were armed with the 'articulations of modes of production' critique, based on the apartheid Bantustans' race-gender-ecological intersections with high-profit capital accumulation (Wolpe 1980). Then, to the surprise of many in 1985 (Gelb 1991), the leading bloc within white English-speaking big business began the nine-year process of conclusively shedding its apartheid shell. The state's minor, top-down reforms of apartheid had not, by then, proven effective. They included co-optation systems with second- and third-class citizenship for different oppressed racial groups, opposition to which catalysed the formation of the United Democratic Front in 1983. Protests intensified in the mid-1980s, generating several more reforms: in 1986 the so-called 'Pass Laws' (requiring black citizens to show identification to be allowed in urban areas) were dropped, and in 1991 the Group Areas Act—mandating racially segregated residency—ended. Finally, the country's first, free democratic elections were held in 1994.

How were these concession won? Capitalist crisis broke the alliance between the racist, Afrikaner-dominated state and the big English-speaking capitalists in the mining, manufacturing, retail and finance sectors. Capital's political shift in the mid-1980s was due to overlapping pressures and contradictions bubbling up at the time, including the bold township and workplace revolts, declining profits due partially to overaccumulated capital exposed after the 1980 gold price collapse (from $850 to $250/ounce), growing political delegitimation through the campaigns of the African National Congress (ANC) liberation movement, and the economy's overexposure to global finance. International financiers suddenly grew hostile in August 1985 in the wake of a new round of repression by P.W. Botha's government, further encouraged by solidarity activists promoting banking sanctions (Bond 2003). Not only did the conjuncture drive a wedge between white English-speaking capitalists and the Afrikaner racists in charge of the state, but Afrikaners themselves were increasingly divided between embattled 'verkramptes', who soon lost their hegemonic status, and neoliberal 'verligtes' led by Botha's replacement, F.W. de Klerk. He ascended to the presidency in 1989, freeing Nelson Mandela and legalising the ANC and South African Communist Party only six months later.

At the same time, de Klerk's regime began implementing Washington Consensus policies—raising interest rates significantly, privatising the steel industry, and imposing a value-added tax. By 1994, he had agreed to the National Party's abdication of the commanding heights of state and the deracialisation of apartheid capitalism in order to avoid civil war. Sufficient protections had already been agreed to in an interim 1993 constitution, including a foreign debt repayment deal and an $850 million International Monetary Fund loan, which together locked Mandela's ANC onto a neoliberal track. Within months of taking power, the ANC's now dominant neoliberal bloc liberalised the main exchange controls, announced further privatisations, and began cutting corporate taxes from the 1994 high of 55 per cent to 39 per cent by 1999 (28 per cent by 2013). Popular uprisings and strikes were repressed.

Thus, the most extreme contradictions were temporarily resolved for the dominant fraction of South African capital. After opening a private dialogue with exiled ANC leaders at a game park near Lusaka during the

1985 debt crisis, men like the Anglo-American Corporation's Gavin Relly sought to co-opt leaders of the movement, including Mandela (whose ex-wife Winnie had allegedly accumulated $10 million in wealth by 1995). Furthermore, by 2000 the country's biggest mining firms (including Anglo, De Beers and what would become BHP Billiton), brewery (SAB Miller, which merged into Anheuser-Busch in 2016), insurance tycoons (Old Mutual) and IT firm (Didata) had demonstrated exceptional geographical adaptability, all shifting their financial headquarters to London. Extremely high levels of capital flight resulted, reaching up to 23 per cent of gross domestic product (GDP) in 2007. As a result of this spatial fix, South African corporate profits were restored to a level the International Monetary Fund (2013) deemed third-highest among major economies by 2010.

Accumulation processes, however, were unhealthy, dependent as they were upon two main drivers: first, the commodity super-cycle lasted from 2002–2011, with a sevenfold overall price increase signifying recourse to capitalist/non-capitalist relations and nature's 'free gifts'. Second, a temporal fix in the form of an explosion in consumer credit emerged (measured as share of income rising from the 50–60 per cent range in 1990–2004 to 70–90 per cent from 2007–2016). At its worst point in 2009, excessive borrowing left half of the country's 20 million borrowers with 'credit impaired status', indicating failure to repay for at least three months.

The 5 per cent annual GDP increases witnessed during the 2002–2008 commodity boom (before the world financial meltdown) gave way to a period of stagnation and, in 2016–2017, formal recession and credit rating agencies' downgrading of state securities to junk status. This devalorisation was felt most acutely by the lower classes. By 2017, South Africa had become the most income-unequal country on Earth (Barr 2017) with a 63 per cent poverty rate (Budlender et al. 2015).

The underlying problem was a profound crisis of overaccumulation, particularly pronounced in the mining and industrial sectors. Oversupply was so acute that, by 2015, the value of the main South African mining houses had collapsed even more than during the 2008 crash. The platinum mining firm Lonmin's London Stock Exchange price plummeted from a high of 427,800c/share in 2007 to under 50c by late 2015, where it remains—a decline of more than 99 per cent. The Anglo-American Corporation was the largest firm in South Africa and the entire continent for most of the twentieth century, but its London value shrunk by 93.6 per cent from a 2008 peak (3540c/share) to its 2016 low (227c). The share price of the world's largest commodity trading firm, Glencore, fell 86 per cent from its initial 2011 London listing of 532c/share to 74c in 2016. The world's largest mining house, BHP Billiton, fell from its 2011 peak of 8452c/share by 78 per cent to 1787c/share in early 2016 on the New York Stock Exchange.

Steel is illustrative, as the annual capacity to supply the market rose from 1.3 billion to 2.5 billion tonnes between 2004–2016, while demand only rose from 900 million to 1.3 billion tonnes. Most new capacity was Chinese (from 15 per cent to 50 per cent of world production between 2000–2015). With the rising gap between capacity and demand, the price of hot rolled steel fell by 60 per cent from 2011–2015, and share prices of the two main South African firms collapsed. In 2009, the price of the world's largest firm, Arcelor Mittal—whose (Indian) owner Lakshmi Mittal bought the previously state-owned Iron and Steel Corporation of South Africa—reached 92,709c/share, but had fallen 98 per cent to 2012c/share by 2017. The second largest, Evraz Highveld, was founded as Highveld Steel and Vanadium Corporation in 1960, purchased by (Russian) entrepreneur Roman Abramovic in 2008, and bankrupt by 2016. Mittal claimed the same fate would befall him should the South African government fail to provide a 40 per cent protective tariff. In 2016–2017, 20 per cent was allowed.

Tellingly, this case combines Chinese steel overproduction, Indian and Russian owners of failing steel firms which were once the core of South African industry, and local workers losing their jobs. Together, these do not speak to economic fraternity and solidarity among the BRICS (Brazil-Russia-India-China-South Africa), but instead a form of capitalist cannibalism. In mid-2016, the G20 (2016) trade ministers diagnosed the crisis at their Shanghai meeting:

> We recognise that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and

> workers. We recognise that excess capacity in steel and other industries is a global issue which requires collective responses.

Nonetheless, little was accomplished and South African steel output declined by 3.5 per cent in 2016, while overall global capacity continued to increase. Donald Trump attended the 2017 G20 meeting having committed himself to a 20 per cent steel tariff, prompting harsh criticism from the world's two leading export nations, China and Germany. Ultimately, these core contradictions of capitalism were dealt with in mildly ameliorative ways by the G20 (2017, p. 4), as can be observed in the 2017 Leaders' Declaration:

> Recognising the sustained negative impacts on domestic production, trade and workers due to excess capacity in industrial sectors, we commit to further strengthening our cooperation to find collective solutions to tackle this global challenge. We urgently call for the removal of market-distorting subsidies and other types of support by governments and related entities. Each of us commits to take the necessary actions to deliver the collective solutions that foster a truly level playing field. Therefore, we call on the members of the Global Forum on Steel Excess Capacity, facilitated by the OECD, as mandated by the Hangzhou Summit, to fulfil their commitments on enhancing information sharing and cooperation by August 2017, and to rapidly develop concrete policy solutions that reduce steel excess capacity.

Devalorisation of overaccumulated capital was well underway as share devaluation hit the vulnerable steel and mining companies. However, devalorisation was also visited upon the working class, the precariat and the environment itself—both in South Africa and everywhere else. Indeed, a central question posed by Harvey's Marxist approach to geopolitics is who—which classes, capital fractions or geographical regions—will pay the costs of devaluation. (As an example of the latter, the South African currency collapsed from R6.3/$ in 2011 to R17.99/$ in early 2016.) The struggle over the shake-out of producers, financiers and other asset holders holding capital made vulnerable by overaccumulation was diagnosed by Grossman in 1929 (1992):

> Devaluation of capital goes hand in hand with the fall in the rate of profit and is crucial for explaining the concentration and centralisation of capital that accompanies this fall… However much devaluation of capital may devastate the individual capitalist in periods of crisis, they are a safety valve for the capitalist class as a whole. For the system devaluation of capital is a means of prolonging its life span, of defusing the dangers that threaten to explode the entire mechanism.

But resistance to devaluation is an ongoing process which, as reviewed in the Conclusion, entails intense class struggle. To locate how such resistance relates to our contestation of the broader system, Harvey offers seventeen categories of capitalist contradiction which adhere quite closely to conditions now percolating in South Africa. These are divided into three sets of contradictions: 'foundational,' 'moving' and 'dangerous'.

