

150 years Karl Marx's "Capital" Reflections for the 21st century

INTERNATIONAL CONFERENCE 14-15.1.2017 | Olympia Hall – Garden of Zappio Athens - Greece

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ROSA LUXEMBURG STIFTUNG OFFICE IN GREECE

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PREFACE

C INCE 2013, the Rosa Luxemburg Stiftung Office in Greece has been hosting reading courses on Capital, seeing an increasing level of interest, especially among young scholars. One hundred and fifty years after its first publication, *Capital* remains an important, if not the most important, analvsis of economic and social power relations, their driving forces and evolutionary trends. In January 2017, in collaboration with the Marxist journal Theseis, we celebrated the 150th anniversary of Karl Marx's Volume 1 of *Capital* with a two-day international conference in Athens. Speakers from Canada, Cuba, Brazil, Germany, the USA, the UK and Greece and more than 300 participants discussed Marx's theoretical system of the critique of political economy, reflecting on its currency and significance in the context of the current global economic crisis. The enthusiasm with which the conference was received encouraged us to publish the presentations (you can find the videos online at rosalux.gr) in a volume that seeks to have an effect on the international debate. With the present e-book, RLS is making available all presentations and commentaries in Greek and English, aiming at contributing to an ongoing global discourse and making the perspectives of academics from Greece accessible to an international audience.

> RLS Team Athens May 2018

INTRODUCTION

T HIS VOLUME comprises the seven contributions and their corresponding commentaries presented at the conference 150 Years ~ Karl Marx's 'Capital': Reflections for the 21st Century, organized on 14 and 15 January 2017 in Athens by the journal *Theseis* in collaboration with the Rosa Luxemburg Foundation.

Through the different, at times converging and at times differing, approaches of the main speakers and the discussants, the theoretical significance, along with the timelessness of Karl Marx's major work, is revealed.

Capital is not just a book. In essence, it is a research program launched by Marx without ever having been completed, and which is basically an ongoing project.

Capital inaugurates a major theoretical rupture in the social sciences. It defines a new theoretical system of concepts on the basis of which we can decipher the social and economic reality that surrounds us: capitalism. That goes for *every capitalism*, and not just that of England in the nineteenth century, where and during which time Marx lived. The object of *Capital* is, as its author explains, the "ideal average" of the capitalist system, the causal relationships that operate below the surface of each and every capitalism.

Capital allows us to understand, for example, that class relations of power that characterize the capitalist system acquire on the economic level a necessarily 'objectified' form, that is, they appear as money generating more money, as a 'thing' evaluating other things and self-valorizing in its function as capital. It also reveals that credit money is the most drastic and flexible form of money, so that the financial sphere is not a 'parasitic' or 'speculative' appendage of the "real economy", but a structural element integral to the capitalist system, a mechanism for controlling and enforcing the 'rules' of the system: a system that consistently reproduces the concentration of wealth and power in a few hands, and which periodically sinks society into deep crises, the cost of which is always shouldered by wage labourers and, more generally, by the social majority. The standard of living for employees is the (labour-) 'cost' of capital. A 'cost' that is compressed in an effort to "increase the competitiveness of the economy".

It is thus obvious that the theoretical analysis launched by *Capital* constitutes the basis for a radical critique and political questioning of capitalism in light of the interests of the working class and other classes and strata subjected to capitalist power and exploitation.

The texts contained in the present volume attempt to contribute to this radical critique of capitalism, being themselves a part of the critical-theoretical progression initiated by Marx.

> John Milios December 2017

New Readings and New Texts: Marx's Capital after MEGA^{2*}

* The following text is a revision of the lecture I gave in Athens on 14 Jan. 2017. I endeavoured to keep the style of a speech and left out references to my many detailed sources. They can be found in a longer paper, titled "'Capital' after MEGA: Discontinuities, Interruptions, and New Beginnings," *Crisis and Critique* 3/3 (2016): 93–138. Available online at http://crisiscritique.org/political11/Michael%20Heinrich.pdf.

Michael Heinrich

OLD READINGS

Speaking about "new readings" of *Capital* presupposes the existence of some older readings. The reading of classical texts of economic and social analysis such as *Capital* depends heavily on the historical conditions, on the state of class conflicts, on the political situation and on previous discussions about the subject. Below, I cannot sketch the whole history of the different readings of *Capital*, but I want to focus on some issues that influenced the older readings and led to a dominance of a certain type of production-oriented interpretations.

After publication of the first volume of *Capital*, it took nearly 30 years before the third volume was published. This very fact ensured that volume one, the analysis of the capitalist process of production, would dominate the reception of all three volumes for many decades. It seemed that in volume one we can find the core of Marx's analysis, while volumes two and three present only some additional issues, mainly for specialists.

Marx had planned four volumes: the final volume was to present a history of economic theory. Marx never wrote this book. *Theories of Surplus Value* is not at all a substitute for it. *Theories* presents the history of only one category, while Marx still struggled with some problems of his own conception: *Theories* is a part of Marx's research process. The absence of a fourth volume means that we have no extensive mature formulation of the difference between Marx's approach and the theories of bourgeois economics. The many footnotes in *Capital* dealing with the history of theory give us some important hints, but a meticulous presentation is missing. This favoured rather simplified views about the difference between Marx's critique of political economy and bourgeois economics.

Marx's *Critique of Political Economy* (the subtitle of *Capital*) aimed not only to critique certain authors and theories; rather, it aimed to critique the scientific foundations of economic science. When Marx published the first volume of *Capital*, classical political economy was still the prevailing school, even though it was in a state of dissolution. Marx criticised the labour theory of value of the classical school by introducing the concepts of value-form and fetishism. However, only a few years after the publication of the first volume of *Capital*, the rise of marginal utility theories changed the field of economic discourse enormously. The swift dominance of the marginalist approach had a big impact on the reception of Marx's economic theory because a new frontline emerged: the conflict between labour theories of value, on the one hand, and utility theories of value, on the other. In this conflict, the differences between Marx's approach and the classical school of Smith and Ricardo were minimised. For the marginalists, Marx's theory belonged to the classical school. However, many Marxists also stressed the scientific character of classical political economy as a starting point for Marx's research, and defended the labour theory of value against the marginalist attack. Under these conditions, Marx's deep critique of the categories of classical political economy was downplayed; value-form analysis and fetishism were nearly neglected as much by Marxist economists as by non-Marxist economists.

This specific formation on the discourse about Marx's *Capital* had important consequences:

Firstly, Marx's value theory (he never used the term "labour theory of value") was considered as a theory of *labour embodied in production*, which should explain price relations. Already, the production process should determine value objectivity and the value magnitude of the single commodity. It also considered as "bourgeois" economics any analysis that included exchange and circulation in the determination of value.

Secondly, therefore, money and credit were considered as sort of mere appendices to the *capitalist production of commodities* (the "essential" feature of capitalism).

Finally, the reception of Marx's crisis theory was dominated by stressing the contradictions of capitalist *production*, very often directly connected to Marx's "law of the tendency of the profit rate to fall", a law which was founded in the capitalist development of productivity – again, a production-oriented view.

Until the early 1960s, Marx's *Capital* was read mainly as a kind of alternative "economics", competing with bourgeois economics. Marx's critique was reduced to an almost moral critique of exploitation and to the thesis that capitalism is only a historical mode of production but not an eternal and natural one. Marx's critique of basic economic categories, as expressed in his analysis of value-form and fetishism, was widely neglected.

NEW READINGS SINCE THE 1960S

In several countries in the 1960s, new, different readings of Marx's *Capital* appeared. They were provided by the Althusser school in France, by Tronti and operaism in Italy, and by Backhaus and Reichelt in West Germany. In the following decade, new readings of *Capital* emerged from the Anglo-Saxon world. An important inspiration here was, especially, the translation of Rubin's *Essays on Marx's Theory of Value*. In the late 1970s and in the 1980s, we can also find some attempts of a new reading of Marx's *Capital* in East Germany and the Soviet Union, mainly in connection with the second Marx-Engels-Gesamtausgabe (MEGA²).

It would be impossible to give an overview of all these new readings here, so I want to focus on some points of the West German discussions (what later was called Neue Marx-Lektüre), in which my own approach is also rooted.

- 1. The West German Neue Marx Lektüre stressed that *Capital* is not just "Marxist economics" but a *critique* of economics. It is a critique of basic categories and not only of certain results. Traditional "Marxist economics" is, at the level of categories, much closer to mainstream economics than to Marx's critique of economics. Therefore, traditional Marxist economics was also criticised.
- 2. The labour theory of value was not chiefly considered as an explanation of price relations but as an explanation of how *society is constituted by private producers*. From this approach, two issues, widely neglected in the past, now became central: *fetishism* (which also included a critique of traditional theories of ideology) and *value-form analysis* (what included a critique of non-monetary theories of value).
- **3.** Capital theory was not only seen as a theory of exploitation but as a social system of *impersonal domination*, a fact that fundamentally distinguishes all precapitalist forms of domination from capitalist ones. While class rule exists in all societies, in a capitalist society it does so under rather different conditions. In addition, the ruling capitalist class is subjected to this impersonal domination.

In stressing these new issues, the West German Neue Marx Lektüre relied on more than the usual three volumes of *Capital* edited by Engels: besides *Grundrisse* and the "Urtext" of A *Contribution to the Critique of Political Economy*, the first edition of the first volume of *Capital*, with its rather different presentation of value-form, became popular.

As a result of these discussions, Capital was not seen as something that

is, by and large, complete and can be appropriated by careful reading. Marx's critical project was seen as something that must be "reconstructed": on the one hand, against simplified traditional readings but, on the other, against some shortcomings and obscurities in Marx's text itself. This reconstruction should be done by revealing the "inner logic" of Marx's arguments. Some authors, such as Backhaus for example, believed that this "inner logic" would be clearer in early writings like *Grundrisse* than in *Capital*, where a kind of "popularisation" was already deemed to be underway.

It was exactly with this reconstruction approach that my own differences with Neue Marx Lektüre began. "Reconstruction" presupposes that a kind of "core" exists that can be revealed. In some respect, it is the well-known attempt of an interpreter to tell us what the author of a text "really" means, or – to formulate it in a less author-oriented way – what the real logic of a text expresses.

I deny that in *Capital* there is such a core that one can simply "reconstruct". There are deep ambivalences even in basic categories of *Capital.*¹ These ambivalences are caused by the intersection of two different discourses present in *Capital*. On the one hand, Marx undertook a *scientific revolution*. He not only criticised certain theories but "broke" with the scientific field in which these theories are rooted (which is not the same break that Althusser refers to; it is not the difference between ideology and science). On the other hand (and not very surprisingly), Marx did not completely overcome the old scientific field of classical political economy. Therefore, in parts of *Capital* the classic discourse is present. However, these two discourses are not distinct; they *intersect and produce specific problems*, such as, for example, the famous "transformation problem".

NEW INSIGHTS FROM NEW TEXTS IN MEGA²

Throughout the twentieth century, new texts of Marx were published successively. Therefore, every generation faced a different Marxian oeuvre. However, only with the new MEGA², the second attempt at a Marx-Engels-Gesamtausgabe,² will we not only have the *complete* Marx (MEGA² will encompass 114 volumes upon completion) but also the *original* Marx. Before

^{1.} See Michael Heinrich, *Die Wissenschaft vom Wert* (Science of value), 6th ed. (Muenster: Dampfboot, 2014). An English translation will be published soon.

^{2.} Publication of the first MEGA, edited by David Riazanov, started in 1927. It became a target for Fascism and Stalinism. The first volume of the second MEGA appeared in 1975 in East Berlin, as a common project of the Institutes of Marxism-Leninism in Moscow and East Berlin. After the breakdown of the Soviet Union and German unification, MEGA² continued as a project of the German Academies of Sciences.

MEGA², the manuscripts of Marx published from his estate were usually more or less "edited": the editors tried to make the text more readable and to come closer to the final form that they assumed Marx wanted to reach. They changed formulations, reordered the paragraphs, inserted titles and subtitles, imposing a certain order on the text. This editing process had started with Engels' edition of volumes two and three of *Capital*, and it continued with Economic and Philosophic Manuscripts of 1844 and The German Ideology of 1845/46. In contrast, MEGA² is a "historical-critical" edition, which involves publishing all texts in their original form, with all variants (the author's deletions and insertions). The notion that an almost "final" text can be presented has been recognised as a myth; we just have different text documents. To decide which variant of a text is better is not an editorial but an interpretational task, which needs a sound edition as a basis. Editorial interventions and emendations are only made in unavoidable cases and these changes are documented precisely in the "apparatus". Each MEGA² volume consists of two books: one with the texts and the second (the apparatus) with variants, a list of editorial corrections, registers and explanations. Furthermore, MEGA² presents all kinds of texts that have survived, encompassing not only works, drafts and letters, but also notes and excerpts.

MEGA² shows how the texts developed. It achieves this by not only publishing all of Marx's manuscripts for *Capital*, but also by publishing all printed versions insofar as they contain changes by Marx or Engels. For example, volume one of *Capital* is presented in six different volumes, including all editions provided by Marx (the first two German editions and the French translation, which he corrected) and Engels (the third and fourth German edition, where Engels included parts of the emendations of the French translation, and the first English translation, which he corrected). The apparatus of each volume indicates the changes from the earlier texts and manuscripts. MEGA² presents Marx's *Capital* not as a ready-made text, but as a process.

This enormous and ongoing editorial project has already deepened our understanding of Marx's critical project decisively. Below I will give a brief overview of what are, in my opinion, the most important results regarding Marx's critique of political economy.

NOT ONE, BUT TWO CRITICAL PROJECTS SINCE 1857

The editorial work of the second section of MEGA² started with an assumption which is now rather widespread. It was assumed that the three big economic manuscripts written between 1857 and 1865 ("Grundrisse", 1857/58, "Economic manuscript of 1861–63", which includes the "Theories of Surplus Value", and the "Economic manuscript of 1863–65", which contains the man-

uscript Engels used for the edition of volume three) are three "drafts" of *Capital*. The publication of the first volume in 1867 was understood as representing the final stage of *Capital*.

However, I believe that, as a result of the MEGA² edition, we can now criticise this assumption. A close reading of these manuscripts shows that the "Grundrisse" and "Economic manuscript of 1861-63" were part of the six-book plan that Marx announced in 1859 in the preface of A Contribution to the Critique of Political Economy on the subjects of: capital, landed property, wage-labour, the state, foreign trade, and the world market.³ The book on capital was to focus on the presentation of "capital in general", as opposed to the "competition of many capitals".⁴ After 1863, Marx mentioned neither the six-book plan nor "capital in general". Indeed, important parts of the planned books on landed property and wage-labour are integrated into the three volumes of *Capital*: a separate presentation was not possible. In addition, the concept of "capital in general" - to present certain content (from value to interest) on a certain level of abstraction (in abstraction from the many capitals) proved impossible in the "Economic manuscript of 1861–63". Instead of "capital in general", Marx considers in *Capital* the relation between "individual capital" and "total social capital" several times at different levels of abstraction.⁵ Therefore, we have to distinguish between two different projects: the original six-book plan with "capital in general" vs. "competition of the many capitals" and Capital. Accordingly, the "Economic Manuscript of 1863–65" is not the third draft of *Capital*; rather, it is the first draft.

♦ THE DISPARATE CHARACTER OF CAPITAL MANUSCRIPTS

Furthermore, a close reading of the manuscripts that emerged after 1865 shows that Marx did not reach a final stage in his presentation of *Capital*. After 1865, we can distinguish two periods with different drafts (including publications): Between 1866 and 1871, the manuscript for the first edition of volume one and the long "Manuscript II" for book two emerged, besides some shorter manuscripts for books two and three. In 1871, Marx had to interrupt this work. On the one hand, the Paris Commune emerged and Marx wrote *The Civil War in France*, while on the other, the first edition of volume one of *Capital* sold out. Instead of continuing his work on books two and three, Marx began to rework book one. The second edition of 1872/73 con-

^{3.} Karl Marx, "A Contribution to the Critique of Political Economy, 1859," Marx Engels Collected Works (MECW), vol. 29 (London: Lawrence & Wishart, 1987), 261.

^{4.} Karl Marx to Engels, 2 Apr. 1858, MECW, vol. 40 (London: Lawrence & Wishart, 1983), 298.

^{5.} In chap. 5 of *Die Wissenschaft vom Wert*, the concept "capital in general", its failure in the "Economic manuscript of 1861–63" and the new concept in *Capital* are extensively presented.

tains a number of changes (especially with the presentation of value-form) and amendments. Furthermore, a French translation of volume one commenced. Marx added further amendments and corrected this translation, which appeared in single parts between 1872 and 1875. Only from 1875 could he continue his work on books two and three. In 1875, a large manuscript about the numerical relation between the rate of surplus value and the rate of profit emerged, and between 1876 and 1881 Marx prepared several manuscripts for book two. All these manuscripts were published in the MEGA² for the first time. Considering the emergence of these manuscripts, we can clearly distinguish the period from 1866 to 1870 from that of 1870 to 1881. However, also in the latter period, no final stage of presenting *Capital* was reached. As Marx explained, he wanted not only to fundamentally rework book three;⁶ he also wanted to rework the entire first volume of *Capital*.⁷

For more than a century, we believed that the "three volumes of *Capital*" were a uniform work. Now we must recognise that it is an editorial construction based on manuscripts that not only were composed at different times but belong to rather different working periods with different levels of insights. Volume one, in the most widespread fourth edition from 1890, is a mix of the second German edition of 1872 and the French edition of 1872–75. Engels included some, but not all, of the changes to the French translation, with the result that volume one nowadays exists in a form that Marx never knew.

Volume two is based on the large "Manuscript II", written between 1868 and 1870, and on the later manuscripts V, VI, VII, VIII, written between 1876 to 1881, when Marx was making considerable progress in different fields, especially regarding the non-neutrality of money, the reproduction of total social capital and crisis theory. Volume three, however, is based on the "Economic manuscript of 1863–65". New insights about money, crisis and credit, which Marx reached after 1865, are not included in this volume.

The text of volumes two and three in particular shows there were numerous editorial interventions that Engels did not indicate, such as the reordering of material, reformulations and the insertion of titles and subtitles. With these interventions, Engels sought to make the text more comprehensible. Nevertheless, he sometimes changed the meaning of the text through these interventions, and, possibly unknowingly, covered up for the fact that Marx had not solved some problems of presentation (on which level of abstraction which issue has to be presented, as in the case of crisis theory).

^{6.} See the interview with John Swinton, MECW, vol. 29, 583-85.

^{7.} Marx to Danielson, 13 Dec. 1881, MECW, vol. 46 (London: Lawrence & Wishart, 1992), 161.

150 YEARS KARL MARX'S "CAPITAL"

VALUE THEORY

In preparing the new presentation of value-form for the second edition of volume one of *Capital*, in 1871/72 Marx wrote a manuscript which was was published in MEGA² II/6 under the editor's title *Ergänzungen und Veränderungen* zum 1. Band des 'Kapitals' 'Additions and changes to the first volume of *Capital'*. This manuscript includes a brief self-commentary of Marx's presentation of value and some very clear formulations about a question much debated in the twentieth century: is value-objectivity a product of commodity production alone, or is it a joint result of production and exchange? In the manuscript, Marx criticises his own presentation at the beginning of volume one of *Capital*, where he reduced a coat and linen to an objectification of human labour: "But in this reduction was forgotten that neither of the two is in and of itself *value-objectivity* [Wertgegenständlichkeit], they are this only insofar as that this *objectivity* [Gegenständlichkeit] *is commonly held* by them. Outside of their relation with each other - the relationship in which they are equalised – neither the coat nor linen possess *value-objectivity* or *objectivity* as congelations of human labour per se."⁸ However, the coat and linen are equalised only in exchange. Marx goes on to state very clearly: "A product of labour, considered in isolation, is not value, nor is it a commodity. It only becomes value in its unity with another product of labour".⁹ Probably as a result of these considerations, Marx inserted the following sentence in the second edition of *Capital*: "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".¹⁰

Marx had earlier presented value objectivity as a purely social result, but in this manuscript from 1871/72 he drew the explicit conclusion that value is not fixed to a single commodity, and furthermore that the single product of labour in isolation is not even a commodity. However, the reworking of volume one in this respect was incomplete: certain misleading formulations remained and gave rise to different interpretations.

1

^{8.} Karl Marx, "Ergänzungen und Veränderungen zum ersten Band des 'Kapitals'" (Dec. 1871– Jan. 1872), *MEGA*², II/6, 30, Marx's emphasis. My translation.

^{9.} Ibid., 31.a

^{10.} Karl Marx, *Capital: A Critique of Political Economy*, vol. 1 (Harmondsworth: Penguin, 1976), 166.

♦ THE LAW OF THE TENDENCY OF THE RATE OF PROFIT TO FALL

The above law belongs to the most famous and to the most disputed propositions of Marx's *Capital*. Instead of entering the discussion on whether Marx's arguments for this law are sufficient, I want to show that there are some indications for the assumption that Marx himself had some doubts about this law in the 1870s. Marx's most extensive treatment of this law can be found in the manuscript for book three, written in 1864/65. Afterwards Marx mentioned this law only once: in a letter to Engels, dated 30 April 1868, where he sketched the content of book three.¹¹ However, in all the letters of the 1870s that dealt with crisis, he never mentioned this law. This is rather surprising when we consider the popular opinion that Marx's crisis theory rests on this law.

Furthermore, MEGA² published several manuscripts dealing with numerical examples for the profit rate. In particular, a part of a manuscript written at the end of the 1860s,¹² and a manuscript written in 1875,¹³ where Marx stated that he wanted to formulate "the laws of the movement" of the profit rate,¹⁴ contain numerous numerical examples regarding the relation between the rate of surplus value and the rate of profit. In these texts, Marx could learn that a growing organic composition of capital is not at all sufficient for a falling rate of profit. Everything is possible: a falling rate of profit as well as a growing rate of profit. In these manuscripts, Marx didn't articulate an explicit conclusion, but the message of the numerical examples is clear.

However, a small note that Marx added to his private copy of the second edition of volume one of *Capital* contains a clear conclusion: "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".¹⁵ As it becomes clear from the context, by "qualitative" change Marx meant a rising organic composition – and he stated here the exact opposite of his law of the tendency of the profit rate to fall.

Engels inserted this note in the third German edition of 1883. It looked like an isolated remark and one could have some doubts whether Marx really meant what he wrote. However, after the publication of the manuscripts

^{11.} Marx to Engels, 30 April 1868, MECW, vol. 43 (London: Lawrence & Wishart, 1988), 21.

^{12.} Karl Marx, "Über Mehrwert- und Profitrate, Gesetze der Profitrate, Kostpreis und Umschlag des Kapitals," *MEGA*², II/4.3, 78–234.

^{13.} Karl Marx, "Mehrwertrate und Profitrate mathematisch behandelt," *MEGA*², II/14, 19–150. 14. Ibid., 129.

^{15.} Marx, Capital, vol. 1, 781.

with his numerical accountings in MEGA², it is plausible that Marx made this remark very consciously – and that he abandoned the law of the tendency of the rate of profit to fall.

CRISIS THEORY AFTER 1865

The most extensive discussion of crisis theory in Capital is contained in chapter 15 of volume three. The chapter belongs to the section on the "law of the tendency of the rate of profit to fall" and is titled "Development of the law's internal contradictions". It seems that for Marx, crisis theory is strongly connected to the profit-rate law, and I suppose that this (assumed) connection led so many Marxists to fiercely defend this law: they feared there would be no theory of crisis without it. However, all this is mainly an effect of Engel's editorial work. What we know as chapter 15 was, in Marx's original manuscript, a collection of remarks and unfinished considerations. By reordering this material, with some deletions and reformulations, Engels made this material look much more coherent. In addition, the structuring into subchapters with titles and, last but not least, the title of the whole chapter, which insinuates the strong connection to the profit-rate law, are Engels' creation. A close reading of the material, even in Engels' edition, shows that Marx presents several approaches to crisis. One approach, indeed, has a connection to the profit-rate law, but others are completely independent from any tendency of the profit rate.

Engels' editing is not the only problem with the traditional perception of Marx's crisis theory. The manuscript of volume three, which usually serves as the most important source, originated in 1864/65. The other main source, Marx's remarks in the Ricardo chapter of *Theories of Surplus Value*, originated in 1862. However, Marx's research process continued after 1865. One result of this process can be found in volume two of *Capital*: the definite rejection of any "under-consumption" theory of crisis.¹⁶ Marx wrote this in the late 1870s in "Manuscript VIII", the last of the *Capital* manuscripts. In the manuscript of volume three, there were still some elements on under-consumption theory.¹⁷

In 1866, a new crisis emerged, one that Marx took so seriously that he made some remarks about it in the manuscript of volume one – just before he delivered it to the publisher. These remarks show what impressed

^{16.} Karl Marx, *Capital: A Critique of Political Economy*, vol. 2 (Harmondsworth: Penguin, 1978), 486–87.

^{17.} Karl Marx, *Capital: A Critique of Political Economy*, vol. 3 (Harmondsworth: Penguin, 1981), 615.

him so much: it was the "predominantly financial character" of the crisis.¹⁸ In the material, from which Engels composed the 15th chapter of volume three, money and finance played no role. The discussion of crisis was very production-oriented. There are some considerations, but no systematic exposition, about the role of credit in crises in the fifth part of volume three on interest-bearing capital. Obviously, the crisis of 1866 motivated Marx to consider anew crisis and credit. After finishing the correction of the proofs of volume one, Marx collected in a notebook a lot of information about this crisis. Furthermore, he used a lot of excerpts from the *Economist* about money, credit and crises. MEGA² will publish all these materials. From Marx's letters, we know that he wanted to fundamentally rework the part on interest-bearing capital.

During the 1870s Marx became a witness to the first long-lasting stagnation crisis, which started in the second half of the decade and ended only in the 1890s – after his death. Marx clearly saw that this was something new and he paid special attention to the connection between crisis, national banks and the exchange rates between the main currencies. When Danielson, who wanted to translate books two and three of *Capital* into Russian, asked him about the progress of his work, Marx replied that he could not finish *Capital* before this crisis had reached its peak, adding that he had to consume this crisis "theoretically".¹⁹ Marx clearly understood that his crisis theory was not at all complete.

The great achievement of Marx's crisis theory was to show that crises are not all "accidents", the results of some avoidable mistakes. This is the basic idea of neoclassical as well as Keynesian economics in discussing economic crises: the first recognises too few markets and too much state intervention as the mistake, the latter too many markets and too little state intervention. In contrast, Marx argues that it is exactly the success of capitalism as a profit-maximising system that undermines the future conditions for producing profit. Therefore, crises are inseparably connected with capitalism. Marx could demonstrate this on a rather general level, but his presentation on a more concrete level, which includes the credit system and which can distinguish between different types of capitalist crisis, remained fragmentary.

^{18.} Marx, Capital, vol. 1, 822.

^{19.} Marx to Danielson, 10 Apr. 1879, MECW, vol. 45 (London: Lawrence & Wishart, 1991), 354.

COMMENTS

Dimitris Papafotiou

I will attempt to describe aspects of the evolution of Marx's value theory from his break with the Ricardian model through his advancement of a new theoretical system that differs from the Ricardian, and which can be seen even more clearly in *Capital*'s second (1872) and subsequent editions.

As we know, Marx is initially a Ricardian theorist. At this time, Ricardian theory is focused on the dual nature of the commodity, which simultaneously acquires a *use value*, thus satisfying specific human needs, and *an exchange value*, i.e. the property of exchangeability at specific quantitative ratios with other commodities. This dual nature of commodities is a central theoretical issue in Political Economy; Marx receives it intact from David Ricardo, and uses it in his polemic against Pierre-Joseph Proudhon.¹

Marx begins criticizing the theory of value and Ricardo's monetary theory in the early 1850s. Nevertheless, in 1857, when Marx drafts his outline for a six-volume "Critique of Political Economy" and proceeds with theoretical elaborations that would subsequently be titled *Grundrisse* (1857–1858), *his criticism has still not struck at the core of the Ricardian view*.

According to material in the Marx-Engels-Gesamtausgabe (MEGA),² Marx seems to fully conceive the notion of the twofold nature of labour in 1858. *Inasmuch as a product is also a commodity, and this product/commodity acquires both a use value and an exchange value, labour must also have such a twofold nature*. This breakthrough is conceived just before A Contribution to *the Critique of Political Economy* (hereafter *Contribution to Critique*),³ which is published in 1859 as the first part of the aforementioned planned six-volume work. Here one can find the first comprehensive articulation of Marx's thesis on the twofold nature of labour.

^{1.} Karl Marx, *The Poverty of Philosophy* (1847). The reference is to the Greek edition: Georgia Deliyanni-Anastasiadi, trans. (1990) *I athliotita tis filosofias* (Athens: Ger. Anagnostidis, 1990).

^{2.} See Michael Heinrich, "I chrimatiki theoria tis axias" [The monetary theory of value], trans. Thodoros Paraskevopoulos, *Theseis* 133 (2015): 52–53.

^{3.} Karl Marx, *Kritiki tis politikis ikonomias* [A Contribution to the Critique of Political Economy], trans. Christos Balomenos (Athens: Synchroni Epochi, 2010).

According to Marx, the use value of commodities derives from the various *private labours*, whereas their exchange value is the result of "congealed"⁴, "crystallized"⁵ labour time, which in turn suggests a second property of labour, its "congealment" or "crystallization" in the commodity. Marx has not yet stipulated a firm terminology for this twofold nature of labour (the terms "concrete" and "abstract" labour). Nonetheless, "value-creating" labour is referred to as being "homogeneous", labour "of the same kind", "uniform", "simple", "general human", "social", "materialized", but also "abstract general" labour.⁶ This "general" labour, however, derives from the abstraction from the specific form of private labour that creates use value. It is the uniformity of labour from which "the individual characteristics of the workers are obliterated".⁷

What is this "undifferentiated" labour? It is work that is "the same" for everyone. Marx thus indicates "uniform" labour as basic labour performed by an unskilled worker in every era, that is, real, empirically-sensed labour. *Labour's twofold nature is thus defined in physiological terms or, as one could say, naturalistically, as private material activities,* while value takes on essentially two definitions: its *substance* ("simple", uniform work) and its *magnitude* (which is equal to the duration of labour). Such a presentation must be considered essentially Ricardian, and dominates the preface of *Contribution to Critique.*

Nonetheless, in this text we observe the first break with the essence of Ricardianism. This initially comes across to readers as an ambiguity, if not a contradiction, in Marx's writing. Let us examine the following excerpt:

[T]he different kinds of individual labour ... become labour in general, and in this way social labour, *only by actually being exchanged* for one another in quantities which are proportional to the labour-time contained in them ... Social labour-time exists in these commodities in a latent state, so to speak, and *becomes evident only in the course of their exchange* ... Universal social labour is consequently not a ready-made prerequisite but an emerging result *from the process of exchange*.⁸

Here Marx implies a third determining factor of value aside from substance and duration. This factor is related to the exchange process.

In the interim between the publication of *Contribution to Critique* in 1859 and *Capital*'s first edition in 1867, Marx undergoes an exceptionally intense

^{4.} Ibid., 34.

^{5.} Ibid., 32.

^{6.} Ibid., 33–37.

^{7.} Ibid., 33.

^{8.} Ibid., 60, emphasis added.

and extensive theoretical process during which, from 1861 to 1863, he looks to the literature of Classical Political Economy to solve the riddle of value and surplus value. It is during this time that one clearly sees Marx's turning of Samuel Bailey against Ricardo in order to delve more deeply into the "exchange" dimension of value. Nevertheless, before 1863 there is no indication that the new theoretical model introduced in 1867 in *Capital*, and outlined in the 1872 edition, has prevailed.

The modification of his views after 1863 most likely lead him to reduce his planned six-volume *Critique of Political Economy* to four volumes, a result that would fundamentally differ from the original idea. In the period of 1863-1865, he produces a draft of the first volume of *Capital* in accordance with the new plan, as well as the notes that Friedrich Engels would later use to form the second and third volumes.

Studying the first part of *Capital*'s first edition,⁹ we note that labour's dual character is also described here. Marx continues to refer to labour as being congealed¹⁰ or crystallized¹¹ in commodities, which in the first section of the first chapter continues to be presented as individual labour activity, defined in physiological terms. Skilled labour is reduced to simple labour, "to an exponent".¹² Marx then makes a very interesting statement:

"Precisely *how* this reduction is to be controlled is not relevant here."¹³

This is because this reduction is still considered as a technical (naturalistic) reduction of skilled labour to simple labour. Even so, these rules are not described as "not relevant" a few pages later, when Marx observes that:

The various proportions wherein differing species of labour are reduced to simple labour as their unit of measurement *are established by a social process* behind the back of the producers, and appear to them consequently as given by tradition.¹⁴

The conceptual gap between the two assertions above is bridged with a new conception of the labour-essence of value: the value of commodities

- 12. Ibid., 40.
- 13. Ibid., 40.
- 14. Ibid., 52, emphasis added.

^{9.} Karl Marx, "Part I: Commodities and Money", in *Capital: A Critique of Political Economy* (1867). References are to the Greek edition: Karl Marx, Emporevma kai chrima: to proto kefalaio apo tin proti ekdosi (1867) tou "To Kefalaio, kritiki tis politikis ikonomias" me to parartima I.1: I axiaki morfi [Commodities and Money: The first chapter from the first edition (1867) of *Capital: A Critique of Political Economy* with the Appendix to the first German Edition: The Value-Form. (Athens: Kritiki, 1991). The English used here is from Albert Dragstedt's translation, as published online by the Marxists Internet Archive.

^{10.} Ibid., 40.

^{11.} Ibid., 42.

does not arise out of nature but *out of society*. The common social substance which merely manifests itself differently in different use-values, is – labour.¹⁵

The *common social substance* does not emerge from the Ricardian premises in Marx's value theory but from *the development of value-form*, which, as we have seen in *Contribution to Critique*, is expressed in a latent form, specifically in the form of implications from exchange as a determining factor for exchange value. The point of rupture from Ricardianism is where Marx states: "Now we know the substance of value. It is labour. We know its unit of measurement. It is labour-time. We have yet to analyse its form."¹⁶

The analysis of value-form in Capital appears to emerge from Marx's decision to disassociate and isolate the real process of exchange from the core of his value theory. This separation leads to the theory of value-form, that is, the theory of labour's social character.

In the 1872 edition,¹⁷ which was translated in the West, we see Marx's theoretical revolution in its most advanced form. The first evolution one sees in this second edition is the introduction of the terms "concrete" and "abstract" labour to describe the two aspects of labour (under capitalism).

In section one of *Capital*'s first chapter, the description of the relationship between labour and value according to the two determining factors of a commodity – substance and magnitude – approximates the Ricardian tradition in a theorization very close to that of the first edition. Nonetheless, *Marx emphasizes a more anti-Ricardian direction when he explains the "type" of reduction that follows the definition of abstract labour*:

Let us now look at the *residue* of the products of labour. There is nothing left of them in each case but the same *phantom-like objectivity*; they are merely congealed quantities of homogeneous human labour, i.e. of human labour-power expended without regard to the form of its expenditure.¹⁸

So, value-creating labour has "phantom-like", intangible, non-material characteristics, even though a little further down in the text Marx again refers to the natural characteristics of abstract labour, presenting it as an "expenditure of human brains, nerves, and muscles".¹⁹

In fact, in *Capital*'s second edition, published in 1872 as an elaboration

^{15.} Ibid., 58, emphasis added.

^{16.} Ibid., 43.

^{17.} Marx, Karl, *Capital: A Critique of Political Economy* (1867). References are to the Greek edition: *To Kefalaio. Kritiki tis Politikis Oikonomias*, Vol. 1, trans. Panayiotis Mavrommatis (Athens: Synchroni Epochi, 2005).

^{18.} Ibid., 52, emphasis added.

^{19.} Ibid., 58.

of the first edition, one can see in Marx's writing two types or versions of the relationship between abstract labour and value.