Part One: The Foundational Contradictions

1 Use Value and Exchange Value

2 The Social Value of Labour and Its Representation by Money

3 Private Property and the Capitalist State

4 Private Appropriation and Common Wealth

5 Capital and Labour

6 Capital as Process or Thing?

7 The Contradictory Unity of Production and Realisation

Part Two: The Moving Contradictions

8 Technology, Work and Human Disposability

9 Divisions of Labour

10 Monopoly and Competition: Centralisation and Decentralisation

11 Uneven Geographical Developments and the Production of Space

12 Disparities of Income and Wealth

13 Social Reproduction

14 Freedom and Domination

Part Three: The Dangerous Contradictions

15 Endless Compound Growth

16 Capital's Relation to Nature

17 The Revolt of Human Nature: Universal Alienation

Foundational Contradictions

Harvey (2014) sums up capital's foundational contradictions (numbered in parentheses):

> The contradiction between use value and exchange value (1) depends on the existence of money, which lies in a contradictory relation to value as social labour (2). Exchange value and its measure, money, presume a certain juridical relation between those engaging in exchange: hence the existence of private property rights vested in individuals and a legal or customary framework to protect those rights. This grounds a contradiction between individualised private property and the collectivity of the capitalist state (3). The state has a monopoly over the legitimate use of violence as well as over the issue of fiat money, the primary means of exchange. A profound connection exists between the perpetuity of the money form and the perpetuity of private property rights (both imply the other). Private individuals can legally and freely appropriate the fruits of social labour (the common wealth) for themselves through exchange (4). This constitutes a monetary basis for the formation of capitalist class power. But capital can systematically reproduce itself only through the commodification of labour power, which solves the problem of how to produce the inequality of profit out of a market exchange system based on equality. This solution entails converting social labour – the labour we do for others – into alienated social labour – the labour that is dedicated solely to the production and reproduction of capital. The result is a foundational contradiction between capital and labour (5). Put in motion, these contradictions define a continuous process of capital circulation that passes through different material forms, which in turn implies an ever-deepening tension between fixity and motion in the landscape of capital (6). Within the circulation of capital a contradictory unity necessarily exists between production and realisation of capital (7). (p. 130f)

How do these seven core contradictions fit South Africa?

1. Use value and exchange value. This contradiction is most explicitly felt in South African politics, as the deepening commodification of all aspects of life requires neoliberal public policy, and also engenders a backlash in the form of decommodification campaigns. The latter are often confusing, generally a mix of intense resistance strategies and tactics emerging from the base as well as heated, populist rhetoric emanating even from the ruling party. Resistance has earned some in society a small amount of breathing room. For Harvey, 'many categories of use values that were hitherto supplied free of charge by the state have been privatised and commodified – housing, education, health care and public utilities'. Indeed, if '[t]he World Bank insists that this should be the global norm' (p. 45) as Harvey argues, one reason is their 'Knowledge Bank' guinea pig: South Africa (Bond 2014).

The transition from apartheid to democracy was replete with neoliberal techniques to maintain discriminatory power over social reproduction. Three main sites of rebellion emerged: commercialisation of municipal services, AIDS medicines and tertiary education. Concessions were won through social struggle, but only with respect to general provisioning of the AIDS drugs can activists claim a major victory: life expectancy rose from 52 to 62 years from 2004–2015 as a result of driving the price from $10,000/person/year (under the auspices of Big Pharma) to practically nothing. Many more demands for decommodification were made on the state by social movements and organised labour, such as a Basic Income Grant (instead of which, tokenistic welfare is offered on a means-tested basis), and a system guaranteeing lifelong telephone access. Most progressive civil society groups, whether non-governmental organisatons (NGOs) or community activists, continue these struggles, but do so mainly within a silo mode, disconnected from broader anti-capitalist critique.

2. The social value of labour and its representation by money. Harvey confirms financialisation's character as a foundational contradiction: 'Money that is supposed to represent the social value of creative labour takes on a form – fictitious capital – that circulates to eventually line the pockets of the financiers and bondholders through the extraction of wealth from all sorts of non-productive (non-value-producing) activities' (p. 56f).

South Africa witnessed finance, insurance and business services double as a share of GDP after 1994 to 23 per cent by 2015, while massive profit making from rentier activities continues. By late 2015, the market value of the Johannesburg Stock Exchange was 280 per cent of GDP, the highest 'Buffett Indicator' of any major country's modern stock exchange (Federal Reserve Bank of St Louis 2015). At that point, another $100 billion in corporate cash was left idle in bank deposit accounts. The temptation to leave funds in interest-bearing assets rather than make direct investments was partially due to exceedingly high interest rates in South Africa—the state paid the fourth highest rate for medium-term international bond sales among the world's fifty main economies (*The Economist* 2017). In addition, property speculation was a similar route for uneven geographical financial speculation—although, as discussed below, the major price increases were extremely geographically concentrated due to residential segregation along class lines.

3. Private property and the capitalist state. For Harvey, 'both private property rights and the rights of juridical individuals' are vital to capital. Although liberal rights do emerge more broadly over time, '[t]he balance of the contradiction between private interests and individual liberties on the one hand and state power on the other has shifted most decisively in recent years towards the undemocratic, autocratic and despotic centres of the state apparatus' (p. 68).

South Africa's 1996 Constitution is often declared the world's most liberal, regularly celebrated for endorsing socio-economic rights (although these have enjoyed very mixed results in Constitutional Court judgments). There is no question, however, that private property and corporate power (through 'juristic personhood') remain decisive social factors (Bond 2014). The resulting contradiction is that, for activists, fewer legal routes are open to win marginal gains—and in the process to tame protesters—leading to a relative decline in utilising one vital legitimating function of the bourgeois state.

4. Private appropriation and common wealth. Harvey insists that, rather than being dismissed as epiphenomenal 'cheating in exchange', as in *Capital,* Volume I, 'there are strong theoretical grounds for believing that an economy based on dispossession lies at the heart of what capital is foundationally about' (p. 85).

In South Africa, the capture or sale and despoilment of various natural commons—minerals, land, fresh water, clean air (not to mention the commons of politics, social relations, community care systems, mutual aid, etc.)—lies at the heart of capital's agenda. The so-called 'Minerals-

Energy Complex' plays a greater role in defining accumulation processes today than ever before. Lacking adequate polluter-pays clean-up systems, contradictions such as the older gold mines' acid mine drainage threatening the Johannesburg area or the coal pollution wrecking the country's east are obvious instances of private profiteering from common wealth and resources.

There are many other ways that this occurs, as the top 1 per cent of South African society's share of total income grew from 10 to 20 per cent between 1994 and 2000 (World Bank 2014). Among the commanding heights of industry, South Africa suffered under the world's most corrupt capitalist class according to PricewaterhouseCoopers (2016) Economic Crime Surveys.

5. Capital and labour. Harvey asks, 'where does the extra value come from to assure a profit when the market system in principle depends on equality of exchanges? There must exist a commodity that has the capacity to create more value than it itself has. And that commodity is labour power. And that is what capital relies upon for its own reproduction' (p. 99).

The South African contradiction is often termed 'articulation of modes of production', insofar as the 150-year old migrant 'cheap labour' system was reproduced through the (gendered) hyper-exploitative systems of racially-defined Bantustans. Apartheid ended in 1994, but the extent of migration—now reaching much further up continent as millions of political and economic refugees flee Africa's most resource-cursed countries—is much greater today, with resulting xenophobic outbreaks among the native working class. Additionally, hyper-exploitative labour outsourcing is now commonplace, with casual employment responsible for the majority of jobs in industries penetrated by black empowerment policies, like construction. One result: the proportion of economic surplus going to wages as opposed to profits is 6 per cent lower today than in 1994, with employee perks slashed to the bone as a result of casualisation.

6. Capital as process or thing? With regard to another deep-seated contradiction, Harvey asks: 'when and why does this tension between [capital's] fixity and motion and between process and thing become heightened into an absolute contradiction, particularly in the form of the excessive power of the rentier class, so as to produce crises?' (p. 118).

The answer periodically appears to congeal at the stage when the international agencies, such as Fitch, Moody's and Standard & Poor's, downgrade South Africa's credit rating, usually codified by the International Monetary Fund's Article IV Consultation annual reports. Their orientation towards capital prerogatives is notorious, a recent example being the August 2013 directive for President Jacob Zuma to impose semi-privatised highway tolls on the highways of Johannesburg province, even though this predictably led to an immediate 10 per cent decline in provincial support for the ruling party in an election less than nine months later. Finally, following two years of threats to downgrade the national credit rating to junk status unless both fiscal targets and political 'stability' were maintained, erstwhile Finance Minister Pravin Gordhan was fired in March 2017—within only four days, junk ratings were imposed by Standard & Poor's, followed by the other two agencies.

7. The contradictory unity of production and realisation. Through what Harvey terms 'two moments – first, production in the labour process and, second, realisation in the market… capitalist society has the tendency to restrict [sellers of labour power] to their minimum price. Further contradiction: the periods in which capitalist production exerts all its forces regularly show themselves in periods of over-production'. Then, '[t]he contradiction between production and realisation is internalised within the credit system' but 'the underlying problem is never abolished' and moreover, 'it is out of the interconnections between these different contradictions that financial and commercial crises frequently arise' (pp. 121–126).

The apartheid state had, like so many since the 1980s, begun liberalising banking (ending home mortgage institutions, for instance), and the new ANC government continued light-handed regulation from 1994 onwards, assuming that credit would be accessible to black people for the first time, who could now accumulate previously denied assets such as housing. With this, however, came a wave of 'mashonisa' micro-finance loan sharks, including several major banks which aggressively issued unsecured loans and resorted to stop-order (salary 'garnishee') strategies to enforce repayment. These latent contradictions regularly erupt to the surface, such as in the 2012 Marikana strikes, when workers demanded higher wages because their bank accounts were nearly empty due to monthly loan repayments.

Moving Contradictions

Another type of capitalist contradiction is that which moves and 'shape-shifts', so to speak. Harvey provides five examples:

8. Technology, work and human disposability. Capital's 'central contradiction', says Harvey, is 'between the incredible increase in the productive forces (broadly understood as technological capacities and powers) and capital's incapacity to utilise that productivity for the common welfare'. In the future, 'as the cutting edge of technological dynamism shifts from mechanical and biological systems to artificial intelligence,' even service sector and professional jobs will disappear, leaving 'large segments of the population redundant and disposable… aggregate demand for goods and services will consequently collapse' (p. 134).

In South Africa, a dramatic increase in automation followed the mid-1990s economic liberalisation, as the World Trade Organisation applied pressure and the end of sanctions facilitated the development of new trade routes. The official unemployment rate doubled. Activists face difficulties responding to these developments, an example of how '[t]he contradiction that faces capital morphs into a contradiction that necessarily gets internalised within anti-capitalist politics' (p. 161).

9. Divisions of labour. For Harvey, '[t]he central problem the division of labour poses is the relation between the parts and the whole and who (if anyone) takes responsibility for the evolution of the whole'. This is the case particularly because '[e]thnic, racial, religious and gender prejudices and discriminations become deeply embroiled in how the labour market as a whole gets segmented and fragmented and how pay gets determined' (pp. 162–167).

Nowhere is such labour segmentation as extreme and as colour-coded as in South Africa, even today. In our universities, for example, the preponderance of white males in professorial positions and the overall lack of black African professors is a public scandal. Another extreme division of labour can be observed in the security sector, where nearly a million black men are employed to protect mainly white people from other black men. Ethnic difference is a source of extreme tension in labour markets, inner-city and township housing, and retail shopping, with xenophobia emerging as one result of rising economic pressures.

10. Monopoly and competition: centralisation and decentralisation. Harvey argues that ‘monopoly power is more than an aberration but a systemic problem that arises out of what economists refer to as “rent seeking”… [because] monopoly power in economic transactions is paralleled by monopoly power in the political process’ (p. 189).

Since the early twentieth century, fewer than four companies controlled the vast majority of each industry in South Africa, with one—the Anglo-American Corporation—standing out as the leader in each. Since 1994, when Anglo strategists sold non-core assets in order to move funds offshore and specialise in mining, a badly mismanaged deracialisation of corporations has taken place, in which a quarter of each sector is mandated black-owned. The most notorious case is construction, in which collusion between the large firms led to huge mark-ups on mega-projects such as the 2010 World Cup stadiums (now mostly unused white elephants). At the same time, the so-called ‘tenderpreneurship’ deals flowing to favoured sections of the ANC at the municipal level illustrate how, as Harvey argues, ‘decentralisation is one of the best means to preserve highly centralised power, because it masks the nature of this centralised power behind a veneer of individual liberty and freedom’ (p. 202).

11. Uneven geographical developments and the production of space. ‘Without uneven geographical development capital would surely have stagnated, succumbed to its sclerotic, monopolistic and autocratic tendencies and totally lost legitimacy’, Harvey explains in what is probably his most enduring contribution to Marxist political economy: adding the spatial element, too often ignored. ‘Above all, uneven geographical development serves to move capital’s systemic failings around from place to place’ (p. 227f).

In South Africa, the surpluses channelled out of the value production system and into real estate, for example, left the local economy with a 389 per cent increase in residential property values from 1997–2008, which, according to *The Economist* (2009), was twice that of second-place Ireland’s, and four times higher than the bubble in the United States over the same period. The remaking of spaces includes not just garden-variety shopping malls (some of the Southern Hemisphere’s largest) but spectacular gated communities which reinvent apartheid-esque residential segregation in class terms. Widespread fear of criminality explains the limited extent of gentrification in the central urban districts (aside from Cape Town's geographically segregated waterfront and closed-in suburb of Woodstock, as well as Johannesburg's Maboneng and Braamfontein districts), and reveals the limits of these strategies (Bond 2000).

While it is true that '[l]ower costs in transport and communications can facilitate dispersal and decentralisation of activity across larger and larger geographical spaces' (p. 209f), this has occurred mainly through investments in South Africa's main airports, while $60 billion earmarked for new rail lines and associated coal-mining investments, and $25 billion for Durban's port expansion are geared mainly towards the export of raw materials, at the expense of an anticipated eightfold increase in East Asian imports.

But one problem, Harvey notes, is that '[c]redit makes territories vulnerable to flows of speculative capital that can both stimulate and undermine capitalist development. Territorial indebtedness became a global problem after 1980' (p. 215). South Africa's 1985 default was, as noted at the outset, a marker of capitalist contradictions stretching back to Paul Volcker's Federal Reserve, in many ways in line with Mexico in 1982 and Brazil in 1987. Since then, sovereign debt crises have periodically reoccurred—as witnessed again in Mexico in 1995, the major East Asian economies in the late 1990s, Argentina and Turkey in the early 2000s and, since 2007, in Iceland, Ireland, Cyprus and Greece. In South Africa, foreign debt doubled between 2009–2014 to $140 billion, reaching 40 per cent of GDP—roughly the same ratio as in 1985, when a financial crisis undid South African capital's apartheid straight-jacket.

12. Wealth and income disparities. Harvey observes how '[t]wenty-first-century capitalism seems to be busy weaving a net of constraints in which the rentiers, the merchants, the media and communications moguls and, above all, the financers ruthlessly squeeze the lifeblood out of productive industrial capital, to say nothing of the workers employed' (p. 251f).

According to the World Bank (2014), South Africa's Gini income coefficient (before state social policy interventions) rose to 0.77 (with 1 signifying total inequality and 0 perfect equality). One result was a rush to revise this downward spiral on the part of the Bank and its allies, as Bank staff claimed in 1994 that 'social wage' payments reduced the Gini to 0.59, while ignoring the state's vast subsidies to corporate capital which, given their size, could potentially push the Gini even higher (Bond 2015).

13. Social reproduction. With view to what Harvey terms the latent 'contradiction between the conditions required to ensure the social reproduction of the labour force and those needed to reproduce capital', South Africa is a site of great interest. One reason for this is that '[p]art of the neoliberal political programme and ethos in recent times has been to externalise as much as possible the costs of social reproduction on to the populace at large in order to raise the profit rate for capital by reducing its tax burden' (p. 266).

In South Africa, the primary corporate tax was lowered from 54 per cent in 1994 to 29 per cent today. Increases were made to both personal and value-added taxation to compensate, while tokenistic social policies were implemented, delivering a payment to caregivers of less than $1/day for care of 13 million children under 18 (the poverty line is generally understood to be $4/day). Monthly pensions for the elderly and disability grants are just over $100/month. While these grants go to nearly a third of the population, their low amount—especially after substantial deductions (microfinance, insurance and mobile phone usage) associated with them by a private company whose largest owner is the World Bank's International Finance Corporation—are generally considered inadequate. Opposition parties from both the centre-right and the far left have promised to double them.

Externalisation of social reproduction occurs in many other forms, harking back to the way migrant labour systems depended upon female peasants residing primarily in the 'Bantustan' homeland reserves (to which nearly half the country's population was forcibly resettled). There, they subsidised the social reproduction of male workers who travelled to the cities by looking after them in their youth, during illness or injury, or when they were sent home for being too old, often in their forties and suffering from silicosis from working in the mines.

Migrant labour practices continue while, in addition, a variety of corporatisation and outsourcing strategies have been adopted since 1994. One example is 'home-based care' (unpaid, performed by women) which became a survival strategy for the country's 6.5 million HIV+ citizens, particularly for those who live with full-blown AIDS. South Africa again finds itself among world leaders insofar as, as Harvey laments, '[s]ocial reproduction is the site where the oppression of and violence against women flourishes in many parts of the world, where educational opportunities for women are denied, where violence and abuse of children all too frequently occur, where intolerance breeds contempt for others, where labour all too often transfers its own bitter experience of violence and oppression in the labour process back on to others in the household' (p. 270).

Although the share of women in parliament rose from 2.7 per cent in 1993 to 42 per cent fifteen years later (the fourth highest in the world), and although the World Economic Forum's Global Gender Gap Index ranks South Africa fourteenth of 135 countries, South African society continues to exhibit profound socio-economic imbalances in gender relations. The Global Gender Gap Index puts South Africa at just sixty-seventh in wage equality, sixty-ninth in primary school enrolment, seventy-second in labour force participation, eighty-third in literacy and 107th in life expectancy. The post-apartheid unemployment rate for women has hovered at more than 45 per cent, compared to 35 per cent for men (counting those who have given up looking for work) and African women's pay is a quarter of what typical white men earn (Saul and Bond 2014).

14. Freedom and domination. A contradiction that hits home for activists is, Harvey reminds us, the 'stark choice at the end of the day between individual freedoms being mobilised in the cause of capitalist class domination or class struggle being mobilised by the dispossessed in the cause of greater social and collective freedoms' (p. 298).

In South Africa, liberal lawyers and NGOs have feinted at the latter but largely bolstered the former. This is vital in some areas in which apartheid-era social control heightened traditional patriarchal prejudices, such as women's rights. But outside the small upper classes, the potential for LGBTI liberation appears limited to the formal legal terrain (gay marriage is permitted, but Zuma often makes notoriously homophobic remarks to his rural followers amidst an epidemic of 'corrective' rape of lesbians). In February 2015, there was even talk of new restrictive municipal regulations (probably unconstitutional) designed to discourage immigrant ownership of township retail outlets during a time of intense overtrading and resurgent popular xenophobia. As Harvey concludes, '[t]here is no such thing as a contradiction that does not generate potentially contradictory responses' (p. 299).

Dangerous Contradictions

Finally, there are the kinds of contradictions which rise to the global scale to threaten the reproduction of the entire system, and with it humanity itself.

15. Endless compound growth. In light of natural resource constraints and heightened ecological damage linked to capital's cost externalisation and imperative to accumulate beyond satiation levels, a movement of left ecologists has emerged (primarily in Europe) under the catch-all label of 'degrowth'. Acknowledging some core merits of the critique, Harvey remarks, '[t]he World Bank is fond of reassuring us that a rising tide of economic development is bound to lift all boats. Maybe a truer metaphor would be that exponentially rising sea levels and intensifying storms are destined to sink all boats'. But he also introduces a contradiction based on that movement's somewhat monocausal sensibilities: 'Capital is not only about the production and circulation of value. It is also about the destruction or devaluation of capital. A certain proportion of capital is destroyed in the normal course of capital circulation as new and cheaper machinery and fixed capital become available. Major crises are often characterised by creative destruction, which means mass devaluations of commodities, of hitherto productive plant and equipment, of money and of labour' (p. 323).