- In the first version, value is described as an expenditure labour (Verausgabung), as crystallized labour (kristallisierte), as labour that is contained (enthaltenen), objectified (Vergegenständlicht), materialized (materialisiert), accumulated (aufgehäuft), embodied (steckenden) in the commodity. Commodities in this case are congelations of labour (Arbeitsgallerten). These formulations are drawn from Marx's Ricardian tradition. The conceptualization of value as a "deposit" of labour in a commodity leads to two theoretical conclusions:
 - a. Labour is expended, "melted" and deposited in a commodity. To visualize this, let us consider the candle as an example. The candle is consumed, it melts, and the molten wax drips into a vessel where it forms a new mass of wax (a conglomeration). In this case, the candle and the formed mass are made of the same material, both are made of wax. In a similar vein, expended labour deposited in a commodity and its value are parts of the same substance. This, in other words, implies *consubstantiality between labour and value*, and is not that far from saying that *value is abstract labour*.
 - b. In this sense, embodied labour cannot interpret labour's social nature; it can only presuppose it and consider it a given fact.
- 2. The second version of the labour-value relationship is found in a series of statements according to which labour is expressed (*ausgedrückt*), manifests (*erscheint*) in value or in the most typical phrase is presented (*darstellt*, *stellt*) in value.

We thus have two latent narratives of value: value as "accumulated labour" and as "labour that is presented" in value. It is impressive that this ambiguity in Marxist theory of value coincides with the ambiguities in *Capital*'s translations. Isaak Rubin, in 1923,²⁰ was the first to point out the problem when he noted that the Russian translation of the verb *predstavlyat* simultaneously suggests that value *is* labour and that value *presents* labour.²¹ Impressively, a similar issue emerges, not as an ambiguity but as a translation error, in most western translations of *Capital*. To explain: there are two basic English-language translations. The first, and most referenced, is the 1887 translation

^{20.} I.I. Rubin, Essays on Marx's Theory of Value (Detroit: Black and Red, 1972).

^{21.} Ibid., 111.

by Samuel Moore and Edward Aveling, edited by Friedrich Engels.²² The second is the 1976 translation by Ben Fowkes, known as the Penguin translation.²³ In both editions, in the second section of Chapter One, we see that the German title *Doppelcharakter der in den Waren dargestellten Arbeit* is translated as the "twofold" (1887) or "dual" (1976) "character of the labour *embodied* in commodities".²⁴ This is also the case in the frequently-referenced Greek translation by Panagiotis Mavrommatis for Synchroni Epochi, where it is similarly and equally erroneously rendered as "embodied".²⁵ Oddly enough, the first complete translation of *Capital* into Greek in 1954 – albeit a rough translation – uses "*depicted*",²⁶ rather than "embodied", that is, it avoids the above-mentioned error, while the 2016 Greek translation of *Capital*²⁷ clarifies this ambiguity (and many others).

In my opinion, Marx gradually establishes in *Capital* a new concept of the relationship between labour and value. This new approach competes with the Ricardian core of his earlier (pre-*Contribution to Critique*) theory.

Returning to my main point of criticism of a concept of value as "embodied labour" (see 1.b. above), it is worth emphasizing that *the social character of labour cannot be interpreted by the Ricardian form*, but conversely, can be interpreted through an elaboration of labour presented in value. Marx facilitates this through his theory of value-form. It is not coincidental that Marx summarizes his divergence from Classical Political Economy in this famous extract:

Political Economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is presented by the value of its product and labour time by the magnitude of that value.²⁸

In this context, we must not whittle down abstract labour to being just average labour defined on a more or less naturalistic basis. *Abstract labour is not*

28. Ibid., 60.

^{22.} Karl Marx, *Capital: A critical analysis of capitalist production*, Vol. 1, trans. Samuel Moore and Edward Aveling, ed. Friedrich Engels (London: Swan Sonnenschein, Lowrey, 1887).

^{23.} Karl Marx, Capital, Vol. 1, trans. Ben Fowkes (Harmondsworth: Penguin, 1976).

^{24.} Marx, Capital, trans. Moore and Aveling, 8. Marx, Capital, trans. Fowkes, 131.

^{25.} Karl Marx, *To Kefalaio. Kritiki tis Politikis Oikonomias* [Capital: A Critique of Political Economy], Vol. 1, trans. and ed. Yiannis D. Skouriotis (Athens: privately printed, 1954).

^{26.} Marx, To Kefalaio [Capital], trans. Mavrommatis, 55.

^{27.} Karl Marx, *To Kefalaio* [Capital], Vol. 1, trans. Thanasis Giouras (Athens: Kapsimi, 2016), 24.

*just labour activity. Abstract labour is associated labour in Marx.*²⁹ In the 1872 edition, we finally come across a reference to the role of exchange as part of Marx's theory on the association of private labours through exchange:

Since the producers do not come into social contact until they exchange the products of their labour, the specific social characteristics of their private labours [that is, their abstract character] appear only within this exchange. In other words, the labour of the private individual manifests itself as an element of the total labour of society [that is, its social character is activated, acquiring the specific character of "association"], only through the relations which the act of exchange establishes between the products and, through their mediation, between the producers ... It is only by being exchanged that the products of labour acquire a socially uniform objectivity as values.³⁰

What is the mechanism that sets the social determination of abstract labour? How is labour reduced to abstract labour under capitalism? What is the "social process behind the back of the producers"? This social process is exchange:

Men do not therefore bring the products of their labour into relation with each other as values because they see these objects merely as the material integuments of homogeneous human labour [Note: because their labour is already abstract]. The reverse is true: *by equating their different products to each other in exchange as values*, they equate their different kinds of labour as human labour. [That is, it is equated as the result of the act of exchanging.] They do this without being aware of it.³¹

Indeed, in the addenda that Marx himself added for the French edition of *Capital*, he rushes to emphasize: "It is only the exchange that carries out this reduction, positing products of different labours at an equal base, one in the place of the other."³²

Does this emphasis on exchange and value-form diverge from Marxist tradition, converging with the neoclassical or bourgeois traditions of economics? Clearly not. Visualizing Marxism as a theory of production, as opposed to bourgeois economics constituting theories of exchange and of the market, emerged from a different conjuncture of Marxist polemics against

^{29.} See Michael Eldred and Marnie Hanlon, "Reconstructing Value-Form Analysis," *Capital* ∂ *Class* 5/1 (1981): 24–60. Disagreements on other issues notwithstanding, this conception of "associated abstract labour" (instead of just "abstract labour") is aptly presented, with the two types of labour defined as "dissociated concrete labour" and "associated abstract labour".

^{30.} Marx, To Kefalaio [Capital], trans. Giouras, 53-54, emphasis added.

^{31.} Ibid., 54, emphasis added. If one compares this excerpt with that of the first edition of *Capital*, they will see that Marx reformulated this point, adding in the second edition his comment on equalization of labour through an "equalisation of their products through exchange".

^{32.} Marx, To Kefalaio [Capital], trans. Giouras, 55.

bourgeois economic theories. In fact, Marx's value theory is a theory that is based on the *unity of production and exchange*. Value is not "created" in production. It is not "created" in exchange. Value is the result of a "social metabolism"³³, and in a metabolic process there is not any starting or ending point, cause or result, there is no "phase" of the metabolic process that precedes or supersedes. To borrow a form from linguistics, value must be considered as a synchronic outcome of a social process (and not the result of diachronic determinations). Both processes, that is, production and exchange, act simultaneously and determine the final result of the complete social metabolic process.

In summary, the nascent aspect of Marx's value theory in Marx's evolution from 1850 through *Capital*'s completion and publication – whose 150th anniversary we are assessing in a way – suggests that Marx tends towards a complex definition of value, derived from both production (substance, magnitude) and exchange (association). Production and exchange together constitute the "value character" of social production and reproduction in the capitalist mode of production.

^{33.} *Stoffwechsel* is a German term that is erroneously rendered as "exchange of matter" in the 1887 translation, while in the Greek translation it is rendered as "exchange of material". Both fall short and certainly downgrade the points of *Capital* that I attempt to highlight here.

Money in Marx: from value-form analysis to an understanding of modern capitalism

Spyros Lapatsioras and Dimitris P. Sotiropoulos

This paper provides an analytical outline that allows us to understand the modern form of the financial system as a system that plays a central role in the organization and reproduction of capitalist power relations. The fact that we will be attempting to examine a range of concepts from simple value-form to interest-bearing and fictitious capital within the confines of a brief paper means that this will necessarily be a sketch, or, alternatively, an overview of the structure of Marxian concepts that allows us to understand core aspects of contemporary capitalism.

There is a thread of interrelated categories that can be considered to be an organizational-programmatic principle in *Capital* and the *Grundrisse*, as well as in Marx's more 'mature' texts (according to Althusser's definition), through which Marx puts forth a theory on the capitalist mode of production. This thread comprises the terms 'money', 'money as money', 'capital', 'capital as money (or as commodity)', 'money as capital', 'capital as capital is a commodity',¹ and constitutes the main axis of what we are presenting.-

1. MONEY, COMMODITY, AND VALUE-FORM

We begin the presentation of this sequence with the terms 'money' and 'value-form'. In brief, this is how Marx conceptually produces money in *Capital*: He starts with a representation of the social division of labour in capital-

^{1.} Despite its awkwardness, we are obliged to use the phrase "capital as capital is a commodity" (Marx 1991: 475). As we explain in Part Four of this paper, this term refers to the point in the thread of categories where capital is presented objectively as *capital* via financial securities and, by virtue of this representation, capital is rendered a commodity. Instead of using the earlier, wordier phrase to describe this category, we can use one of the expressions frequently used by Marx to analyse the transformations to which the concept of 'capital' is subjected when credit is introduced into analysis of the capitalist mode of production. We cannot use the simpler expression 'capital as commodity' because that category (or term) appears in Marx before the introduction of credit – along with the related category 'capital as money' – and concerns other modalities of the meaning of the concept of capital (regarding, for example, the circuits of capital in *Capital*, Volume II).

ism, a representation of a society of commodity-owners where the problem of the power of the product owned by each person as a claim on the products of others' labour is 'solved' within the framework of a specific mechanism of exchange (or more generally, circulation)², with the money form and commodity form being the requisite organizational forms.

Bringing her/his product to the market, each commodity-owner regards it "as a claim, so to speak, to a certain quantity of all materialized social labour …" (Marx, 2010: 331). What interests the individual commodity-owner is the power of this claim and the extent of this power.³ The power is determined by the assurance that this is a product in demand by the other members of the social division of labour. The magnitude of this power is determined by the labour time socially necessary for its production. The relationship between products of labour is the framework wherein her/his claim can be manifested, and where its social validity can be determined.

The degree to which the money form and the correlated commodity form become established determines how the organizational problem posed by this specific form of the social division of labour can be solved. We can divide the theoretical production of the commodity and money forms in *Capital* into two major theoretical strands:

- **1.** an analysis of the *theoretical* structure of exchange, i.e. of value as a social relation (Chapter 1, Volume I, The Commodity); and,
- **2.** the enrichment of this structure via a social practice (Chapter 2, Volume I, The Process of Exchange), i.e. of conditions under which value as a social relation is consolidated.

1.1 THE FIRST THEORETICAL STRAND: VALUE AS A SOCIAL RELATION

The first strand involves two theoretical movements through which the theoretical field of Political Economy is reconstituted, as Marx immanently criticizes two versions of its foundation. These two versions can be referred to as Ricardo's discourse and Bailey's discourse, and can be expressed respectively as propositions A and B as follows:⁴

^{2.} We merely note the location where the potential for the contradictory requirements of the capitalist social division of labour to take on a non-contradictory form appears. "Since the producers do not come into social contact until they exchange the products of their labours, the specific social characteristics of their private labours appear only within this exchange" (Marx 1990: 165).

^{3. &}quot;What initially concerns producers in practice when they make an exchange is how much of some other product they get for their own; in what proportions can the products be exchanged" (Marx 1990: 167).

^{4.} We attribute these propositions to Ricardo and Bailey because of the importance attributed to these names by Marx in their being exponents of the corresponding propositions in the

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Proposition A: "Commodities are exchanged according to the labour required to produce them", and their exchange value derives from this. We call this the *labour dimension of exchange value*.

Proposition B: Exchange "equalizes different quantities of commodities" with empirically observed exchange ratios (randomly defined in space and time). We call this the *quantitative dimension of exchange value*; in other words, the exchange value of commodity A is *always* a specified quantity of commodity B.

The first proposition leads us to consider the second as a mere phenomenon that negates the form's autonomy, while the second proposition causes us to reject the first as being a metaphysical hypothesis without empirical underpinnings. On an abstract level, this schema summarizes the conflicts existing within Political Economy. Marx's critical argument yields two theoretical outcomes:

On the one hand, the 'labour dimension' does not exist in the way that it is approached in Classical Political Economy. Marx takes the empirical representation of exchange – the 'quantitative dimension' – for granted, and, through the notion of 'commensurability' (what makes exchanged goods commensurate), produces the concepts of 'value' and 'abstract labour', both of which invalidate the proposition that a commodity's exchange value is determined by the quantity of labour (empirically tangible, and therefore *concrete*) expended on it. In other words, from a 'quantitative dimensional' view, we examine the validity of the 'labour dimension' and transform it into a valid proposition.

On the other hand, there is no 'quantitative dimension' as conceived by economists in (Classical) Political Economy. Moreover, the fundamental representation of exchange as barter according to (Classical) Political Economy, $C-C^5$, is *not fundamental*: this necessarily presupposes both the commodity form C-M, and the money form M-C, as prerequisites. Taking into account the outcome of the first theoretical movement, i.e. the *transformed* 'labour dimension', Marx examines the validity of the 'quantitative dimension' *and then transforms it*, thereby establishing the money form as a concept that cannot be circumvented when the formation of the structure of the object of Political Economy is at stake.

In other words, Marx's analysis in the first sections of *Capital* raises the question of the articulation of the concept of 'value', so that the two propositions outlined above cease being antinomical, given the proper processing and enrichment of the meaning of the terms 'labour' and 'value'. The pres-

first sections of *Capital*. See Rubin, 1972:107-123 and Rubin, 1978,:127 ff. and Milios et al., 2002, Chapter 2.

^{5.} In this text, 'C' is an abbreviation of 'commodity', and 'M' of 'money'.

entation (*dargestellt*) of this organizational process, on a very broad level, consists in taking the one proposition as a framework for examining the validity of the other. The result is a radical transformation of the theoretical field through which Political Economy composes and considers its object.

This reconstruction can be traced throughout the first three chapters of the first section of Volume I of *Capital* up until the beginning of the section on money as a means of circulation, wherein the concepts of 'money' and 'commodity' are not completely defined, but take on a transitory, functional form in order to produce the concept of 'capital'.⁶

For purposes of textual economy, we will focus on the theoretical production of the money form, beginning with the third subsection of the first chapter of *Capital* and confining the discussion to the simple form of value that is presented therein.⁷

More specifically, through the exposition of the simple form of value, an exposition that explores the presumptions in the form of exchange xA = yB, the 'germinal' composition of the forms 'commodity' and 'money' is demonstrated. The simple value-form constitutes a polar relationship, an *ordered relation* manifested in the formula "A expresses its value in B". In terms of this analysis, B, being the bearer of the equivalent form, counters the magnitude of value A. The equation xA = yB, whereby the problem of *commensurability* between the qualitatively dissimilar use values and the corresponding concrete labours is 'practically' solved, shows a kind of abstraction from (concrete) labour A, and that abstracted labour A is treated *as any other labour*, in this instance as (concrete) labour B. It also shows that there is an abstraction of *use value* A and that *that* abstracted use value is treated like *any other use value*, in this instance, B.

Therefore, the position occupied by B is the position where A's *value appears*. It is thus B's function to appear as *the value of A*. As such, it loses its distinguishing features. Its specific use value is 'erased', and it acquires a new use value: a use value that is directly convertible into any other commodity, in this instance A. Its 'body' is only valid "as materialization of val-

^{6.} We believe that this conceptual production of 'money' pauses temporarily in the paragraph beginning "Commodities, first of all, enter into the process of exchange" in the subsection entitled "The Metamorphosis of Commodities", Chapter 3, Section 2, Volume I of *Capital*, in which Marx summarizes his findings as a conclusion (Marx, 1990: 199). We use the word 'transitory form' because the meaning of the concept 'money' is completed after the meaning of the concept 'capital' is introduced, where money is defined as 'potential capital' (Marx, 1991: 459, 477) (See Part Four in this paper).

^{7.} For further analysis of Marxian theory on the production of money and commodities, see Lapatsioras and Milios, 2012, Lapatsioras 2005, 2009, Rubin, 1972, and Milios, et al, 2002, Chapters 2–4.

ue (Wertmateriatur), as money" (Marx, 1990: 199). Through this analysis, a 'commodity' is defined as a relationship. A, being in relationship xA = yB in 'relative value-form' – that is to say, it expresses its value in terms of another use value – is bearer of the relationship 'commodity' insofar as its use value is brought into relationship with 'money', in this instance B, which (re)presents its value. The 'commodity' in other words, is defined as the ordered relationship C-M, where the use value occupies position C, and the position of value C is M, and consequently, the reference to C as a 'commodity' is a result of hypostatization of a relation to a thing. Correspondingly, 'money' is the 'body' where the specific M-C ordered relationship is hypostatized: position M is where value appears, and C is the position where M can be converted into possible use values.⁸ In this analysis, M has the function of presenting⁹ value, being the manifestation and the measure of value (its material = 'value materiality'). At the same time it serves as a general equivalent, having a special use value that can be directly exchanged with other commodities.

This 'germinal' form is woven throughout Marx's analysis up to the section on the 'total form of value', subsequently to the 'general form of value', and, finally, to the money form.

1.2 THE SECOND THEORETICAL STRAND: ENRICHMENT OF THE THEORETICAL STRUCTURE OF EXCHANGE BY A PRACTICE

The 'general form of value' is not the 'money form' because there can be as many 'general forms of value' as there are 'bodies' in which value is expressed. The shift from the 'general' form of value to the 'money' form of value requires the restriction of the value expression to only 'one' body, which thereafter assumes the role of the general equivalent.

The process of isolating a commodity to the position of 'general equivalent' is a process by which the conditions for the money form to exist are developing, which is the second theoretical strand. This is how money and commodity forms acquire a fundamental and non-circumventable role, eventually becoming forms with which analysis of the capitalist mode of production can be initiated.¹⁰

For the sake of brevity we will not analyse the arguments of the second

^{8.} Here, for purposes of textual economy, we make an obvious leap in our analysis. But, taking into account that the "general relative value form has the same shape as their original relative value form" (Marx 1976a: 189), we can easily make the necessary connections if we think of B as M.

^{9.} Concerning the use of the term 'presenting', rather than the more usual term 'representing', we refer readers to Arthur, 2005:217.

^{10.} This is the subject of the second chapter of the first volume of *Capital*.

chapter, but should note that following the analysis of fetishism, the theoretical structure outlined in the first chapter is enriched by *a practice that includes subjects*: commodity-owners, who act in accordance with tangible targets and rules set by the expression of value of their products according to the binding framework of social forms developed therein.¹¹ Insofar as this practice becomes the dominant one in the organization of the sphere of production, money and commodity forms are produced as dominant forms that shape the exchange.

2. CREDIT-MONEY: MONEY AS A MEANS OF PAYMENT

Typically, in the usual form of buying and selling, commodity and money are simultaneously present, and following an exchange, switch owners. If the condition of simultaneity is withdrawn, there exist the following possibilities: a) the ownership (title) of the commodity is transferred to the buyer before the equivalent sum of money comes into the seller's possession; and b) the seller receives the equivalent sum of money before the ownership (title) of the commodity is transferred to the buyer. The introduction of the time dimension transforms simple commodity exchange into a practice where credit is introduced via promissory payments (in general, IOUs) through which commodities are bought and sold. Herein lies the morphological basis for the emergence of a number of types of derivative securities on commodities (such as forward and futures contracts) that dominate contemporary commodity transactions, and, for the emergence of credit-money and debt securities

The above analysis has some basic analytical implications, which we will briefly list: (1) It is not debt that defines commodity value; the value of a commodity has already been defined in monetary terms. (2) Through the form of buying and selling, all agents/bearers of the existing economic relationships are transformed into agents for whom money becomes an end in itself.¹² The seller's aim is to acquire money through the sale, but also, the buyer, as debtor, is transformed into someone whose aim is to acquire money in order to be able to pay. (3) A new category of money is introduced: credit-money. As money becomes "the universal material of contracts" (Marx,

^{11.} See Lapatsioras and Milios, 2012, for an analysis on the significance of Chapter 2. See also Milios et al. 2002, Chapter 4, for an analysis of fetishism.

^{12. &}quot;The seller turned his commodity into money in order to satisfy some need; the hoarder in order to preserve the monetary form of his commodity, and the indebted purchaser in order to be able to pay ... The value-form of the commodity, money, has now become the self-sufficient purpose of the sale, owing to a social necessity springing from the conditions of the process of circulation itself" (Marx, 1990: 234).

1990: 238), economic relationships are transformed into financial relationships. (4) Two other forms of subjectivity now show up in circulation: the creditor and the debtor, both of whom diverge greatly from analogous types in pre-capitalist modes of production.¹³ Their main differences include: the role of creditor and debtor are interchangeable, their relationship is monetary (and not extra-economic), and, more broadly, when our analysis reaches interest-bearing capital, we will see that Marx theoretically analyses the "subordination of interest-bearing capital to the conditions and requirements of the capitalist mode of production" (Marx, 1991: 735).

3. THE FORM OF CAPITAL

In Chapter 4 of Volume I of *Capital*, Marx puts forth a general form for the concept of capital (without, however, taking the credit system into account):

$$M - C - M' [= M + \Delta M]$$

This is also the form 'capital as money'. Marx defines capital as the self-valorization of value. At first, this broad definition is not addressed beyond the determination that profit ΔM is the goal of production. The condition for meeting the desired goal is an exchange of a part of the initial M in the form with labour power, whose consumption process is, at the same time, a production process for commodities and surplus-value.

In the fifth chapter of Volume I of *Capital*, an abstract representation of the labour process is introduced. This process involves raw materials, the means of production and, of course, labour, which uses the means of production with raw materials to produce a pre-determined product. It is purpose-driven activity, and its *specific* purposefulness is what differentiates each, individual use value from other use values.

From this point on, Marx begins a process of transforming these initial representations of *capital as self-valorization of value* and *the labour process* – representations that are now used as theoretical raw material for further elaboration. The results of this process of transformation are the further articulation of the concept of capital and the concept of the *capitalist mode of production*.

A simple way to approach the results of Marx's analysis is to understand what is not capital; in other words, what is not a capital relation. Capital does not consist in simply forcing the profit-making goal of ΔM onto a pre-existing production process, but modifies all factors involved in the production process, as it subordinates the production process to the purpose of producing

^{13.} An introductory analysis of the differences can be found in Chapter 36 of Volume III of *Capital*.

surplus-value (profit). The capitalist does not view this process as a mere process of labour, but mainly as a process of valorization of the advanced capital, M.

Therefore, the process of capitalist production must be represented as the *unification* of the labour and valorization processes.

3.1 THE CAPITALIST PRODUCTION PROCESS AND THE CONCEPT OF RISK

The organization of the production process under the logic of capital results in two perspectives, discrete but interdependent, on the production process.¹⁴ One perspective is on use value, the production of useful items; and the other is on value, the production of value and surplus-value.

The labour process is determined by the valorization process since the aim of ΔM imposes certain demands: specific *regularity* in the shaping of all its elements. Depending on the magnitude of ΔM , the concrete and specific uses of labour, its labour time and rates are determined. From the perspective of the valorization process, the labour process is a process whose every part is a component of capital and as such, its function is to produce surplus-value, ΔM . From the perspective of capital, the subsumption of the labour process under the valorization process constitutes the capital relation. Here, the means of production *are* capital, and labour *is* labour *of* capital. Nonetheless, on a more specific level of analysis, this subsumption is never without complications.

A particular complication of the entanglement between the valorization and labour processes is that the labour process is *constitutionally* a source of resistance and thus a permanent source of risk in fulfilling the goal of capital to produce 'regular' profit. This is the precise source of momentum for potential transformations in the valorization process. Why the resistance? Because, quite simply, some hammers might not be good enough, and labour may be unable to adapt to what is needed to produce a 'regular' profit. From this standpoint, capital is a continuous, violent process of suppressing any resistance that arises; the valorization process is an attempt to shrink the gap (distance) between the labour process and automation and totally subsume the labour process under capital as an automaton. In other words, capital is a relationship of continuous enrichment and reorganization of the valorization process insomuch as its boundaries are constantly being (re)set by class struggle and end up being barriers that must be overcome. Obviously, we are referring to the subsumption of labour under capital as an articulation of conceptual determination. For this subsumption to be organ-

^{14.} The arguments developed in this section are part of a critical dialogue with Arthur, 2007.

43

ized completely, it must be complemented by the appropriate mechanisms of power and mechanisms that produce subjectivity.

We can further organize the concept of 'abstract labour'. The capitalist 'regulates' the (concrete) labour time as required by the goals of the valorization process. This attempt to impose the requirements of profit's production of concrete labour is itself a process of abstraction (erasing) of the purpose of concrete labour, in other words, an abstraction from what makes concrete labour concrete. Therefore, the subsumption of the labour process into the valorization process means that all the elements that define it are subtracted (abstracted) as the enterprise's accountants measure everything in money. Production time is shaped through a process of pricing (representation in money) of all aspects of the production process and thus the only possible abstraction of concrete characteristics of the labour process takes place via the pricing process. As a consequence, the representation of concrete labour by a third factor (money) is a process that 'erases' whatever renders labour as concrete and purposeful activity, precisely because this process projects (abstracts) all these different labour processes onto the same dimension: the money dimension. That is the meaning of 'abstract labour'.

4. MONEY AS CAPITAL

Thus far in this paper we have traced the evolution of the forms through which the capitalist mode of production is organized as they are developed in *Capital*: the form/relationship of money, M-C; the form/relationship of commodity, C-M; the forms of buying and selling; money as credit-money; capital as money, M-C-M'. However, the adequate forms of money and capital needed to organize circulation and capitalist production explicitly appear when we reach the analysis of the credit system in the form "money that begets money", M-M', in Volume III of *Capital*.

Marx offers a very clear explanation of how fundamental central credit is to the capitalist mode of production: "It thus appears as a matter of chance for production based on capital whether or not its essential condition, the continuity of the different processes which constitute its process as a whole, is actually brought about. *The suspension of this chance element by capital itself is credit*" (Marx, 1993:535, emphasis added. See also Marx, 1992:420). Furthermore, Marx observes: "*Money* itself is a form for suspending the unevenness of the times required in different branches of production, to the extent that this obstructs exchange" (Marx, 1993:535).

When Marx's analysis reaches the form M-M', money functions *and* appears as capital. In other words, it appears as self-valorized value, so that capital itself as capital can take the form of a commodity (Marx, 1991:463, 475).

The circuit of interest-bearing capital is described by the formulation below:¹⁵

The two extremes, M-M and M'-M'', state two separate actions: the act of advancing capital, which in this specific form of circulation is 'lending', M-M; and, the act of returning the advanced capital after its valorization, which is the 'repayment', M'-M''. The immanent connection between interest-bearing capital and production capital is represented by this formula.

4.1 MONEY AS CAPITAL, A SUI GENERIS COMMODITY

The first action stated through this form is the act of allocating a sum of money, a defined amount of value that can take the form of credit-money.¹⁶ This action can be illustrated as $M(A) \rightarrow M(B)$, with M(A) showing that M belongs to person A. In contrast to the typical commodity exchange (buying and selling), we now see that a value, M, is ceded without an equivalent value being returned. There is only promise of future repayment of M plus the additional sum of ΔM . This is an 'irrational' form in terms of typical commodity exchange to the extent that exchange implies an exchange of equivalents. What is thus ceded has the characteristics of a *sui generis* commodity.

From the perspective of use value, there is a use value represented by M: the use value of initiating the production process and producing surplus-value and profit. A use value is thus ceded, money being potential capital. ¹⁷ Nonetheless – and this also differs from a typical exchange of commodity for money – the ownership of this use value is not transferred, providing that the borrower does not receive an equivalent value in return.

Like every commodity, this one, too, must have value. By the concept of value we mean the particular fusion of a magnitude of value with value-form. Here, a problem arises: M as a sum of money denotes a certain magnitude of value. If it is used according to use value to function as capital,

^{15.} In this formula, we use M to represent the amount of money loaned to the active capitalist, C[MP, LP] as the conversion of M into means of production MP, and labour power LP, P as the production process, C'(C+c) as the result of the production process, where c is the surplus-product, M'(M+ Δ M) the sum of the capital advanced M, and of the surplus-value Δ M which is realized from the sale, while M'' is the sum of the loaned capital M and of interest, which are returned to the 'borrower'. See also Marx, 1991:461.

^{16. &}quot; ... money – taken here as the independent expression of a sum of value, whether this actually exists in money or in commodities ... " (Marx, 1991: 459).

^{17.} It is obvious here that we are referring to the conditions of possibility of the form of interest-bearing capital. The existence of consumer credit and the allocation of money that the borrower does not use as capital are both possible because the allocation of money as capital is articulated as an activity alongside the reproduction process of the total social capital.

a greater magnitude of value is produced (and returned) than what was initially ceded. More precisely, at the moment of allocation, the ceded sum of money is estimated on the basis of anticipated future monetary flows and is considered as a magnitude of value greater than the magnitude represented at that same point in time (if it is not considered loanable capital). In other words, when money appears as capital, it is self-valorized value as a form, but it has an indefinite magnitude of value, or, more specifically, it has a magnitude of value which depends on the conditions of valorization of the capital used in production.¹⁸

4.2 THE FORM M-M'

We can observe that the acts of 'lending' and 'repayment' appear as processes *external* to the actual production process. Lending and repayment are acts that seem dependent on an agreed-upon time and not on a time related to actual capitalist production. That is, the act of lending and the act of repayment seem independent of the actual reproduction process and thus acquire the form $M(A) \rightarrow M(B)...M'(B) \rightarrow M'(A)$.¹⁹

In other words, the externality of lending, repayment, and interest in respect to capitalist (re)production renders the form M-M' as discrete, 'independent', and yet its underlying processes depend on conditions of valorization, so this 'independence' has a fetishistic character.²⁰ What is distinctive about the form M-M' in relation to the general form of capital M-C-M' is that in the latter, in M-C and C-M', neither M nor C appear as capital in circulation, but merely as money that buys, or as a commodity that is sold.²¹

^{18.} This is a complete reversal in terms of the discussion on commodity money. Instead of money being viewed as a commodity with embodied (internal) value according to the time required for its production, money appears as a commodity that does not have a specific value size and whose value size is dependent on the conditions of valorization of total social capital. In Marx's words: "The value of money or commodities as capital is not determined by their value as money or commodities but rather by the quantity of surplus-value that they produce for their possessor" (Marx, 1991: 477).

^{19. &}quot;The mere form of capital money that is given out as a sum A and returns as a sum A + 1/x A, after a certain period of time, but without any other mediation besides this temporal interval – is simply the irrational form of the real capital movement" (Marx, 1991: 470).

^{20. &}quot;In interest bearing capital, the capital relationship reaches its most superficial and fetishized form. Here we have *M*-*M*', money that produces more money, self-valorizing value, without the process that mediates the two extremes" (Marx, 1991: 515).

^{21. &}quot;In no individual moment of the metamorphosis, taken by itself, does the capitalist sell the commodity to the buyer *as capital*, even though it represents capital for him, nor does the buyer alienate his money as capital to the seller. In both cases the commodity is alienated simply as commodity and the money simply as money, as the means for purchasing commodities" (Marx, 1991: 463-4).

That is, it is not determined to be capital apart from the capitalist's subjective perspective or from a theoretical perspective when we look at the total reproduction process. Conversely, in the first form, M-M', money appears by itself as a thing that has the ability to 'beget' (produce) more money, while at the same time the category of 'capital' acquires an objective form: it is capital 'for others' and not just from the capitalist's point of view. Given this objective existence of 'capital', it is possible for "capital as capital becomes a commodity" to exist as the form of a claim to future money flows.²²

4.3 SUBJECTS OF THE RELATIONSHIP M-M'

If we look at the form of lending, two subjects are needed to support the relationship $M(A) \rightarrow M(B)$. However, we cannot hypostatize this relationship into fixed subjects such as *creditor* and *debtor*. Empirically speaking, the same capitalist enterprise that operates as a lender in one credit market can be a borrower in another, so that in one market it plays the role of money capitalist, and in the other, the role of functioning capitalist (manager).

Proceeding to a more concrete level of analysis, Marx recognizes in *Capital* Volume III that the position of capital may be occupied by more than one subject. Both a money capitalist (the owner of the firm) and a functioning capitalist (the manager) can exist alongside one another. Marx's argument is depicted in Figure 1:

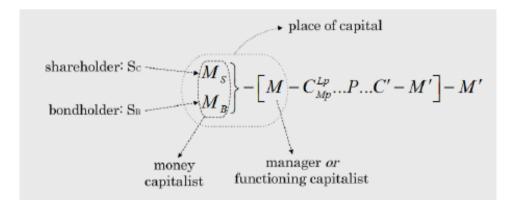


Figure 1. The subjects in the circuit of interest-bearing capital

In the course of the lending process, money capitalist A becomes the recipient and proprietor of security S, which is a written promise of pay-

^{22. &}quot;In this capacity of potential capital, as a means of producing profit, it becomes a commodity, but a commodity sui generis" (Marx, 1991: 459-460, see also 463, 475, 517).

ment (contingent in character) from functioning capitalist B. This promise certifies that A remains owner of money capital M. He does not transfer his capital to B, but cedes to him the right to make use of it for a specified time period. We can identify two general types of securities: bonds S_B and shares S_c . In the first case, the enterprise undertakes to return fixed and prearranged sums of money irrespective of the profitability of its operations. In the second case, the enterprise secures loan capital by selling a part of its property, thereby committing itself to paying dividends proportional to its profits. If the company goes public and issues shares, then capitalist B corresponds to the manager, and capitalist A to the legal owner.

In this framework, the pure form of ownership of capital (whether it be money or productive capital) is the *financial security* itself, analogous to "imaginary wealth" (Marx, 1991: 609). The ownership title is a 'paper duplicate', either of the money capital ceded in the case of bond S_{B} , or of the 'material' capital in the case of share S_{C} . Nevertheless, the *price* of the security does not come from the value of the money made available, nor from the value of the 'real' capital. The ownership titles are priced on the basis of the (future) income they may yield for the person who owns them (capitalization in accordance with the current interest rate that already contains the risk, which is, of course, part of the surplus-value produced. In this sense, they are *sui generis commodities* plotting a course of their very own. Marx uses the term 'fictitious capital' in order to grasp this aspect of interest-bearing capital (Marx, 1991:526, 601-2, 607-610).

The circuit of interest-bearing capital is an abstract form that demonstrates the syntax of the capitalist production process. Credit makes social capital available to the individual capitalist, and both creditors and borrowers also serve as 'instruments' for conveying the conditions of expanded reproduction and total social capital.

The participation of both money capitalist and functioning capitalist in organizing the conditions necessary to produce a normal rate of profit is what unifies them in the face of the secondary 'contradiction'/conflict between them (e.g. this secondary 'contradiction' arises from the issue of how total profit will be divided into interest and business profit, etc.). This conflict may or may not acquire extreme forms, depending on the total social correlation of power which is also influenced by the phases of the business cycle and the demands of expanded production. Nevertheless, it is a secondary 'contradiction' in the sense that the position of capital *is occupied by both the owner (money capitalist) and the functioning capitalist.*²³

^{23. &}quot;In the reproduction process, the functioning capitalist represents capital against the wage-labourers as the property of others, and the money capitalist participates in the exploita-

4.4 FICTITIOUS CAPITAL

Analysing interest-bearing capital cannot be properly understood without reference to the concept of 'fictitious' capital. In other words, the 'pure' form of the appearance of capital is necessarily a 'fictitious' one.