This resonates in a South Africa where the most evident devalorisation of capital has, at least since 1994, occurred primarily in destroyed segments of industries and industrial zones outcompeted by Asian producers (clothing, textile, footwear, leather, appliances, electronics, etc.); in the de- and resegregated inner-city areas of Johannesburg and Durban, where property values plummeted and redlining is rife; and a profusion of exhausted mining towns sinking into slum-like conditions and exhausted extraction sites where 'natural capital' has been stripped, leaving only ecological catastrophe.

16. Capital's relation to nature. With regard to this most profound threat to us all, South Africa stands exposed as both an extreme villain and definite victim of climate change.

Cultivating a capitalist addiction to carbon measured (as energy-sourced CO_2/GDP/capita) twenty times higher than even the United States in recent decades, South Africa's long-standing coal-based power grid (amounting to 93 per cent of national power) is now amplified by the Medupi and Kusile power plants (4800 MW each), for which the World Bank issued its largest-ever loan in 2010. Droughts and floods have wreaked havoc in recent years. At one point in March 2014, extreme rainfall dampened the eastern districts' coal dust to such an extent that it could not be burned by Eskom (Africa's largest CO_2 emitter by far), forcing deep cuts in the country's electricity supply and nationwide brown-outs. Other mega-polluters include ArcelorMittal steel and Sasol, the privatised oil-from-coal/gas company, originally established during apartheid to withstand oil sanctions but now listed on the New York Stock Exchange. Sasol boasts the world's single-largest source point of CO_2 emissions (Secunda, not far from Johannesburg). A third is the world's largest mining house, BHP Billiton, which buys Eskom's electricity at \$0.01/kWh, a tenth of what South African households pay (Bond 2014).

Ecological chaos caused by these corporations notwithstanding, Harvey argues that 'it may be perfectly possible for capital to continue to circulate and accumulate in the midst of environmental catastrophes. Environmental disasters create abundant opportunities for a "disaster capitalism" to profit handsomely.' One reason is that 'natural use values are monetised, capitalised, commercialised and exchanged as commodities' (p. 344), a process extending even to the privatisation of the air, as pollution markets like carbon trading have already attempted. Though California and China are reigniting hopes that a bankers' solution to the climate crisis may yet be found, the European Union's carbon trading market crashed, as did the UN's Clean Development Mechanism gimmicks in Africa, spearheaded by South Africa's electricity-from-methane pilot project in Durban, which raised \$15 million as an offset based on highly dubious, racist premises. In 2015, egged on by the British aid industry, the South African government is now attempting to launch a national carbon market in lieu of the promised strong carbon tax. This market will surely fail as well, for, as Harvey concludes, 'the capital-nature contradiction now exceeds traditional tools of management and of action'. Not since the 1987 UN Montreal Protocol limited chlorofluorocarbon (CFC) emissions to address the growing ozone hole has the balance of forces been favourable for anything in environmental management worthy of the term 'global governance' (p. 352f).

17. The revolt of human nature: universal alienation. As Harvey puts it, our primary contradiction in fostering opposition to capitalism is our fragmented experience with the socio-economic beast: 'The direct producers of value are alienated from the value they produce. An ineradicable gulf is created between people through class formation. A proliferating division of labour makes it more and more difficult to see the whole in relation to the increasingly fragmented parts. All prospects for social equality or social justice are lost even as the universality of equality before the law is trumpeted as the supreme bourgeois virtue' (p. 369f).

Universalising anti-capitalist resistance and generating post-capitalist imaginaries are two of the most difficult political chores ahead. So how are South Africans managing?

Conclusion

The revolt against South African capitalism is proceeding apace. Given that this contribution specifically identified aspects of capitalist crisis tendencies as described by Marx in Volume III of *Capital*, let us consider first the rising resistance to devalorisation processes. These are particularly vital to workers facing sustained post-apartheid unemployment as a result of plant and mine shutdowns wrought by global economic volatility. South Africa's unemployment rate typically ranges between 35–40 per cent, including people who have 'given up' looking for work. It is also vital, however, to fuse a critique of plant and mine shutdowns from the standpoint of labour with the (often opposed) perspectives of community, race, gender and the environment. The social potential for combining these red-green agendas is enormous: in 2015, the Pew Research Center's biannual survey of world opinion found that South Africans (like most of the world's citizens) identified climate change (47 per cent) and global economic instability (33 per cent) as the two most important problems about which they are 'very concerned' (global rates were 46 and 42 per cent, respectively) (Carle 2015).

In 2017, at the time of this writing, other manifestations of resistance include ongoing waves of community uprisings and, for a fifth year in a row, the World Economic Forum's (2016) finding that the South African working class is the world's most militant. Moreover, new political forces have emerged to call for nationalisation of the banks, mines and monopoly capital (as the ANC did long ago, in its 1955 Freedom Charter): the Economic Freedom Fighters (EFF) led by firebrand Julius Malema, and the new South African Federation of Trade Unions (SAFTU). The former received 6 per cent of the vote in the 2014 national election, and 8 per cent in the 2016 municipal elections; the ruling party won 62 per cent and 54 per cent respectively, with centre-right and right-wing parties taking the rest. SAFTU is dominated by South Africa's largest trade union, the 340,000-strong National Union of Metalworkers of South Africa. The metalworkers were radicalised in large part by the 2012 massacre of 34 Marikana platinum mineworkers participating in a sustained wildcat strike. Not far away, just 18 months later, some of the same Marikana police murdered four community members protesting a long-term water shortage blamed on municipal corruption.

The lack of prosecution in cases of police brutality sent a clear signal to officers to unholster their weapons, amplified by $300 million committed to doubling the assigned 'Public Order Policing' (anti-protest) troops to 9522 from 2014–2017. These units are equipped with a dozen 'Long Range Acoustic Devices', designed to achieve 'disruption of balance through frequency' (similar to the Pittsburgh police attack on G20 protesters in 2009), along with 'pyrotechnics', 12,000 teargas canisters, 6000 stun grenades and 4000 anti-riot grenades. In a context such as this, as Luxemburg argued, 'force' against workers, women, communities and the environment is 'displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process'.

Ultimately, the effort to discover the stern laws of the economic process—especially the seventeen contradictions Harvey explains, the capitalist/non-capitalist exploitative system at the core of Luxemburg's concerns, and the crisis tendencies Marx identified in Volume III of *Capital*—will assist South African activists in intensifying their class struggles in areas that provide the greatest opportunities. In the present period of decay of the nationalist ruling regime, the most talked about struggles have been on the terrain of accumulation by dispossession and financialisation, where the Gupta family's notorious 'state capture' exploits pale in comparison to an estimated 35 per cent overcharging on the $50 billion annual procurement budget, mostly by what is termed 'white monopoly capital.' Although the dramatic struggle between the 'Zupta' (Zuma plus Gupta) faction and neoliberal White Monopoly Capital (WMC) faction of South African capital is perhaps the most obvious tension, the capitalist crisis tendencies described by Marx, Luxemburg and Harvey will continue to grind towards a much more intense confrontation in the coming months and years.

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Foreshadowing of the Future in the Critical Analysis of the Present

Michael Brie

As Paul Lafargue recalled, Marx once compared his *Capital* to the unknown masterpiece in Balzac's story of the same title. In Balzac's narration, a great painter eager to create an ideal image of his beloved mistress finally reveals it to others, yet instead of seeing the perfect reality of a young girl, the beholders observe 'a mass of strange lines' and a canvas repeatedly painted over. Only in one bottom corner, writes Balzac, does a 'a delightful foot, a living foot' protrude 'like the torso of some Parian marble Venus rising out of the ruins of a city burned to ashes' (Balzac 2001, p. 41). To Marx, the first and only published volume of his magnum opus appeared as just such a torso. Thanks to the second edition of MEGA, we now have access to all of the manuscripts Marx compiled in preparation for the numerous political-economic projects he intended to conduct between 1844 and 1878, and yet even today the volumes of *Capital* can be seen as both an unknown masterpiece and as a burnt expanse of charred ruins.

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Capital receives a boost of media hype every time a new crisis shakes popular faith in capitalism, in which Marx appears as Cassandra predicting the fall of the Golden City. This is only possible because both the songs of praise for capitalism's world-historically unprecedented productivity and innovative force, as well as the analysis of its antagonistic dynamics and destructive momentum, alienation and loss of control, are inextricably linked in his oeuvre. Appreciated as his analysis of capitalism may be, then, the communist agenda permeating his work is rarely taken seriously. The Marxian question of how the conditions of a post-capitalist order could emerge precisely *because* of the still continuously increasing power of capital valorisation over labour, nature and society, and how to do so *within its confines*, has largely been shelved. A significant factor in this process was the rise and fall of the Soviet Union. After all, at least in Lenin's eyes, *Capital* was supposed to have transformed the Marxism of the *Communist Manifesto* from a mere hypothesis into an irrefutable scientific theory. To him and his followers, the October Revolution seemed to corroborate this theory's world-historical power, while the Soviet state apparatus embodied its realisation. Many contemporaries assumed that the collapsing Soviet Union would bury Marx's revolutionary work in its rubble, extinguishing its fiery embers. The question is whether Marx's work itself is to blame for this, and what problems Marx's *Capital* poses for the search for a post-capitalist mode of development.

Marx was part of a comprehensive political and intellectual process of searching in the nineteenth century, inquiring as to how the vast potential created by the global rise of capitalism could be harnessed in pursuit of the freedom, equality and solidarity which the Great French Revolution had placed on the political agenda, and how to overcome the new forms of exploitation and oppression. The fatal collapse of the German and European democratic revolutions of 1848/1849 only fortified Marx's conviction that a radical social revolution was the solution to this dual challenge. Two centuries later, this searching process remains unfinished, and has gained a new level of urgency in social, ecological and peace-policy terms. It is no exaggeration to say that humanity either finds a solution in the twenty-first century or regresses to a barbaric state.

Ernst Bloch drafted Marx's critical approach into the following formula: 'The dialectical-historical tendency science of Marxism is thus the mediated *future science of reality plus the objectively real possibility within it*; all this for the purpose of *action*' (Bloch 1995, p. 285). This chapter seeks to demonstrate new ways of rendering Marx's approach fruitful for a new, critical-interventionist transformation research in the twenty-first century. In a first step, Marx's concept of critique is discussed. Secondly, problems raised by Marx's vision of an 'association of free men' are considered. Thirdly we address the transitory character of the capitalist mode of production and the preservation of the capacity for development in a post-capitalist order. Fourthly, I relate these deliberations to conceptional questions concerning social-ecological transformation in the twenty-first century.

Marx's Concept of Critique and the Constitutive Elements of a New Society

From the outset, *Capital* was challenged by a misunderstanding: because of the vivid analysis and depiction of the capitalist mode of production and the character of domination it entailed, the work's actual primary concern was less evident to many readers. In 1868, Marx wrote a letter to his friend Ludwig Kugelmann in which he cited a letter he had received from German textile industrialist Gustav Meyer: This 'letter gave me great pleasure. However, he has partly misunderstood my exposition. Otherwise he would have seen that I depict *large-scale industry* not only as the mother of the antagonism, but also as the producer of material and intellectual conditions for resolving these antagonisms, though this cannot proceed *along pleasant lines*' (Marx 1868, p. 552). Marx was less interested in understanding the capitalist economy *as such* or pointing out its negative consequences, so much as he sought to reveal the very nature of the processes through which the capitalist mode of production (both its accomplishments as well as its tendencies towards oppression and destruction) creates the pre-conditions for its own overcoming.

Marx's political-economic oeuvre is based on the novel concept of trinitarian critique he developed between 1843–1845. In the 1843 text

'Contribution to the Critique of Hegel's Philosophy of Law', unpublished in Marx's lifetime, he developed a notion of critique which led him on the way to his *Capital* of 1867. Between 1843 and 1845, Marx gradually devised an entirely new concept of trinitarian critique: (1) A critique of the actual relations of exploitation and oppression as transitional forms of antagonistic development, (2) the exposure of those tendencies and elements which point beyond the given social formation, and (3) a critique of the actual emancipatory movement and functioning as the latter's organ, so as to enlighten it about its goals, means and strategies. This was a veritable 'Copernican Revolution' in the understanding of critique, succeeding and negating Kant as well as Hegel (see Röttgers 1975). From its very inception, Marx's trinitarian critique sought to '*overthrow all relations* in which man is a debased, enslaved, forsaken, despicable being' (Marx 1844b, p. 182). Indeed, the claim to universal emancipation has never been stated more clearly! Marx equated this claim with communism by 1845/1846, defined not as '*a state of affairs* which is to be established, an *ideal* to which reality [will] have to adjust itself', but rather the '*real* movement which abolishes the present state of things'.[1] Since then, this meant for Marx that the 'conditions of this movement result from the new existing premise' (Marx 1845/1846/1975, p. 49). Marx argued that this premise had to be investigated scientifically; because he understood the economy as constituting the basis of all relations, the critique of political economy began to take centre stage in his thinking. Here, critique became a 'theory until further notice, understood as self-suspending, due to disappear with the practical abolishment of its object' (Reichelt 2007, p. 88).

This emancipatory conception of critique evolved and developed throughout the three volumes of *Capital*, seeking to devise, through critical analysis, possibilities for an emancipatory overcoming of capitalism. A 'correct view' of historically evolved conditions led to 'the points at which the suspension of the present form of production relations gives signs of its becoming – foreshadowings of the future' (Marx 1939/1973, p. 461). This is why he also saw his own work as 'the most terrible missile that has yet been hurled at the heads of the bourgeoisie (landowners included)' (Marx 1867/1987, p. 358). In fact, it would not be inaccurate to describe *Capital* as one of the greatest dramatic operas of intellectual history. After all, Marx sought from the outset to force 'these petrified relations […] to dance by singing their own tune to them' (Marx 1844b/1975, p. 178).

Capital should not be misunderstood as the work of an armchair scholar. From the very outset, Marx's political-economic theory in 1857 originated directly in his assumption that a foreseeable crisis of capitalism would herald its revolutionary demise (Marx 1857/1982, p. 215). Parallel to composing the manuscripts which formed the basis for all three volumes of *Capital*,[2] he was also involved as a leading activist in the establishment of the International Workingmen's Association (IWA), which began co-ordinating labour struggles and socialist movements all over Europe and even the United States, in 1864. He presented some of the basic ideas for his work to the latter's General Council in a bid to provide a convincing explanation for the need to combine economic and political struggle.[3] This highlights the fact that he regarded his own scientific work as 'interventions into theory-formation processes of the workers' movement' (Arndt 2011, p. 105).

Three aspects illustrate how eminently political *Capital* truly is, and with what determination it pursues a communist agenda. They include, firstly, Marx's respective line of inquiry within the discipline, inseparably linked to his disagreement with the positions of the influential French socialist Pierre-Joseph Proudhon (1809–1865). Marx wrote in a letter with regard to his own text, 'On the Critique of Political Economy', published in 1859: 'In these two chapters the Proudhonist socialism now fashionable in France – which wants to retain private production *while organising* the exchange of private products, to have *commodities* but not *money* – is demolished to its very foundations. Communism must above all rid itself of this "false brother"' (Marx 1859/1983, p. 377). Like other socialists, Proudhon identified the system of unequal exchange between capital and labour as the root cause of capitalist exploitation. According to Marx, Proudhon believed a reform of the credit system would allow workers to receive the full remuneration they were due.[4] Marx's theory of surplus value—which, according to Engels (Engels 1883/1989, p. 468), represented his second major discovery alongside the materialist concept of history—in turn sought to demonstrate that wages represent the price-form of the commodity of human labour, and that profit is a modified, secondary form of surplus value. According to Marx, the latter emerges from the difference between the value of labour power and the value of the products created by wage labour. Consequently, it was not primarily the credit system that had to be reformed, but rather wage labour as such—the separation of producers of material wealth from the conditions of production of this wealth—which had to be removed through revolutionary intervention into the relations of ownership.

Secondly, Marx's communist objectives directly influenced the *structure of* Capital *and the emphases of his depiction*. Comparing the final version of the first volume with the various drafts for subsequent volumes produced between 1861 and 1867, it is striking how workers' struggles for the reduction of the work day and higher wages come to the fore. During this time, the General Council of the IWA had concerned itself with the utility of these struggles and the question as to whether there existed an 'iron law of wages' which prevented lasting improvements to the condition of the working classes. The third volume of *Capital*—left uncompleted by Marx himself—was to elucidate the constitutive surface-forms of capitalist socialisation, with the intention of showing how the relation between capital and labour turns into the reversed and reified relations between wage labourer and business owner, capital investor and land owner, which also affect wage labourers' consciousness. Marx sought to explain how the impression that all four were entitled to a 'fair' share of the overall social product could emerge in the first place. The significance Marx attributed to forms of consciousness resulted not least from his efforts to push back against what he saw as petite bourgeois positions in the labour movement (those of Proudhon and Lassalle, the leading representatives of the socialist movement in France and Germany, or of the trade unionists in Great Britain in particular). The depiction of the trinitarian formula of 'capital, labour and land' as forms of ideological consciousness contained in the drafts for the third volume was thus directly linked to the question of class relations (Müller 1991, p. 127; Bischoff et al. 1993, p. 9; De Angelis 1998). The task at hand was to combine the struggle within the surface-level relations with a struggle to transform the underlying relations, yet this in turn required an awareness of the intrinsic links between these relations. In clear reference to Immanuel Kant, the third volume states of the classical bourgeois economy that 'even its best representatives remained more or less trapped in the world of illusion their criticism had dissolved, and nothing else is possible from the bourgeois standpoint; they all fell therefore more or less into inconsistencies, half-truths and unresolved contradictions' (Marx 1894/1981, p. 969).

This link between analysis and political strategy shaped Marx's concept for the third volume in another aspect, as well. Engels accounted for Marx's passing hints concerning the third volume of *Capital*, originally intended as the conclusion of his theoretical oeuvre, as follows:

> For the final chapter there is only the beginning. The intention here was to present the three great classes of developed capitalist society (landowners, capitalists and wage-labourers) that correspond to the three major forms of revenue (ground-rent, profit and wages), as well as the class struggle that is necessarily given with their very existence, as the actually present result of the capitalist period. Marx liked to leave conclusions of this kind for the final editing, shortly before printing, when the latest historical events would supply him, with unfailing regularity, with illustrations of his theoretical arguments, as topical as anyone could desire. (Engels 1894/1981, p. 97)

The theoretical reconstruction of this link between the essential relations of the capitalist mode of production and its surface-forms in turn ought to reveal the actual class relations of a society, and thus encourage workers' struggles which would enable them to overthrow this mode of production in a social revolution.

More generally, *Capital* seeks to show how 'the material conditions and the social combination of the process of production' mature, and with them 'the contradictions and antagonisms of the capitalist form', which in turn 'ripens both the elements for forming a new society and the forces tending towards the overthrow of the old one' (Marx 1867/1976, p. 635). In the third volume, this reference to the constitutive elements of a new society is made (firstly) with particular regard to the discussion of what we would today refer to as capitalism's ecological crisis. Marx draws on the works of leading agronomists of his time[5] in order to substantiate the theory of ground-rent. If Ricardo's assumption of decreasing land yield was true, as Marx wrote to Engels as early as 1851, then '[e]ven after the elimination of bourgeois production […] there remains the snag that the soil would become relatively more infertile, that, with the same amount of labour, successively less would be achieved, although the best land would no longer, as under bourgeois rule, yield as dear a product as the poorest' (Marx 1851a/1982, p. 262). Here, 'Malthus discovered the real basis for his theory of population' (ibid., p. 258). As he studies, Marx begins to conclude: 'But the more I go into the stuff, the more I become convinced that the reform of agriculture, and hence the question of property based on it, is the alpha and omega of the coming upheaval. Without that, Father Malthus will turn out to be right' (Marx 1851b/1982, p. 425). Proceeding from this observation, Marx argues that the 'irreparable rift in the interdependent process of social metabolism […] prescribed by the natural laws of life itself' (Marx 1894/1981, p. 949) can only be overcome if a (communist) society with 'conscious and rational treatment of the land as permanent communal property, as the inalienable condition for the existence and reproduction of the chain of human generations' (ibid.) emerges.