Interest-bearing capital is a financial security priced on expected yield. Interest-bearing capital is a concrete form of capital in the shape of a *sui gener-is* commodity. Marx's major theoretical contribution to the analysis of finance is the association of capitalization with *fetishism*. Interest-bearing capital is 'fictitious', not in the sense of 'imaginary' detachment from actual conditions of production, as is generally suggested, but 'fictitious' in the sense that it hypostasizes capitalist production relations. Surprisingly, a great many Marxist analyses of the third volume of *Capital* have failed to pay due attention to this fact. Nevertheless, Marx's message is clear and indisputable:

We have seen that although it is a category absolutely different from the commodity, interest-bearing capital becomes a commodity sui-generis (Marx 1991:489); Capital appears as a mysterious and self-creating source of interest, of its own increase. The thing (money, commodity, value) is now already capital simply as a thing; the result of the overall reproduction process appears as a property devolving on a thing in itself ... In interest bearing capital, therefore, this automatic fetish is elaborated into its pure form, self-valorizing value, money breeding money, and in this form it no longer bears any marks of its origin. The social relation is consummated in the relationship of a thing, money, to itself ... As interest-bearing capital, and moreover in its immediate form of interest-bearing money capital ... capital obtains its pure fetish form, M-M' being the subject, a thing for sale (Marx 1991: 516-7).

To sum up, capitalist exploitation appears as a 'thing', as a *sui generis* commodity, as a financial security. This appearance is a representation of the capitalist reality that comprises ideas, perceptions, and theoretical schemes that are not arbitrary creatures of our subjective imagination, but arise from, and are held in place by, social and economic relationships (Montag, 2003: 62). In other words, fetishism is not a subjective phenomenon based on illusions and superstitious beliefs; it refers to an economic reality mediated by objects (commodities), which are always already given in the form of a (re) presentation (Balibar, 1995: 67).

tion of labour as represented by the functioning capitalist" (Marx, 1991: 504).

Marx introduces the concept of 'fictitious capital' and speaks of fetishism when he gives an account of the social nature of financial markets. He wants to highlight the fact that capital assets are the *reified* forms of the appearance of the social relation of capital, and their valuation is associated with a particular *organic* representation of capitalist relations. They are objectified representations that obscure the class nature of capitalist societies and 'call forth' the 'proper' mode of behaviour required for the effective reproduction of capitalist power relations.

It is in this spirit that we articulate our main proposition: that financial markets play an active role in the organization of social power relations. The so-called 'dysfunctionalities' that are attached to them comprise una-voidable moments within a technology of power that shapes and organizes different forms of class exploitation.

According to this representation of the capital relation, capitalist exploitation manifests as a financial security that reinforces and strengthens the implementation of the 'laws' of capital. It therefore plays an important role in the organization of social power relations. Financial markets are a place where these functions appear. In this regard, the financial form that represents the existence of capitalist ownership – as both a *promise* and *demand of expected surplus-value to be produced in the future* – is a (financial) derivative, in the sense that its evaluation depends on, and derives from, an 'underlying' entity: the individual enterprise's ability to produce profit. In short, capital appears as a 'securitized' social relation in the economic experience.

5. DERIVATIVES

Finance sets forth a particular way of organizing the capitalist reality and derivatives are a necessary intermediary.²⁴ Let us see why.

The 'commodification of risk' in the form of derivatives is at the heart of the circuit of capital. The price of capital (as the price of a particular security) is based on a specific (ideological) evaluation of the expected results of capitalist exploitation which has yet to be implemented. It is a process that assesses and evaluates primarily future events of class struggle as *risk* (an enterprise's internal operation is a political field and therefore the production of surplus-value is a 'battlefield', as there is always resistance from workers). The rise of financial derivatives allows the commodification of 'risk' to be associated with the ownership of capital.

Financial markets classify and normalize economic actors on the basis

^{24.} For a review of Hilferding's theoretical intervention on the issue, see Sotiropoulos, 2015.

of risk. Risk profiles are a result of the combination of certain concrete risks with different probabilities of (their) realization. Nevertheless, if we drop the naive hypothesis that there exists a set of homogeneous subjective expectations, then the processes of classification and normalization can have as many versions as the number of individual 'expectations' about future outcomes. In other words, if financial markets set up a particular technology of power, and if normalization on the basis of risk (risk-profile formation) is the basic prerequisite of this, how can a universality of commensurate risk estimations be achieved? Or, alternatively, if there is no guarantee that each of these significantly different types of concrete risks can ever be compared with each other in terms of a uniform standard of measure, how can the above-mentioned objectives of financialization as a technology of power be satisfied?

In order to associate normalization on the basis of risk with the organization of social power relations, different types of risk, along with the subjective probabilities attached to them, need to become: (1) singular, (2) mono-dimensional, and (3) measured in an objective way. We can understand this as follows. While every (capitalist) power relation has a singular objective (it sets a norm), the deviations from it (risks as *ab*normal trends; see Figure 2) are multiple and heterogeneous in character and potential (given the ideological dimension of risk).

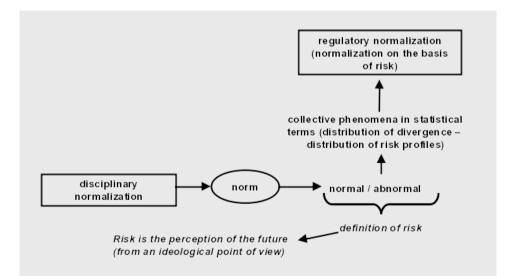


Figure 2. Normalization on the basis of risk

For instance, what is worse for an exporting capitalist enterprise (questioning its capacity to produce profits): a workers' strike or the appreciation of an exchange rate that leads to the same profit loss? What is worse for a capitalist state: public deficits and surging debt due to tax reductions for capital and for the rich, or due to the financing of social benefits? 'Efficiency' as defined in the context of social power relations (disciplines) is mono-dimensional and singular by definition: it establishes the indisputable norm. The same cannot be said about risk assessment: with risk assessment we have different categories (abnormal deviations) and different 'subjective' estimations of these categories (as always, dominated by capitalist ideology). Hence, the processes of classification and normalization on the basis of risk cannot result in a singular and coherent representation of the class struggle reality due to the absence of commensurability between different concrete risks. Without this commensurability, financialization is unable to become a technology of power.²⁵

The need for commensurability is what drives financial derivatives into the picture. Derivatives markets shape the dimension of abstract risk, imposing commensurability upon different concrete risks and establishing an objective standard of measurement for them.²⁶ The process of financialization (as described above) is indeed incomplete in the absence of derivatives. They are thus not the 'wild beast' of speculation, but the fundamental prerequisite for the contemporary organization of social power relations.

5.1 DERIVATIVES AND THE DIMENSION OF ABSTRACT RISK

The tangible effects of the rise in derivatives are suggested by the fact that as a system, they tend to establish a single and socially-validated standard of measure of different categories of risk. With derivatives, risk is measured in money in an autonomous manner. It is not so much what economic agents believe, but *what the market suggests*.

How can the 'commodification of risk' be understood in the context of the Marxian thread of categories? How can we extend Marx's value-form analysis to the case of derivatives markets? We shall begin with a simple illustration: a trivial fixed-for-floating rate swap. We believe that the swap is a core form that typifies all financial derivatives.

In general, a swap is an agreement between two parties to exchange cash flows in the future (under particular conditions, of course). Let us assume that security A is a sovereign bond of a developed capitalist country that yields fixed income R_A , while B is a loan to a capitalist firm in the US with

^{25.} For an analysis of financialization, see Sotiropoulos et al, 2013.

^{26.} This idea can be found in LiPuma and Lee, 2004, whose analysis we follow; however, we diverge from it on certain points, as can be seen below.

a floating interest rate of $R_{\rm B}$ (both rates are defined by the same principal). On an abstract level, the swap embodies an equation between two monetary income streams (because it is the two income streams that are 'exchanged'):

$$xR_A = yR_B$$

Income streams R_A (in euros) and R_B (in dollars) are commensurable because they are already monetary expressions. What are the social preconditions for their quantitative confrontation in the ratio x/y? The monetary streams of Aand B can be rendered comparable and exchangeable only when the social terms of capitalist exploitation (in the case of B), and capitalist governance (in the case of A), can be uniformly represented and thus comparable. The above equation (within the swap) rests on this fundamental presupposition: it is capable of representing and making commensurate a series of class conflicts (already identified as risks), which are involved in the valorization of capital in general. Or, alternatively, the above income stream equation is made possible by organizing an objective representation – and hence a commensurate representation – of a universe of concrete risks (already identified as events involving class struggle) which determine the dynamics of the valorization of capital and the reproduction of capitalist power.

In this sense, the qualitative institutional difference signified by the emergence of derivatives is that there now exists a more integrated, sophisticated, normalized, and accessible way of representing events pertaining to the circuit of capital and the organization of class power in general. The result is that concrete risks, along with the accompanying probabilities, tend to become objectively assessed: they acquire a status independent of any subjective estimation.

Given that standardized or tailor-made derivatives incorporate some concrete (known) risks, derivatives can be understood as commodifications of risk C – M. As a consequence, every risk traded in derivatives markets can be approached from one of two perspectives: it can be seen as either concrete or abstract. The conditions of the existence and the possibility of abstract risk stem the money form. From this point of view, "the distinction between concrete and abstract risk does not imply the existence of two types of risk, but two inescapable dimensions of risk implicated in the construction and circulation of derivatives" (LiPuma and Lee, 2004: 149).

Abstract risk is the mediating dimension of any concrete risk, thus enabling all concrete risks to become social. Under such social conditions the plurality of heterogeneous types of risk tends to be reduced to a single level measured in money. The form of abstract risk is risk measured in value, in other words, money.

6. EPILOGUE: THE DYNAMICS OF CONTEMPORARY CAPITALISM

Marx demonstrates in *Capital* that capitalism is not just a system of extraction and appropriation of surplus-labour and surplus-product (surplus-labour and surplus-product characterize *every* type of class society: slave, feudal, Asiatic, etc). What makes capitalism specifically different from other systems is that the process of creating the surplus-product takes the form of money that produces more money, of money as an end in itself. In this framework, money is the reification of the capital relation.

Money is produced in relation to the dynamics of the reproduction of the capitalist power relation, primarily as credit-money, that is, as a discount of future profitability and thus of future income. Capitalism is "a system of production, where the entire interconnection of the reproduction process rests on credit" (Marx, 1991: 621) and would not exist without credit. "This also disposes of the pointless question of whether capitalist production on its present scale would be possible without credit It would clearly not be possible" (Marx, 1992: 420). The credit system is thus a key figure in the expanded (re)production of the total social capital.

The tremendous growth of the derivatives markets is an integral component to the financial sphere in the wake of the collapse of the system of fixed exchange rates and the liberalization of the financial markets. In light of the above analysis, the growth of derivatives markets is a spontaneous result of the organization of the circuit of capital in the contemporary, institutional setting of capitalism. This makes financialization a specific technology of power in line with the overall workings of the financial system.

The rise of finance makes capitalist exploitation more effective but heavily reliant on market liquidity. When the latter evaporates, the whole setting quickly disintegrates. In other words, the demand for more discipline within capitalist power relations makes the economic milieu more vulnerable and fragile. Financial instability in our contemporary societies is the unavoidable trade-off. In times of distress, the valuation of risk changes (for many reasons related to class struggle), the prices of assets used as collateral go down, market participants cut credit lines and/or raise margin requirements to defend themselves against counterparty risk, liquidity disappears when most needed, and practically the whole pricing process breaks down. This is a reading of what may be called Marx's "financial instability hypothesis": capitalist exploitation is destabilizing.

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COMMENTS

Christos Vallianos

What I will attempt as a commentary on the work of Spyros Lapatsioras and Dimitris Sotiropoulos is to point out some highlights that support Marx's analysis of money as addressed in their current presentation, as well as in the past in the pages of *Theseis*, insisting on certain pivotal – in my opinion – points.

The first point is that we cannot appropriate all of the wealth potentially included in Marx's *Capital* regarding money's role in the capitalist mode of production if we do not also pinpoint Marx's own vacillations, as a result of which his money theory of value and capital and his systematic criticism of Classical Political Economy coexist (mainly in some chapters of *Capital*'s third volume) with an advanced variation of Ricardian value theory, where value is conceived as "expended labour".

We must, in other words, insist on the incompatibility of Marx's work with the core of classical theory, and especially those positions of Marx that were soon forgotten by Soviet Marxists, that:

- Value, like capital, is not a kind of measurable 'substance' or property of material objects, but a special social relation that is expressed exclusively through the movement of commodities and money during their exchange, and
- 2. Money and money circulation in the capitalist 'market economy' are not some obvious means, inherited from earlier historical periods to facilitate the exchange of goods, but constitute an essential characteristic, or more accurately, a 'crystallization' of social relations characterizing the capitalist mode of production.

As Isaak Rubin¹ first, and then others, demonstrated, the preservation of the economic forms through which capitalist production relationships are

^{1.} Rubin, I. I. (2015) *Meletes gia ti theoria tou hrimatos ston Marx* (Essays on Marx's Theory of Value). Athens: Ektos Grammis.

expressed (prices, wages, money as a factor in decision-making, etc.) implies that the corresponding relationships of exploitation and power are also preserved and reproduced, on the basis that this generalized monetary commercial production suggests an inherent extraction of surplus value, that is, capitalist exploitation.

The second point concerns the historicist reading of analyses of *Capital*, a misinterpretation according to which the formulas of capital circulation described by Marx in the second volume, or rather the different 'moments' in the broad scheme of capital metamorphoses, represent three distinct fractions of the capitalist class (industrial or productive, commercial and financial), i.e. three more or less cohesive and self-contained subjects with specific interests and a particular economic 'rationale' that conflict permanently with one another.

It is well known that neoliberalism and the "revocation of the post-war social contract" have been understood by a large number of Marxist and non-Marxist writers in the framework of this approach as a result of the dominance of some finance sector claiming an increasingly higher income for their personal accumulation or consumption, to the detriment of productive investments. This finance sector claimed, in other words, the chimaera of creating permanent and high profitability, not through productive investments but through financial innovations and the continuous expansion of risky financial practices. According to this approach, the current economic crisis, as well as the government deficit or the trade deficit of the major capitalist countries, are the direct outcome of this detachment of profitability from the promotion of investment, employment, and innovation, and, ultimately, the results of bypassing the production of socially-useful goods and services that supposedly comprised the rationale of capital's industrial sector during the period of 'the Glorious Thirty' post-war years.

These types of readings of contemporary capitalism have no foundation in *Capital*'s analyses since, as Marx himself explains, every form of individual capital is understood theoretically as industrial capital, regardless of the sphere of production in which it is engaged. Monetary, productive and commercial capital are not self-sufficient, discrete entities, but successive phases in the cycle of 'industrial' and, ultimately, every individual capital. Indeed, even capital working in the financial sphere and producing financial products and services bears successively all forms of monetary capital, commercial capital (in the form of means of production and labour force before entering the production process, and in the form of 'product' after exiting it), and productive capital (during the production process). And, obviously, such capital produces surplus value in the same way that typical 'industrial' capital produces surplus value, that is, through the exploitation of its proper

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labour power. In fact, such capital participates 'equally' in the production of total value and the extraction of surplus value that are both the real output of the 'social capital'. The latter denotes not simply the 'sum' of the respective individual capital but a theoretical concept that reflects the structure of all individual capitals – through competition – in a single social force with solid class interest, diametrically opposed to that of the dominated classes.

In this respect – as Dimitris Sotiropoulos, John Milios, and Spyros Lapatsioras² note – Marx's general formula

$$M - C (= Mp + Lf) [P-C'] - M'$$

(where M, C, Mp, Lf, P stand respectively for Money, Commodity, Means of production, Labour force and Production) describes the circuit of *every* individual capital, regardless of the sector to which it belongs.

These clarifications are very important, since they help us to depart from an entire tradition that was also created in the shadow of a Keynesianinspired Marxism (as well as in the shadow of Soviet Marxism itself), according to which the only 'productive' capital is that which exclusively produces tangible use values, while any economic activity beyond the production of tangible use values falls within the sphere of parasitism.

The third point concerns Marx's analysis of interest-bearing capital as a form of fictitious capital. Here, Marx examines money, or rather ownership titles in the form of a company's bonds or common stocks. The above titles, conceived as a potential capital, i.e., as a means for producing profit, are transformed into a special type of commodity whose price is detached from the cost of acquiring it (as well as from the value of the 'fixed' material capital), and is now associated with the anticipated profit from its future operation as capital. Ownership titles are priced on the basis of the future income that they will yield their owner and which is part of the surplus value to be produced. According to Marx, in interest-bearing capital, whose use value consists in its ability to produce profit, the capital relation reaches its most fetishist form, since the social capital relation itself is reified in commodity.

This means that the commodification of ownership titles in the form of fictitious capital includes the 'commodification of risk' that we see in the financial derivatives market. The price of capital (as the price of a security) is based on a specific (ideological) assessment of the expected results of the capitalist exploitation that has yet to be realized. It is a process that estimates and evaluates in advance future events (mainly) in class struggle as

^{2.} Sotiropoulos, D.P., J. Milios and S. Lapatsioras (2013) 'Credit capital, productive or "parasitic"?', *Theseis*, Issue 123 (April-June).

risks (the company's satisfactory profitability can never be taken for granted as the workers' resistance to their exploitation is always uncertain, as is the outcome of the competition among individual capitals). The emergence of financial derivatives allows securities to achieve their yields through alternative routes. The final result is the commodification of 'risks' associated with the ownership of capital. At the same time, whatever can be commodified can also be priced, and this pricing is neither socially neutral, nor arbitrary: it is based on a specific interpretation of capitalist reality, bringing into the foreground the behaviours and strategies required for the effective reproduction of capitalist power relationships. It is precisely for this reason that Marx analyses finance under the prism of the theory of fetishism. The 'secret' of finance is in risk assessment, an aspect deeply rooted in capital's circuit. From this perspective, finance can also be considered, as earlier speakers argued, as "a power technology that organizes the capitalist exploitation relationships".

The fourth point concerns finance as a discrete function of social capital. Earlier we argued that the reasoning behind the view that finance is an unproductive and parasitic activity whose growth deprives the so-called real economy of resources, or, at least, that at a certain moment, it departs from its real role, imposing a logic of 'speculation' on the capital's overall operation, is alien to Marx's analyses but also to reality itself. Finance is charged with a specific function that is associated with ensuring more favourable conditions (and thus, profitability) of social capital as a whole, and specifically with the creation of a mechanism (controlled by social capital itself and subordinate to its needs) that evaluates and reassesses 'investment opportunities', exposing individual capitals to a continual competition for 'taking advantage' of these 'opportunities'; their only escape from this is innovation and the intensification of the exploitation of the labour force.

Additionally, any further 'expansion' in finance in the period of neoliberal administration should not be approached as an unhealthy effect resulting from governments' yielding to the pressures for deregulation of finance markets and a return to a pre-Bretton Woods Agreement status, but rather as a development associated with the capital relation itself. Over a centuryand-a-half ago, Marx assured us:

...This social character of capital is first promoted and wholly realized through the full development of the finance and banking system.³

To claim that the expansion of the finance sector in advanced capitalist countries resulted in the siphoning off of resources from the 'real economy' is a

^{3.} Marx, K. (1979) Capital, Vol. 3 (in Greek). Athens: Synchroni Epochi, p. 758.

ready-made arbitrariness, given that, for example, any 'innovative products' like subprime loans and their securitization did nothing more than to facilitate the access of millions of households to the housing market (and nobody has ever disputed that the housing market is a part of the 'real economy'). Besides, the cost reduction of financing productive investment in business was also important.

Let us note here that any sort of credit 'facilitation' offered to households during the period of finance expansion for the purchase of houses and other consumer goods was a decisive factor in the containment of, or even the reduction in, nominal salaries and thus led to the expansion of profit potential all across the neoliberal economy. In other words, we see here that the expansion of bank lending to households worked in a similar way to the introduction of a technological innovation that reduces the cost of a primary good and thus also reduces the cost of reproduction – and therefore the value – of the labour force.

According to the above argumentation, the 'products' of financial innovation, even during the period just before the crisis when derivatives spiked, should not be considered as products of a perverted imagination with the sole aim of bypassing regulatory authorities' controls, but as the result of the introduction of harsh competition between enterprises in the finance sector – a competition that ended up leading to extreme, albeit inevitable, practices. Yet again, we see that it is not the personalities of the stakeholders of social relations that shape the course of events, but quite the opposite: it is the social relations themselves that shape the thinking and impose their 'rationale' on the subjects as the sole or obvious choice. To put this differently, technical changes (the 'institutional framework') and innovations in the finance sector arise from the inherent tendencies that determine the capitalist system as a whole, that is, the trends that regulate the enlarged reproduction of social capital, and they should be dealt with as such.

Of course – and I will conclude my theoretical presentation with this observation – as Marx notes:

As long as the *social* character of labour appears as the *monetary-existence* of commodities, and thus as a *thing* external to actual production, monetary crises – either independent, or as an intensification of actual crises – are inevitable.⁴

The continuous expansion and growth of finance to its current levels did not just contribute – in various ways – to improving the conditions of prof-

^{4.} ibid., p. 650

itability of the total social capital. At the same time – and inevitably – it made the system more vulnerable to frequent and more intense episodes of destabilization, such as the ongoing global systemic economic crisis that has struck every sector of the economy and the general finances of governments of almost all the countries in the global imperialist chain. The way in which capitalism seeks an exit from this crisis has been the same as what was written by Marx in *Capital*: a constant flight forward towards new forms, new techniques, and new fields of exploitation of the labour world, i.e., an uninterrupted course that so far seems endless. Whether it is, indeed, an endless course remains to be seen.

If you don't understand the Second Product, you understand nothing about *Capital*

Michael A. Lebowitz

One hundred and fifty years since the publication of Marx's *Capital*, it is long past time for revolutionaries to talk seriously about its limitations. Unfortunately, Marx has suffered a fate that he understood very well – the disciple problem. As he noted with respect to the disciples of Ricardo and Hegel, the disintegration of a theory begins when the point of departure is "no longer reality, but the new theoretical form in which the master had sublimated it". Some inconsistencies in a theory, Marx noted, may originate with the master himself for whom "the science was not something received, but something in the process of becoming". However, "crass empiricism", "phrases in a scholastic way" and "cunning argument" (in Marx's words) are the result when the goal of disciples is to demonstrate that the theory of the master is correct.

Is it credible that, unlike his present-day disciples, Marx today would be proclaiming triumphantly that history has proved that the theory he presented a century and a half ago is correct? On the contrary, rather than crass empiricism and cunning argument, would he not be studying what went wrong?

I want to focus here on a central problem in *Capital* – its one-sidedness, a subject I first explored over 30 years ago and which was the central theme in my book, *Beyond Capital: Marx's Political Economy of the Working Class.* As I concluded in that book, missing from *Capital* is the side of the worker; missing is what Marx called in *Capital* "the worker's own need for development"; missing is the worker who produces herself through her activity; missing is what I call Marx's "key link" – human development and practice. And, precisely because this side is missing, the whole presented in *Capital* is inherently flawed.

Let us begin at the beginning, a beginning to be found in Hegel's *Phenomenology*: every activity in which people engage forms them. The outstanding achievement of *Phenomenology*, Marx announced, is that "Hegel conceives the self-creation of man as a process"; thus, Hegel grasps real human beings "as the outcome of man's own labour". Precisely because Marx

understood this key link between practice and human development, he rejected the idea that we change people by changing circumstances for them. On the contrary, the concept of revolutionary practice (articulated so clearly in the *Theses on Feuerbach*) stresses that people change themselves through their own activity – through that "coincidence of the changing of circumstances and of human activity or self-change".

And that insight is a red thread that runs throughout Marx's work. From his stress on the way the struggles of workers against capital transform "circumstances and men", expanding their capabilities and making them fit to create a new world, to his understanding that in the very act of producing, "the producers change, too, in that they bring out new qualities in themselves, develop themselves in production, transform themselves, develop new powers and new ideas, new modes of intercourse, new needs and new language". Marx was aware that every human activity generates a double product. There are always two products of human activity – the change in circumstances and the change in human beings.

Unfortunately, for many who have followed Marx in name and others who never pretended to do so, there is only one product – the change in circumstances, the change in the object of labour. The second product – the change in human beings, the change in the subjects of labour – is ignored. The political effects of this blindness can be seen everywhere: in the countries of "real socialism", where the absence of self-government and self-management produced a working class with neither the capacity nor the will to prevent the restoration of capitalism. In the social democrats who, convinced that they are cleverer than capital, use the strength of the working class as a credible threat in their negotiations rather than as a force to be built and to build and, accordingly, emerge from the most disgraceful defeats as immaculate as they were innocent. In political parties of the left which, rather than treating social movements as multiple sites for developing the capacities of the working class, view them as fertile ground for the recruitment of cadres for their disciplined phalanxes and celebrate in their solitary gatherings the distilled purity of their brands and their preparedness for the next October.

It is not only political practice, however, that has suffered from the eclipse of the second product. The missing focus on the second product, however, is definitely not limited to political practice. Without an understanding of the centrality of the key link between human activity and human capacity, we are blind to the limitations of Marx's *Capital*.

CAPITALISM AS AN ORGANIC SYSTEM

In considering Marx's *Capital*, it is essential to recognise that Marx analysed capitalism as an organic system – as a system of reproduction in which the premises of capitalism were results of the system itself. That, he stressed, is the character of every organic system. As he indicated in the *Grundrisse*, in capitalism as developed, "every economic relation presupposes every other in its bourgeois economic form, and everything posited is thus also a presupposition, this is the case with every organic system".¹ That is what Marx wanted to demonstrate – in *Capital* – that the premises of capitalism as an organic system, capital and wage labour, were also its results.

Thus, in chapter 23 of volume one of *Capital*, Marx summed up his exposition in the preceding chapters by explaining that capitalism is a system which contains within itself the conditions for its own reproduction – one which, when viewed "as a connected whole, and in the constant flux of its incessant renewal", is understood as "a process of reproduction". To underline this point, he concluded the chapter by stressing that the capitalist process of production "produces and reproduces the capital-relation itself; on the one hand the capitalist, on the other the wage labourer" – in short, by producing the essential premises of capitalism.

But what does it mean to say these premises are results? On the one hand, we see that, in capitalism as an organic system, capital is the result of the exploitation of workers. In that organic system, capital comes from nowhere else. Marx had no patience with bourgeois economists who confused original sources of capital such as savings with the source of capital within capitalism. And we should not hesitate to correct Marxists who, unfortunately, fail to distinguish between the reproduction of capital within the system and the original (or "primitive") formation of capital based on premises from outside the system – that is, do not differentiate between the "being" of a system and the multiple contingencies of its "becoming". What is our understanding and critique of capitalism if we do not recognise that capital is the workers' own product turned against them? When Marx declared that capitalism produces and reproduces the capitalist, he was stressing that capital is a premise produced within the system itself.

The other premise of capitalist production is the wage labourer. But, it is essential to understand that in capitalism as an organic system, wage labourers do not fall from the sky. Nor, in a system of reproduction, are they the result of the disintegration of other, precapitalist systems. Rather, these wage labourers are people who have been produced within capitalist

^{1.} Karl Marx, Grundrisse (New York: Vintage, 1973), 278.

relations of production; and, this second side, the human product of capitalist production, must be grasped. After all, workers are not only exploited within capitalist relations – they are also deformed. If we forget this second result of capitalist production (as so many do), we will never understand why workers fail to rise up spontaneously when capital enters into one of its many crises.

Accordingly, consider the nature of the workers produced by capital. While capital develops productive forces to achieve its preconceived goal (the growth of profits and capital), Marx pointed out that "all means for the development of production" under capitalism "distort the worker into a fragment of a man", degrade him and "alienate him from the intellectual potentialities of the labour process".² *Capital* explains the mutilation, the impoverishment, the "crippling of body and mind" of the worker "bound hand and foot for life to a single specialised operation" that occurs in the division of labour characteristic of the capitalist process of manufacturing. But did the development of machinery end that crippling of workers? Marx's response was that under capitalist relations such developments completed the "separation of the intellectual faculties of the production process from manual labour".³ Thinking and doing become separate and hostile, and "every atom of freedom, both in bodily and in intellectual activity" is lost.

A particular type of person is produced within capitalism. Producing within capitalist relations is what Marx called a process of a "complete emptying-out," "total alienation," the "sacrifice of the human end-in-itself to an entirely external end".⁴ How else then but with money, the true need that capitalism creates, can we fill the vacuum? We fill the vacuum of our lives with things – we are driven to consume. In addition to producing commodities and capital itself, thus, capitalism produces a fragmented, crippled human being, whose enjoyment consists in possessing and consuming things. More and more things. Consumerism, in short, is not an accident within capitalism. Capital constantly generates new needs for workers and it is upon this, Marx noted, that "the contemporary power of capital rests"; in short, every new need for capitalist commodities is a new link in the golden chain that links workers to capital.⁵

This is the other premise of capitalism as a system of reproduction – a particular person available to be exploited by capital. Under capitalist rela-

^{2.} Karl Marx, Capital, vol. 1 (New York: Vintage, 1977), 548, 643, 799.

^{3.} Ibid., 482–84, 548, 607–8, 614.

^{4.} Marx, Grundrisse, 488.

^{5.} Marx, *Grundrisse*, 287; Michael A. Lebowitz, *Beyond Capital: Marx's Political Economy of the Working Class* (New York: Palgrave Macmillan, 2003), 32–44.

tions of production, the link between activity and human development is negative; its product is the destruction of human capacity, "both in bodily and in intellectual activity". Is it likely that people produced within capitalism can spontaneously grasp the nature of this destructive system? On the contrary, the workers produced by capital believe that there is no alternative. Capital, Marx understood, tends to produce the working class it needs, workers who treat capitalism as common sense. As he explained in *Capital*:

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 organisation of the capitalist process of production, once it is fully developed, breaks down all resistance.⁶

To this, Marx added that capital's generation of a reserve army of the unemployed "sets the seal on the domination of the capitalist over the worker".⁷ That constant generation of a relative surplus population of workers means, he argued, that wages are "confined within limits satisfactory to capitalist exploitation, and lastly, the social dependence of the worker on the capitalist, which is indispensable, is secured".⁸ Accordingly, Marx concluded that the capitalist can rely on the worker's "dependence on capital, which springs from the conditions of production themselves, and is guaranteed in perpetuity by them".⁹

Guaranteed in perpetuity! The tendency of capitalism to produce a working class that looks on capital's requirements as self-evident natural laws, capital's ability to break down all resistance, the perpetual reproduction of the worker's social dependence on capital – these unequivocal passages are not aberrations or outliers that may be ignored; rather, they flow logically from the picture of the working class presented in *Capital*. This prognosis (however it may correspond to concrete circumstances) should come as a surprise only to those who have ignored Marx's analysis of the second product of capitalist production or who have treated it as a mere footnote to the production of capital.

Of course, these conclusions are not at all what we understand to be Marx's position. Did he not expect the working class to reject capitalism and to ensure its non-reproduction? Something essential, thus, must be miss-

9. Ibid., 899.

^{6.} Marx, Capital, vol. 1, 899.

^{7.} Ibid., 899.

^{8.} Ibid., 935.

ing from Marx's *Capital*. Yes, capital produces a working class that looks on capital's needs as common sense. However, there is something else that enters into the production of workers. And that something is missing from *Capital* because workers are missing as subjects from *Capital*. "*Ah*," *but you say, "how can you claim this?*" Look at Marx's account of the workday! Look at the resistance offered by workers in the struggle over the workday. Look at the long class struggle he described. How could we deny that workers are subjects in *Capital*?

It is true that, in his discussion of the workday, Marx allows us to hear "the voice of the worker which had previously been stifled".¹⁰ But *that* is the aberration in *Capital*. The "protracted and more or less concealed civil war between the capitalist class and the working class" over the workday is certainly not to be found when it comes to the determination of wages. On the contrary, the worker's voice is stifled, stifled not by the power of capital but by *assumption*. In place of the worker as subject, in place of class struggle over wages, *Capital* employs an assumption inherited from classical political economy that treats the worker as an instrument of production without a voice, indeed, as a more or less well-fed instrument of production.

♦ THE FEARFUL SYMMETRY OF HATS AND MEN

Consider the worker's wage. As explained in *Capital*, since labour-power is bought and sold as a commodity, its value is "determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this specific article".¹¹ Accordingly, as in the case of every other commodity, its value will fall with reductions in the labour-time necessary for its production – that is, with increases in productivity.

Ricardo, whom Marx credited as the first to formulate accurately the relations ("laws") he elaborated in *Capital*, articulated this principle of the symmetry of labour-power and other commodities clearly in his *Principles of Political Economy*.¹² Quoting Ricardo, in *Poverty of Philosophy* Marx explained that this symmetry between things and human beings was simply "the facts" in capitalism:

Diminish the cost of production of hats, and their price will ultimately fall to their new natural price, although the demand should be dou-

^{10.} Ibid., 342.

^{11.} Ibid., 274.

^{12.} Ibid., 660.

bled, trebled, or quadrupled. Diminish the cost of subsistence of men, by diminishing the natural price of the food and clothing by which life is sustained, and wages will ultimately fall, notwithstanding that the demand for labourers may very greatly increase.¹³

"Doubtless, Ricardo's language is as cynical as can be," Marx commented. "To put the cost of manufacture of hats and the cost of maintenance of men on the same plane is to turn men into hats. But do not make an outcry at the cynicism of it. The cynicism is in the facts and not in the words which express the facts."¹⁴

So, what was that cost of subsistence of workers that determined the value of labour-power? It "can be resolved," Marx explained in *Capital*, "into the value of a definite quantity of the means of subsistence", and we can assume that set of use-values to be constant: "the quantity of the means of subsistence required is given at any particular epoch in any particular society, and can therefore be treated as a constant magnitude".¹⁵ But, what precisely was that definite quantity of means of subsistence? For Marx, that was irrelevant: "whether one assumes the level of workers' needs to be higher or lower is completely irrelevant to the end result. The only thing of importance is that it should be viewed as given, determinate."¹⁶

This was an assumption that Marx took from classical political economy. Precisely because the Physiocrats had made the "strict nécessaire", the "minimum of wages", "the equivalent of the necessary means of subsistence", the pivotal point in their theory, Marx praised them as "the true fathers of modern political economy". By treating the minimum of wages as fixed and a given magnitude, "the Physiocrats transferred the inquiry into the origin of surplus-value from the sphere of circulation into the sphere of direct production, and thereby laid the foundation for the analysis of capitalist production".¹⁷

With their assumption of a fixed set of necessities, of a given subsistence wage (a lead followed by Adam Smith "like all economists worth speaking of", Marx commented), the Physiocrats provided the foundation for what I

^{13.} David Ricardo, *The Principles of Political Economy and Taxation*, vol. 2 (London: Dent, 1969), 253.

^{14.} Karl Marx, "Poverty of Philosophy," in *MECW*, vol. 7 (New York: International Publishers, 1976), 124–25.

^{15.} Marx, Capital, vol. 1, 275–76, 655.

^{16.} Karl Marx, "Economic Manuscripts of 1861–63," *MECW*, vol. 30 (New York: International Publishers, 1988), 45–46.

^{17.} Karl Marx, *Theories of Surplus Value*, vol. 1 (Moscow: Foreign Languages Publishing House, n.d.), 44–45.

have called the "Ricardian Default", the particular link between productivity and surplus value which underlies the explanation of relative surplus value in *Capital.*¹⁸ The argument is simple. If we assume a given set of necessities, productivity increases for those use-values mean less labour is required to produce the worker and, thus, the value of labour-power "varies with the value of the means of subsistence".¹⁹ Further, as Marx explained in chapter 16, since "the value of labour-power and surplus-value vary in opposite directions", an increase or decrease in the productivity of labour means that "surplus-value moves in the same direction".²⁰

The effect of productivity increases upon surplus value was, of course, Marx's general explanation of the generation of relative surplus value, and it is the basis for what he called capital's "immanent drive, and a constant tendency, towards increasing the productivity of labour".²¹ However, the Ricardian Default was also at the core of Ricardo's falling rate of profit tendency (more accurately, a falling rate of surplus value). In this case, the change moved in the opposite direction: the reduction in productivity (as the result of diminishing returns in agriculture) generated an increase in necessary labour and thus reduced surplus labour and his explanation of a falling rate of profit. Both arguments have as their foundation the assumption of a given quantity of the means of subsistence. As the result of this assumption, in the one case, workers cannot gain as the result of decreases in productivity and, in the other case, cannot lose as the result of decreases in productivity. In both cases, it is only by assumption that capital alone benefits or loses.

Shouldn't we wonder, though, about the importance of this premise of classical political economy in Marx's discussion of relative surplus value? Two matters require our attention: firstly, the appropriateness of the symmetry of hats and men and, secondly, the effect of basing the discussion of relative surplus value on the classical assumption.

How can we treat symmetrically the process of producing hats and labour-power? The first is a vertically integrated process of production extending from primary products (which contingently may be interrupted by the equivalent exchange of intermediary inputs); the second is a sequence containing (a) the moment of production of articles of consumption, (b) a moment of circulation in which money is exchanged for those articles of consumption, and (c) a second moment of production in which those use-values (as well as concrete, uncounted labour) are consumed in order to prepare

^{18.} Ibid., 44, 68, 296.

^{19.} Marx, Capital, vol. 1, 276.

^{20.} Ibid., 656.

^{21.} Ibid., 436-37.

labour-power for exchange. By treating the two processes symmetrically, only the first of these moments is considered: the production of the worker is a footnote to the production of the consumption bundle; the worker disappears and is represented by things. As labelled by a disciple of Ricardo, it is the production of commodities by commodities.

What happens with an increase in productivity? In the case of hats, an increase in productivity at any stage will disrupt the equivalence of embodied social labour and money and will lead to a fall in the value of hats ("Diminish the cost of production of hats, and their price will ultimately fall to their new natural price"). In the case of labour-power, similarly, increased productivity in the production of articles of consumption leads directly to a reduction in their value. *And then*? "Diminish the cost of subsistence of men", and the immediate effect is not a fall in the value of labour-power but a rise in real wages.

How, in short, do we go from the fall in the value of articles of consumption to a fall in the value of labour-power? *Capital*, we know, did so by assuming the premise inherited from classical political economy that the standard of necessity is a constant magnitude. However, by accepting the Ricardian Default here, Marx brought with him the baggage of classical political economy – in particular, the treatment of money as a veil. Abstracting from money allowed him to move directly from productivity gains to increased surplus value, but it also abstracts from the moment of circulation in which workers purchase the use-values they want; thus, it obscures specific characteristics of a wage labourer – in particular, the difference between a wage labourer and an instrument of production or a slave.

The slave, Marx explained in the "Results of the Immediate Process of Production", receives the means of subsistence he requires "which are fixed both in kind and quantity – that is, he receives use-value". In contrast, the wage labourer receives the means of subsistence in the shape of money, and "it is the worker himself who converts the money into whatever use-values he desires; it is he who buys commodities as he wishes and, as the owner of money, as the buyer of goods, he stands in precisely the same relationship to the sellers of goods as any other buyer."²² Rather than the product of a fixed set of use-values, the wage labourer here appears as a subject with money and with her own goals. Accordingly, if productivity gains lower the value of articles of consumption and thereby increase the real value of the quantity of money that workers possess, what will workers do? Will they choose to purchase more or different use-values or will they be indifferent? One would not ask this question, of course, in relation to the slave. By accepting the

^{22.} Ibid., 1033.

classical assumption of a fixed set of use-values, the discussion of relative surplus value in *Capital*, rather than turning men into hats, turns wage labourers into slaves.

MARX'S PLAN

Outside the confines of his theoretical presentation of the concept of relative surplus value, however, Marx consistently stressed the ability of workers to expand their consumption of means of subsistence under the appropriate conditions. The fixed character of workers' needs, he indicated in volume three of *Capital*, "is mere illusion. If means of subsistence were cheaper or money-wages higher, the workers would buy more of them."²³ Similarly, in volume two, he explained that with rising real wages, "the demand of the workers for necessary means of subsistence will grow. Their demand for luxury articles will increase to a smaller degree, or else a demand will arise for articles that previously did not enter the area of their consumption."²⁴ Further, he pointed out in volume one that, with higher wages, workers "can extend the circle of their enjoyments, make additions to their consumption fund of clothes, furniture, etc., and lay by a small reserve fund of money".²⁵

Not only did Marx insist that in practice there was not a fixed set of necessities for workers, but he also recognised explicitly that rising productivity did not necessarily lead to the development of relative surplus value. Indeed, he pointed out that the scenario offered in his discussion of the concept of relative surplus value in *Capital* was only one of several possibilities. In his *Economic Manuscript of 1861–63*, Marx explained that, assuming an increase in productivity, there were three possible cases. In the first case, the worker "receives the same quantity of use values as before. In this case there is a fall in the value of his labour capacity or his wage. For there has been a fall in the value of this quantity, which has remained constant." In the second case, "there is a rise in the amount, the quantity, of the means of subsistence … but not in the same proportion as in the worker's productivity." Accordingly, the real wage rises but its value falls – that is, there is both rising real wages and relative surplus value.

"Finally the third CASE," Marx continued, where productivity and the standard of necessity rise at the same rate:

The worker continues to receive the same value – or the objectification of the same part of the working day – as before. In this case,

^{23.} Karl Marx, Capital, vol. 3 (New York: Vintage, 1981), 289-90.

^{24.} Karl Marx, Capital, vol. 2 (New York: Vintage, 1981), 414.

^{25.} Marx, Capital, vol. 1, 769.

because the productivity of labour has risen, the quantity of use values he receives, his real wage, has risen, but its value has remained constant, since it continues to represent the same quantity of realised labour time as before. In this case, however, the surplus value too remains unchanged, there is no change in the ratio between the wage and the surplus value, hence the proportion [of surplus value] to the wage remains unchanged.²⁶

In this case, Marx explained, "there would be no CHANGE in surplus value, although the latter would represent, just as wages would, a greater quantity of use values than before".²⁷

Despite Marx's clear understanding that rising productivity could lead to increasing real wages and no relative surplus value at all (including this possibility in chapter 16 of volume one of *Capital*), we see that his explanation of the concept of relative surplus value considered only the first case where workers were limited to a fixed set of use-values.²⁸ More was involved here than simply following in the footsteps of the classical economists. From the time that he formulated his projected six-book plan in the *Grundrisse*, he explained to Engels that this assumption was necessary to explore the nature of capital: throughout the section on capital in general, he indicated, "wages are invariably assumed to be at their minimum".²⁹ Similarly, he was explicit in the *Grundrisse*: "For the time being, necessary labour supposed as such; i.e., that the worker always obtains only the minimum of wages."³⁰

By assuming this "minimum", Marx subsequently explained, he meant "not the extreme limit of physical necessity but the average daily wage over e.g. one year".³¹ However, it was also always Marx's intention to *remove* that assumption. Thus, in his letter to Engels he indicated that "the rise or fall of that minimum will be considered under wage labour"; and in the *Grundrisse* he explained that the standard of necessary labour, while treated as fixed, may change and that "to consider those changes themselves belongs altogether to the chapter treating of wage labour".

Nor was Marx's intention to explore such matters subsequently in a separate study a passing fancy (as is often suggested by some). For example, in his *Economic Manuscript of* 1861–63, Marx indicated that the question of

^{26.} Karl Marx, "Economic Manuscript of 1861–63 (Conclusion)," *MECW*, vol. 34 (New York: International Publishers, 1994), 65–66. Capitals in the original.

^{27.} Ibid., 66.

^{28.} Marx, Capital, vol. 1, 659.

^{29.} MECW, vol. 40 (New York: International Publishers, 1983), 298.

^{30.} Marx, Grundrisse, 817.

^{31.} Marx, "Economic Manuscripts," 52.

"movements in the level of the workers' needs" was not to be explored here "but in the doctrine of the wages of labour". For now, he insisted that it was essential that the level of workers' needs be viewed as "given, determinate. All questions relating to it as not a given but a variable magnitude belong to the investigation of wage labour in particular."³² Further in that manuscript, Marx noted that his investigation proceeded from the assumption that wages are "only reduced by the DEPRECIATION of that labour capacity, or what is the same thing, by the cheapening of the means of subsistence entering into the workers' consumption" and that any other reason for a reduction in wages was "not part of our task" and "belongs to the theory of wages".³³

A few years later, Marx repeated the same point. In "The Results of the Immediate Process of Production", he explained that "The level of the necessaries of life whose total value constitutes the value of labour-power can itself rise or fall. The analysis of these variations, however, belongs not here but in the theory of wages."³⁴ That, though, was not his last reference to the book on wage labour. In chapter 20 of volume one of *Capital*, Marx noted that "the special study of wage labour, and not, therefore, to this work" is where an exposition of the forms of the wage belonged.³⁵

But *why* did he postpone his "special study of wage labour"? Very simply, because, first, the "general capital-relation" had to be developed. Variations in the standard of necessity, he indicated in his *Economic Manuscript of 1861–63*, "do not touch its general relationship to capital". To understand the nature of capital and the capital-relation, determining the value of labour-power was essential and "the only thing of importance" for this was to treat the standard of necessity "as given, determinate," since its variations do not "alter anything in the general relationship".³⁶ As he had indicated in the *Grundrisse*, his letter to Engels and his comments on the Physiocrats, all that was needed for the study of capital was to assume that "the worker always obtains only the minimum of wages"; changes in the standard of necessity are not part of the study of capital and "belong to the investigation of wage labour in particular."

In continuing to stress the place of that special study of wage labour, though, Marx went beyond the limits of classical political economy. As he explained to Engels, his acceptance of that fixed set of necessities as the starting point was based on methodological considerations. "Only by this

^{32.} Marx, "Economic Manuscripts," 44–45.

^{33.} Marx, "Economic Manuscript of 1861-63 (Conclusion)," 23.

^{34.} Marx, Capital, vol. 1, 1068–69.

^{35.} Ibid., 683.

^{36.} Marx, "Economic Manuscripts," 44-47.

procedure," he proposed, "is it possible to discuss one relation without discussing all the rest." He made the same point in the *Grundrisse*: "all of these fixed suppositions themselves become fluid in the further course of development. But only by holding them fast at the beginning is their development possible without confounding everything." As is characteristic of a dialectical presentation, all relevant categories could not be incorporated at the outset but needed to be introduced logically at the appropriate point in the further course of development. That is why it was only "for the time being" that it was assumed that "the worker always obtains only the minimum of wages", and that was why this fixed supposition was held "fast at the beginning". Of course, a beginning is not the end, and Marx (unlike his disciples) understood that a beginning is invariably revealed in a dialectical presentation to be deficient and one-sided.

Characteristic of a dialectical perspective is the understanding that the properties of parts come from the particular whole in which they are parts. Thus, in the course of a dialectical presentation, our understanding of the properties of the part changes as we proceed logically in the further course of development of the whole. In Marx's *Capital*, we are introduced to the commodity at the beginning, but we gain a new understanding of the commodity once we have developed the concept of money logically from it. Similarly, our understanding of commodity and money changes once the concept of capital has been developed; and our understanding of commodity, money and capital further changes as we proceed from capital in the sphere of circulation to capital in the sphere of production to the sale of commodities containing surplus value (that is, capital as the unity of production and circulation).

In Marx's six-book plan for his Economics, it is only with the last of those books (the world market and crises) that we are meant to understand all of the parts within this developed whole. He made this point explicitly in his description of that plan:

the world market [forms] the conclusion, in which production is posited as a totality together with all its moments, but within which, at the same time, all contradictions come into play. The world market then, again, forms the presupposition of the whole as well as its substratum.³⁷

From this perspective, the recognition that there was a missing side of the worker (and a missing book on wage labour) should make us sensitive to

^{37.} Marx, Grundrisse, 227-28, 264.

the question of what belongs in that book and how it must affect our understanding of what is contained in the book on capital.

THE MISSING SECOND PRODUCT

In *Beyond Capital*, I explored several aspects related to the question of the missing book – the one-sidedness of *Capital*, one-sided categories (such as wealth and productive labour), the importance of the degree of separation of workers, the place of patriarchy and racism, the dimensions of class struggle, the workers' state, etc. Here I want to focus particularly on the question of the missing second product.

Recall the second product of capital that Marx revealed in *Capital*. Those crippled human beings who look on capital's needs as self-evident natural laws and on whom capital can rely in perpetuity are consistent with Marx's 1853 description of workers not engaged in the struggle over wages – "apathetic, thoughtless, more or less well-fed instruments of production". That working class, Marx predicted, "would be a heart-broken, a weak-minded, a worn-out, unresisting mass".³⁸ And, he made the same point in 1865: workers who do not struggle over wages are "degraded to one level mass of broken wretches past salvation". They thereby "disqualify themselves for the initiating of any larger movement".³⁹ They are, indeed, the products of capital, the workers that capital needs.

In contrast, consider the worker as a subject, as a person with her own needs who struggles to realise those needs. For success in their struggle to reduce the capitalist workday in length and intensity (in order to have time and energy for themselves) and their struggle for higher wages (in order to satisfy more of their socially generated needs) – and, certainly, to succeed in defeating capital's efforts pressing in the opposite direction, workers must fight against their separation, their competition as sellers of labour-power.

As the General Council of the First International declared: "What the lot of the labouring population would be if everything were left to isolated, individual bargaining, may be easily foreseen. The iron rule of supply and demand, if left unchecked, would speedily reduce the producers of all wealth to a starvation level."⁴⁰ Workers, in short, must organise. In "trades without organisation of the work-people," Engels argued, "wages tend constantly to

^{38.} MECW, vol. 12 (New York: International Publishers, 1979), 169.

^{39.} Karl Marx, "Value, Price and Profit," in *MECW*, vol. 20 (New York: International Publishers, 1985), 148.

^{40.} Karl Marx, "Address of the General Council of the International Working Men's Association to the Members and Affiliated Societies," 9 Jul. 1867, in *The General Council of the First International*, 1866–1868: Minutes (Moscow: Progress, 1964), 137.

fall and the working hours tend constantly to increase ... While the length of working day more and more approaches the possible maximum, the wages come nearer and nearer to their absolute minimum."⁴¹

Marx made the point in *Capital* as well: the struggle over the workday proves that "the isolated worker, the worker as 'free' seller of his labour-power, succumbs without resistance once capitalist production has reached a certain stage of maturity".⁴² Workers thus succeed in achieving their goals only to the extent that they are able to negate competition among them, only by infringing on the "sacred" law of supply and demand and engaging in "planned co-operation".⁴³ Indeed, commenting in 1868 about the struggles of workers in New York over the eight-hour day, Marx observed that "all serious success of the proletariat depends on an organisation that unites and concentrates its forces". He also stressed the need to struggle against the international competition of workers: "Nothing but an international bond of the working classes can ever ensure their definitive triumph."⁴⁴

Insofar as workers do struggle for themselves and break down the divisions among them, they are not simply the products of capital. Class struggle is a process of production; and that process is necessary, Marx told workers, "not only in order to bring about a change in society but also to change yourselves, and prepare yourselves for the exercise of political power."⁴⁵ Human beings, as Hegel observed, are the outcome of their own activity – and, no more so than workers in struggle. Even though they had lost the battle over the Ten Hours' Bill, Engels argued, workers had changed significantly in the course of that struggle:

The working classes, in this agitation, found a mighty means to get acquainted with each other, to come to a knowledge of their social position and interests, to organise themselves and to know their strength. The working man, who has passed through such an agitation, is no longer the same as he was before; and the whole working class, after passing through it, is a hundred times stronger, more enlightened, and better organised than it was at the outset.⁴⁶

^{41.} Friedrich Engels, "Trade Unions, I." *The Labour Standard*, 28 May 1881. Quoted in W.O. Henderson. *Engels: Selected Writings* (London: Penguin, 1967), 104.

^{42.} Marx, Capital, vol. 1, 412.

^{43.} Ibid., 793.

^{44.} Karl Marx, "The fourth annual report of the General Council of the International Working Men's Association," 1 Sept. 1868, in *The General Council of the First International*, 1866–1868: *Minutes* (Moscow: Progress, 1964), 329.

^{45.} Karl Marx, "Revelations concerning the communist trial in Cologne," in *MECW*, vol. 11 (New York: International Publishers, 1979), 403.

^{46.} Friedrich Engels, "The Ten Hours' Question" (1850), *MECW*, vol. 10 (New York: International Publishers, 1978), 275.

What happens, then, when capital faces a working class no longer stifled by assumption but, rather, one that has developed its capacity through its struggles? All other things equal, that unified and organised working class will be the beneficiary of the fall in the value of the means of subsistence brought about by productivity increases. To secure relative surplus value, capital must ensure that all other things are *not* equal. Capital must defeat the working class. As discussed in *Beyond Capital*, just as workers struggle to realise their own goals by combining, capital must *divide* workers. If money values are falling, so too must money wages – and the extent to which capital can succeed in preventing a rise in real wages will determine its ability to secure relative surplus value.

'Divide the working class' becomes the watchword. And every individual capitalist and the class as a whole knows that "the workers' power of resistance declines with their dispersal".⁴⁷ Encouraging antagonism between different groups of workers (which Marx, describing the hostility between English and Irish workers, called "the secret by which the capitalist class maintains its power"); making changes in the labour process which, rather than strengthening the capacities of workers and opening up a world of "productive drives and inclinations", separates the intellectual potentialities of the labour process from the worker and turns the relation of head and hand into a hostile antagonism;⁴⁸ introducing the machine not as an extension of the power of workers but as their competitor and thus as a weapon used against them⁴⁹ – all these have the effect of increasing the degree of separation of workers; and the last, in particular, expands the competition of employed and unemployed that pushes money wages down.

It is not the increase in productivity that reduces necessary labour but the extent to which the reserve army of labour (reproduced by the displacement of workers) ensures that workers are not the beneficiaries of productivity gains. That question, however, Marx explicitly put aside until the book on wage labour, when he chose to assume the standard of necessity constant: "In so far as machinery brings about a direct reduction of wages for the workers employed by it, by e.g. using the demand of those rendered unemployed to force down the wages of those in employment, it is not part of our task to deal with this CASE. It belongs to the theory of wages."⁵⁰

Further, if the effect of the reserve army is not enough in itself to prevent real wages from rising when productivity increases, capital will not

^{47.} Marx, Capital, vol. 1, 591.

^{48.} Ibid., 481, 548, 643, 799.

^{49.} Ibid., 526, 557, 562-63.

^{50.} Marx, "Economic Manuscript of 1861-63 (Conclusion)," 23.

hesitate to resort to "the bloody discipline", the "police methods", and "state compulsion to confine the struggle between capital and labour within limits convenient for capital" that is always part of its arsenal. It is not only "the rising bourgeoisie [that] needs the power of the state" and uses it as necessary.⁵¹

Returning to the argument that Marx presented in his discussion of relative surplus value, if we exclude the effect of machinery on the supply and demand for labour, what prevents workers who have developed their capacities and organisation from capturing the benefits of productivity increases via real wage gains? If productivity increases were to drop from the sky, what would ensure the generation of relative surplus value? From Marx's identification of productivity increases as the sole source of relative surplus value followed the inference that capital's "immanent drive, and a constant tendency" is that of "increasing the productivity of labour in order to cheapen commodities and, by cheapening commodities, to cheapen the worker himself". Once we understand, however, that productivity increases in themselves do *not* reduce necessary labour, we can see that the "immanent drive, and a constant tendency" of capital is to divide and separate workers.

Productive forces do not drop from the sky. They are never neutral but always reflect the particular relations of production within which they emerge. Within capitalism, the impulse to defeat workers is present in everything that capital does. When capital reorganises the workplace or introduces new productive forces, its purpose is not efficiency as such but embodies the need to defeat workers in order to increase surplus value. Given his conclusion that, within the capitalist system, "all means for the development of production undergo a dialectical inversion so that they become means of domination and exploitation of the producers", Marx certainly did not view as neutral those productive forces which degrade the worker "to the level of an appendage of a machine".⁵²

Generations of Marx's disciples, however, have been determined to prove by "crass empiricism", "phrases in a scholastic way" and "cunning argument" that Marx got it right in *Capital*. For them, the "Two Whatevers" (whatever is in *Capital* is right and whatever is *not* in *Capital* is wrong or trivial) are the starting point; and one of many results has been the tendency to substitute autonomous development of productive forces, the neutrality of technology and deterministic and automatic objective laws (all conceptions characteristic of economism) for the class-struggle perspective of Marx. But, the disciples are not alone at fault. The roots of the problem can

^{51.} Marx, Capital, vol. 1, 899, 904-5.

^{52.} Ibid., 799.

be found in the master himself, for whom "the science was not something received, but something in the process of becoming".

After all, after having introduced workers as subjects in his discussion of the struggle over the workday, why did Marx silence the voice of the worker in his succeeding chapter on the concept of relative surplus value? Why wasn't this chapter framed by the same "antinomy, of right against right", the struggle between collective capital and collective labour which produced the norm for the workday?⁵³ Why, in short, wasn't the determination of the historical and moral elements in the standard of necessity explained by class struggle?

The answer, I suggest, is that when it came to the discussion of the standard of necessity, Marx abandoned (or, rather, postponed) his critique of political economy and accepted instead the premise of that of political economy – the assumption of the given minimum wage that underlies the Ricardian Default. There can be no surprise, then, that the productive forces introduced in that discussion were treated as neutral; after all, they were for Ricardo. In this tradition, *any* increase in productive forces will have the same effect – to "cheapen commodities and, by cheapening commodities, to cheapen the worker himself." *Let us be absolutely clear: the critique of the categories of classical political economy requires the demonstration that underlying those categories is class struggle.*

Had chapter 12 presented relative surplus value as dependent on class struggle, the conceptual chapter on cooperation which follows could have highlighted not only capital's role in bringing about cooperation in production (with resulting increases in social productivity) but *also* capital's need to divide workers in order to ensure that collective capital (and not collective labour) captures the "gift" of social labour. In short, the necessity of a particular form of cooperation "peculiar to and characteristic of capitalist production" would have been explicit theoretically. As it stands, Marx's theoretical discussion in chapter 12 generates a focus on the growth of neutral and abstract productive forces; however, his discussion of "the real relations" (that is, his historical account) confirms the centrality of class struggle and capital's need to divide workers. With class struggle introduced explicitly into the theoretical discussion of relative surplus value, the theoretical conclusions would have been "fully confirmed by the FACTS".⁵⁴

All these problems can be traced back to the problem of the missing second product. Had Marx seriously considered in volume one of *Capital* the

^{53.} Ibid., 344.

^{54.} Marx to Engels, 24 Aug. 1867, MECW, vol. 42 (New York: International Publishers, 1987), 407–8.

side of workers, the struggle to satisfy their needs and the development of their capabilities and organisation as a product of those struggles, he could not have accepted unquestioningly the classical premise of the constant set of necessities. He could not have acquiesced in the classical symmetry of men and hats – and, in particular, could not have treated wage labourers theoretically as slaves dependent on a constant set of use-values.

When we add the side of workers missing from *Capital*, our understanding of the whole changes; and, within that further developed whole, capital as a part takes on new sides itself (for example, the need to divide and separate workers as part of its essence). Further, with the incorporation of the second product produced by workers themselves, the organic system is not one characterised only by that second product of capital "which by education, tradition and habit looks on the requirements of that [capitalist] mode of production as self-evident natural laws". We can now see clearly what alone drives beyond the tendency for the reproduction of capitalist relations in perpetuity. It is not the *deus ex machina* of the falling rate of profit and crises so celebrated by Marx's disciples but, rather, the development of the capacities of the working class, capacities built in the course of its struggles.

Let me conclude then by quoting from the preface (written in 2002) to the second edition of *Beyond Capital*:

Beyond Capital stresses the manner in which the worker's dependence upon capital, within existing relations, is reproduced under normal circumstances; and, thus, it points to the critical importance not only of that demystification of capital upon which Marx himself laboured but also of the process of struggle by which workers produce themselves as subjects capable of altering their world.

This essential point about the centrality of revolutionary practice for going beyond capital affords me the opportunity to close with the quotation from George Sand with which Marx concluded his *Poverty of Philosophy*.⁵⁵ (In the context of capital's demonstrated tendency to destroy both human beings and Nature, the statement has taken on added meaning.) Until "there are no more classes and class antagonisms …, the last word of social science will always be … Combat or death, bloody struggle or extinction. Thus the question is inexorably put."

^{55.} MECW, vol. 6 (New York: International Publishers, 1976), 212.

COMMENTS

George Economakis

1. THE 'SECOND PRODUCT' IN CAPITAL

A focal point of the challenges outlined by Michael Lebowitz is that what is missing from Marx's analytical hypotheses in *Capital* is the vibrant element of class resistance and struggle against the capitalist class, that is, the working class: the (economic and political) outcomes of class struggle are absent.

An exception to this is the struggle for the length of the workday. In this case, Marx notes that "[t]he establishment of a normal working day is ... the product of a protracted and more or less concealed civil war between the capitalist class and the working-class" (Marx, 1990: 412-413).

This is not the case with the determination of the (real) wage. There, Marx follows the same line of thinking as in Classical, especially Ricardian, Political Economy and ignores the outcomes of class struggle. The "civil war" between capitalists and workers disappears in wage determination.

Lebowitz's presentation greatly emphasizes this issue. I shall therefore focus my critical commentary there as well.

2. WAGES IN CAPITAL AND THE "SYMMETRY" OF HATS AND MEN

The presentation, first of all, seems to challenge the basic position of Marxian labour theory of value concerning the theory of wages, according to which the value of labour-power is the value of the means of subsistence that enter the worker's real wage.

According to the presentation, the assessed value of a hat, for example, and its fluctuations in value, cannot be considered 'symmetrical' to the value of labour-power, that is, the value of the real wage and its fluctuations. The only common element they share is the production per se: hats versus consumer goods.

A 'symmetry' of this sort results in that the "worker disappears and is represented by things. As labeled by a disciple of Ricardo, it is the production of commodities by commodities". IF YOU DON'T UNDERSTAND THE SECOND PRODUCT, YOU UNDERSTAND NOTHING ABOUT CAPITAL 83

3. AN INITIAL CRITICAL COMMENTARY

The 'link' between the assessed value of a hat and the assessed value of a worker's means of subsistence does not mean a 'symmetry' of hats and labour-power. It does mean, however, that Marx's theory of wages is developed on the basis of the labour theory of value.

The presentation correctly notes that in reproducing labour-power in the household there develops "a second moment of production ... in which use-values [means of consumption] (as well as concrete, uncounted labour) are consumed in order to prepare labour-power for exchange".

But this difference, among other important ones, reminds us that "wage-labour is peculiar, and labour-power is very different from a standard commodity. Therefore with wage-labour we have not merely the positing of labour-power as a use-value, but a use-value which is itself inherently at odds with its social determination as a moment of capital" (Arthur, 2002: 2).

Indeed, labour-power is not (re)produced as a commodity within capitalist production but outside it.

Nevertheless, capital necessarily and directly contributes to its production. "This is through the payment of variable capital in the form of money wages to purchase labour-power, and by the production of the commodities that enter into working-class consumption" (Fine, 2008: 5).

The criticism surrounding the representation of the worker by things in the cost of production theory in Marx, etc. is likely exaggerated since, as it is well-known, in Marxian theory new value is not produced by the value of labour-power, that is, by variable capital, but by "expended labour-power" (Stamatis, 1997: 68).

As Marx himself notes, "[L]abour as process, *in actu*, is the substance and measure of value, not value" (Marx, 1990: 677), that is, "labour is not itself value" (Arthur, 2002: 3).

4. THE ISSUE OF THE REAL WAGE AS A SET AMOUNT OF MEANS OF SUB-SISTENCE IN MARX AND THE 'RICARDIAN DEFAULT'

In the first volume of *Capital* (Marx, 1990: 276, 655, 659), Marx maintains that the value of labour-power corresponds to and is determined as an assumed real wage (= fixed amount of means of subsistence) and that what changes with a change in labour productivity is the value – not the mass – of those means of subsistence. Marx also takes a similar position on the 'given quantity' of the real wage in the third volume of *Capital* (Marx, 1991: 999).

Marx's position on the assumed level of the real wage is the central point of criticism of the presentation under discussion on Marx's theory of wages, as the assumed level of the real wage is interpreted as being completely detached from class struggle, while also claiming that it is reduced to a rationale of *"the iron law of wages"*, according to the Physiocrats and ultimately Ricardo (Rubin, 1989: 149).

On this basis, the presentation argues that Marx follows the 'Ricardian Default' in his theory of wages, and remains thus on the grounds of Classical (Ricardian) Political Economy, only to then develop his theory on relative surplus-value.

5. THE REAL WAGE AND CLASS STRUGGLE: AN INTRODUCTORY COMMENT

Contrary to what is proposed in the presentation, I believe that Marx's analysis of wages actually embodies class struggle, albeit on the basis of structural definitions.

I will focus on this issue, leaving aside other issues such as the extent to which we find in Marx a comprehensive theory of wages, and other developments in the theory of wages outside of *Capital*, etc.

I will, however, note that the assumed real wage is not a theoretical abstraction, but introduces the historical aspect, even if just briefly, into an analysis that is based on theoretical abstraction, as that in *Capital* (See also Fine, 2008: 9-10).

Arthur writes: "The wage is set through class struggle in the context of the historically given level of 'subsistence'" (2002: 2). According to this problematique, class struggle in wage determination is carried out "in the context of the historically given level of 'subsistence'". Class struggle here refers to the conjuncture in contradistinction to that which is a 'historical given' which, I will maintain, refers to the historical consolidation of class struggle in the field of a social formation.

6. "TEMPORALITIES" AND WAGE DETERMINATION IN MARX

The theory of wages in Marx is first and foremost a theory of the exploitation of the working class by capital. In the context of this theory, we can discern three separate 'categories' of wages with different 'temporalities' and determinations which are nonetheless entwined and on any case articulated through class struggle (Economakis and Sotiropoulos, 2006).

- a. the real wage;
- **b.** the value of labour-power;
- **c.** the market price of labour-power.

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7. THE REAL WAGE

Determination of the real wage is external to the conditions of class struggle: it is determined historically by, or is a historical consolidation of, class struggle in the field of a social formation. The real wage is likely to be stable for a long-term period.

Marx writes:

[T]he number and extent of his so-called necessary requirements, as also the manner in which they are satisfied, are themselves products of history, and depend therefore to a great extent on the level of civilization attained by a country; in particular they depend on the conditions in which, and consequently on the habits and expectations with which, the class of free worker has been formed. In contrast, therefore, with the case of other commodities, the determination of the value of labour-power contains a historical and moral element. Nevertheless, in a given country at a given period, the average amount of the means of subsistence necessary for the worker is a known *datum* (Marx 1990: 275).

In this sense – and with the productivity of labour as a given – the definition of the value of labour-power truly "differs from a typical commodity" in Marx's analysis.

Contrary to what has been presented, I believe that the "historical and moral element" embodies class struggle (even if not explicitly) in its historical crystallization in the field of a social formation if the 'level of civilization' as well as the 'conditions' under which the working class was structured are a result of class struggle.

The real wage expresses the empirically-verified reproduced inequalities of real wages between different social formations.

Hence, to the question of how and when the real wage incorporates increases in labour productivity, there can be no answer on a strictly theoretical level, as it is traced back to the specific history of class struggle (see also Fine, 2008: 9-10).

A thus-defined real wage is not equivalent to a minimum means of subsistence. Conversely, it ensures the numerical expansion of the working class. (Marx, 1991: 998-999; Marx, 1990: 727).

It fluctuates, in the short term (with the naturally-occurring lowest level of means of subsistence), around the given historico-social magnitude as a result of the variations in the price of labour-power in the market.

8. THE VALUE OF LABOUR-POWER

Regulatory price as a translation of the real wage – given for every base of technical production, and thus labour productivity, as it is_determined by *the middle period* or 'the phase of prosperity' of the industrial cycle – is thus stable over a mid- to long-term period. (Marx, 1991: 214-215, 482, 620-621; Marx, 1990: 784-785).

In every instance the value of labour-power that corresponds to the real wage constitutes an expression of class competition mid- to long-term, at least if we consider technology and its development (and thus also the increase in labour productivity) as an expression of the class assault of capital on labour to increase the degree of its exploitation (Marx, 1990: 562-563).

The value of labour-power defines the magnitude of surplus-value as 'residual' (Marx, 1990: 658).

Given the labour productivity, it fluctuates in the short term with the short-term fluctuations in the price of labour-power in the market (the value expression of the prices of labour-power in the market) (Marx, 1990: 655).

Accordingly, in terms of the real wage, the value of labour-power is not defined by its minimum limit (= the value of the naturally-occurring minimum of means of subsistence).

9. THE MARKET PRICE OF LABOUR-POWER

The value of labour-power must be distinguished from its (monetary) price in the market (Marx, 1990: 678, 682). As Marx writes, the value of labour-power is "the price, which ultimately predominates over the accidental market price of labour and regulates them" and corresponds to the 'necessary price' (according to the Physiocrats) or the 'natural price' of labour (according to Adam Smith)" (Marx, 1990: 678).

It fluctuates around the value of labour-power (the regulatory price), or it is the fluctuation of the value of labour-power around the magnitude determined by its regulatory price, depending on the periods of the industrial cycle.

The periods of the industrial cycle determine the expansion and contraction of the industrial reserve army (= variations in demand but also in labour supply) (Marx, 1990: 784-785, 790-793, see also 770).

The price of labour-power in the market therefore depends on the accumulation of capital in the (short-term) conjuncture of class struggle.

It reveals downwards-tending inelasticity which corresponds to the real wage and the value of labour-power (Marx, 1990: 655).

In real terms (the value of money as a given/stable prices), the (monetary) price of labour-power on the market expresses short-term fluctuations of the real wage around its given historical-social magnitude (as can be deduced from Marx's analysis) (Marx, 1992: 413-416).

The thus-determined market price of labour-power (the dependent variable, according to Marx) therefore depends on the accumulation of capital, while the accumulation (the independent variable, according to Marx) (Marx, 1990: 770) depends, in turn, on the overdetermination of class struggle – in short-term conjunctures (= periods of the industrial cycle) and in the historical field of a social formation – according to the 'internal laws' of capitalist expanded production.

As Marx notes:

The rise of wages [i.e. the rise of the market price of labour-power] is ... confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on an increasing scale (Marx, 1990: 771).

[T]he increasing productivity of labour is accompanied by a cheapening of the worker ... and it is therefore accompanied by a higher rate of surplus-value, even when real wages are rising. The latter never rise in proportion to the productivity of labour (Marx, 1990: 753).

In a reverse-case scenario – and as a result of the working class's struggle for greater participation in the distribution of income – there appear crises of "over-accumulation of capital", which at the same time form a mechanism to restore profitability (Marx, 1991: 359 ff.)

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Stamatis, Giorgos (1997) *Eisagogi stin Politiki Economia* [Introduction to Political Economy]. Athens: Ellinika Grammata. Marx's capitalism and ours

Étienne Balibar

We are returning (once again) to the seminal text of Marx's *Capital* (the first volume of which was published separately in 1867) after 150 years of uses and misuses, understandings and misunderstandings. This seems like the end of a great historical cycle. As I happen to have been a participant in a project called Reading Capital, which took place 50 years ago under the guidance of Louis Althusser, I will ask myself the question: what kind of reading do we need now to make sense of Marx's claim to have initiated a "critique of political economy" (which is more necessary than ever if we want to confront the latest developments of capitalism) and, at the same time, keep faithful to Marx's project of articulating this critique with a *political practice* (or set of practices) which can overcome capitalism as a social system?

My answer is: more than ever. This reading must be a *transformative reading*. It needs to be based on due philological and conceptual understanding of Marx's arguments, which means that it is a transformation of the actual, genuine Marx, not a distorted, truncated or imaginary Marx – hence the importance of all that work of interpretation and editions that Michael Heinrich explains elsewhere in this volume. But essentially in the end it must aim at *rewriting Capital* (or an equivalent for our time). I want to contribute to this collective task, while carefully distinguishing it from a *refutation*, even if some key Marxian propositions will need to be discarded or even inverted. It is rather a new foundation, or a change in the "axiomatic" of the work, which will diversely affect the consequences of its premises.