Secondly, his in-depth studies of the metabolic exchange with the natural world prompted Marx to question the widespread communist notion that the productive forces could develop '*ad infinitum*' (as also entertained by the young Engels 1844/1975, p. 436). Against this backdrop, Marx distinguishes between the realm of necessity and the realm of freedom. In his view, when it came to 'labour determined by necessity and external expediency':

> Freedom, in this sphere, can consist only in this, that socialized man, the associated producers, govern the human metabolism with nature in a rational way, bringing it under their collective control instead of being dominated by it as a blind power; accomplishing it with the least expenditure of energy and in conditions most worthy and appropriate for their human nature. But this always remains a realm of necessity. The true realm of freedom, the development of human powers as an end in itself, begins beyond it, though it can only flourish with this realm of necessity as its basis. The reduction of the working day is the basic prerequisite. (Marx 1894/1981, p. 959)

Thirdly, Marx develops in the third volume several thoughts on the communist regulation of the *total process* of economic reproduction. The 'interconnection of production as a whole' would no longer be imposed as 'on the agents of production as a blind law', but 'grasped and therefore mastered by their combined reason', because 'the productive process [is] under their common control' (Marx 1894/1981, p. 183). Elsewhere, he elaborates: 'Only where production is subjected to the genuine, prior control of society will society establish the connection between the amount of social labour-time applied to the production of particular articles, and the scale of the social need to be satisfied by these' (Marx 1894/1981, p. 288f).

The following is not an attempt at a general presentation of these constitutive and revolutionary elements, as has been done repeatedly in the existing literature.[6] Instead, I will focus on two conceptional aspects which I consider essential for a renewed conception of socialism which looks beyond Marx. On the one hand, there is the problem raised by the term *directly social*, which Marx applies throughout when depicting a communist social order. On the other hand, a debate is needed as to what it means to preserve the capacity for developing the productive forces in the context of transformation towards a post-capitalist society.

The Establishment of a Conscious Reproductive Interconnection in the Realm of Necessity

In the third volume of *Capital*, Marx repeatedly returns to the establishment of a conscious and socially dominated reproductive interconnection between people and—even more so in the preceding volumes—the natural world. To Marx, the conditions of a communist society, as he explicates based on a specific example in the third volume, are prescribed by the fact that 'both wages and surplus-value are stripped of their specifically capitalist character'. He continues that 'then nothing of these forms remains, but simply those foundations of the forms that are common to all social modes of production' (Marx 1894/1981, p. 1016). The communist form of these general foundations, as he emphasises numerous times, is the common 'predetermining control' on the part of the united producers. The 'determination of value still prevails in the sense that the regulation of labour-time and the distribution of social labour among various production groups becomes more essential than ever, as well as the keeping of accounts on this' (Marx 1894/1981, p. 991).

Marx summarised the basic assumptions essential to such an understanding of reproduction under communist conditions in the first volume. Incidentally, the latter was based on manuscripts which also form the basis of the third volume. Here, Marx summarised his thoughts on an alternative social order in a form intended for public presentation. In the first chapter of Volume I, Marx already presents additional forms of production alongside the value-form of the labour product as 'the most abstract, but also the most universal form of the bourgeois mode of production' (Marx 1867/1976, p. 174). These are forms in which the product does not become a commodity: the Robinsonian mode of production, that of European feudalism, the rural patriarchic production of a peasant family and 'for a change, an association of free men, working with the means of production held in common, and expending their many different forms of labour-power in full selfawareness as one single social labour force'. He adds: 'All the characteristics of Robinson's labour are repeated here, but with the difference that they are social instead of individual' (Marx [1867] 1976, p. 171) These deliberations by Marx represent a classical *gedankenexperiment*, or thought experiment (Mach 1917, p. 186ff). The latter serves to construct a 'possible situation […] against which we test our intuitions, and from which we reason about an actual case which we contrast with the possible one' (Engel 2011, p. 146). Ideally, such a society is—at least in terms of labour and production—a unified entity, a monosubject. Just as Robinson has to subordinate himself to the individually formulated cause 'with the rigidity of a law […] for the entire duration of his work' (Marx 1867/1976, p. 284), the community of the free must adhere to the commonly agreed upon cause. At the heart of it, Marx states in the third volume, lies the vision of 'a society where the producers govern their production by a plan drawn up in advance' (Marx 1894/1981, p. 370).

Underlying this vision of communist economic regulation are a number of assumptions, the most problematic of which is that 'all characteristics of Robinson's labour' are repeated here, albeit 'social[ly], instead of individual[ly]'. Incidentally, Marx himself had warned against such views in his 1857 manuscripts: 'To regard society as one single subject is, in addition, to look at it wrongly; speculatively. [...] In society, however, the producer's relation to the product, once the latter is finished, is an external one, and its return to the subject depends on his relations to other individuals' (Marx 1939/1973, p. 94). This is true of any complex society, and yet Marx repeatedly conflates society and individual when discussing communist society.

The subject of such regulation, control and accounting is always the association of producers. This is a result of the equation of 'the socialized man' and the 'associated producers'. However, this represents an inadmissible analytical bypass: the individual is always distinct from any form of its association with others. Reproduction and development, interests and time rhythms differ. Ultimately, Marx's thought experiments concerning a communist society in the third volume of *Capital* evade the central problem any emancipatory project must face: the contradictions between individual, collective and social reproduction and development within a complex society. The vision of a society as lacking fundamental contradictions between people as individuals and their associated totality is not a viable alternative.[7] All approaches directed exclusively towards the autonomy of the individual would fail due to the inevitable decline of social coherence. Likewise, all attempts at suppressing these contradictions through social power must necessarily entail consequences that would pervert the ultimate goal.

Marx conceptualises communism as a society in which producers exert their labour capacity as one, in the sense of a single labour force. The specific determination of the form of production disappears under communist conditions, for only *one single* subject, the union of associated producers, is considered. Neither individuals nor their groups, however, can conceive of themselves exclusively as part of a single labour force. They are always also something else.

The implication of the Marxian approach is that communism is imagined as *relation-less*. Marx fully concentrates on that which would *no* *longer* exist in such a society, reducing the social form to that of a mono-subject which brings the complexity of relations under its control. However, such a subject is a formless entity, or becomes the dictatorial dominance of all over all individuals. To Marx, this contradiction does not exist, as he assumes that the activity of all individual associated producers is '*directly* social' because it is 'the offspring of association' (Marx 1939/1973, p. 158).

Marx is aware of the two sides to the direct sociability of the associated individuals' productive activity. It is fairly simple to imagine that, on the basis of detailed planning, 'individual labour no longer exists in an indirect fashion but directly as a component part of the total labour' (Marx 1875/1989, p. 85). How the inevitable emerging contradictions between the interests of producers and consumers and the countless involved collectives of producers and consumers are reconciled is not discussed. What is discussed, however, is the problem that, in the subordination of individuals to the overall plan, each activity may appear immediately social from the perspective of the society of associated producers, but is by no means necessarily experienced as self-determined, free, individual development by the individuals themselves.

Against this backdrop, production according to an established plan on the basis of common ownership of the means of production is, for Marx, only one side of the equation. His comprehensive studies of the writings of French and English socialists and communists convinced him at an early point of the necessity of 'entirely revolutionising the mode of production' (Marx and Engels 1848/1976, p. 504), which represented the working class's main task following the conquest of political power. The 'communist revolution', Marx and Engels wrote, was directed 'against the hitherto existing *mode* of activity, does away with *labour*' (Marx and Engels 1855–1856/1975, p. 75). As early as 1844, Marx had referred to 'crude communism' in this context (Marx 1844a/1874, p. 340), meaning one determined by the technological mode of production itself. In a second step, they continued, this mode of production would therefore have to be revolutionised or, as Marx states in his 1875 'Critique of the Gotha Programme':

> In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and thereby 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 common 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 abilities, to each according to his needs! (Marx 1875/1989, p. 87)

In a 'higher' communist society, Marx is convinced, the necessity of institutional forms of mediation which—as in the case of law, the state or the exchange of equivalents—bear some features resembling bourgeois society, will disappear once and for all. It remains unclear, however, which fundamental contradictions will dominate in the new society, and whether they in turn require institutional mediation. There is mention of the 'withering away' of the old forms, while the requirement of new forms of institutional mediation of new contradictions is left unattended. As a result, the impression of a single identity emerges, in which the interests of individuals, of highly diverse social groups, and of society as a whole are conflated. The basic reproductive requirements are addressed neither in any of these dimensions nor in their relation to one another. Repeated reference is made to individuals and overall society, the association. The dimension of collective associations as co-operatives and communes with their own internal logics and interests is left entirely unconsidered. The impression is given that the free development of each directly engenders the free development of all and vice versa.

One must bear in mind: even the slightest deviation by individuals or groups (even if due to an advanced understanding of socially determined goals) would require everyone else to deviate from the plan as well, even if in an attempt to reach the same social objectives. In reality, 'predetermining control' necessarily collides with the autonomy of individuals' search processes and their specific co-operative structures, or, alternatively, will simply suppress or marginalise the latter. The assumption that the knowledge informing a central plan and the knowledge of individual and collective actors is identical is utterly unrealistic. The attempt to realise such a concept must necessarily trigger a chain reaction which may result in the anticipated 'practical relations of everyday life between man and man, and man and nature, [which] generally present themselves to him in a transparent and rational form' giving way to a new degree of complexity and intransparency. Furthermore, it remains unclear as to how the comprehensive predictability and transparency is to be created without suppressing the subjectivity and the autonomous action potential of individuals unanticipated by the overall plan, as it is precisely this 'free development' of individuals and collective associations that is impossible to plan. Although it can temporarily be accommodated by a plan, it will blast apart such confines time and again.