1. EPISTEMOLOGY

I begin with a consideration of the *intrinsic sense* – not accidentally – in which *Capital* is an *incomplete* work. This is not only because Marx himself did not "finish" writing what he had projected for publication, continuously changing his plan or order of exposition, but because it leads to several aporias, which had to be neutralised, or postponed or repressed by Marx himself. I use, therefore, the negative word as an active verb: "Marx incompleted *Capital*," in a manner that dominated and still dominates our uses and

understanding. We must "open" the black box and draw the consequences on the premises themselves of the missing conclusion. I single out (ideally) three types of aporias or difficulties:

The *first type of aporia* has to do with the *ambiguity* of the "historical tendency" that, in Marx's presentation, results from the "laws of capitalist accumulation" as defined in the first volume of *Capital* (and again in the so-called third volume). It is in the penultimate chapter of volume one (an odd disposition on which I have commented elsewhere) that we find the kerygmatic formula about the "expropriation of expropriators". Taking into account various moments of the text (including the "Unpublished Chapter Six"), we can identify at least three tendencies or outcomes that are logically possible:

- a) the one that was mainly associated with the formula involves the idea that there is a necessary tendency towards the abolition of capitalism that is a consequence of its own "immanent" laws. Hence the insistent recourse to the dialectical model of the "negation of the negation". This is indeed the standard "revolutionary" interpretation, confirmed by the fact that Marx, in a footnote, explicitly resumes the "apocalyptic" anticipation of the communist revolution that had been proposed in the Communist Manifesto some 20 years earlier, when he believed that the collapse of the capitalist mode of production was imminent. But interestingly, if you turn to the developments proposed in chapter 27 of the third volume of *Capital* of Engels's reconstruction, which of course *predate* volume one from the point of view of Marx's writing, you find exactly the same terminology and the same dialectical play on the idea of an "expropriation" negating itself. However, they are now associated with a description of those social forms created by capitalism itself that can be seen as prefigurations or instruments of its overcoming "within the capitalist mode of production itself": namely financial credit and the centralising function of the banks, and, very differently (if not antithetically) workers' cooperative factories. If not exactly "reformist", this description nevertheless points to an essential *continuity* rather than a reversal or a violent break. This is already an ambiguity. But there is more.
- b) following a very different logic of analysis and reasoning, the crucial chapter in volume one on "The Labour Day" (chapter 9) describes a long series of class struggles (with the interference of the state) that are presented by Marx as moments of a "protracted civil war".¹ This

^{1.} I completely agree with Michael Lebowitz on the importance of that chapter in any interpretation of *Capital* that combines the theoretical and the political points of view.

civil or social war clearly produces transformations in the form of capitalist exploitation and capitalist relations of production themselves (not only juridical constraints or *limitations*), particularly inasmuch as it precipitates the tendency to substitute the intensification of labour and increase of productivity with the mere prolongation of the labour time, thus introducing what would be called "real subsumption" and "relative surplus value". But, if we stick to the letter of the argument, what it delineates is a perspective of *infinite social conflict* within the capitalist relation of production, without a specific predictable end. As Marx indicates in a celebrated formula, "between equal rights, it is power/violence [*Gewalt*] that decides", but this is always a reversible decision.

c) finally, we have the most disturbing possibility – as it is sketched in some passages of the "Unpublished Chapter": a *nihilistic* tendency, as it were, based on the idea that when the "real subsumption" of the labour force under the capitalist form is extended from the sphere of production to the sphere of *reproduction* itself, capitalism in a sense becomes able to entirely *control* the lives of individual workers, from birth to death, which makes the very possibility of resistance or conflict problematic. This might be one (but only one) of the reasons why Marx, in the end, decided not to include these developments in his published book.

It is important to notice that, although all these possibilities are subject to historical conditions for their realisation, in particular when it comes to weighing the effects of "counter-tendencies", they remain within the framework of what I would call an "evolutionist" understanding of history, with a linear temporality. This is an epistemological prerequisite that Marx himself will begin to partially criticise only much later, in his correspondence with the Russian populist Vera Zasulich (although without embarking on a genuine rectification). The genuine *historicisation* of the concept of capital was "missed" again in most Marxist theories of *imperialism* from Hilferding to Bukharin and Lenin, and only undertaken by Rosa Luxemburg in her 1913 Accumulation of Capital, where the general idea that capital can "reproduce" itself only through the detour of a permanent expansion into "external" modes of production through colonisation is combined with a "romantic" explanation of crises through overproduction and underconsumption (or the "unbalance" between departments I and II), which is more disputable. It is from this breakthrough that certain "unorthodox" Marxists were later able to proceed in the direction of "dependency theories" and "world-system" analysis" (to which I will return in my third part).

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To this diversity of outcomes one must compare the *bifurcations* or *points* of heresy which can also be identified in the course of Marx's argument. As I understand them, they are often very close to what David Harvey has aptly described as "points of stress" in Marx's theory, particularly insisting (in his second volume) on the question of the relativisation of *credit*, both as a function of the monetary form of circulation (or, in Suzanne de Brunhoff's terms, the reproduction of the universal equivalent), and as a necessary condition of capitalist accumulation and economic policy.² When reading again all the successive versions of Marx's theory of the circulation of money and commodities (published or not), beginning with the *Grundrisse*, continuing with the 1859 Contribution to the Critique of Political Economy, and ending with the successive revisions of the first section of volume one of Capital, it is very striking indeed to observe how Marx progressively suppressed (that is, postponed) everything that concerned "credit" (leaving only the *formal possibility* of crises in the form of "delayed payment" or redemption of a debt), thus "cutting" or excising the *capitalistic moment* from his synthetic picture of the *monetary cycle*. Why did he do that, and which consequences did his decision have on the Marxist understanding of the market and the "value form" itself, which keeps dividing his readers and followers today? This is an important point to stress. The same crucial example leads us to identify "axiomatic choices" made by Marx to make his dialectical development possible, which also express *ideological* or even *metaphysical* presuppositions. This is especially visible, I believe, in the use of the notion of "fictitious capital" (in *Capital*, volume three), which keeps pushing Marx in the direction of the primacy of "real" accumulation and the denunciation of financial speculation as an "artificial" phenomenon, even when he is, in fact, showing that the autonomisation of credit and interest are intrinsic dimensions of the capitalist mode of production. What would "non-speculative capitalism" be?³

Another fundamental example has to do with the way in which Marx analyses the "reproduction" of the labour force, discussing the equivalence (asserted by classical political economy) of the value of the labour force (or

^{2.} See David Harvey, A *Companion to Marx's Capital*, vol. 2 (London: Verso, 2013); Suzanne de Brunhoff, *Marx on Money* (London: Verso, 2015).

^{3.} Perhaps it could be (or it has been, to some extent, in different periods) a *regulated* capitalism that embodies antithetic *political* relations of forces, rather than a "pure" mode of production. But the question of the extent to which "regulations" and "limitations" imposed by politics (including class struggles, state interventions, etc) must be *incorporated* into the "concept" of capital itself is a key theoretical (and, needless to say, political) issue. Marx was reluctant to do that, because he wanted to preserve the idea that the only alternative is the full expression of the capitalist logic or its revolutionary reversal into a socialist/communist society. But, as I indicated above, his actual reasoning is much more ambiguous.

the "real salary") and the value of the means of subsistence. As we know, this becomes a crucial element in Marx's model of the production of "relative surplus value". However, from our vantage point today (awakened by the feminist critique), we cannot but observe that Marx is totally silent on the *process of consumption* itself, without which there would be no "reproduction". And, in particular, he is blind to the fact that there is an expenditure of the social labour force taking place in the sphere of consumption itself, without which there is no consumption, essentially in the form of (unpaid) *domestic labour* performed by women: such "labour" includes the transformation of the objects of consumption (cooking, sewing, etc), the moral, material and sexual "care" of men by women, and the "travail" of pregnancy and childrearing itself (all activities of which a growing part have become commodified as "human capital" but which remain largely invisible to economic theory, and they were indeed invisible to Marx).⁴

Finally, we must identify genuine epistemological obstacles which prevented Marx from identifying the roots of his own embarrassment with conclusions or premises of his arguments. Some seem to be "external", such as the a priori description of economic theories after the "decomposition" of the Ricardian school in terms of "vulgar economy" - which largely prevented Marxists (although not all of them) from pursuing the "critical" work by addressing contemporary economic theories and economic discourse. Others seem to be "internal", such as the confusion, under the name of "abstract labour", of two different theoretical functions: the function of making values measurable or establishing a *commensurability* of commodities (sometimes referred to as "law of value"); and the function of *valorisation* (conservation of existing values and addition of an increment or surplus value arising from surplus-labour). However, it is well possible that the external and internal obstacles are just two faces of the same coin, having to do with the idea of the "primacy of production over circulation" or the forms of circulation being mere "phenomena" of a deeper "essence" which could be abstracted from them. This idea is articulated with the great antithesis of a "political economy of labour" and a "political economy of capital". Marx certainly did not invent the idea of a "political economy of labour" (which arose within the framework of "Ricardian socialism"), but he tended to inscribe himself in that dichotomy, even if he sought to give it a more sophisticated definition. The capitalists would "naturally" (that is, as a consequence of the fetishisation of appearances) situate themselves in a point of view subjecting production to circulation, whereas the workers, qua living labour forces, would

^{4.} See my entry *Political Concepts: A Critical Lexicon*, s.v. "Exploitation," accessed 30 May 2017, https://www.politicalconcepts.org/balibar-exploitation/.

tend to adopt the opposite point of view: explaining circulation in terms of its subsidiary role with respect to production – a point of view with which Marx wanted to identify.

With this consideration, we also get to the hypothesis that *all* of Marx's aporias in *Capital* are connected in one way or another to his representation of "socialism" and/or "communism" as *inversions* of the capitalist "forms" and "laws", which appears to be the essential problem behind the tensions, bifurcations, points of stress, obstacles, etc. More intrinsically, this inversion should be considered a *secondary* inversion, that itself "reverses" the *primary inversions* that had taken place (hypothetically) when capitalism transformed "personal relations" into "abstract" and "impersonal" relations. Hence the insistence on the category of the negation of the negation. However, one must be aware that, if this "specular" representation is questioned, the political use of *Capital* will become problematic (which is, I assume, just what we need today).

2. THEORY

This is my core section (at least ideally, because it is also the section that is most difficult to explain in a "condensed" way). I want to present it as an attempt at *generalising* Marx's concept of *surplus value* (*Mehrwert*), which I take to be the central concept of the "critique of political economy". Let me explain my intentions here. To simply reject the concept of surplus value (which can be done also in the form of "translations" of the concept of surplus value in terms of "surplus", "profit", etc) means to *revise* Marxism as a theory of domination and exploitation. However, the concept as it is constructed by Marx is untenable, in any case it is loaded with difficulties. Why?

First, there are some notorious logical difficulties, such as the circularity of "absolute" and "relative" surplus value: Marx very strangely seems to "mix" under the same name of relative surplus value two very different tendencies and mechanisms: *intensification* of individual labour, and increased *productivity* of social labour that determines the "necessary" consumption of the working class or its reproduction. Intensity combines with time (or rather duration) to determine the primary rate of surplus value, therefore it should be considered rather a component of "absolute" surplus value. Why this "mistake"? Apparently, because Marx combines a "logical" deduction of categories with a "political" analysis of the modalities of class struggle linked to the process of capitalist industrialisation (the "protracted civil war" to which I already alluded). In the actual process of industrialisation, where the forces of capitalist management and the resistance of the labour force are permanently in confrontation with each other (as in the case of Taylorism), the two aspects of intensification and the increase of the social productivity of labour could never be separated. Thus, the logical weakness is matched by a historical and political strength, but the concept itself needs to be clarified.

But, more importantly, there is the question of the *restrictive* articulation of the definition of surplus value with *particular* forms of capitalist exploitation linked to the first industrialisation. This involves in particular an essentialisation of the wage form in its "primitive" institutional modality, as Marx had observed it: where wage labour is a "contract" between isolated workers and individual capitalists, which in fact "masks" the relationship of forces between individualised labour and the capitalist class as such. The relationship remains radically unbalanced, because it is described prior to the feedback effects of the class struggle itself, and is subjected to a pure "law of population", as Marx subsequently explained: including no *unionised labour*, no *state regulation*, no "collective bargaining" for wages, and no "Keynesian" reorganisation of the rules of distribution of incomes among classes. Above all this presentation dissociates the moments of "production" and "realisation", which together form the process of valorisation; therefore it makes the contradictions that it seeks to identify at the core of the capitalist "social relation" elusive and unintelligible. In fact, all the contradictions enumerated by Marx (including the effects of the "falling rate of profit" or the incentive to invest for accumulation) are always dependent on the fact that *value* is not a *quantum* that is purely determined during the individual production process; it is determined *ex post facto* by the fact that commodities as "bearers" of value must be "validated" or "realised" later on the market (where they can also become *devalued*).

To undertake a new definition, however, one must not dismiss Marx's problem of capital as a process of "self-valorising value"; much the contrary. But I suggest that we use as a starting point the *two successive definitions of "surplus value"* offered by Marx: the "formal" definition (as accumulation of money: $M \rightarrow M$ '), and the "substantial" definition (surplus value an as expression of surplus-labour: *Mehrarbeit* \rightarrow *Mehrwert*, or "method of exploitation"). Hence, ideally, at least a tripartite development.

We may begin with a definition of "capital" as a social relation of production-realisation that is made possible by the domination of the *money-form* (what Adam Smith called the "command" of money). Capital in the first place will take the form of a monetary "circuit", whereby Marx's prejudice that "in the last instance" it is always commodities that "move" money, and not the reverse, will have to be lifted, based on his own description. Marx's insistence on the idea that C–M–C should have ontological primacy over M–C–M *even* when the capitalist process presents the "driving force" of the circulation in *inverted form* (and in spite of the fact that he asserts himself that the two circuits are components of the *same* circulation process where both are requested) could be interpreted as a paradoxical trace of "Proudhonian" and even Aristotelian destitution of money as opposed to "real", "productive" activities. But, more profoundly, it is linked to the *political* prerequisite that "labour" (as an activity and as the name for a collective subject) has an affinity with the *commodity* form (where the "double character" of labour translates into the use-value and the exchange value), which is lost (or completely alienated) in the *money form*, which "isolates" the representation of exchange value and abstract labour. We touch here on what prevents Marx from developing a "monetary theory of production" (as proposed today by various post-Marxian economists, including Duncan Foley, Riccardo Bellofiore or John Milios and his colleagues in their own way), continuously taking him back towards the neutralisation of money in the definition of exploitation and accumulation. But there can be no such thing as a non-monetary concept of capital.

This also involves tentatively understanding that, in shifting between determinations that concern capital as a "social aggregate" (*Gesamtkapital*) and capital as an "investment" (operated by private entrepreneurs, however massive and "corporate" they can become), the process must introduce monetary prices into the constitution of values themselves (or, rather, surplus values). "Value" expresses valorisation, and the relationship of "values" to "prices" cannot be read only in one direction (as in the famous "transformation problem"). It is itself a circular process. This is a difficult idea – which may appear as a contradiction in terms, but I don't think that we can avoid it. The paradox that was obscured by the transformation problem derived from the fact that, in seeking to eliminate the "illusion of competition" at the risk of ignoring the dialectical meaning of his own (post-Hegelian) articulation of "essence" and "appearance", Marx was shifting between a "global" point of view (which is also static) and an "individual" point of view, where entrepreneurs are simply "representatives" of global capital, who implement individual strategies of exploitation of the labour force that they have been hiring in a wage-contractual form. They are supposed to each time carry one step further a preexisting process of accumulation that continuously adds to an existing global capital. But the fact is that value is not "conserved" before the process of valorisation of which it is a part: labour does not *separately* "conserve" the value of constant or fixed capital and "create" or add the surplus value; this is a single process. And its prerequisite is not that there are "given values" (accumulated amounts of constant capital), but that commodities arising from the circulation process with a *price* (including salaries) will be transformed into "value" for accumulation (which remains aleatory, or will be the case in unstable proportions, because the capitalists operate in a market whose capacity they never know).

The most important and difficult moment of what I suggest, however, regards *labour* as the substance of capitalist accumulation, taking the form of an *action* of "living labour" (also identified with *present labour*, a "variable" increment depending on the rate of exploitation) upon "dead labour" (also identified with *past labour*, a *given* quantity). This could also be formulated in a quasi-tautological form: for Marx, past labour is passive, present labour only is *actual*, therefore also *active*, creative. In Marx's representation, "dead" labour is *past* labour inasmuch as it is embodied or incorporated in the means of production, which are considered "inactive" from the point of view of the valorisation process. "Living" labour takes place in the *present*. where it fuses or combines two different functions that Marx traces back to the "double character of labour": the conservation of "existing" values; and the creation of "new" value (later divided into value of the labour power and surplus value). The crucial idea here (which I believe we must absolutely preserve) is that a "difference" (or "differential") must take place in the present (or it needs to be actualised). But it need not become "mystically" translated into the quasi-theological idea that "the living spirit" (= labour) "resurrects the dead" (an idea that comes from the Gospel of John through Hegel), and also perpetuates the "Smithian" prejudice that every value is reducible to labour distributed among past and present. I am indeed aware that shaking this representation of the antithesis between "dead" and "living" labour (to which Marx will largely reduce the antithesis or antagonism of "capital" and "labour" as such) will not only challenge the received interpretation of "exploitation" but also require for a new understanding of the *time* of valorisation.

I believe that we must overcome the "productivist" and "subjectivist" characters of Marx's description of labour (which has theological as well as philosophical, political, and economic roots) and rework several dimensions of the Marxian concept of abstract labour. This involves two changes in particular:

First, we must articulate labour social form with "nature", which in this dominant presentation is considered a mere "object" or "raw material", despite the much more dialectical definition of the "material exchange" (*Stoffwechsel*) offered by Marx. In the great chapter seven of the first volume of *Capital (Arbeitsprozess und Verwertungsprozess)*, the "labour process" is defined in terms of an *interaction* between the human and the natural factor, which can also be considered, on the one hand, as a "natural interaction" itself (a notion increasingly important today when it appears that every labour process has a "natural cost" in terms of irreversible alterations to the

environment). But it should also be considered as a "social" process, where "nature" is absorbed piecemeal into a socialised objectivity, so that there is no such thing as "pure" nature. Paradoxically, this perfect reciprocity is lost when Marx moves to the "process of valorisation", as a consequence of the privilege that he grants to *human* labour, or rather the *subjective side* of human labour. But in fact the decisive factor in the variations of the rate of valorisation is "productivity" (*Produktivkraft*), which is not a function of subjective labour alone, but the *combination* (more or less effective) of human agency and natural capacities – in which increasingly today we are led to include the *negative* effects on nature that traditionally had been "externalised" by capital – but also paradoxically eliminated from the "economy of labour", and from Marx's own critical theory (if not entirely from his consciousness),⁵ because for the economists "nature" was considered a "free" or "infinite" resource.

Second, we must overcome the purely *arithmetic* model of the composition of values (once again rooted in the dissociation of production and realisation). An *algebraic* model would be necessary, taking into account "negative quantities" of abstract labour that is not "socially recognised": how can we account for "lost" amounts of social labour, or social labour that is "misplaced" globally, while contributing *locally* to the rate of exploitation? If we "suspend" the question of realisation, or if we take for granted that every value that is "created" through an expenditure of abstract labour will be "realised" because (at least in the average, or in the long run) there is demand for every *offer* (a curious acceptation of Say's law in a Marxist framework), we also abstract from important facts: the value of the means of production (machinery) is not "conserved" (or not entirely) if their "actualised price" is falling; and the value added (paid in the form of wages, "variable capital") is effective or realised only in proportion to its "social recognition" as "necessary" labour: which means that it can also be lost or needs to be counted negatively. But, on the other hand, it is probably necessary not to restrict a concept of *surplus-labour* generating *surplus value* to "productive activities" taking place in the "productive sphere" itself: a reduplication that already embarrassed Marx. We may consider expanding it to every *activity*, whether individual or collective, material or immaterial, "active" or "passive" that can become subsumed under a process of valorisation, provided it includes a "metamorphosis" of money into commodities (hence uses, and needs), and

^{5.} As indicated by the famous passage in *Capital* (vol. 1, chap. 15) that states "Capitalist production ... develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth – the soil and the labourer."

commodities (which can also be "services") into money.6

Generalised surplus value in that sense is not a quantity ideally measurable as an aggregate; it is a concept of "social relation" that tries to account for the *combination* of modes of exploitation that are progressively merged inasmuch as capital aims at "real subsumption" in several spheres of social life. This leads to my last section.

3. HISTORY

Here I want to introduce the hypothesis that we are now (in every corner of the planet, albeit to different degrees and forms) living in the framework of something like *absolute capitalism*.⁷ This is perhaps a provisional name, but for the sake of this article, I prefer it to "pure" capitalism (because capitalism is always impure) and "integral" capitalism (because I want to leave open the type of totalisation that is at stake here). I contrast *absolute capitalism* with *historical capitalism*, taking advantage of an analogy with the Hegelian concept of "absolute spirit" (as opposed to "objective" = historical spirit), but this is also for me a way to deconstruct Hegelian ideas in Marx or to turn Marx's "Hegelianism" in a different direction. It might seem that there is a logical flaw in the fact of reflecting on a "history" or "historical transformation" of which only one moment, or stage, is itself called "historical": but this is deliberate, because I want to indicate that the scheme of historicity or "historical time", with which we assess the difference between "absolute capitalism" and "historical capitalism" *cannot be* the same as the concept of historicity which was "organic" in the perception that capitalism produced for its own "movement" or "evolution". Ever since the new critical readings of Marx's Capital emerged in the 1960s, one has been aware of the fact that a transformation in the very representation of historicity was involved in the understanding of the "logic" of the capitalist mode of production. But the question to what extent Marx shared a representation of time and evolution that was common to economic ideology and bourgeois philosophy of history - essentially what Benjamin called "historicism" - has also remained in

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^{6.} Without being able to really elaborate here, I want to signal the very interesting reflections on "biocapital" and "surplus-health" proposed by Kaushik Sunder Rajan in *Biocapital: The Constitution of Postgenomic Life* (Durham: Duke University Press, 2006), and Joseph Dumit, in *Drugs for Life: How Pharmaceutical Companies Define Our Health*, Durham: Duke University Press, 2012).

^{7.} This expression was already used by others, but not exactly in the same sense: see, for example, Ingmar Granstedt, "Capitalisme absolu, conscience et dissidence: Réflexions sur le Grand marché transatlantique (TAFTA)," 26 Jul. 2015, https://local.attac.org/rhone/spip.php?article1913, accessed 30 May 2017.

dispute. All these great issues form part of the horizon of our discussion.⁸

To speak of "absolute vs. historical capitalism" however requires a clear distinction plus articulation of the concepts of *capital* (as social relation and mode of production, then reproduction, consumption, etc) and *capitalism* (which is not literally there in Marx, but shares some characteristics with what he calls "social formation"). *Capitalism* is not just the system of manifestations of *capital* as an "essential relation". It is a complex totality of social practices. We must begin with this conceptual distinction, but above all we must return to the question of the epistemological obstacle that prevented Marx from really moving from *logic* (or concept, in the Hegelian or quasi-Hegelian sense) to actual history, with positive consequences (a non-empiricist understanding of "contradictions" and class antagonisms), but also negative ones, ranging from the *linear evolutionist* representation of "tendencies" in capitalism, to the implicit reduction of "social formations" to industrial national societies, in spite of Marx's early conviction that capitalism was a "world-system" in essence (in particular because the *money-form* is reproduced only on the world market). In my opinion, it was the great achievement of the "dependency theories" and their continuators (Gunder Frank, Immanuel Wallerstein, Giovanni Arrighi, etc), partly relying on Luxemburg's analysis of imperialism, to effectively *historicise* (against "historicism") the concept of capitalism on a Marxian basis. This involved the transformation of Marx's understanding of tendencies and economic cycles, and the distribution of a *multiplicity* of methods of exploitation within a "world economy" where "unequal exchange" reigns between the centre and the periphery and is a structural condition of profit, under the umbrella of a single money-form where different currencies are more or less completely convertible. This critique has liberated the Marxian concept of capitalism from its own "Eurocentric" limitation, and it has shown that there is "history" only if there is also geographic differentiation of heterogeneous economies (and societies) on the world market. Capitalism doesn't progress (and it doesn't *accumulate* in the first place) if it is the same "mode of production" everywhere: a distribution of "centre" and "periphery" (or a more complex one) is needed.

This has led to a transformation in the method of *periodising* capitalism

^{8.} I also prefer not to simply use the category "neoliberalism", because neoliberalism describes a "discourse" (with political/institutional consequences), not a social formation or a structure. And I try in this manner to sing a distinct tune in the polyphony (or cacophony) about the "end of capitalism" (Wallerstein, Altvater, Mason, etc), which some see as a final collapse (reminiscent of *Zusammenbruchstheorien* in classical Marxism), opening the door to a classless society (or simply, in Wallerstein's terms, a more egalitarian one), while others see it as a starting point for a new era of capitalist development on different bases.

(not with *stages* of development, but with *cycles* of expansion and *epochs* of successive hegemonies), and a new way of understanding the realisation of its logic of "infinite accumulation". But it also leads – paradoxically – to aporias and new obstacles when it comes to understanding the structures, the specific contradictions and tendencies of *contemporary* capitalism where. at the same time, "globalisation" has reached its "ends" (but not its internal limits) and the opposition of "centre" and "periphery" has become relativised, to give rise to new modes of territorialisation governed by the mobility of financial capital. The current "zones" of devalorisation and overvalorisation (or hupervalorisation) of "human capital" (in other terms, the regions or places where anthropological differences are used to divide the population into "skilled" and "unskilled", the "useful" and "useless" labour force, "migrants" and "sedentaries", "efficient" and "disabled" humans) are no longer exactly polarised into global zones and separated by continental distances, but rather are recreated locally everywhere in the world, even if "North-South" divides still exist, and are increasingly defined in racial and cultural terms that can apply outside of their place of origin.

I submit, therefore, that our globalised-financialised economy (with its "culture", its "politics") is not just another stage in the development of "historical capitalism", where the typical social groupings, in conflict with one another, used to be *nations and classes*, more or less completely polarised. However, it is still capitalism. To understand its specificity, we must also (as Marxists) liberate ourselves from certain aspects of our "socialist" convictions and hopes: we must reflect on the fact that such capitalism is not a "preparation" (or precondition) for a "socialism" to come, but is, in fact, a *postsocialist* formation, just as it is a *postcolonial* formation. This means, in particular, that its hypercompetitive modes of individualisation and subjectivation of economic agents (imposing on workers themselves the model of "self-entrepreneurship" and leading to what Robert Castel called "negative individualism")⁹ amount to a systematic deconstruction of the "socialist" institutions that emerged from the class struggles in the twentieth century. I take "socialism" here in the broad sense – the target of neoliberal discourse after Havek – so therefore include *all* the political and economic regimes where, to a greater or lesser extent, the state became the "mediating" institution between labour and capital: not only transforming the rules of competition among labourers (in a more or less stable alliance with institutionalised trade unions), but also introducing individual and collective protection against the typical risks of proletarisation. Institutions of public

^{9.} Robert Castel, *From Manual Workers to Wage Laborers. Transformations of the Social Question*, trans. and ed. Richard Boyd (New Brunswick: Transaction Publishers, 2003).

education and public health – as they were developed at the same time by "really existing socialism", social democratic "welfare states" and "development policies" in the Third World (albeit with uneven success) – that are now systematically targeted by the commodification of "human capital" are especially typical of this "transition" leading to absolute capitalism through a political and economic revolution. In that sense, retrospectively, *socialism*, in its various forms, will appear not to have formed a virtual transition to communism, but to have been a transition to the new forms of capitalism in which we are now – a "strategic bifurcation" in the Great Transformation that, over several centuries, led from precapitalist to "pure" capitalist societies. Once again, as Marx famously wrote, "*l'histoire avance par le mauvais côté*".

If we work from that perspective, we can try and articulate in a structural manner the various novelties of this "absolute" capitalism which are frequently discussed among Marxists nowadays:

- the preference for liquidity is combined with the permanent mobility of capital under the condition of a new form of proletarianisation ("precariat"); in other terms, there is a *correlation* (direct or indirect) between the hegemony of financial capital which links valorisation to the speculative evaluation of assets, and the extreme flexibility of precarious labour or the variations of mass consumption based on credit;
- the universal commodification of goods and services leads to a steady process of the creation of new "fictitious commodities", in Polanyi's sense, especially the earth itself, but also knowledge, culture, health, care, etc;
- the real subsumption of consumption as well as production in the capitalist cycle, especially through the generalisation of *indebt-edness of the poor*, who can now become "mass consumers" of the "same" goods as the rich (albeit neither of the same quality or in equal quantities). The indebtedness of the poor can be "private" or "public", therefore either direct, in the form of loans from banks to consumers, or indirect, in the form of state indebtedness that needs to be indefinitely repaid by the citizens through taxation, as in Argentina or Greece (and in both cases there is an element of coercion, that is, a direct use of the "force of law").

None of this, of course, means that "absolute" capitalism is a *more stable* formation, deprived of contradictions and struggles, or bound to exist indefinitely. There is all likelihood, on the contrary, that it forms a highly unstable system, even a chaotic one, for a number of reasons:

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- the complete interiorisation of financial speculation (or "rational anticipation") in the organisation of production and consumption, therefore an increasing exposure of the capitalist system to the cycles of bubbles and crashes (illustrated by the subprime crisis in 2007);¹⁰
- the subordination of political structures (states, and transnational organisations) to the "pseudo-sovereignty" of the global financial market: this has to do with a tendency to *abolish* the formal "separation" of the "political" and "economic" realms, which is now known as *governance*;¹¹
- the simultaneity of the processes of commodification with all sorts of extreme violence (what Ogilvie calls the "production of disposable humans" and Sassen "expulsions").¹² This is, at the same time, a development of the logic of "human capital" or the *complete* transformation of the labour force into a commodity, *and* a manifestation of the "passive" resistance to that tendency: the "law of population" is not manageable, neither in the short nor even in the long term, as we can see with the "refugee crisis", which is transforming the regime of migration on which capitalism was relying in order to distribute the labour force into antithetical sections. Population as a mobile magnitude is now apparently escaping every possibility of "governance" or "regulation", except through destructive procedures;
- finally, the fact that financialisation also accelerates material "indebtedness" with respect to the environment (the increasing "human footprint" on natural resources/the planet's capacity for reproduction). A kind of "race" is taking place between the destruction of resources and the multiplication of indisposable waste, on the one hand, and the investment in "new technologies" that are "ecofriendly" or "protect" populations from the effects of global warming, on the other. Capitalism is bound to lose that race (and so are we if we remain in capitalism), if only because the technologies are in fact *increasing the debt*, not reducing it (or they are reducing it *locally* and increasing it *globally*).

^{10.} See Dimitris P. Sotiropoulos, John Milios and Spyros Lapatsioras, A Political Economy of Contemporary Capitalism and its Crisis: Demystifying Finance (London: Routledge, 2013).

^{11.} See my essays on the Greek crisis, now collected in *L'Europe, crise et fin?* (Lormont: Le Bord de l'Eau, 2016).

^{12.} See Bertrand Ogilvie, L'homme jetable: Essai sur l'exterminisme et la violence extrême (Paris: Éditions Amsterdam, 2012); Saskia Sassen, Expulsions: Brutality and Complexity in the Global Economy (Cambridge: Harvard University Press, 2014).

A renewed reflection on the (immensely complex) question of the articulation of *contradictions* and *conflicts* (or *antagonisms*) that, in Marx's discourse, also commanded the articulation of the critique of political economy and "class politics" or – more generally – collective agency ("transforming the world"), is therefore on the order of the day. I want to leave this open for now.

Panagiotis Sotiris

The very fact that 150 years after the publication of Volume I of *CapitaI* we are still reading it is proof to both its theoretical significance and to the fact that we are still living in a world marked by capitalist social relations.

Fifty-two years ago, *Reading Capital*,¹ which appeared *before* the major debates on value theory that began in the 1960s, initiated a new way of actually reading *Capital*. It was an attempt to read not only the text and the context of *Capital* in a classical exegetic or hermeneutic manner, but also to explore the semantic shifts, the absences, the silences and the lacunae of the text in order to view it as a terrain of semantic and analytical dynamics, in certain cases contradictory or conflicting.

Reading Capital also introduced a different practice of philosophy, presenting the practice of philosophical reading ('we read Capital as philosophers') as an intervention in those contradictory textual, semantic and analytic dynamics. Although Althusser himself was to formulate the conception of philosophy as *political intervention* (and eventually as *class struggle*) in theory², in contrast to what he defined as the *theoreticism* of *Reading Capital*, this theoreticism taking the form of a conception of the 'extraction' of a scientific philosophy of sciences (the 'theory of theoretical practice') already existing in a 'practical' form in *Capital*, we can say that Althusser's major example of a *political intervention in theory* can be found in *Reading Capital*, both in his own texts and in the collective project he coordinated. And I say *political* intervention precisely because this attempt at a new, materialist reading of *Capital* as the site of an epistemological break for a highly original theory of capitalism was also conceived not only as a theoretical process, but also as a political stake, a non-economistic, anti-humanist, antiteleological and antimetaphysical theory of capitalism as the theoretical ground for a left-wing critique of Stalinism and as a way to reconstitute revolutionary strategy in advanced capitalist formations.

^{1.} Althusser et al. 2016.

^{2.} Althusser 1971; Althusser 1973.

I would like to suggest that we can still insist on this kind of *reading* even though we can now say, without fear of being accused of heresy, that Marx's *Capital* is a 'solid foundation' for Marxist theory precisely because it is incomplete, uneven, contradictory, riddled with metaphysical and idealistic elements and full of points and conceptualizations that can only be deemed untenable.

By saying something like this, we are not joining the endless rank of Marx-deniers. On the contrary, I would like to insist that it is precisely because of this contradictory, incomplete, flawed in many instances character of Marx's Capital that it remains the indispensable starting point for any theorization of capitalism. I would also like to add that we are now much more accustomed to the idea that certain forms of theorization can only take the form of incomplete 'works in progress'. A close example of this is Gramsci's confrontation with the theorization of hegemony and revolutionary strategy in his Prison Notebooks.³ It is the very complexity of critical social thinking and the fact that there is no Archimedean point, while the theory itself is part of the terrain of social antagonism, that such attempts necessarily tend to be incomplete, contradictory or even self-contradictory, and profoundly experimental. This is especially true if they are indeed trying to break open new theoretical ground. To use an historical analogy, if communism is the active yet subaltern tendency, the 'subterranean current' within social antagonism, in a similar way the possibility of theorizing capitalism from the standpoint of those who are being exploited is the subaltern theoretical element, one that can only come to the fore by means of bitter struggle in the *Kampfplatz* of theory and ideology, a struggle which leaves many traces upon the very body of science.⁴

However, I think there is another reason. It has to do with the fact that 'capitalism' is not a 'system', at least not in the organic sense that this term acquired in social theory in the nineteenth and twentieth centuries. Marx, in "Theses on Feuerbach", in a phrase that subverts the very notion of the attribute, insisted that human essence is the ensemble of social relations. In an analogous manner, the essence of capitalism is the ensemble of singular relations, histories and antagonisms that tend to (re)produce contemporary social reality. And to paraphrase Althusser, there can be no 'essential rupture' in this ensemble, even at the level to which *Capital* refers.

In this sense, we are now in a much better position to actually see that many answers offered by Marx are in fact open questions and nodal points

^{3.} Gramsci 1977.

^{4.} Althusser tried to encapsulate this by means of the notion of 'scissionist' science. See Althusser 1999.

for the development of theory. And we can see this just by remaining within the new terrain, the new scientific continent mapped by Marx.

Let us now move on to some of these open questions:

First of all, there is the open question of the very notion of exploitation. Althusser warned against any '*arithmetic*' conception of surplus value, and consequently of exploitation, emphasizing that this is not the result of a certain 'unequally equal exchange', but the outcome of an entire history (and present) of class struggle, exemplified by his stressing the primacy of the relations of production over the forces of production (*contra* a to-the-letter reading of the 'Preface' to the 1859 *Critique of Political Economy*).

In this sense, *Capital* is not a book about the 'economy'. It is a book about the violence inscribed at the centre of capitalist social relations, about the constant effectivity of class antagonism, the rich and variegated history of struggles that led to what we can describe as the 'real subsumption of labour' under capital, and of the many contradictions and crisis-tendencies that make its reproduction inherently unstable. It is a book about ideology, in the sense of the theorization of socially necessary forms of misrecognition, but also of the reproduction of antagonistic discourses. It is a book about the role of the state, since its role is presupposed in all its parts.

In this sense, Étienne Balibar has been right to stress the antagonistic relation between the political economy of labourers and their movement, and the political economy of capital.⁵ These two positions, these two forms of class partiality and partisanship, are active in *Capital*. They also represent the very fact of the antagonistic relation being at the heart of capitalist production. What we tend to see as the systemic and self-reproducing character of capitalism, that impressive way of making a multitude of singular transactions interconnected and reproduced, in sum what Adam Smith described by means of the 'invisible hand' metaphor, is in fact the result of a multitude of uneven, unequal, antagonistic encounters and confrontations of the forms that 'class struggle' takes, of all the forms with which bodies suitable for exploitation are being constantly (re)produced, of the production of forms of subjectivity. The tendency towards reproduction and the tendency towards the interruption of this reproduction traverse all these aspects of social production and in a certain way offer an explanation as to why there can be no 'Archimedean point' regarding the theorization of capitalism.

However, there is something more in *Capital* – all those pages on exchange value not as magnitude, but as a social form.⁶ Why didn't Marx just say that exchange value is determined by socially necessary labour time,

^{5.} Balibar 2016.

^{6.} See MECW, Vol. 35, 45-93.

define the latter as some form of social-historical average, explain why variable capital is exchanged for labour *power* and not labour, define surplus value as the differential between exchange value of labour power and labour time embodied in the commodities produced (even as a labour of the collective labour force), and move on to the concrete history of struggle and antagonisms that truly defines capitalism.

Well, we know the answer: because all of these take the form, the *social form*, of exchange value. Because capitalism is, at the same time, this multitude of histories of struggle and antagonism, along with both the repressive and hegemonic apparatuses that reproduce these antagonistic relations and the hegemony of capital against labour, and the very fact that the form of appearance of capitalism, of its everyday functioning and obviousness, is an endless money-mediated and money-expressed exchange of commodities, viewed and handled as exchange-values (and as their monetary expression), including the fact that the very relation of exploitation, the wage relation, is also a money-mediated and money-expressed exchange.

Moreover, we know that value as the product of abstract labour or the socially necessary labour time as a measure of value cannot be thought of without exchange and money-mediated generalized exchange. We cannot think of commodities as carrying their value as an intrinsic quality (and quantity) prior to the moment of exchange, or, to be more precise, prior to the moment of their entering the seemingly endless series and sequences of exchanges that form the everyday functioning of capitalism, even if, at the same time, we cannot think of this generalized commodity exchange without production *for exchange*.⁷

In a certain sense – since things here can be trickier (or dialectically complex, if you prefer) – in the synchrony of capitalism, it seems as if the arrow of causation moves from generalized exchange and the predominance of the value-form to capitalist relations of exploitation, from the power of money as abstraction to the power of the capitalist. However, in the actual diachrony of capitalism, we know that this does not hold. Although the exchange of products and artifacts has existed since pre-history and the exchange of commodities for money dates back to antiquity, there has never been a 'simple commodity production era'. In fact, the generalization of commodity exchange, the generalized monetization of production and the spread of specifically capitalist social-property relations, including the wage relation with 'free labour', practically coincide and are in one sense a part of the same historical process. At the same time, we cannot say, in causal

^{7.} Concerning all these questions, see Heinrich 2006 and Milios *et al.* 2002. For the first formulation of a value-form theory, see Rubin 1972.

terms, that first we have production (and exploitation), and then exchange, with exchange and the predominance of the value-form constantly calling into existence some form of capitalist production and exploitation. Were it not for the predominance of value-form as an abstraction from all these concrete determinations, there would truly not have existed all these concrete forms of exploitation and violence that define capitalism, in the non-economistic manner that Althusser insisted upon.

We have at least established that there is something happening with exchange value and the modalities of the value-form, and that these pages in *Capital* were not simply a waste of Marx's time brought about by his obsession with a very idealist conception of how to begin a scientifically rigorous book. Marx realized that a theory of capitalism could not simply be a labour theory of value à la Smith or Ricardo, with the addition of labour power as the commodity involved in the wage relation and a quantitative theory of absolute and relative surplus value. Marx would then in this case be just a radical-communist Ricardian, and not the highly original thinker who mapped out new theoretical terrain. Moreover, there is indeed something systemic in the capitalist relation of exploitation and this goes beyond the inequality behind 'equal' exchange in the wage relation. It indeed takes the form not of an easily individualized exploitation (this particular worker was robbed of that percentage of her/his money denominated in socially necessary labour time), but of a real relation of subsumption of the entire labour force, of all its practices and interactions. From such a perspective, exploitation becomes quantifiable only on a statistical level.

We can now move further down with the open questions. Marx insisted on the distinction between productive and unproductive labour. We know that for Marx, 'productive' did not necessarily mean 'material', as it also included services and 'intellectual' activities but not unproductive private labour or state employees, thus creating a problem regarding the definition of class positions – including the famous 'boundary question'⁸ related to the limits of the working class, especially since a great part of the collective labourer also performs some of the duties of the collective capitalist.

Nevertheless, there are also some other questions caused by an arithmetic conception of surplus value. From Costas Lapavitsas' theorization of the new forms of profit extraction through financialization,⁹ to all attempts to create a political economy of income and profit on the internet, one can find elements of exploitation at a societal level by means of the real subsumption of all aspects of social life. Employees at Facebook or Google are

^{8.} Meiksins 1986.

^{9.} Lapavitsas 2013.

surely being exploited, and at a very high rate of exploitation; however, part of the production process in which they participate is the immense hoarding of information coming out of social interactions, something which is part of the production process itself.

I am not saying that we should get rid of surplus value – the recent financial crisis served as a reminder that despite the distance between finance and actual production processes, there are moments when production takes revenge upon circulation. Nevertheless, it is obvious that 'exploitation' should be seen in a broader context, as that very pervasive aspect of the generalization of the value-form and of the ability of capital to lay claim to and appropriate, in an expansive way, all aspects of social (and natural) life in a process of both generalized commodification and valorization.

All the same, I would like to insist that such a new emphasis on the centrality of the *value-form*, although in a sense a return to the *letter* of *Capital*, does not necessarily imply a return to Hegel, despite the fact that Marx indeed attempted to contemplate this in Hegelian terms. I would say that instead of a complex process of alienation or transformation of the substance or the essence, what we have are encounters between interacting bodies, either in production or on the market. We have encounters that tend to reproduce themselves. We have ideological practices, rituals and apparatuses that enhance this tendential reproduction and repetition. We have state apparatuses (and practices) that guarantee this. We have collective practices of signification and formation of ideological elements that by means of interpellation produce forms of subjectivity that even in a contradictory manner enable social reproduction/repetition. It is here that we find the significance of Althusser's work on ideology and Ideological State Apparatuses. Both as a consequence and simultaneously, we have exchange value as a social form in its complexity resulting from all these social interactions, as relation by itself, as social perception, in sum, as a structure existing immanently in its effects. Such a perspective is also compatible with more Spinozist readings of Marx's theory of exploitation, such as the one offered by Frédéric Lordon in his attempt to stress the role of affects and passions in the capitalist relation of exploitation.¹⁰ Lordon offers a very interesting relational conception of exploitation, one that avoids all forms of economism. The same complex interplay of desires, passions, affects, material constraints, institutional forms and hierarchies of power that define the employment contract as one of exploitative social relations, also carries the potential for an alternative reading of the emergence and reproduction of particular forms of subjectivity and alienation, albeit in a non-subjectivist direction. In a similar man-

^{10.} Lordon 2014.

ner, Jason Read has recently offered a powerful argument in favour of the importance of transindividuality¹¹ as a concept for Marxism, as an attempt to rethink the production of social – and in particular capitalist – exploitation, but also of miscognition as the result of singular relations, practices, affects, passion investments. Both endeavours, along with other theoretical interventions such as Pierre Macherey's endeavour to rethink a potential dialogue between Marx and Michel Foucault regarding the question of the emergence of the 'productive subject' in contemporary capitalism,¹² in my opinion offer ways to rethink the value-form in terms of a materialism of singularity and encounter and of what Balibar defined as "the combination of two 'bases' of explanation or two determinations both incompatible and indissociable: the *mode of subjection* and the *mode of production*".¹³

Such a reading of *Capital* is also compatible with Balibar's suggestion that Marx performs a kind of theoretical short circuit between the economic and the political, this being the essence of the Marxian critique of Political Economy.¹⁴ Yet we know that Marx not only saw this emerging 'autonomization' of the economic as part of the emergence of capitalist modernity, but also attempted to incorporate it into all the variations of his conception of social totality, from his rethinking of the civil society-state distinction in texts such as *On the Jewish Question*, to the topography of the base-superstructure model. On the other hand, we know that the centrality of what is happening in the realm of production or in relation to production is not separate from the state, the ideological apparatuses of the state (or the hegemonic apparatuses, to use Gramsci's term). Not only are relations of exploitation also political relations and ideological relations (from value and commodity fetishism to all ideological constructions of the homo oeconomicus), but the state is everywhere (especially if we follow Gramsci - and in a certain way, Althusser and Poulantzas – in thinking in terms of an 'Integral State' comprising civil society and a political society-state), from the guarantee of credit and money to all the interventions that turn bodies into 'productive subjects', and this is the theoretical richness and fecundity of notions such as Foucault's governmentality that enable us to think of capitalism in terms of this political and theoretical short circuit.

Theorizing this complex interaction of economic, political and ideological practices is not easy, especially if, as was obvious with Marx, one attempts a theoretically rigorous construction that would deduce everything

^{11.} Read 2015.

^{12.} Macherey 2013.

^{13.} Balibar 1995: 160.

^{14.} Balibar 1994.

from the value-form. This can account for the incomplete character of *Capital*, and the various ways in which different dynamics disturb the very order of the exposition, such as the chapters on the length of the working day or the chapters on primitive accumulation. One might find similar, and even stronger, tensions in many other instances in *Capital*. The tension between a reading of a tendency towards an unavoidable, under-consumptionist *Götterdämmerung*, and the very fact that Volume 2 offers the proof of an opposing scenario. Another example is the very notion of the falling rate of profit. The theoretical temptation when reading Marx towards a conceptualization of an inherent limit to capitalist profit as a result of the diminishing role of labour in the production process is strong, despite all references to counter-tendencies, and despite the rich analysis of credit capital and its particular temporalities. The notion of a potential *historical limit* was indeed a theoretical temptation for Marx, yet we know that there is no such limit, and that communism is not an inevitable historical certainty.

The same goes for another lacuna in *Capital*, namely the one that refers to class politics. Balibar has written extensively on the fact that we find *labour* in *Capital*, but not the proletariat, which was the basis of the political strategy emerging from Marx's epistemological break in the post-1845 texts, and the new conception of historical materialism; nor do we find any reflection on the *masses* that began to make their presence in the historical foreground both in the Paris Commune and in the rise of social democratic parties.¹⁵

There is always the question of 'historical' capitalism. I think that we can now avoid all the essentialism that prevailed in many aspects of the debates regarding the transition to capitalism. I think that we must contemplate emergence in terms of encounters - not only in the sense of Althusser's, who in following Marx referred to the encounter between the man with money and the man with free labour power - but also in the sense of an encounter between historical sequences that were not 'essentially' linked, such as the emergence of the original forms of agrarian capitalism, the banking practices of Italian city-states, the new, emerging forms of state sovereignty, the emergence of a 'bourgeois' culture and civility, and parliamentarism, none of which had been predetermined. These factors constituted a part of the encounter that gave us at least the first variations of capitalism. Other encounters, induced by colonialism, gave us other variations of capitalism. There have been many roads to capitalism, and a great many more will be found. In this sense, there is no 'ideal type' of capitalism, only concrete examples of the constant re-emergence of capitalist social forms and their

^{15.} Balibar 1997.

particular capability for symbiosis with other social forms, modes of production, modes of subjection, ideological practices and worldviews.

I think that regarding an absolute capitalism, one could say it has been around for a long time. The corrosive character of capitalism, its ability to affect all forms and aspects of social life, thus becoming the 'dominant mode of production' – something that even Lenin had understood – does not mean that it is the most expansive, or the one bearing the greatest weight in national statistics. It is obvious that the post-1989 conjuncture meant that there has been no challenge, even symbolic, to capitalism and that the combination of the rise of finance as the dominant fraction, along with neoliberalism, led to a situation where the logic of the market and of capitalist enterprise became the dominant norm even in spaces, institutions and practices that were supposed to be organized in a different manner. I also agree that one of the most important aspects of contemporary capitalism is the tendency to transform all aspects of social life, including those associated with social reproduction, into fields of investment and valorization of capital.

However, I also think that absolute capitalism does not necessarily imply total, or even totalitarian, capitalism. I believe that this new phase, despite all forms of expropriation of commons or of practices that were supposedly outside the market, and however absolute it might seem in its dynamic, nevertheless reproduces contradictions and limits. There is a tendency towards the full globalization of the productive process, exemplified in the geographical outsourcing of entire production processes, while at the same time we are seeing the intensification of antagonisms between different poles in the global system. Whatever is close to the nation-state seems to remain indispensable. There is the contradiction between the new expansion of finance and the apparent lag in the emergence of a new technological and social paradigm that would guarantee a mid-term rise in productivity. There is the crisis of hegemony caused by the intensification of the neoliberal 'passive revolution' and the erosion of democracy as a result of neoliberal policies. There is the fact that the reproduction of the collective labourer, conceived in the broadest sense of an ensemble of practices, skills, knowledge, affects and interactions, always implies the reproduction of radical difference and antagonism. The contemporary labour force may be more fragmented, atomized, subsumed into the logic of capital, and entangled in complex networks that in many cases transcend the divide between the workplace and private life, between 'manual' and 'intellectual' labour, between work and leisure. At the same time, it is better educated and trained, as well as more highly skilled, than in any other moment in history, with knowledge and communication skills that enable new forms of collective practices, organization and insurrection, something attested to by the recent global wave of protest and 'indignation'. It is this collective labourer, this encounter of different strata and roles, which constitutes the 'ontological base' of contemporary politics: their passivity reinforces systemic parties and politicians, their revolts make history, from Occupy! to Greece, their disillusionment makes them the main audience for various forms of neofascism.

I know that such positions have, in many cases, been seen as a negation of the centrality of labour as the ontological foundation of a politics with a communist horizon, but on the other hand, in a certain way, they allow us to reflect on this grounding of the communist horizon in contemporary forms of capitalist accumulation. In contemporary societies, most people fall into the category of the exploited. Some of them sell their labour power in ways very close to a literal reading of Marx's Capital. Others form part of the global collective labourer in more indirect ways, yet at the same time have to sell their labour power to survive in various forms of the dialectic between exploitation and subalternity. The fact that they do not share a common, work-based identity as in the case of the emergence of the Fordist working class, and the fact that they seem to be attracted by references to 'the people', and similar interpellations, have led to the temptation of a neo-populist discourse that would do away with class references. However, despite the importance and the need for us to actually reflect on the notion of the people in a post-national and post-colonial way, I think that we should remain right within the notion of the short circuit between the economics and politics initiated by Marx's critique of Political Economy, and attempt to reformulate a politics representing as much the condition of subalternity as the condition of labour today, a politics for communism.

Such a politics should be based upon a constant awareness of the contradictory and antagonistic character of all social forms and of the continuous re-emergence of resistance. It is necessary that the form of demands taken not be limited to calls for 'redistribution' and 'growth', but actually radically challenge capitalist social relations. And it must be based upon the assumption that the emergence of social forms that go beyond the current dominance of the value-form be the result of a profound process of transformation that will not be limited to the change in ownership or the introduction of planning, but will require extensive forms of experimentation based upon the 'traces of communism' in contemporary and future resistance, demands and aspirations.

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How to read *Capital* today: reflections from Latin America

Marta Harnecker

One hundred and fifty years ago, Marx published Capital, an intellectual effort of great breadth, to reveal the logic with which capitalist production works and to provide workers with the theoretical instruments for their liberation. By discovering the logic of the system, he was able to foresee, with great anticipation, much of what is happening in the capitalist economy today. But, we cannot mechanically apply what is exposed in *Capital* to the current reality of Latin America.

As Marx explains in the preface to the first edition, the goal that he intended in his research was not to study a concrete social formation; England was only taken as an illustrative example of the most advanced concrete expression of capitalist production at that time.

Marx's major intellectual effort was directed to the study of "the capitalist mode of production, and the forms of intercourse ... that correspond to it",¹ seeking "to reveal the economic law of motion of modern society". That's why "it is not a question of the higher or lower degree of development of the **social antagonisms** that spring from the natural laws of capitalist production. It is a question of these laws themselves."²

We must be able to distinguish between (a) the study of capitalist mode of production: a theoretical abstract object, (b) the concrete historical study of a social formation and (c) the study of the class struggles within it. By not acknowledging these different levels of abstraction and by applying Marx's concepts mechanically as if the reality has not changed in the intervening 150 years, many Latin American Marxist intellectuals and activists tried to insert our reality into the classic concepts, which prevented them from understanding the new phenomena that were happening in the region beyond these parameters.

The object of this article is to expose these new phenomena and to offer some reflections on what has been happening in the region in recent

^{1.} Karl Marx, Capital, vol. 1 (New York: Vintage, 1976), 90.

^{2.} Ibid., 90-91.

decades, seeing in which ways Latin American Marxist intellectuals and activists approach what Marx exposed in *Capital* and in what ways they are removed from it.³

I. LATIN AMERICA: A PIONEER IN THE REJECTION OF NEOLIBERALISM

Today, when neoliberalism is being increasingly rejected in the world, we should remember that Latin America was the first region in which neoliberal policies were introduced. Chile, my country, was used as a testing ground for neoliberal policies before the government of British Prime Minister Margaret Thatcher implemented them in the UK. But it was also the first region in the world after the collapse of socialism in Eastern Europe and the USSR that gradually came to reject these policies, which served only to increase poverty, aggravate social inequalities, destroy the environment, and weaken working-class and popular movements in general.

THE HORRORS OF NEOLIBERALISM

Our situation in the 1980s and 1990s was, in some way, comparable to that experienced by pre-revolutionary Russia at the beginning of the twentieth century. What the imperialist war and its horrors were for Russia, neoliberalism and its horrors were for Latin America. In these circumstances, our peoples said that they had had enough and began to struggle, resisting at first, and then going on the offensive, making possible the victory of leftwing presidential candidates with anti-neoliberal programmes in our region.

POPULAR MOVEMENTS: THE MAIN PROTAGONISTS. THE LABOUR MOVEMENT: THE GREAT ABSENTEE.

We can say that in each and every country, albeit in different ways, popular movements, and not political parties, were at the forefront of the struggle, especially the rural and indigenous movements. The disastrous effects of neoliberalism led them, in many cases, to shift their focus from isolated issues to national matters, which not only enriched their struggles and demands but also enabled them to call on support from highly diverse social sectors, all of them negatively affected by that same system.

HIT BY NEOLIBERAL MEASURES

The traditional workers' movement was missing from much of the Latin American political scene.

^{3.} This paper reproduces much of what I have outlined in my book A *World to Build: New Paths toward Twenty-First Century Socialism* (New York: Monthly Review Press, 2015).

To a great extent this is due to the implementation of neoliberal economic measures, such as precarious labour conditions and subcontracting, and the neoliberal strategy of social fragmentation that has divided the working class internally.⁴ Nevertheless, we cannot deny that ideological differences and the personalism of its leadership has also contributed to this.

DOMESTICATION THROUGH CREDIT

Another method of weakening the labour-class has been the promotion of consumerism. By making the superfluous a necessity⁵ (something which is intrinsic to capitalist development, as Marx points out in *Capital*) and promoting credit sales, a new "mechanism of domestication" was created.⁶

As Chilean sociologist Tomas Moulián says: "indebtedness" worsens the panic of losing employment and this is an important "factor of social demobilisation".⁷

A MECHANICAL APPLICATION OF THE CLASS STRUCTURE OF CAPITAL

The uncritical emphasis placed on the industrial working class led Marxists in Latin America to pay no attention to the specific characteristics of that continent's revolutionary social subject, ignoring the reflections of Latin American thinkers such as Mariátegui and Haya de la Torre. For many years we were not able to appreciate the role that indigenous people and Christians can play in revolutions in Latin America.

We applied, in a very mechanical way, the class categories employed by Marx's *Capital* to our reality in Latin America, not knowing his later analyses of the Russian situation, where he confirmed the outstanding role played by the peasants, in a country where the industrial working class was in a minority.⁸

^{4.} The sector of workers submitted to precarious, insecure labour, and those excluded by the system, increases day by day. The labour of the industrial and mining class is diminished as large, powerful companies subcontract many tasks, vastly decreasing in this way the weight of the labour force in strategic sectors, many of which were sold into the hands of foreign capital.

^{5.} Herbert Marcuse, *El hombre unidimensional. Ensayo sobre la ideología de la sociedad industrial avanzada* (Barcelona: Planeta/Agostini, 1993), 39.

^{6.} Tomás Moulián, *Chile actual: anatomía de un mito* (Santiago de Chile: ARCIS-LOM, 1997), 105.

^{7.} Ibid.

^{8.} See the letter from Marx to Engels, 10 Feb. 1870, where he refers with great enthusiasm to Flerovski's 1869 book The Situation of the Working Class in Russia, mentioning in that language the following text of that book: "We have few proletarians, but the mass of our working class consists in working people whose lot is worse than that of any proletarian." *Marx Engels Collected Works [MECW], vol.* 43 (New York: International Publishers, 1988), 423, n. (d).

A WIDER CONCEPT OF THE REVOLUTIONARY SUBJECT

It was Schafik Jorge Handal, general secretary of the Communist Party of El Salvador and guerrilla leader, who indicated in the 1980s that the industrial working class could not be considered the only revolutionary social sector and that new social sectors should also be considered revolutionary subjects.

II. ACTUAL CORRELATION OF FORCES

CHANGES IN LATIN AMERICA'S POLITICAL LANDSCAPE

We all know Latin America's political landscape has been radically altered since Chávez was elected in 1998. Within a few years, progressive or left-wing candidates were elected in most of the countries of the region.

These governments, even though they were very different from each other, had at least four identical planks in their platforms: the struggle for social equality, for political democratisation, for national sovereignty and for regional integration.

A new correlation of forces has been established that makes it more difficult for the US to achieve its objectives in the region.

But, as could be expected, the US government never ceased its intent to stop the advance of our processes and has achieved some important temporary successes in recent years. Taking advantage of the great economic difficulties resulting from the world crisis of capitalism and, especially, the drop in the prices of our raw materials, ultra-neoliberal rulers were installed in Argentina and Brazil and they are trying to block the advances of the Bolivarian revolution.

Nobody can deny that the correlation of forces today is not as favourable as it was in recent years.

ALTERNATIVE

With the exception of Cuba, which chose its path more than half a century ago, we now have in our region a group of governments, of significant economic and political weight, that openly adhere to neoliberalism (among them Brazil, Argentina, Mexico and Colombia); another group that, without breaking with neoliberal policies, emphasises social issues (such as Uruguay, El Salvador); and another group that is trying to break with neoliberal policies using the support of popular mobilisation (Venezuela, Bolivia, Ecuador).

III. CHÁVEZ'S ROLE

COURAGE

It was President Chávez who had the courage to call this alternative to capitalism "socialism", in spite of its negative connotations. He called it twenty-first-century socialism, adding the adjective to differentiate this new socialism from the errors and deviations that occurred in implementing twentieth-century socialism. This new socialism should not fall into "the errors of the past" and commit the same "Stalinist deviations", whereby the party became bureaucratised and ended up eliminating popular protagonism.

POPULAR PROTAGONISM

The need for popular protagonism was a recurring theme in the Venezuelan president's speeches and was an element that distinguished his proposals for democratic socialism from others where the state is the agent that solves problems and the people are accustomed to receiving benefits like gifts.

He was convinced that socialism could not be decreed from above, that it was necessary to build it with the people. And he understood, also, coinciding with Marx, that protagonistic participation is what allows human beings to grow and achieve self-confidence, to develop themselves as human beings and to build a new life.

KROPOTKIN

I will always remember the first theoretical *Aló Presidente*, broadcast on the radio and television on 11 June 2009, where he quoted at length from a letter that the Russian anarchist Peter Kropotkin wrote to Lenin on 4 March 1920: "Without the participation of local forces, without an organisation from below of the peasants and workers themselves, it is impossible to build a new life. It would seem that the Soviets should have served precisely this function of creating an organisation from below. But Russia has already become a Soviet Republic only in name. The influx and taking over of the people by the 'party' ... has already destroyed the influence and constructive energy of this promising institution – the Soviets." ⁹

CHÁVEZ COINED THE TERM "21ST-CENTURY SOCIALISM"

We can say, without a doubt, that it was Chávez who coined the phrase. I say he "coined" it in the sense that he was responsible for popularising the term,

^{9.} Peter Kropotkin, *The Conquest of Bread and Other Writings* (Cambridge: Cambridge University Press, 1995), 255.

even though some authors had already used it; for example, Moulián, in his book *Socialismo del siglo XXI: La quinta via* (Twenty-first century socialism: the fifth way), which was published in 2000.¹⁰

Conscious of the negative baggage that came with the term, the Bolivarian leader decided to explain to his people, via numerous public interventions, all the benefits that this new society would bring them, contrasting this with the situation created by capitalism. His pedagogical efforts were so successful that, according to polls before Chávez's death, more than half of the Venezuelan population currently preferred socialism to capitalism.

WHAT 21ST-CENTURY SOCIALISM MEANS

When we use the term twenty-first-century socialism, we are talking about a humanist and solidarian or solidaristic society, with full popular protagonism. A society that applies an ecologically sustainable model of development. A model that satisfies in an equal way the population's true necessities and not the artificial necessities created by capitalism in its effort to obtain more profit. A society in which the organised people decide what to produce, how much of it and how to produce it.

As we will see below, many of these ideas recovered Marx's original thought, synthetically expressed in some lines of *Capital* and expanded in later works.

Chávez was not naive, as some might think. He knew that the forces opposed to this project were tremendously powerful. However, being a realist does not mean one must accept the conservative vision of politics that views it as just the art of the possible. For Chávez, the art of politics was to make the impossible possible, not by sheer willpower, but by taking the existing reality as a starting point and working to build favourable conditions and a correlation of social forces capable of changing that reality. He knew that to make possible in the future what today appears impossible required changing the correlation of forces at both the national and international levels. While in government, he worked masterfully to achieve this, understanding that to build political power, agreements among top leaders were not enough. The most important task was building up social forces.

The Venezuelan leader understood that an alternative society to capitalism simultaneously required an alternative globalisation to neoliberal

^{10.} Tomás Moulián, *Socialismo del siglo XXI: La quinta vía* (Santiago de Chile: Lom, 2000). On the polemic of who used the term first, see the article by Javier Biardeau, "El Nuevo socialismo del siglo XXI: Una nueva guía de referencia" (The new socialism of the 21st century: a brief reference guide), Aporrea, 2 Apr. 2007.

globalisation. He never sought to build socialism in one country. Chávez was completely clear that this was not possible, which is why he put such emphasis on shifting the correlation of forces at both the regional and international levels.

IV. A TRANSITION STARTING WITH THE CONQUEST OF GOVERNMENT

TRANSITION IN ADVANCED COUNTRIES

The most common interpretation of Marxism up to the Russian Revolution maintained that socialism would start in the more advanced countries, where capitalism had created the material and cultural conditions for it, as Marx himself outlined in *Capital*: the continuous concentration of capital in fewer hands as the "socialisation of labour" grew bigger, the huge development in the productive forces, "the conscious technical application of science, the planned exploitation of the soil … the entanglement of all peoples in the net of the world market, and, with this, the growth of the international character of the capitalist regime … a [working] class constantly increasing in numbers, and trained, united and organised by the very mechanism of the capitalist process of production", a growing contradiction between productive forces/relations of production and collective work.¹¹

This situation should lead, according to Marx, to a revolutionary attainment of state power that was thought to be the sine qua non that would make it possible to expropriate the expropriators, arriving at the "co-operation and possession in common of the land and the means of production produced by labour itself".¹²

This idea of transition – which never actually took place – has been used as an argument against Marx, but this only reflects that those who raise this issue have not read his later writings, in which he modified his initial vision and began to focus much more on the political, rather than economic, conditions for revolution.

In a 27 September 1877 letter to Friedrich Adolph Sorge,¹³ Marx maintained: "This time the revolution will begin in the East." Why did he say this? Due to the political situation he could see brewing in Russia, everything seemed to indicate that a war between Russia and Turkey was imminent,

^{11.} Marx, *Capital, vol.* 1, 929. Marx adds: "The centralisation of the means of production and the socialisation of labour reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."

^{12.} Ibid.

^{13.} Karl Marx, "Letter to Friedrich Adolph Sorge," London, 27 Sept. 1877, in Marx and Engels, Selected Correspondence (Moscow: Progress, 1965), 308.

and that the Russian government would be defeated, with grave economic and political consequences.

But Marx not only foresaw the possibility of political revolution in a backward country; he also saw the possibilities arising out of the tradition of collective property in the countryside, which could provide the basis for a transition from the commune to socialism that bypassed a period of capitalist agriculture.¹⁴

TRANSITION IN UNDERDEVELOPED COUNTRIES

History demonstrated that Marx was right in this regard. The construction of socialism did not begin in advanced capitalist countries that had a large and experienced industrial working class but in countries where capitalist development was only just beginning, whose population was predominantly peasant, and whose working class was in a minority.

Why did it happen like that? Because political conditions outstripped economic conditions.

The outcome of the February 1917 Russian Revolution was considered by Lenin to be "the first stage of the first of the proletarian revolutions which are the inevitable result of war".¹⁵ According to Lenin, the horrors of the imperialist war had led to these proletarian insurrections and these evils could only be cured if the proletariat took power in Russia and adopted measures that, even if not yet socialist, were "steps towards socialism".¹⁶

And, as I have already said, something like that happened in Latin America.

THE INSTITUTIONAL ROAD TO SOCIALISM: A DIFFICULT TRANSITION

In Latin America, the transition process is proceeding under very different social conditions to those imagined by Marx in *Capital* and – even if there are some similarities – also very different to those of the Russian Revolution.

Chávez quickly perceived the particularities of this transition process that he began in his country and that would be the precursor of similar processes in other countries of Latin America. Among them was the realisation that they only had been able to conquer the government and not all the

^{14.} On this topic, see Teodor Shanin et al., *Late Marx and the Russian Road, Marx and the Peripheries of Capitalism* (New York: Monthly Review Press, 1983).

^{15.} Lenin, "Resolution on the current situation" (7th (April) All-Russia Conference of the RSDLP (B) (24–29 Apr. 1917), in *Lenin, Selected Works in Three Volumes, vol.* 2 (Moscow: Progress, 1967), 114.

^{16.} Ibid., 115.

power of the state. Thus, the process of transition needed to start out from an inherited apparatus of a state whose characteristics were functional to the capitalist system and not conducive to the advancement towards socialism.

Nevertheless, practice has demonstrated that, contrary to the theoretical dogmatism of some sectors of the radical left, you can use this inherited state and transform it into an instrument that assists in the building of the new society.

But this is only possible if two preconditions have been met: first, state institutions run by revolutionary cadres willing to adopt measures that allow them to be transformed; and second, an organised popular movement able to control its actions and to press for that transformation.

CHANGING THE RULES OF THE GAME

But we must be clear that this does not mean we can simply limit ourselves to using the inherited state. It is necessary to build the foundations of a new institutional body and a new political system.

And a first step to reach that goal requires changing the rules of the institutional game. The constituent processes that took place in Venezuela, Ecuador and Bolivia that captured those rules in new constitutions are important in this regard.

I am convinced that it is not possible to build socialism via the peaceful road without implementing a constituent process. However, this does not mean that we can deal with this issue in a voluntaristic manner. It only makes sense to promote a process of this type once revolutionary forces believe they can obtain the required electoral support required to ensure the approval of the necessary changes. It makes no sense to promote a constituent process if the end result is the approval of a new institutional framework that will act as an obstacle to change.

This was precisely why the Unidad Popular in Chile decided against convoking a constituent assembly: they were unsure they could win. But I have always wondered what would have happened if we had pushed our forces to the limit and gone door to door promoting this issue? It is important to remember that when the opposition in Venezuela proposed a recall referendum as a means to remove Chávez from power, the polls indicated they had a majority, and there was a real risk that the vote against Chávez would win. Nevertheless, Chávez decided to accept the challenge and campaigned hard to build a correlation of forces capable of ensuring his victory.

That is why I have asked myself what the possibilities are for converting the generalised discontent that exists among Chileans about the current institutional framework – something the youth of my country have so brilliantly exposed with their struggles – into a demand for a constituent assembly which no politician could oppose. What if we tapped into this discontent by carrying out a consciousness-raising campaign on this issue, going door to door, classroom to classroom, workplace to workplace?

CREATING NEW INSTITUTIONS (MISSIONS)

Besides changing the rules of the institutional game, it is necessary to look for unexplored roads to confront the inherited bureaucratic apparatus. To provide medical assistance to the most neglected sectors, Chávez decided to create institutions to run programmes outside of the old state apparatus. This was the objective of the different social missions created by the government: health, education, distribution of essential products at lower prices, etc.

For example, the health ministry's bureaucratic apparatus was not able to respond to the healthcare demands of the very poor who lived in distant places or inaccessible areas, such as the poor neighbourhoods located on the hillsides of Caracas, small rural towns, etc.

Where did that inability come from?

On the one hand, the doctors working in the inherited health system did not want to go to these places – they were not really interested in providing healthcare; their aim was to make money. In addition, they were not prepared to provide the type of healthcare that was needed, since they were basically educated as specialists and not as general practitioners.

While a new generation of Venezuelan doctors was being educated to meet this demand, the government decided to create Misión Barrio Adentro (Poor Neighbourhood Mission), that built medical clinics in the hills and slums to provide basic healthcare to the poorest people. The government sought the collaboration of Cuban doctors to help them in this endeavour. The Misión has had such positive results and enjoyed an excellent reception from the Venezuelan people that the opposition is now saying in their electoral campaigns that it will keep the missions but will make them much more efficient.

TRANSFORMING THE INHERITED INSTITUTIONS (THE MILITARY)

The more advanced governments have proved themselves not only capable of creating new institutions more suited to the new tasks, but also, up to a point, of transforming the inherited state apparatus, for example, the armed forces.

And a helpful factor in this sense would be to have a new constitution that captures in its various articles the new way of organising society and establishing a new social order that will serve the majority of the population and not the elites. Such a constitution would ensure the natural wealth of the country concerned that was ceded to transnational companies would return to state hands and would ensure the construction of an independent and sovereign state where different forms of popular protagonism are encouraged. And just as one of the functions of the armed forces is to maintain order in the country, by defending this new order, these protagonists would thus be defending the homeland and the interests of the overwhelming majority of the population, and not the interests of the elites.

That is what happened in Venezuela. The new constitution became an important ally of the process, because defending the constitution means nothing if would does not involve defending the changes undertaken by the Chávez government. It was this constitution that allowed the majority of the Venezuelan military to rebel against the coup-supporting officers and to disobey the orders of their superiors.

For reasons of space I cannot expose here a series of other measures that could help to transform such an important institution of the state.

V. OTHER BIG TASKS AND THE PROBLEMS THAT HAVE EMERGED

1. CHANGING THE RELATIONS OF PRODUCTION

These governments are capable of implementing a coherent strategy towards changing the relations of production, materialising Marx's idea that the producers of social wealth are the ones who should take their destiny into their own hands.

What does social wealth mean?

But what do we mean by "social wealth"?¹⁷ Marx argued there were only two sources of wealth: nature and human labour, the latter being the most decisive. Without human intervention, the potential wealth of nature would never be able to become real wealth.¹⁸

Marx noticed that along with "living human labour", there is also what he called "dead labour". The labour embodied in the tools, machines, land improvements and, of course, intellectual and scientific discoveries that substantially increase social productivity are a legacy passed down from generation to generation; they are social heritage – a wealth of the people.