It may seem self-evident that in a complex economy the concern that 'nothing is to be lost or wasted' simply because 'workers worked on their own account' (Marx 1894/1981, p. 176) could become redundant, but it is not. Workers simultaneously act as individuals, members of a production collective, consumers, representatives of social interests as diverse (and contradictory) as natural preservation and the expansion of current consumption. Individuals' 'own accounts' are unique if considered from the perspective of the respective specific subjectivity. Concern in one aspect may entail a lack of concern in others.

Moreover, according to Marx, from the very instant that an immediate identity of interests fails to appear, the need arises to no longer remunerate performed work by the time measured by a clock, but rather introduce an institutional form which enacts a reduction of work to socially required labour, thereby allowing for the comparability of individual or collective labour outputs in order to define proportions of exchange. Only if a complete identity of interests among individual and collective actors and society as a whole exists will the contradiction between the measurement of labour output by mere working hours and the essential recognition of the performed work as socially useful work be resolved, yet this is only possible in a sphere endowed by society with freely available resources, in which functionality is no longer measured. Such a sphere is quite costly, however. The goods required originate for the most part in what Marx refers to as the 'realm of necessity' as depicted above. It is a realm of scarce resources in terms of both time and goods, and of a limited planetary ecological capacity. Hence, interests will inevitably collide, and an individual, collective and social cost-benefit calculation is needed. This implies, moreover, that the removal of the 'faux frais of commodity production' (Marx 1893/1978, p. 214) by no means renders the question about the costs of social co-ordination irrelevant. Marx creates the impression that the establishment of a complex of a future social life-process as 'production by freely associated men […] under their conscious and planned control' (Marx 1867/1976, p. 173) would require no greater effort. It may turn out, however, that precisely the increase in freedom may also necessitate significantly increased expenditures of mutual co-ordination. Freedom comes at a cost, and a greater degree of freedom entails a greater cost. A new order must therefore by no means necessarily be efficient.

A recurring aspect in Marx's work demonstrates the contradictoriness of the property order of a communist society. The most marked expression thereof can be found in the passage of the first volume of *Capital* addressing the historical tendency of capital accumulation, which points beyond the capital relation. Here, Marx summarises capital's tendency towards concentration and centralisation by which capitalists themselves reduce the total number of capitalists. He had already elaborated in the manuscripts for the third volume that the joint-stock companies transform the task of supervision of production into a special form of wage-labour (Marx 1894/1981, p. 507), and concludes: 'As *functionaries* of the process which at the same time accelerates this *social* production and thereby also the development of the productive forces, the capitalists become superfluous in the measure that they, on behalf of society, enjoy the usufruct and that they become overbearing as *owners* of this social wealth and *commanders* of social labour' (Marx 1861–1863/1989, p. 449). In his eyes, the co-operatives of workers evidenced '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' (ibid., p. 497). Marx concluded from these developments that capitalism had largely abolished 'individual private property founded on the labour of the proprietor'. Now came the turning point, for now private ownership based on the labour of others had also become obsolete: '… capitalist production begets, with the inexorability of a natural process, its own negation. This is the negation of the negation. It does not re-establish private property, but it does indeed establish individual property on the basis of the achievements of the capitalist era: namely co-operation and the possession in common of the land and the means of production produced by labour itself' (Marx 1867/1976, p. 929).

One may deduce from this depiction that the tension between 'individual property' and 'common ownership' is what actually constitutes the fundamental ownership relation in a communist mode of production (Brie 1990b, p. 101ff). In this relation, priority would not be given to society as a whole, not to the 'association of free men', but to the individual! Marx expresses this by referring to individual *property* and uses the term common *ownership* when referring to the means of production. The proprietor determines the *purpose* of production, whereby the concrete forms of ownership are a mere means. Ownership refers to who possesses the immediate discretionary power as commissioned by the proprietor. Here, Marx seems to imply that shared, common access to the means of production could not possibly have any other goal but the development of the individual. Bakunin's objections are harshly swept aside (see Marx 1874/1989, p. 516ff).

The failure of Marxian analysis with regard to the emancipatory potential of the developmental forms of markets, the rule of law and the separation of powers is owed to the fact that Marx investigated them exclusively as forms of mediation of capitalist exploitation and oppression, ultimately reducing them to just that, at least tendentially. The irresolvable differences of the individual as member of society and as personal individuals and as members of the most diverse forms of association in complex societies is not done away with simply by applying the term 'directly social'. Moreover, the disappearance of the terminological difference is accompanied by the notion that no need would exist for institutional mediation of *fundamental* contradictions. The strength of Marxian radical critique of capitalism's institutions comes at the price of a blindness to the emancipatory potential also and particularly of legal relations. The fact that Marx does not 'describe' a future post-capitalist society is not an 'immunisation strategy' against criticism (Sieferle 2011, p. 176), but rather intrinsic to his theory itself: because he assumes the direct sociability of all activity in such a society, there is no need for institutional mediations proceeding from constitutive conflicts of interest. Mature communism would thus be a condition void of society, because formless. Both Marx and Engels repeatedly affirm that they share anarchism's ultimate goal. Their ostentatious refusal to envision concrete institutions in a post-capitalist society is based on the incorrect assumption that which forms are selected is almost irrelevant, for there is supposedly no danger of a new domination, antagonistic development, or alienation. In this, however, they have been proven gravely mistaken.

In *Capital*, and more concretely in Marx's depiction of the 'Process of Capitalist Production as a Whole', social form is understood as that bundle of relations between humans, and humans and the natural world, which engender contradicting interests in terms of individual, collective and social reproduction. They could also be termed relations of appropriation. As Marx demonstrated, co-operation in production and reproduction possesses a dual character: on the one hand, there is the substance of co-operation (the common production of goods or provision of certain services) and the chosen forms of division of labour and functions. On the other hand, is its form. It defines who receives which development opportunities, who exerts what kind of influence over disposition and appropriation, and is able to assert their own interests *vis-à-vis* those of others. Content and form represent two aspects of the same co-operation processes and can only be distinguished in analytical terms. Indeed, if no significant differences in interests existed, only the substance would matter, as there could be no actors imposing forms at the cost of others, for they would immediately harm themselves at the same time. No one would have to protect themselves against anyone else, nor even assert their own subjectivity in distinction to others. Overcoming class society, however, does not suspend the possibility of fundamental conflicts of interest, but rather facilitates diminishing their potentially emerging, spontaneous-antagonistic character. In fact, the very moment coercive relations of capital accumulation are overcome and the settling of these differences liberated from the rule of capital, the significance of these differences and the need for devising solidary forms to resolve them does not decrease, but increase. Together with the chances of harnessing them for the free development of each individual and all of society grows the responsibility to fight for them. Should the state lose its character as an instrument of class rule, then questions of power are instead merely placed on a new foundation but not reduced to administrating *things*, as Engels stated in his assessment of Saint-Simon (Engels 1891/1989, p. 287).

Marx's insistence that a communist society would be marked by direct sociability may not imply a regression to immediately personal as opposed to socially mediated relations, but easily obfuscates the contradictions in the appropriation of the real conditions of production and reproduction and the real diversity of real relations. The distinction between the realm of necessity and the realm of freedom as well as the lasting scarcity of resources in the metabolism with the natural world in particular could have made it clear to Marx that, at least where labour is performed out of 'necessity and expediency', there will be conflicting interests requiring forms of mediation, which continue to exist even in the more advanced stages of a post-capitalist society. This also applies to the relation between today's and future generations, as Marx states in the third volume: 'Even an entire society, a nation, or all simultaneously existing societies taken together, are not the owners of the earth. They are simply its possessors, its beneficiaries, and have to bequeath it in an improved state to succeeding generations' (Marx 1894/1981, p. 911). Consequently, the problem remains as to how the 'owners' and 'possessors'—this differentiation alone being worthy of revision—are to assume their responsibility in a way that ensures improvement of the planet and simultaneously makes today's use as egalitarian as possible, while refraining from suppressing development potentials to an unacceptable degree.

The notion of a direct sociability requiring no mediation of diverging interests whatsoever is a false utopia—a false, because unviable, utopia of directness. In light of such an image of the future, concrete reform projects within the reality of capitalist societies always appear merely as a necessary means for preparing a fundamentally distinct, communist solution, and never as a real path to transforming the capitalist form of mediation of complex societies' contradictions into new solidary forms. All these forms would 'wither away' in the future. There is no double transformation (Klein 2013) to be found in the Marxian conception.

The task of integrating the forms of institutional mediation of conflicting interests within complex societies into a theory of socialism remains unfulfilled. Doing so would shed a radically new light on the ambivalent potentials of these forms of mediation of complex contradictions in today's capital-dominated societies. The project of a non-capitalist orientation of forms of socialisation and institutions of modern societies—dismissed by Marx as insufficiently radical and utterly delusional—must be taken up anew, without neglecting the inherent contradictoriness of these institutions and the urgent need to overcome the dominance of capital.

The Transitory Character of the Capitalist Mode of Production and the Preservation of the Capacity for Development in Post-capitalist Societies

Marx considered *Capital*'s main achievement to lie particularly in the fact that he had managed to capture the historically unique and transitory character of the capitalist mode of production. In the postscript to the second German edition of the first volume, he referenced Hegelian dialectics, the 'rational kernel' of which he had applied, 'because it includes in its positive understanding of what exists a simultaneous recognition of its negation, its inevitable destruction; because it regards every historically developed form as being in a fluid state, in motion, and therefore grasps its transient aspect as well; and because it does not let itself be impressed by anything, being in its very essence critical and revolutionary' (Marx 1890/1976, p. 103). To Marx, the 'transitory necessity of the capitalist mode of production' was constituted precisely by the fact that the capitalist 'ruthlessly forces the human race to produce for production's sake. In this way, he spurs on the development of society's productive forces, and the creation of those material conditions of production 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' (Marx 1890/1976, p. 739). Elsewhere he states: 'The development of the productive forces of social labour is capital's historic mission and justification' (Marx 1894/1981, p. 368). In Volume III, Marx addresses this particularly in terms of the development of a complex reproduction nexus and a new metabolism with the natural world marked by antagonism.

For Marx, this development of the productive forces takes place in the many antagonisms in the accumulation of capital—class- and gender-specific, nationalist and racist, spatial as well as temporal and ecological. One could in fact speak of their intersectionality. The entanglement of heterogeneous modes of production and life, constantly reproduced on an extended scale, has been discussed, in allusion to Rosa Luxemburg's work, in terms of continued primitive accumulation, *Landnahme*, accumulation through dispossession, etc. (on this, see the overview in Brie 2016). Marx sums up the antagonistic force of the capitalist mode of production as follows:

> It is one of the civilizing aspects of capital that it extorts this surplus labour in a manner and in conditions that are more advantageous to social relations and to the creation of elements for a new and higher formation than was the case under the earlier forms of slavery; serfdom, etc. Thus, on the one hand it leads towards a stage at which compulsion and the monopolization of social development (with its material and intellectual advantages) by one section of society at the expense of another disappears; on the other hand, it creates the material means and the nucleus for relations that permit this surplus labour to be combined, in a higher form of society, with a greater reduction of the overall time devoted to material labour. (Marx 1894/1981, p. 958)

In Marx's eyes, the basic condition for the transitory force of the capitalist mode of production is the transformation of labour into a commodity. Only here does the process of creative destruction of capital valorisation become possible in the first place.

The direct relation of the producers to the means of production (land, tools, etc.) has been disrupted. The workers must secure their own reproduction and that of their families through wage labour on labour markets, which have to compete against each other globally or risk losing ground. Labour power, land, raw materials, as well as knowledge are thrown and forced onto the market. They acquire monetary form as wages, rent, interest or prices. At the same time, resources can be combined almost at will. Yet this separation also has a positive side, as it makes the 'realisation of new combinations' of economic factors possible in the first place. This combination is the starting point for the developmental capacity of bourgeois capitalist societies, as analysed by Schumpeter (1964).

The possibility of innovation does not appear in bourgeois-capitalist societies where enterprises can merely pillage resources—whether labour power, raw materials, capital investments of others or external knowledge. Rather, true innovation occurs when limits are imposed on this pillaging through effective ecological and social standards and controls. A second condition is that enterprises must be obliged to compete for access to capital. Owners or managers of capital must be able to choose among the competing offers of different enterprises. On the one hand, this institutionalises pressures towards growth (enterprises must make profits in order to survive) and, on the other hand, pressures to innovate (enterprises must do this largely through an innovative combination of factors of production). Ecological and social standards and competition between enterprises perpetuate constant innovation of production and communication. North, Weingast and Wallis speak of an 'open access order' to describe the ensemble of necessary and sufficient relations upon which this developmental capacity rests (North et al. 2009, p. 22) (Fig. 1).

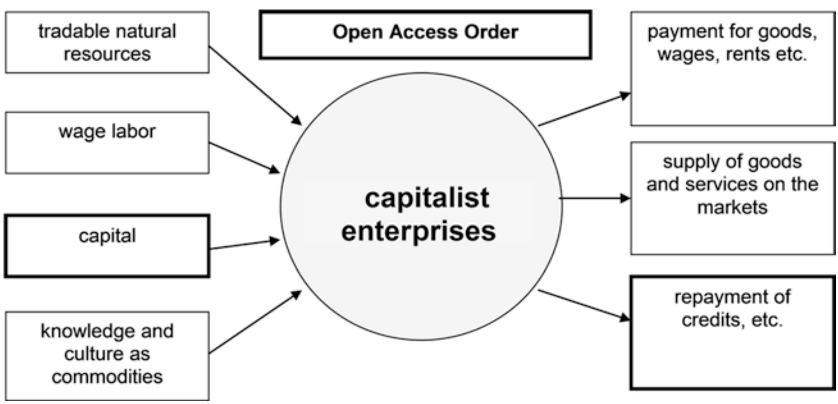

Fig. 1 Enterprises as protagonists in the reproduction of bourgeois-capitalist societies

The briefly sketched connection of naked force and cash payment outlined here allows—and this is the point—for the free combination of natural, human and cultural resources, while placing them under the primacy of valorisation at the same time. The gains in individual freedom for one are linked to new existential dependency and degradation for others; in fact, freedom and dependency often apply simultaneously to the same social groups. The possibility of innovation, of continuous renewal, and of business efficiency first emerges with this process of the disintegration of traditional societies and the break-up of the direct unity of nature, community, society and culture. There can be no embedding of the markets or the state in a completely vanished and no longer restorable direct unity of nature, community, societal regulation, and culture. 'A chain reaction was triggered', in the words of Polanyi, 'and the harmless institution of the market flared up into an […] explosion' (Polanyi 2005, p. 331). The door to the past of traditional societies is closed forever.

As none before him, Marx struck at the heart of the capitalist mode of production's creative-destructive antagonisms. To the extent that this mode of production's historic mission is accomplished and conditions have been created in which the development of mankind's capabilities no longer has to occur to the detriment of one part of humanity, meaning that antagonism is no longer the pre-condition for development, Marx sees the mode of production as ripe for replacement. The objective conditions would then exist, and the revolutionary deed necessary. Marx combines this with the notion that, as depicted above, workers, as producers of social wealth, will form an 'association of the free' and subordinate themselves to the conditions of social production as the shared conditions of their own free development. Given that, to him, the character of rule under the capitalist mode of accumulation was inextricably linked to the social forms which accounted for the former's innovation, he blocked his own view of how development potential could be preserved in *new* social forms. He only saw the task of commonly governing the productive forces; on the other hand, he did not see the question of innovation, of renewal through the action of individuals and productive collectives as a problem. This, however, has consequences. An engine of innovation was created in a capitalist form, an engine which no present or future society can give up without sacrificing development or even facing its own demise: namely, associations which recombine resources based on credit. Marx fully conflates (both analytically and empirically) this engine of innovation with the depiction of the brutal tendencies of an unbound capitalism. He sees both its productivity and exploitative character and assigns to it a transitory task: to produce the wealth that could render its mercilessly coercive character redundant. Yet what will happen to that engine?

Marx's anti-capitalism refuses to even contemplate the possibility of an at least analytical distinction between the institutions, as far as they facilitate productivity and innovation, and engender exploitation, oppression and immiseration (in this regard, see also his critique of Proudhon in Marx 1846/1976). The communist solution of a new unity between producers and conditions of production leads him to forgo consideration of the need for their constant separation. In other words, Marx fails to consider possible capitalist political and administrative institutions, and perhaps even the legal structures of broad social relations, for what they are—by, for example, refusing (most likely because he realises that this can only be performed in concrete societies) to make any predictions concerning the institutions of post-capitalist societies—and instead clings to abstract formulas like the 'withering away' of the state and the 'conscious planning of production'.

However, a capacity for development—which, realistically, must also always find an institutional expression—can only be ensured if unity remains dynamic, is established on demand and can be dismantled if necessary. The renewal of a socialist project must answer the question as to how *non*-capitalist production is possible in the 'realm of necessity' on the basis of the mentioned innovation engine. This requires, more than anything,

(1) a solution to the problem of the democratic subordination of the distribution of credit to long-term social objectives, without transforming the productive associations into organs of a centrally administered economy;
(2) the sublation of labour power's commodity character without curtailing its freedom of movement and without exonerating it from all productive social obligations;

(3) overcoming the reduction of natural resources to mere commodities without nullifying their innovative use in line with social standards;
(4) the participation of employees, consumers, regional and municipal citizens in the distribution of resources without eliminating competition and standards of effectiveness (in an expanded and novel sense).

In conclusion, one of socialism-in-the-twenty-first-century's many unanswered questions is: how can the dominance of profit be broken without simultaneously destroying either the capability or the compulsion to permanently renew and increase resource productivity in the realm of necessity? How can a social association of producers and ownership be achieved that does not prevent the constant dissolution of concrete ties, but instead facilitates the latter on a solidary basis without causing poverty, dependence, social adjustment, subordination or marginalisation? As long as these questions remain unsolved—questions which Marx himself did not even raise—socialism will remain what it has been for a long time: a legitimate moral critique of capitalism under capitalism.

Notes

1. By communism *as a social order* I understand, in a Marxian sense, an 'association, in which the free development of each is the condition for the free development of all' (Marx and Engels 1848/1976, p. 506) both in this instance and in the following.
2. Here and in the following I refer to 'Capital' in its 'canonical' form (see Heinrich 2014)—i.e. in three volumes as published in the lifetime of Marx and/or Engels and (as contained) in the 'Theories of Surplus Value' based on Marx's manuscripts from 1861–1863. For the objective of this chapter, the differences between this 'canonised' oeuvre and the one constituted by the manuscripts composed between 1857 and 1878 is of no greater relevance (on Marx's plans for *Capital*, see Vollgraf 2015; Bock 2015).
3. Likewise, the innovative thrust in Marx's thought between 1842–1846 was politically inspired: it was a result of his experience as editor of the *Rheinische Zeitung* and his subsequent involvement in the French communist circles and the Communist League. The same applies to the period

from the late 1860s, which saw the emergence of revolutionary tendencies in Russia, the Paris Commune and the rise of particularly German Social Democracy.

4. Marx had come across this problem when he read 'Labour's wrongs and labour's remedy' by John Francis Bray (1809–1897) in Manchester in 1845. He compiled a remarkably extensive excerpt (Marx 2015) from which he drew time and again (for more elaboration on the reading of Bray see Marx Bohlender 2014, 2015).
5. This particularly includes the works of Justus von Liebig and Carl Fraas (see Saito 2016).
6. General overviews are provided by, *inter alia*, W.S. Wygodski (1978), Wolfram Storch (1981), Michael Brie (2009) and Peter Hudis (2017).
7. 'The study of *viable* alternatives asks of proposals for transforming existing social structures and institutions whether, if implemented, they would generate – in a sustainable, robust manner – the emancipatory consequences that motivated the proposal' (Wright 2010, p. 21). On the critique of an understanding of communism as a monosubject, or indivisible community, see Brie (1990a) und Ruben (1990, 1995).

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