^{17.} Michael Lebowitz dedicates an entire chapter in analysing this topic in his *The Socialist Alternative: Real Human Development* (New York: Monthly Review Press, 2010). See chap. 1, "The wealth of people," 31–45.

^{18. &}quot;Labour," Marx wrote, citing William Petty, "is the father of material wealth, the earth is the mother." Capital, vol. 1, 134.

But who owns this wealth, these social assets? Capitalism, through a process of mystification, has convinced us that the rightful owners of this wealth are the capitalists. Socialism, by contrast, begins by recognising that wealth incorporating the labour of generations is social heritage; it does not belong to specific people or specific countries and, thus, must be used in the interests of society as a whole rather than serving private interests.

The question is: how do we ensure this happens? The only way is to deprivatise these resources, transforming them into social property.

From state property to collective property: state property, only a juridical change

But social property is not the same as state property. Under the initial phase of socialism, the placement of the principal means of production in state hands represents nothing more than a juridical change: the means of production are now in the hands of the state. However, under state ownership the process of labour experiences little change. The alienated status of the workers in the production process remains unchanged, the subordination to an external force continues under the new socialist managers. This is formally collective ownership, because the state represents society, but real appropriation (ownership) is still not collective.

This is why Engels argues: "State ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that solution. This solution can only consist in the practical recognition of the social nature of the modern forces of production, and therefore in the harmonising with the socialised character of the means of production. And this can only come about by society openly and directly taking possession of the productive forces," which no longer permits another direction than the direction of society.¹⁹

The direction of the society that Marx conceived involved exercising "conscious and planned control".²⁰

^{19.} Friedrich Engels, "Socialism: Utopian and Scientific," in *Marx/Engels Selected Works, vol. 3* (Moscow: Progress, 1970), 95–151. The words: "which no longer permits another direction than its" comes from the Spanish translation of this text in Marx and Engels, *Obras escogidas en tres tomos,* vol. 3 (Moscow: Progreso, 1974), 153.

^{20.} Marx imagined "the material el process of production" that would replace capitalism as "the production of free associated men [that] stands under their conscious and planned control ... an association of free men, working with the means of production held in common, and expending there many different forms of labour-power in full self-awareness as one single social force ... The total product of our imagined association is a social product. One part of this product serves as fresh means of production and remains social. But another part is consumed as means of subsistence. This part must be divided among them. Labour-time would in that case play a double part. Its apportionment in accordance with the definitive social plan maintains the correct

Participatory planning: the way the society takes possession of social wealth

These ideas of Marx and Engels were interpreted in twentieth-century socialism as needing a central authority to set the goals and the means to reach them, and to coordinate all the efforts from above to build the new society. This led to bureaucratic central planning that did not prioritise people's necessities.

The process of planning in twenty-first-century socialism should have a very different focus. It should be an eminently participatory process where the people in their neighbourhoods and in the workplace should take the process forward.

It is here that Pat Devine's contribution seems important to me. He distinguishes different levels of participation in relation to the different levels of social ownership. Each level is associated with those who are "affected by decisions over the use of the assets involved, in proportion to the extent to which they are affected."²¹

According to this logic, a bakery that produces bread and sweets for a given geographic area (for example, a commune), whose workers live in that area and whose raw material also comes from farmers in the local area, should be owned by that commune. It makes no sense for that bakery to be owned by the nation as a whole.

In contrast, in the case of a strategic sector such as oil, it would be absurd for the oil workforce to claim ownership of a resource that belongs to all the inhabitants of the country (or even to humanity, as a whole). The surplus that is produced cannot only be dedicated to improving the conditions of the workers' lives; rather it should also be dedicated to new investments in the company, to support the development of communities, and, being the wealth of the whole nation, a significant part of that surplus should go towards the national budget. The legal ownership of this enterprise should be in the hands of the state; the effective possession or control of the process of production should be in the hands of the enterprise's workers; but the desti-

proportion between the different function of labour and the various needs of the associations. On the other hand, labour-time also serves as a measure of the part taken by each individual in the common labour, and of his share in the part of the total product destined for individual consumption (Marx, *Capital*, vol. 1, 171–72). In the Gotha programme, Marx would specify more clearly the characteristics that this distribution should have.

^{21.} Pat Devine, "Social Ownership and Democratic Planning," in *Feelbad Britain*, ed. Pat Devine, Andrew Pearmain and David Purdy (London: Lawrence & Wishart, 2008), 117–29. This article is a revised version of "The Political Economy of Twenty-first Century Socialism," *Soundings* 37 (2007): 105–115. See his book *Democracy and Economic Planning: The Political Economy of a Self-governing Society* (Cambridge: Polity Press, 1988).

nation of the product, once investments and labour remuneration have been deducted, should be defined by society as a whole.

I share with Pat Devine the idea that the actors in participatory planning will vary according to different levels of social ownership. In the case of the community bakery, decisions on how much to produce, with what raw materials, what quality, what variety, when the product should be ready, how to distribute it, how much to invest in maintaining or expanding the enterprise, etc, should be made not only by those who work in the bakery but also by the people who produce the raw material used and by the consumers of bread and sweets in the little town.

Although the oil workers should participate in the management of the production process of their company, decisions concerning reinvestment, new investment, marketing, the destination of the rest of the surplus, etc, must involve the entire society. In both cases, the local society or the national society should be present through its various representatives or spokespersons.

We are convinced that the process of participatory planning is the instrument that allows the property that has passed legally into the hands of the state (and that is one of the central characteristics of socialism) to be transformed into real social property. The modalities will depend on which level of social property it is.

The strategy for changing the relationships of production

If we understand that changing the relation of production doesn't mean only transferring companies into the hands of the state, that it is not simply a juridical change of transferring property to other owners (the popular state), we will grasp that it is not an easy task. To change the relations of production means to change attitudes and ideas,²² and these changes cannot be carried out from one day to the next. It is a complex process that requires time.

It is therefore necessary to design a coherent strategy aimed at transforming the existing relations of production into the new relations that are the hallmark of twenty-first-century socialism. The steps to be taken and the speed with which these can be implemented will depend on the starting point and on the existing balance of forces.

To explain this more clearly, I list below some of the steps (following Canadian Marxist Michael Lebowitz) that will have to be taken, first, when dealing with state-owned companies; second, when dealing with cooperatives; and third, when dealing with capitalist companies.

^{22.} Michael Lebowitz, "Building New Productive Relations Now," in *The Socialist Imperative: From Gotha to Now* (New York: Monthly Review Press, 2015). Most of the ideas that I expose here are developed with more depth in this text.

a. State companies

It goes without saying that the easiest transitions can be made in state companies, since these are formally owned by society in general and are explicitly directed towards serving the interests of that society.

In such companies, it would be possible to move from formal ownership to real appropriation by creating workers councils that would allow workers to play a part in: running the company; organising production to satisfy communal needs; opening the books and ensuring complete transparency, thereby allowing workers to exercise a social accounting function and to combat waste, corruption and bureaucratic interests; electing managers who share this vision and who have the trust of the workers; applying a new type of efficiency in these companies that, as productivity improves, makes it possible for the workers to achieve more and more human development (introducing a workday that includes time for worker education so involvement in management is truly effective and not merely formal) and also respects the environment.

According to Lebowitz, it is possible that specific companies that follow this type of social policy may not initially be profitable, but because these policies can be thought of as a social investment, all of society should cover their costs.

b. Cooperatives

Cooperatives must be encouraged to overcome their narrow focus on the interests of the group that makes up the cooperative. How can this be achieved? One way is to develop organic links with the rest of society.

In order to do this it is important to encourage the forging of links in two areas. First, between cooperatives so they relate to each other in a cooperative, and not a competitive, way. In some cases it might be possible to integrate their activities directly without their being separated by commercial operations. And second, between cooperatives and the communities. This is the best way to begin to move away from the private interests of each cooperative and focus on the interests and needs of people in general.

c. Capitalist companies

It might be possible to gradually transform capitalist companies by finding various ways to subordinate their economic activity to the interests of the national economic plan. Lebowitz calls this "socialist conditionality".

These measures could include: demanding transparency and open books so the communities and workers can inspect them; using a system of prices and taxes that obliges companies to transfer a portion of their surpluses to other sectors of the economy, thus making it possible to set up new companies or to improve social services for the population; using competition with state companies or subsidised cooperatives to oblige the capitalist companies to lower their prices and reduce their profits; using government regulations that require companies to transform the workday so that a given number of hours is set aside for educating workers, and require them to implement specific ways for workers to participate in taking the decisions about how the company will be run.

But why would capitalist companies accept such impositions if they can move to other parts of the world where these costs do not exist? They might be willing to do so if the owners have a strong patriotic consciousness and if the revolutionary government rewards their cooperation with the national development plan by giving them easy credit from state banks and by guaranteeing that state companies or the state itself will purchase their products at prices acceptable to them. That is, the state can use its power to change the rules of the game under which capitalist companies can survive.

But if the government's aim is to begin to move towards a society without exploiters and exploited, why design a strategy to incorporate capitalist companies into the national plan if they continue to exploit workers?

The reason is very simple: the state is not capable of running all of these companies overnight. It has neither the economic resources nor the managerial experience needed. Nevertheless, we must never lose sight of the fact that capitalist companies placed in this situation are continually going to try to reduce the burden of the aforementioned "socialist conditionality". At the same time, the revolutionary government, with the cooperation of workers and communities, will try to introduce more and more socialist features into these companies. There will be, therefore, a process of class struggle in which some will try to continue to replace capitalist logic with a humanist, solidarity-based logic that makes it possible for all human beings to develop fully.

In general, we must strive to ensure that ownership of the means of production becomes increasingly social, while also ensuring that small-scale private property be allowed to exist.

2. A MODEL OF DEVELOPMENT THAT RESPECTS NATURE

Another important task our governments face is implementing an economic development model that is not based on the indiscriminate exploitation of natural resources – as Marx points out in $Capital^{23}$ – but instead seeks to

^{23. &}quot;[A]ll progress in capitalist agriculture is a progress in the art, not only of robbing the worker, but of robbing the soil; all progress in increasing the fertility of the soil for a given time

gradually re-establish the necessary harmonic metabolism between humans and nature.

Resolve poverty and respect nature

This is a far from easy task. The big dilemma these countries face is how to raise their people out of poverty and attend to their basic needs, while respecting nature. To aim for some kind of "zero growth", as some have proposed, to avoid the consumption of polluting energy and its degrading consequences for the environment, would mean enshrining existing inequalities between rich and poor countries, that is, between developed societies that have reached a high standard of living and the majority of humanity that are a long way from reaching those conditions. It is much easier to ask others to stop growing if one's own needs are already satisfied.

We consider that in order that a fruitful debate can be held on this topic, we should accept two facts. The first is that we should begin by recognising that human beings have had to extract from nature since the dawn of time and that there is every likelihood that they will have to continue doing so, to one degree or another. The problem is not whether we should extract from nature, but how to extract from it in a way that maintains what Marx termed the healthy metabolism between mankind and nature. The first inhabitants of the planet extracted fruit from trees, fish from the seas, etc, but in those times and in later centuries, they did so while maintaining that healthy metabolism. However, when the capitalist system arose, the profit motive inherent in it led it to prioritise the maximum exploitation of nature, regardless of the effects its economic activity had on nature, thereby destroying the healthy metabolism that had existed. In this context, more and more is extracted, and natural resources are becoming depleted, with all the additional consequences that this behaviour has on climate change.

In order to initiate a productive debate, I think it is essential to understand that the resources located in a particular territory – minerals, petroleum, gas, aquifers, springs, forest reserves – should not be considered resources belonging to the inhabitants of those places. Petroleum in Venezuela and Ecuador, gas in Bolivia and copper in Chile are gifts from heaven. They are resources that belong to society as a whole, so it is society as a whole that should decide whether to extract them or not. Of course, it is necessary to engage in serious dialogue with those who live in the area to

is a progress towards ruining the more long-lasting sources of that fertility ... Capitalist production, therefore, only develops the techniques and the degree of combination of the social process of production by simultaneously undermining the original of sources of all that is wealth – the soil and the worker." (*Capital*, vol. 1, 638).

ensure that their concerns are addressed and their needs are met to the best of our ability. But they need to understand that interests are at stake in such situations that transcend the interests of particular communities.

The necessity for a different kind of development

If we can agree on the two previous points, what we then need to address are concrete proposals on how to use our natural resources at this time and under prevailing circumstances in order to advance, little by little, towards building an economic development model that allows us to re-establish that healthy metabolism between human beings and nature.

It is not, then, about saying no to development, but rather "conceiving and making reality genuinely human models of development", those that satisfy "in an equal way the necessities of their inhabitants without endangering the satisfaction of the necessities of future generations".²⁴ In other words, a society in which it is the organised people that decide what is produced and how it is produced.

In this sense our governments should have made advances and some significant steps have been taken in many cases. Nevertheless, we should recognise that there is still a big gap between the theoretical discourse and the practical steps already taken. But, at least, they have demonstrated that there is an intention to advance in that sense.

An important step has been to use extractive resources to tackle poverty. We are also creating better environmental conditions, because, in many cases, poverty is a major contributory factor to environmental degradation. Illegal logging for firewood to use in cooking and heating is one of the clearest examples of this.

Popular participation in the defence of the environment

As the challenge is enormous and the temptations are many, I find it very interesting that the Bolivian constitution proposes a "popular action" against any violation or threat against a series of rights, including those of the environment.²⁵ It also proposes the creation of a tribunal dedicated exclusively to agro-environmental issues.²⁶ The first such election for this tribunal was held in October 2011.

^{24.} Enric Tello, "Economía y ecología en el camino hacia ciudades sostenibles," *Papeles de la FIM* 8 (1997): 135.

^{25.} Article 135 of the Bolivian constitution proposes that the organised people can and should react via what the constitution calls "popular action" against any violation or threat against a series of rights, including the environment.

^{26.} Articles 187–190 allow for the creation of a tribunal dedicated exclusively to agro-environmental issues.

3. WHEN ENSURING GOVERNMENT ACTIONS ALWAYS CONSIDER THE DOUBLE PRODUCT OF EVERY HUMAN ACTIVITY

Transforming nature and transforming oneself

We have said that one of the fundamental characteristics of twenty-first-century socialism is that it cannot be decreed from above but rather it has to be built by the people.

Again here we find Marx's original thought. He affirmed that not only does labour transform nature but, at the same time, it transforms the person that executes that labour.²⁷ where the worker is alienated and crushed in the case of capitalism, the society of associate producers will allow a higher form of society, a society in which "the full and free development of every individual [is] the ruling principle".²⁸

Lebowitz has widely explored this idea in a number of his books dedicated to the issue of twenty-first-century socialism. He has identified the relationship between human development and revolutionary practice as the "key link" in Marx. According to Lebowitz²⁹ every human activity results in a double product – "both the change in the object of labour and the change in the labourer herself".³⁰

Sharing his perspective, I prefer to speak of a material objective product (the object produced) and a subjective or human product (the change in the person that carries out that work or that practice).

And, as we have previously referred to the very important role participatory planning plays in the construction of socialism, we wanted to use this example to illustrate the idea of the double product. When the inhabitants of a community elaborate their community plan, as the result of that activity we have a double product. The first product is the plan itself, which is an objective material product that has been elaborated in a participatory manner and is tangible in the sense that it is there for all to see. The second is a subjective spiritual product that is much less tangible and can only be seen through discerning eyes. It is the transformation of the people, their growth as human beings, which occurs as a result of their involvement in this process.

This is an educational process in which those that participate learn to inquire about the causes of things, to respect the opinion of others, to understand that the problems they face are not exclusive to their street or

^{27. &}quot;Through this movement he acts upon external nature and changes it, and, in this way, he simultaneously changes his own nature. Marx, *Capital*, vol. 1, 383.

^{28.} Ibid., 739.

^{29.} See "The Production of People," chap. 2 in his *The Socialist Alternative: Real Human Development* (New York: Monthly Review Press, 2010), 47–63.

^{30.} Ibid., 52.

neighbourhood but are related to the overall situation of the economy, the national social situation and even the international situation. They learn that everyone's problems and every community's problems should be examined within the context of the reality that other people and other communities face, which may be much more difficult and urgent than theirs. Through this, new relations of solidarity and complementarity are created that place an emphasis on the collective rather than the individual.

All this means that those who participate in this process are politicised, in the broader sense of the term, and develop an independent mind that can no longer be manipulated by a media that remains overwhelmingly in the hand of the opposition.

When people become involved in the planning process, they grow as human beings; it gives them dignity, it increases their self-esteem and broadens their knowledge on political, cultural, social, economic and environmental issues. And most importantly, they no longer feel like beggars demanding solutions from the state. They become the creators of their own destiny, and the destiny of their communities.

This subjective product is what the technocrats never bear in mind. They prefer perfect documents to those of smaller quality but that have the merit of having been made by the people.

I believe that with this explanation we can understand better why popular participation plays such a central role in twenty-first-century socialism. Participation and protagonism in all spaces is what allows people to grow, to gain self-confidence, that is to say, to arrive at full human development.

I notice with interest that the Bolivarian constitution (approved by constitutional referendum in 2009) is probably the only one of its kind in terms of drawing a direct relationship between protagonism and integral human development, both individual and collective.

How different would the current situation in Latin America be if our progressive governments had always considered, in the different lines of action they have adopted, this idea of the double product; if instead of solving the problems from above, they would have appealed more to the participation of the people in finding solutions?

Unfortunately, many times the technocratic vision has dominated: "If the top cadres have clear and right ideas, why lose time in discussing with people, what matters is to present quick solutions." They have never wondered about the subjective, human result they could obtain when executing these lines of action. They realised too late that without the participation of the people many measures did not achieve the potential effectiveness and, what is worse, they did not prepare the people to defend the achievements; they did not create the capabilities to wage new, successful battles. To conclude, Marx's purpose in *Capital* – published 150 years ago – was to expose widely the logic in which the capitalist mode of production functions. He did so after dedicating years to the investigation of what was happening in the more advanced capitalist countries. But, as we know, he recognised a difference between the western European path and the Russian path. Our purpose, as Latin American revolutionary activists, should be different. We should be able to develop a Latin American path for the construction of socialism, looking for solutions without the blinkers of dogmatic Marxism.

Even though the objectives we intend to achieve are identical to those outlined by Marx very briefly in *Capital*, especially regarding the search for full human development, it is, without a doubt, an original path. We are obliged "to invent in order not to commit errors", as Simón Rodríguez says. Nevertheless, in order to build a solid economic base that allows us to realise that full human development that we envisage, we should also keep in mind the logic of the capitalist mode of production and its effects in the current world, as described by Marx in his masterpiece.

COMMENTS

Petros Psarreas

A century and a half ago, in the Preface to the first volume of *Capital*, Marx remarked: "Beginnings are always difficult in all sciences."¹ This statement is indicative of the author's intentions, both as regards the type and aim of his contribution as well as his attitude towards his own work, a still-contested issue within various currents of Marxist thought, but also more broadly within the Left, in spite of the occasional use of the customary adjectival qualifier in the name of 'science'.

Marx explicitly defines the theoretical object of his research as the "capitalist mode of production", referring to the causal core of capitalist relations as a whole in every capitalist society. He thus simultaneously constructs a theoretical base, an ensemble of concepts, a theoretical system, as well as a theoretical tool for studying the relations permeating every society where the capitalist mode of production is dominant.

In 1845, twenty-two years before the first volume of *Capital* was published, in his eighth thesis on Feuerbach, Marx wrote: "All social life is essentially practical. All mysteries which lead theory to mysticism find their rational solution in human practice and in the comprehension of this practice."²

Hence, with this dual meaning of distinction that permeates analogous elements of every capitalist social formation, together with the differences that demand analysis and comprehension of each situation separately, and, following the introductory points highlighted by Marta Harnecker on the essential distinction between levels of abstraction, as well as the need for non-mechanistic accounts, I will try to contribute to the discussion on two levels, as concisely as possible, in response to the multitude of significant issues raised in her presentation.

The first level concerns the political problems that retain theoretical

^{1.} Karl Marx, Capital: A Critique of Political Economy, Vol. 1 (Penguin Books, 1976), p. 89.

^{2.} Karl Marx and Friedrich Engels, Collected Works, Vol. 5, New York: International Publishers,

dimensions which arose and stem from the experience of class struggle in Latin America, and which are also linked to the broader characteristics of contemporary capitalism and, by extension, to issues related to international anti-capitalist struggle. The second level concerns theoretical points brought up by Marta Harnecker that are associated with both Marxian (in the sense of Marx's work) and Marxist theory (currents of Marxist thought), and concern the analysis of contemporary capitalism as well as transitional programmes for socialist transformation.

♦ THREADS FOR THE PRESENT AND FUTURE IN AN ERA OF CRISIS

Seeking 'ready solutions' and 'recipes' in Marx, and especially in *Capital*, to political and theoretical problems of class struggle is not a rare phenomenon. Both Marx and *Capital* are often used as a near-metaphysical recourse to validate political choices and decisions without any specific analysis of the situation at hand, as Marx himself implicitly but clearly notes, stating that he did not write "recipes ... for the cook-shops of the future".³

Harnecker highlights the dynamic nature of Marx's political and theoretical thinking as regards his assessment of the issue of the beginning of socialist transformation (revolutions, to be precise) from a position involving advanced capitalist countries in the revolution's shift to the East.⁴ The first position is outlined and can be compiled from various excerpts, the most well-known of which are those in the Preface to the first edition of the first volume of *Capital*: "The country that is more developed industrially only shows, to the less developed, the image of its own future."⁵ This can also be found in the earlier *A Contribution to the Critique of Political Economy*:

No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society ... but the productive forces developing within bourgeois society create also the material conditions for a solution of this antagonism.

^{3.} Karl Marx, Capital, Vol. 1, 1976, p. 99.

^{4.} Of course this 'shift', apart from its implications for reading *Capital* itself and for understanding Marx's work and thinking more broadly – in contrast to a one-dimensional, evolutionary and mechanistic way of thinking – has fuelled Marxist political theory (and the challenges raised since then) into numerous fields extending from state structures, production relations, class stratification, the transition programme and national liberation movements to an encompassing, but also each time specific, issue of socialist transformation.

^{5.} Karl Marx, Capital, Vol. 1, 1976, p. 91.

[The reference is to "an antagonism that emanates from the individuals' social conditions of existence".] 6

Remarking on the understanding of Marx prevalent before 1917, which was also based on various interpretations of Marx's writing, Harnecker refers to excerpts from the first volume of *Capital*⁷ from which evidence of Marx's position on the outbreak of revolution in developed capitalist countries was consolidated. Of course, another erroneous conclusion often drawn and adopted by Marxist and Leftist movements has played a major role in these very passages – that of the theories of 'break down', that is, that of the deterministic 'internal collapse'⁸ of capitalism as a result of internal contradictions.⁹ In a considerable number of cases, this conclusion, reminiscent of an 'economistic' perspective, contributed to the degradation, or even to the substitution, of the primary role of class struggle itself.

However, circling back to Marx's own estimation¹⁰ of the outbreak of revolutions, which underscores the dialectical nature of his analysis as well as the complex character of the contradictions, Harnecker notes that social-

8. This has to do with the interpretation deduced from the wording in the above (pp. 929– 930) in *Capital*, which include the references to which Marta Harnecker referred in order to document Marx's initial position on socialist transformation beginning in the most advanced capitalist countries. Regarding the interpretations of a determinist 'internal collapse', aside from the reference (p. 930, n. 2) in the *Communist Manifesto*, the following passage is also indicative: "The monopoly of capital becomes a fetter upon the mode of production, which has flourished alongside and under it. The centralisation of the means of production and socialisation of labour reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated" (p. 929).

9. The Marxist debate on the theories of the collapse of capitalism involve – beyond their political aspect – a series of central and closely-linked theoretical issues that refer to the expanded reproduction of the system and overaccumulation, to Marx's reproduction schemes, distribution, profit margins, and so on, which continue to preoccupy Marxist research today. All of the above are enveloped within historical and contemporary Marxist research on the crises of capitalism.

10. To highlight Marx's new approach to the changes taking place, which Marx closely followed, Harnecker refers to (*A World to Build*, 98–102) his later writings and specifically Marx's 27 September 1877 letter to Friedrich Adolph Sorge in which he states, "This time the revolution will begin in the East, hitherto the unbroken bulwark and reserve army of counter-revolution". Karl Marx and Friedrich Engels, *Marx & Engels Collected Works, Letters 1874–79*, Vol. 45 (London: Lawrence & Wishart, 2010), p. 278.

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^{6.} Karl Marx, A Contribution to the Critique of Political Economy, Preface.

https://www.marxists.org/archive/marx/works/download/Marx_Contribution_to_the_ Critique_of_Political_Economy.pdf

^{7.} Marta Harnecker, A World to Build, New Paths Toward Twenty-First Century Socialism (New York: Monthly Review Press, 2015), pp. 98–102. The referenced excerpts are from Marx, *Capital* Vol. 1, pp. 929, 930.

ist transformation throughout history did not begin in advanced capitalist countries, as "the political conditions outstripped the economic conditions". The October Revolution constitutes the most renowned major instance. In this framework, it is worth referring to two interconnected positions on this issue that remain relevant today.

The first refers to the theory of "permanent revolution", which was developed by Leon Trotsky and became widely known between 1905 to 1929¹¹ (*Results and Prospects* was published in 1906), and in which the central issue of "combined and uneven development" was also raised. The theory of "permanent revolution" was adopted and reviewed by numerous Marxists, including Vladimir Lenin and Rosa Luxemburg.¹²

The original line of thought regarding the "permanent revolution", however, can be traced to Marx and Engels themselves, who wrote in 1850 that "it is our interest and our task to make the revolution permanent", emphasizing at the same time its international character. Referring to the working class,

12. Based on her conclusions on the 1905 Russian Revolution, Rosa Luxemburg aligns herself with the theory of permanent revolution. In 1906, she wrote *The Mass Strike*, where she notes: "It is not the bourgeoisie that is now the driving force of revolution as in the earlier revolutions of the West ... it is the class-conscious proletariat that is the active and leading element." She continues, emphasizing that the working class must find its strategy through the course of revolutionary struggle: "the revolution is directed as much against capitalist exploitation as against the ancient regime." She further notes that the German workers "should learn to look upon the Russian Revolution *as their own affair*". See Rosa Luxemburg, *The Mass Strike, the Political Party and the Trade Unions*, pp. 52, 53, https://www.marxists.org/archive/luxemburg/download/mass-str. pdf

^{11.} Trotsky first developed and expressed the theory of "permanent revolution" between 1904 and 1906, more specifically in the wake of the 1905 Revolution. The pamphlet Results and Prospects, in which the theory is initially developed, was first published in 1906, while the first English edition, titled A Review and Some Perspectives, was published in Moscow in 1921. This edition includes a preface by the author that was written for the 1919 Russian edition. In 1930, The Permanent Revolution was published in Berlin, in Russian. We quote three typical passages from Trotsky's theoretical argument. In the Preface to the 1919 re-issue, he writes: "Once in power, the proletariat not only will not want, but will not be able to limit itself to a bourgeois democratic programme. It will be able to carry through the Revolution to the end only in the event of the Russian Revolution being converted into a Revolution of the European proletariat." In the Preface to the first Russian edition of The Permanent Revolution written in 1929, Trotsky emphasizes: "The permanent revolution, in the sense which Marx attached to this concept, means a revolution which makes no compromise with any single form of class rule, which does not stop at the democratic stage, which goes over to socialist measures and to war against reaction from without: that is, a revolution whose every successive stage is rooted in the preceding one and which can end only in the complete liquidation [trans. note: in the sense of abolition] of class society." Finally, and equally emphatically, he adds, "a national revolution is not a self-contained whole; it is only a link in the international chain". Leon Trotsky, The Permanent Revolution and Results and Prospects (New York: Pathfinder, 1969), 31, 130-31, 133.

they conclude "Their battle-cry must be: The Revolution in Permanence."¹³ Thirty-two years later, in 1882, they return to this theme in the Preface to the second Russian edition of the *Communist Manifesto*, noting: "today ... Russia forms the vanguard of revolutionary action in Europe." To the issue of whether it should go through the same process of dissolution that characterizes the West's historical evolution, they reply: "If the Russian Revolution becomes the signal for a proletarian revolution in the West, so that complement each other, the present Russian common ownership of land may serve as the starting point for a communist development."

This theoretical line of thought is in stark contrast to the later 'theory of stages' and the theory of 'socialism in one country'. Harnecker has already emphatically noted that Hugo Chávez was not a supporter of establishing socialism in only one country, as he considered the prospect infeasible.¹⁴

This brings us to the second position, which is directly linked to the aforementioned, and is concentrated in the Leninist theory of the 'weakest link' in the imperialist chain, according to which overthrow takes place in a country where domestic and international contradictions merge and escalate in a most intense way on all social levels. The theory of the 'weakest link' does, of course, clash with 'economistic' approaches which are repeatedly applied, and which are also endemic to left-wing parties as well as to several currents of Marxist thought.

The previous two theoretical ideas of Marxist political theory – parallel, of course, to others such as the domino effect (of political crisis), the problem of hegemony and of a transitional programme – are at the epicentre of the anti-capitalist Left's international debate and quest today, in an era of the international structural capitalist crisis of the twenty-first century.

Particularly in Greece, the implementation of ultra-neoliberal programmes of internal devaluation, as well as the escalation of class and political struggle and the emergence of the question of government power, has produced an intense debate and a plethora of political and programmatic processes that touch upon the challenges mentioned above. These processess – grassroots movements, political debates, the evolution of plans and programmes of radical action – constitute a valuable social and political experience, as well as future reserve, for both the social movement and the anti-capitalist Left, despite the catastrophic political and social outcomes seen in the summer of 2015.

Despite major differences, an analogy can be drawn between Latin

^{13.} Karl Marx and Friedrich Engels, *Collected Works*, Vol. 10, New York: International Publishers, p. 287.

^{14.} Harnecker, A World to Build, 9.

American countries, which were used as an embryonic 'test lab' for the implementation of neoliberal policies as early as the 1970s, and Greece at the time of crisis, where domestic and international forces of capital and their institutions – the IMF, EU, ESM, etc. – are imposing the most extreme neoliberal policies for supposedly transcending the crisis. In essence, they are continually expanding and deepening exploitation, carrying out a contemporary social and politico-economic experiment. From the significant experiences of Latin America to the more recent experience of Greece, conclusions must be drawn as a prerequisite to a reversal of this particularly negative turning point in a period that continues to remain historically 'open' to opportunities, but also to 'mortal' dangers.

♦ THE STATE AND SOCIALIST TRANSFORMATION

A timeless, principal, and at the same time critical, issue for political and theoretical debate that traverses the approaches of both Marxist theoretical currents and those of the Left is the question of the State. Naturally, the discourse on the Marxist theory of the State is especially complex and beyond the scope of this article; we will thus limit ourselves to some brief comments.

The centrality and structural role of the State in the capitalist mode of production is delineated by the following formulation:

In the capitalist mode of production is so imprinted the specific materiality of capitalist State structure ... the structure ... particularly of the capitalist State ... corresponds to (and ensures) the preservation and reproduction of the whole capitalist class dominance.¹⁵

Dimitri Dimoulis also notes that "the linking of the theory of the State to Marxist theory in its entirety ... shows that the theory of the State 'is deduced' from the form of social relations".¹⁶ In this context, we shall make indicative references¹⁷ to two positions expressed by Marx himself on this issue. In the first draft of *The Civil War in France*, written in 1871, Marx em-

^{15.} John Milios, Dimitri Dimoulis and George Economakis, *Karl Marx and the Classics. An essay on value, crises and the capitalist mode of production,* (Aldershot: Ashgate, 2002), pp. 18-19.

^{16.} Dimitri Dimoulis, "I marxistiki theoria tou kratous, metaxi ton politikon synkyrion kai tis theoritikis analysis" [Marxist theory of state, between the poles of conjunctures and theoretical analysis], *Theseis* 41 (1992).

^{17.} This is despite the fact that the inclusion of indicative excerpts from Marx's work does not consist of a legitimate method for substantiating positions. Nonetheless, in the context of a brief comment, in this case on the state, we refer to two such extracts.

phasizes that the Paris Commune was not a revolution against one form or another of State power. "It was a revolution against the State itself ... a revolution to break down this horrid machinery of class domination itself." And he continues: "Only the proletarians ... were the men to break the instrument of that class rule," that is, the State.¹⁸ Furthermore, in the *Critique of the Gotha Programme* in 1875, Marx emphatically notes: "Between capitalist and communist society there lies the period of the revolutionary transformation of the one into the other. Corresponding to this is also a political transition period in which the State can be nothing but the *revolutionary dictatorship of the proletariat.*"¹⁹

On the significance and definition of the "dictatorship of the proletariat", particularly important, among others, is the reference work by Étienne Balibar, *On the Dictatorship of the Proletariat*, where he notes that: "Every State apparatus is (always) bourgeois, even when the workers succeed in using it against the capitalists. Communism means the end of the State ... "²⁰

But how are all of the above relevant today?

First, various approaches shared in Marxist analyses and on the Left consider the bourgeois State as the primary, if not exclusive, lever to political subversion: its conquest (state power) and its strengthening as a necessary and adequate condition for the prospect of socialism itself.

Second, an approach that appears to be dominant in broad parties (in both Europe and Latin America) does not share the general idea mentioned above but considers that the state allows transformation up to the point of its evolution towards a 'socialist' direction, depending on correlations of forces, and in fact in many instances, depending simply and solely on the electoral balance of forces.²¹

The political experiences of the twentieth century, and also those at the beginning of this century, and especially today, have revealed the erroneous character of these approaches. They have led to defeats and crucial theoretical and political setbacks not only in the development of social movements and anti-capitalist political struggle, but also as regards socialist ideas themselves. Specifically, even in those few cases where revolutionary processes were set in motion – much more in other cases – the very existence of the state itself in any form, despite some institutional transformation, ultimately ensured the continuity and the reproduction of class relations of

^{18.} Karl Marx, *Gia to Kratos* [*On the State*], trans. Tasos Kyprianidis (Athens: Exantas, 1989), 130–31.

^{19.} Ibid., 55.

^{20.} Étienne Balibar, On the Dictatorship of the Proletariat, New Left Books, 1977, p. 122.

^{21.} Often, but not exclusively, linked to the tradition of Eurocommunism.

production and, more specifically, the capital-relation itself.

Of course, a transitional dimension and transformations in every aspect of social organization necessarily exist in political programmes. They need to be processed and implemented, and yet it is necessary for them to be incorporated and organically linked from the outset to a Leninist (and Marxist) line of thinking regarding the need to "smash"²² the bourgeois State in order to let it wither away: "The state … *dies out*."²³

The aforementioned process does not have as its driving force the institutional level and state positions of power, and it is important to note that it is not a smooth and linear progression, but one characterized by discontinuities and ruptures. This perspective is critical at the present time, both from a theoretical and strategic standpoint, and from an immediately practical viewpoint as well, for the formulation of immediate transitional political positions, the upgrowth of social intervention and movements, the development of forms of social organization as well as the struggle on the ideological level.

Especially today, when forms and structures of transnational integration of capital have been established parallel to the strengthening of the bourgeois state on all levels, as much in their internal structure as in their international connections, it is vital to insist on the critically important issue of the state. We must necessarily persist, seizing the thread of Antonio Gramsci's thinking and relevant research on the issue of the state that has been developed since Gramsci, as we are dealing with state structures and functions that are more complex and comprehensive in confronting movements and the Left, and that are more efficient at using ideology against socialist and communist ideas through the ideological state apparatuses.

Indeed, the recent experience in Greece with the Syriza government is also directly linked to the issue of the state. In order to gain a better understanding of the previous topic, theoretical and political analysis is required, despite the deep wounds that have been inflicted on the Left and on the social movement in general, both domestically and on the international level.

^{22.} Lenin writes: "On April 12, 1871, i.e., just at the time of the Commune, Marx wrote to Kugelmann: 'If you look up the last chapter of my *Eighteenth Brumaire*, you will find that I declare that the next attempt of the French Revolution will be no longer, as before, to transfer the bureaucraticmilitary machine from one hand to another, but to *smash* it [Marx's italics – the original is *zerbrechen*], and this is the precondition for every real people's revolution on the Continent.'" And: "The words, 'to smash the bureaucratic-military machine', briefly express the principal lesson of Marxism regarding the tasks of the proletariat during a revolution in relation to the state." Lenin V.I., Collected Works, Vol. 25, Moscow: Progress Publishers, 1964, p. 415.

^{23.} Friedrich Engels, "I exelixi tou socialismou apo tin outopia stin epistimi" [Socialism: Utopian and Scientific]. In *Dialexta Erga* [Selected Works], Vol. 2 (Athens: Gnoseis, n.d.), pp.166–67.

An in-depth review is, in any event, crucial as an irreplaceable tool of lived experience and a necessary condition for continuing the struggle on every level through rupture with the recent, devastating experience.

WORKERS AND THE SOCIAL MAJORITY AT THE FOREFRONT

The view that the leading role of the working class and subjugated classes in general is a *sine qua non* condition of twenty-first-century socialism is a view being expressed with increasing frequency.

This decidedly important issue has been recurring ever more often in recent years, despite the fact that sometimes we have been refraining from stressing this leading role (both) in theoretical Marxist research and at the level of politics, the forms of social organization such as those of organization-party, party-movement relationships, and so on. Harnecker places particular emphasis on the issue as a central point in her analysis.

Two critical questions are then raised: Is there an imperative for contemporary class struggle for a socialism of the twenty-first century, or is this a conclusion necessarily drawn from the distortions, the defeats, crisis at the level of ideas and, overall, from the impasses of class struggle in the twentieth century, all of which mandate a return to a theoretical and practical core? We suggest an affirmative answer to both.

Two famous excerpts, though often mentioned, in fact draw a deep division between Marxist theoretical currents and Leftist political currents with respect to Marxism: (a) "the emancipation of the workers must be the task of the working class itself,"²⁴ and (b) "Communism is for us not a *state of affairs* which is to be established, an *ideal* to which reality [will] have to adjust itself. We call communism the *real* movement which abolishes the present state of things. The conditions of this movement result from the premises now in existence."²⁵

Compounding these two excerpts points in a direction that we would rarely have identified as being together in moments of political experience and endeavours of the (many) previous decades. The quest inherent to the 'point of departure' of the two previous excerpts outlines, in principle, such a framework according to which many of the approaches tried, or that are still being used, appear to be singularly problematic.

At this point we should note that the reference above does not mean that

^{24.} Friedrich Engels, Preface to the German edition of Karl Marx and Friedrich Engels, *The Communist Manifesto* (1890), in Karl Marx and Friedrich Engels, *Dialexta Erga* [Selected Works], Vol. 1 (Athens: Gnoseis, n.d.), pp. 17–18.

^{25.} Karl Marx and Friedrich Engels, Karl Marx, *The German Ideology*, New York: Prometheus Books, 1998, p. 57.

we have to resort to the 'scriptures' in a quest for answers. On the contrary, it is about the need to renounce mechanistic 'recipes', the 'new scriptures' and the "supposed techniques of class struggle" established so that horizons of possibilities, needs and breakthroughs presented by contemporary challenges are broadened. At the same time, it underscores the need to return to a more thorough synthesis of the theoretical as well as political content of the Marxian opus today, both in terms of analysing contemporary capitalism and in the theoretical intervention and practice beyond any rationale involving delegation of political power, permanent leaders and experts, or ready solutions.

Thus, based on and in conjunction with the above, we arrive at a pivotal choice of direction that is especially pertinent to left-wing governments. We posit this course in the form of a dilemma. The first direction stems from the position that the labour movement, broader social movements, and the subjugated classes *in toto* must intervene (ex post, as a complementary social factor) in order to control and support left-wing governments in their political initiatives. The second is in the opposite direction: that every transitional government act as an expression of a real movement of the struggling social subject that steadily, radically transforms social relations, breaches the dominant system of power at all levels, from production to the institutional and ideological level, imposing the corresponding transformations and ruptures that will also be implemented at the level of the state as a result of this same social movement. These two directions outline two distinctly different processes and prospects, as much on a theoretical and strategic level as on a practical one.

In our opinion, the trajectory to be taken is the latter, in the belief that such a goal is of catalytic importance and with a plethora consequences. If we move in this direction, given today's circumstances, and after four decades of neoliberal dominance, it is particularly important to emphasize:

- i. processes of self-organization at the grass-roots level;
- **ii.** the building of institutions for movements and structures for resistance and participation.
- iii. structures of social solidarity;
- iv. the reconstruction of the labour movement (especially since the onslaught of neoliberalism, the dismantling of labour relations, and the crisis of traditional reformism);
- v. the further development of movements, such as the ecological, LGBTQ, antifascist, antiracist and immigrant, all linked to a strong anti-war movement. Now more than ever, the need for initiatives aimed at the immediate formation of an international anti-war movement is urgent, as the continuous escalation of imperialist competition is om-

inously penetrating the present crisis, with a surge in the arms race across the globe.

ECO-SOCIALIST TRANSFORMATION

In her presentation, Harnecker raises the issue of a development model that respects nature. There are more than a few instances where the parameter of the ecological dimension and the handling of the ecological crisis are perceived by the Left as issues of environmental sensitivity (of a petty bourgeois hue) that detract from core political responsibilities. This stance more than others reflects, in the best case scenario, ignorance of the nature of the ecological crisis as well as of twenty-first-century capitalism's actual reality.

The deterioration of isolated ecosystems and the pressure exercised by the transformation of the biophysical environment as a result of the production process have been an element in every historical mode of production. The differentiating characteristic of the contemporary ecological crisis, with climate change as its main parameter, is that in contemporary capitalism, the transformation of the biophysical environment directly competes with Earth's basic bio-geochemical cycles, thus altering the equilibrium of ecosphere that allows for the evolution of human civilization.

This component, which characterizes the capitalist mode of production in particular, comprises a contemporary contradiction that threatens the very planet and nature (which existed long before the appearance of the human species), not in general and abstract terms, but in the present and future of human societies.

Taking our analysis to another level, it is important to highlight the causal relationship between the capitalist mode of production and the ecological crisis. Let us figuratively examine a parallelism of the ecological crisis with the capitalist economic crisis. From a Marxist standpoint, the economic crisis is not a 'natural phenomenon'. It is an inherent periodic outcome of the capitalist mode of production. This conclusion can be drawn from Marxist 'theories'²⁶ of crises. At the other end of the spectrum, mainstream economic theory, and specifically the dominant neoclassical orthodoxy, does not have a cohesive theory of crises, repeatedly attributing them to distortions of every type, subjective errors, etc. Something similar occurs regarding the ecological crisis. This is to be expected, as the dominant social system is considered to be the 'natural state' of things, which supposedly de-

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^{26.} A uniform, complete and cohesive theory of crisis does not exist in *Capital* and is not presented by Marx as such in his work. Consequently, there have been several Marxist interpretations and approaches in reference to Marx's work.

rives from human 'nature', and which at the same time constitutes the dominant mass ideology. Thus, the fact that changes in the climate, ecosystems, etc. are perceived en masse (within the framework of the dominant ideology) either as 'simply' natural phenomena (disputing their anthropogenic origin), or as the exclusive result of erroneous political and technological acts, imperfect or distorted markets and competition, or even as general consequences of human activity, but in no way specifically related to the capitalist mode of production as a whole, make it a crucial field of intervention that links Marxist critique with environmental criticism in a dialectic manner.

Returning to Marx, and taking into account the circumstances of his time, that is, the nineteenth century, the criticism against Marx and Engels for a "Prometheanism" and a dedication to unconditional growth of production forces does not hold.²⁷

On the contrary, there is considerable evidence that both Marx and Engels closely monitored the rapid growth of the physical sciences of their time. A typical case is that of the German chemist Justus von Liebig and his studies on the depletion of natural soil fertility during the period (of) 1830 to 1870. Marx thoroughly studied the issue and its consequences on capitalist agriculture:

Capitalist production, collects the population in great centres, 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 ... Capitalist production, therefore, only develops the techniques and the degree of combination of the social processes of production by simultaneously undermining the original sources of all wealth – the soil and the worker.²⁸

In this excerpt, we not only observe the appearance of a crucial description of the metabolic rift, but also a definition by Marx of two other central concepts in eco-socialist criticism: the transformation of the development of productive forces under capitalism into destructive ones, as well as his emphatic noting of the material basis of production and the relationship between labour and nature – an expression he also repeats in the *Critique of the Gotha Programme*.

^{27.} Nonetheless, Daniel Bensaïd's comment stands: "Productionist devil or environmental guardian angel ... it is not hard for someone to find in Marx short phrases capable of supporting one or the other viewpoint." See Daniel Bensaïd, *Marx for Our Times*, London:Verso, 2009, p. 307.

^{28.} Karl Marx, Capital, Vol. 1, 1976, pp. 637, 638.

Recent years have seen an acceleration in Marxist research that favours the potentiality of interaction between findings in ecology (as a field of science) and the Marxist system, while at the same time a highlighting of the ecological dimension of Marx's own critique.²⁹

This line of thought is shared by Daniel Bensaïd, who notes: "The notion of 'organic exchange' or 'metabolism' [*Stoffwechsel*] appears as early as the *Economic and Philosophical Manuscripts*. It refers to a logic of the living being that counters the mechanical causality and heralds the nascent ecology."³⁰

Marx had approached the ecological contradiction between nature and capitalist society as an irreparable rift in the process of social transformation, that is, in the socially organized exchange of material and energy between nature and human societies. This theoretical approach of the "metabolic rift" is a crucial concept for the eco-socialist approach and for interpreting the ecological crisis, and is being developed by, among others, John Bellamy Foster.³¹

For various reasons, historical segments-currents of the Left are traversed by traces of a certain 'economism' and 'productionism'. As a result, these currents focus on issues concerning the development of the productive forces and distribution – that is, on a material class balance sheet of aggregate social production, while underestimating the elements of productive relationships and the structural productionism that exclusively characterize the capitalist mode of production in the form of a one-dimensional quantitative character of constant growth (GDP increase) that development necessarily takes under capitalism, that is, production for profit and the accumulation of capital.

The organic connection of exploitation, accumulation and environmental crisis can be described in the Aristotelian form (where money functions as capital): M-C-M' (where M: money, C: commodity and M'>M), which has no natural terminus: "Money is the starting-point and the goal".³²

If we consider the simple equation of the entire capitalist production process, that is, the circuit of social capital as analysed by Marx in the second volume on the circulation of capital:

M - C (=Mp + Lp) [
$$\rightarrow$$
 P \rightarrow C'] -M' (M+ Δ M)

^{29.} John Bellamy Foster, "Marxism and Ecology: Common Fonts of a Great Transition", Great Transition Initiative (October 2015), accessed 12 Sept. 2017: http://www.greattransition.org/pub-lication/marxism-and-ecology.

^{30.} Daniel Bensaïd, Marx for Our Times, London: Verso, 2009, p. 322.

^{31.} John Bellamy Foster, *The Ecological Revolution* (New York: Monthly Review Press, 2009), pp. 175–80.

^{32.} Scott Meikle, Aristotle's Economic Thought (Oxford: Clarendon Press, 1995), p. 58.

[where M: money (as capital); C: commodity; Mp: means of production; Lp: labour power; P: production process, and $\Delta M=M' - M$: surplus value]³³

It is obvious that the functions of exploitation (production of surplus value), continuous growth (accumulation), and reproduction on an expanded scale (capitalist growth) coalesce into a single systematic process.

Thus, the plundering and exploitation of natural resources on a continuously increasing scale, with the resulting pollution and various forms of waste during the process of continuous growth (that exceed the capacity of ecosystems to absorb and regenerate), constitute a main cause of climate change and the ecological crisis on a broader scale, and are connected to class exploitation, as both are based on a shared foundation and purpose at the core of capitalist production.

The immediate need to contain the ecological crisis brings to the fore the issue of the overthrow of capitalist relations of production centred on accumulation, challenging the cohesive motivation of ' Δ M' that contains (presupposes) the process of appropriation and exploitation.

Consequently, the articulation of class with environmental dimensions in the anti-capitalist struggle is a crucially important issue, one in which *Capital* plays a decisive role. As Paul Burkett notes: "In showing how production is developed in and through capitalist social relations, Marx also establishes the historically specific character of capitalist people-nature relations."³⁴

EPILOGUE

Nine years after the outbreak of the structural capitalist crisis of the twenty-first century, there has been a rise in incidents exacerbating the circumstances. Political crisis constitutes a steady, active tendency and imminence, while the crisis of hegemony is ever present. At the same time, the feeling that "we live in a time of monsters" grows stronger. It is a period of historically high stakes, opportunities, and mortal dangers.

In an era such as this, historical time is condensed, producing challeng-

^{33.} The initial capital (M) is converted to commodities (C) – means of production and (special commodity) labour power – that are consumed productively in the production process and produce a flow of commodities, a product C', whose value, when realized on the market, exceeds that of (C) and is converted to a sum of money M'>M, which includes the produced surplus value through which accumulation is achieved. See Milios, Dimoulis and Economakis, *Karl Marx and the Classics: An essay on value, crises and the capitalist mode of production* (Aldershot: Ashgate, 2002), pp. 40-44. and Milios J., *Marx's Value Theory Revisited:* A "Value – form" Approach, p. 6 http://users. ntua.gr/jmilios/F2_3.pdf

^{34.} Paul Burkett, Marx and Nature: A Red and Green Perspective (Chicago: Haymarket Books, 2014), 38.

es and obligations that extend from theoretical research to everyday action. Any endeavour towards a subversive exit from the crisis from the perspective of the interests of the working class must be rooted in the timeliness of socialism. Otherwise, it risks straggling behind alternative bourgeois strategies.

Michael Heinrich noted that overriding capitalism and radically changing the relations of production demands that we move beyond the commodity form, beyond money, and beyond the state. Thus, a crucial point consists in the transformation of the social relations of production. This prospect entails challenging the capital relation, the money form, and moving in the opposite direction from what Marx elaborates in *Capital* (from the money form to the elementary form of value), to the core and the negation of the polarized relation of the elementary form of value itself.³⁵

Theoretical questions and transitional programmatic elaborations of a plethora of current issues are included in such a process: for the downscaling of market- and capital-dominated fields of social life, with the reclamation of social ownership and of workers' and social control of public property, infrastructure, and services; reclaiming the commons, but also reaffirming the distinction between legal forms of State ownership and public-social ownership and the socialization of sectors of production; for the penetration and expansion of democracy into production itself with the consolidation of forms of workers' and social control, processes of participatory planning and social consultation; and lastly, for the promotion of decentralization processes es as well as the creation of forms of cooperative, collective and solidarity production, of self-administering and self-managing processes.

All of the above, and a multitude of other factors, are indicative of present challenges that concern both the dominant ideology and actively consolidated relations and historical material footprints of the capitalist system on numerous levels of social life that extend from land organization and infrastructure to production techniques and capitalist technology, the reproduction of concentrated forms and structures, the division of manual and intellectual labour, and the very problem of the definition of collective social needs beyond market mechanisms.

To face these challenges, *Capital* and the corpus of Marx's works provide irreplaceable fertile ground for research, analysis and interpretation of modern capitalism. Marx's notes in the Preface act as a constant reminder for the present and the future: "I presuppose, of course, a reader who is willing to learn something new and therefore to think for himself."

^{35.} Karl Marx, Capital, Vol. 1, 1976, p. 90.

The Law of Capital: Functions of the Legal System from Marx's *Capital*, to the European 'Debt Crisis'

Dimitri Dimoulis Soraya Lunardi

This presentation examines Marxist theory of Law from two angles: first, by analysing *basic Marxist positions concerning the* law system, with emphasis placed on what Marx wrote in his various works, but mainly in *Capital*. This analysis aspires to point out the absurdity of the widely-held view that no Marxist theory of the state and, by extension, of the Law exists. A second objective is to demonstrate the timeliness of this theory by way of an analysis of the significance of judicial decisions of different countries in the European Union and transnational courts that confirms the relationship between the Law and the reproduction of capital dominance.

From a methodological standpoint, we need to make a distinction: this text introduces the term 'Law of capital'¹. The term indicates to whom the Law that is enacted and implemented in capitalist societies belongs, and whose interests it serves. What is not examined is the difficult question of whether the term 'the Law' can be used to designate the binding rules of behaviour and procedures in non-capitalist societies, if a Law 'of workers' is able to exist, or if there was at one point a Law 'of feudalism'. Our only concern here is an understanding of the Law of bourgeois societies as the Law of capital.

1. POSITIONS OF MARXIST THEORY OF LAW

POSITION 1. THE LAW OF CAPITAL STRUCTURALLY SERVES THE INTERESTS OF THE RULING CLASS

This position is an oft-taken, time-worn one by Marxists and appears facile and outdated. That being said, it is fundamental to the understanding of how the Law functions. Whoever alludes to the Law must explain what the functional objective of the legal system is. Our position presents a starting point

^{1.} The term is not encountered in Marxist analyses. We find only one lecture by Simon Birnbaum, entitled "Das Recht des Kapitals" (https://www.youtube.com/watch?v=UOeoSA2Fi9U).

for a critique of the most widespread assumptions of how the Law functions.

To begin with, it has to do with conservative-apologetic theorizations that make the Law appear as an agent of security, peace, justice and related ideas which are expressed as much in routine political discourse² as in legal texts.³ Supporters of this view may criticize some rules of the Law or the way that they are implemented, but they consistently believe that the Law must accomplish these noble functions. Let us not forget that strictly ety-mologically, the Law is related to justice in most languages (*jus, droit, Recht*).

A critical look at both the Law's historical role and its effects today shows, on the contrary, that legislation, as well as its judicial enforcement, aims at the reproduction of the system of power and not to the realization of universal ideals.

Our position also challenges the supposedly left-wing perspective that the Law constitutes a guarantee mechanism that ensures interests of the dominated class (against the 'jungle' of capitalism) and establishes battle positions against capitalism and autarchy. This has to do with a view that dominates today's Left, most emblematic in Nicos Poulantzas' later work, and is held by many progressive jurists⁴ (a position of relative autonomy of the Law or of guaranteeism).

Finally, our position challenges the idealistic assumption that presents the Law as a virtue of progress and justice. This idealism reveals itself as a critical point, since it does not consider the Law of capital as 'true' Law, but as something else. It criticizes the existing Law, but preserves the idea of the Law as an ideal. It is an outlook that became known as 'natural law' and which has a long tradition and manifold expressions. Some consider that true Law is of 'divine provenance', as with representatives of Thomistic natural law, and as Pope Benedict XVI emphasized in the German Parliament.⁵ Others regard true Law as being found in 'popular justice', in the claims of

^{2. &}quot;An order based not just (*sic*) on military power or national affiliations, but built on principles, the rule of law, human rights, freedom of religion and speech and assembly and an independent press That order is now being challenged. First by violent fanatics who claim to speak for Islam. More recently by autocrats in foreign capitals who seek free markets in open democracies and civil society itself as a threat to their power. That's why we've ended torture, worked to close Gitmo, reformed our laws governing surveillance to protect privacy and civil liberties." Barack Obama, Farewell address, 10 January 2017 (https://www.nytimes.com/2017/01/10/us/politics/obama-farewell-address-speech.html).

^{3.} Instead of citing myriads of references, we cite: Dworkin, R. (1987). *Law's Empire*. Cambridge: Harvard University Press.

^{4.} Manessis, A. (1980) *Constitutional Law I* (in Greek). Thessaloniki: Sakkoulas: 55-74; Ferrajoli, L. (2007) *Principia iuris I*. Rome: Laterza: 31-32, 195-196.

^{5. &}quot;Rede Papst Benedikts XVI. im Deutschen Bundestag am 22. September 2011". Retrieved from: https://www.bundestag.de/parlament/geschichte/gastredner/benedict/rede/250244.

the 'masses' and in 'democracy'. We read this, for example, in the works of the Leftist exponent of natural Law, Costas Douzinas.⁶ Political choice and claim may differ, but the rationale is identical.

For their part, in the *The Communist Manifesto*, Marx and Engels write:

Political power, properly so called, is merely the organised power of one class for oppressing another.⁷

And in a conjunctural but highly important text, Marx writes:

[T]he will of the people, the will of the majority, is the will not of separate social estates and classes, but of a single class and of those other classes and sections of classes which are subordinated to this one ruling class socially, i.e. industrially and commercially. But what are we to say to that? That the will of the whole people is the will of a ruling class? Of course, and it is precisely universal suffrage that acts as the compass needle which, even if only after various fluctuations, nevertheless finally points to this class which is called upon to rule. And this good National-Zeitung still continues, as in 1847, to chatter about an imaginary "will of the whole people".

The Law becomes perceptible as an outcome and expression of the will of the ruling class. Legal services are created from the same stuff as other repressive and ideological state apparatuses. Neither history nor theory can offer examples in which the judicial authority functioned independently of the other authorities (Parliament, Administration, Courts of Law) in a way that significantly deviates from the will of the ruling class and guarantees popular interests. Interpretations abound, but one starting point is the basic fact of the responsiveness of the state apparatus towards the dominant class.

POSITION 2: ECONPOLILAW: FUSION AND SYNCHRONY OF THE SOCIAL LEVELS (THE ECONOMY, POLITICS, AND THE LAW)

Analysis of the varied and contradictory Marxist theories regarding the relationship between the economy, politics and the Law leads us to formulate,

^{6.} Douzinas, C. (2010) "Adikia: On Communism and Rights". In Costas Douzinas and Slavoj Zizek (eds.) *The Idea of Communism*. London: Verso: 83.

^{7.} Marx, K, Engels, F. (1848) Manifesto of the Communist Party, Marx/Engels, Selected Works, Vol. 1. Progress Publishers: Moscow, 1969: 98-137 (internet: https://www.marxists.org/ar-chive/marx/works/download/pdf/Manifesto.pdf, p. 27).

^{8.} Marx, K. (1849) The Berlin National-Zeitung to the Primary Electors, Marx/Engels Collected Works, Vol. 8: 271 (internet: http://www.connexions.org/CxArchive/MIA/marx/works/1849/01/26a.htm).

albeit with some reservation, a position which will undoubtedly contend with objections from Marxists and non-Marxists alike. This position maintains that the distinction between the economy, politics and the Law in an *analytically* useful or *fundamentally* meaningful way is tenuous.

The expected objection to our position is that there are disparate apparatuses which act economically, politically or legally with clear functional distinction. A District Court differs from a chocolate factory, which differs from a political party. Similarly, there are individuals specializing in a certain activity that may be identified as being 'economic', 'political', or 'legal'. And correctly so, but this may only be of interest to someone who studies the sociology of professions and institutions, researching the differences between them.

The perspective generally supported by Marxists regarding the separation and designation of such social levels is based on theorizations of the relations between 'base' and 'superstructure'. The basic concepts are:

- i. the distinction between instances (social levels, structures, elements),
- ii. the causal relations between them,
- iii. the separation of the state from production, a separation that is connected to the distinction between a politico-legal superstructure and an economic base,
- iv. the determination of the superstructure, ultimately from the base,
- **v.** the potential for responsiveness of the superstructure towards the base,
- vi. the relative autonomy of the superstructure's political level and its other elements, an effect which results from (iv) and (v).

Marx articulates the position in the famous passage from the Introduction to A Contribution to the Critique of Political Economy in 1859.⁹

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode

^{9.} Marx, K. (1997) A Contribution to the Critique of Political Economy. Moscow: Progress Publishers. (internet: https://www.marxists.org/archive/marx/works/1859/critique-pol-econo-my/preface.htm).

of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.

Some years later, Marx replicates these lines in *Capital*, and comments:

This much, however, is clear, that the middle ages could not live on Catholicism, nor the ancient world on politics. On the contrary, it is the mode in which they gained a livelihood that explains why here politics, and there Catholicism, played the chief part.¹⁰

The conception of relative autonomy and the determination of the superstructure levels from the economy allows for a substantive-realistic approach to social phenomena by analysing the impact of economic interests on the implementation of the Law or on political decision-making.

Just the same, there is a whole line of problems, the most obvious being a vagueness as to what relative autonomy actually means, along with the indefinite nature of accounts of various actions and responses. The position on purity and total autonomy of each social level that is conceived as a distinct system was formulated as a backlash. This view is expressed in a clear and coherent_manner by Niklas Luhmann.¹¹ The Law, as in any other system, only exists if we consider it as possessing its own special code and functioning differently from the other systems, free of any external influences, which would destroy its autonomy.

The conception of total autonomy is useful when we analyse it as an ideological practice as, for example, when we examine the grounds for a judicial decision based solely on legal evidence; it would be anti-establishment to take refuge in political or economic argumentation otherwise.

Nevertheless, this line of reasoning is not persuasive enough from the perspective of Marxist theory of society, which tries to apprehend the *products of social labor and their social consequences. From this point of view, drawing a distinction between levels or systems is not possible, since no product or procedure of pure (or at least mostly pure) legal, political or economic character exists.*

^{10.} Marx, K. (1867) Capital. A Critique of Political Economy, Vol. I (internet: https://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-I.pdf).

^{11.} Luhmann, N. (1997) Das Recht der Gesellschaft. Frankfurt/M.: Suhrkamp: 38-110; Luhmann, N. (1998) Die Gesellschaft der Gesellschaft. Frankfurt/M.: Suhrkamp: 60-78, 92-120.

Here we follow those authors who challenge the idea that Marxism must necessarily distinguish between social levels or departments. Eric Hobsbawm has referred to this:

"One example of this complexity must be particularly mentioned: it is Marx's refusal to separate the different academic disciplines. It is possible to do so in his stead. Thus the late J. Schumpeter, one of the more intelligent critics of Marx, attempted to distinguish Marx the sociologist from Marx the economist, and one could easily separate out Marx the historian. But such mechanical divisions are misleading, and entirely contrary to Marx's method. It was the bourgeois academic economists who attempted to draw a sharp line between static and dynamic analysis, hoping to transform the one into the other by injecting some 'dynamising' element into the static system ... The academic sociologists make similar distinctions on a rather lower level of scientific interest, the historians on an even humbler one. But this is not Marx's way. The social relations of production (i.e. social organisation in its broadest sense) and the material forces of production, to whose level they correspond, cannot be divorced".¹²

There are two reasons for this. First, when we cross over from theoretical analysis to the observation of social practice, analyses that draw a distinction between the economy, politics and the Law find no counterpart on the practical level. The supposed elements do not just assemble themselves; they get mixed up and create something different. We can draw a parallel with the case of a chemical compound whose reaction results in something different from the sum of its components.

Secondly, any reference to the economy, politics and the Law as distinct fields is patent to the 'common mind'. If, however, we try to isolate each of these concepts from the other two, we find that each encompasses the other two in its definition, the result being that the issue at hand degenerates into a *circular argument*.

In order to articulate the fusion of the three elements, we shall freely use the concept of *structural causality*, which Althusser and many subsequent thinkers developed.¹³ There is no relation of linear causality between

^{12.} Hobsbawm, E. (1965) Introduction to Karl Marx. *Pre-Capitalist Economic Formations*. New York: International Publishers: 16-17.

^{13.} See Morfino, V. (2005) "The concept of structural causality in Althusser", *Crisis and Critique*, No. 2: 87-107.

the economy, politics and the Law,¹⁴ in the sense that the economy determines the Law and vice versa. Nor is there a relation of expressive causality in the sense that 'the Whole' (capitalism, society) determines each individual element.

Althusser's idea that the unique moment of determination ultimately never comes¹⁵ ought to be radicalized. That moment never comes because no such defining element exists. That which *does* exist, as we see it, is the *structure* of the capitalist mode of production with a simultaneous action of what are considered its elements.

The position on fusion and synchrony is of both theoretical and political significance. For example, it points to the absurdity of the criticism that in neoliberalism what is dominant is the economy and that we need more politics ('democracy').¹⁶ Also flawed is the notion that Marx's *Capital* is predominantly a political, and not an economic, work and hence the emphasis placed on the first word of the term 'Political Economy'.¹⁷ The same goes for the opposing and far more widespread view that *Capital* presents an economic theory and does not include an analogous political and legal theory (as Marx did not have time or could not develop it).¹⁸

Similarly problematic are assertions along the lines of "changes in the economy change the Law", or conversely, "bold legal reforms are needed to put the economy back on its feet". Such statements are consistent with the 'common mind' and are endlessly repeated throughout the media and on political programmes, but do not reflect the structure of the capitalist mode of production.

Legislative change that would bring about, for example, changes in retirement does not attempt to change the economy but changes the previous fusion of the economy, politics and the Law. Regardless of any example that comes to mind, the answer will be the same. From here on we propose to refer to the *EconPoliLaw* that expresses the capitalist structure as a simultaneous action of its_elements.

If we combine the position of fusion with the monetary theory of value,¹⁹ we can say that a commodity, money, a legal norm and a political de-

^{14.} In order to simplify, we shall not refer here to other elements or social levels that can be identified in a capitalist society (religion, ethics, art).

^{15.} Althusser, L. (1986) Pour Marx. Paris: La Découverte: 113.

^{16.} Brown, W. (2015) Undoing the Demos. Neoliberalism's Stealth Revolution. New York: Zone Books.

^{17.} M. Löwy in Gérard Duménil et al. (2014) Lire Marx. Paris: PUF: 67.

^{18.} Collins, H. (1982) Marxism and Law. Oxford: OUP: 9-16.

^{19.} See the research of John Milios: Die Marxsche Werttheorie und Geld. Zur Verteidigung der These über den endogenen Charakter des Geldes. Beiträge zur Marx-Engels Forschung, Neue

cision are inextricably linked phenomena in a capitalist society. Of course, historical research could be conducted on how the commodity, money, the legal system and the political sphere all came about in a particular society, in what ways they were created, whether they resulted from state activity or if they spontaneously emerged, along with numerous comparable points. The critical issue is, however, that this now has to do with phenomena that, although possessing discrete identities and origins, cannot be univocally classified at the level of the economy, politics or the Law (*position of fusion*) and it is not possible to discern which created and determined the other (*position of the synchrony of social levels*).

POSITION 3: A MARXIST THEORY OF LAW DOES EXIST

This position can be evidenced by analysing its basic contents, as well as their ability to interpret the Law in its internal structure.²⁰ Here, we shall pithily and selectively refer to certain elements.

3.1 The Law of capital is unitary

Despite the labyrinthine multiformity and variability over time, the Law of capital has unity. That is precisely what allows Marx to refer to the 'Law' in general and not to bourgeois laws of certain loci and time periods. Marxist theory of the Law constitutes a *macro-theory*, analysing how the legal system of capital represents unity in basic content and functioning, despite empirically observed differences.

3.2 Procedural base: the Law of capital organizes consent

The analyses in *Capital* of the interminable violence during original accumulation and of the apparatuses that expropriate workers create the impression that the Law of capital is violent, based on repression, a producer of pain and punishment.

This impression is based on accusations of legal practices that oppress, marginalize, torture, kill. It is obvious that repressive state apparatuses base their activity on threat and actual acts of violence. All one needs to do is read a newspaper or visit a prison to realize that the Law 'in action' is a far cry from the apologetic discourse on peace and justice.

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Folge, 2004, Berlin: Argument; "Theory of Value and Money: In Defence of the Endogeneity of Money". 2002. http://content.csbs.utah.edu/~ehrbar/erc2002/pdf/i028.pdf.

^{20.} Here we refer to the Law as a sum of institutions and production of legal practices with the descriptive notion offered by the sociology of institutions and professions, without challenging the validity of *EconPoliLaw* in the framework of Marxist theory of society.

Nonetheless, violence is not an expression of the social functioning of the Law. If the Law provoked pain, fear and destruction, there would be no grounds for the consent of its victims, who would revolt the first chance they got. The Law, created and implemented by state activity, is *an apparatus of production of legal power*, social consent and pacification, aiming to establish bourgeois interests ("the Law of capital" according to Position 1) in the most economical and effortless way.

If we consider Pashukanis' analysis together with that of Althusser,²¹ the Law in capitalism should be analysed as a means of legitimation and consent. That is the predominant issue, although we must not overlook the violence involved in the establishment of capitalism and its reproduction.

Most critical to the discussion is the concept of *legitimation through procedure*, which was developed by Luhmann based on Max Weber's theorizations. The respect for of the due process of law in parliaments, in administration and in judicial disputes allows the participation of interested parties and facilitates the espousal of their final verdicts.²² A directly-elected government imposes its policy with greater adroitness than an authoritatively appointed one does.

There is a difficult dialectic here which is generally ignored in the debates over reformism and dogmatism, socialism and communism. What is key is not to take a stand for or against the preservation of a particular version of the Law, nor to evaluate it at a class level, but to gain an understanding of its eminently productive and positive functioning.

The legal apparatuses of legitimation through procedure facilitate the espousal of decisions according to a phenomenon we propose to call*transposition*. What is *considered* reasonable as a result of the procedure also *appears* as essentially tenable. The predicates of the procedure (impartial judge, examination of the evidence, participation of all interested parties, a satisfactorily reasoned decision) are transposed to the result. From this perspective, the legal system organizes and formalizes the procedures of legitimation of decisions and forces a degree of popular participation, all the while avoiding both autarchy and genuine democracy.

In *Capital*, Marx refers to the "silent violence that economic relations exercise", imposing onto wage-earners the will of the capitalist.²³ On this

^{21.} Pashukanis, E. (1929) Allgemeine Rechtslehre und Marxismus (1924). Wien: Verlag für Literatur und Politik; Althusser, L. (1994) "Marx dans ses limites" in Écrits philosophiques et politiques I. Paris: Stock-Imec.

^{22.} Luhmann, N. (1983) Legitimation durch Verfahren. Frankfurt/M.: Suhrkamp.

^{23. &}quot;The dull compulsion of economic relations completes the subjection of the labourer to the capitalist. Direct force, outside economic conditions, is of course still used, but only exceptionally. In the ordinary run of things, the labourer can be left to the 'natural laws of production,'

point he is mistaken, as he is alluding to pure economic relations where *EconPoliLaw* actually exists. His observation, however, is completely correct as far as violence and consent are concerned. Coercion is internalized and stabilizes the lawful behaviour of individuals, contributing to the smooth reproduction of capitalism with the nominal use of force.

3.3 Substantive base: freedom and equality

Freedom and equality, proclaimed throughout legal literature, are not mere ideological practice (nor, *a fortiori*, trickery or a lie). Both constitute structural elements of the legal system in capitalism.

We need to reach an understanding of the twofold meaning of these concepts. They function as a sort of hall of distorting mirrors whose reflections are constantly changing. The legal system promises and brings about changes that are not profound, but secondary and temporary. It does not guarantee the ideals of freedom and equality, but expresses certain *conceptions about them*.

In a Marxist framework there are three interpretations concurrent with particularizations of the position that the Law of capital guarantees equality and freedom.

- i. Marx and Engels opined that "The ideas of the ruling class are, in any age, the ruling ideas".²⁴ We consider the opposite to be the case. The Law universalizes the imaginary of the dominated and not of those who dominate.²⁵ It utilizes the popular ideals in its practices which Étienne Balibar summarized in the notion of 'equaliberty'.²⁶
- **ii.** Freedom and equality are the basic forms of social communication in capitalism. These forms allow us to understand ourselves, others and social activity in capitalism, beginning with the fact that commodity-owners have to be free and equal amongst themselves in order to produce and exchange commodities however and whenever they so choose. The mirror is distorted, and yet it is still a mirror. Here we

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i.e., to his dependence on capital, a dependence springing from, and guaranteed in perpetuity by, the conditions of production themselves". Marx, K., *Capital* (1867) A Critique of Political Economy, Vol. I (internet: https://www.marxists.org/archive/marx/works/download/pdf/Capital-Volume-I.pdf).

^{24.} Marx, K, Engels, F. (1848) Manifesto of the Communist Party, Marx/Engels *Selected Works*, Vol. 1 (1969) Moscow: Progress Publishers: 98-137; (internet: https://www.marxists.org/archive/marx/works/download/pdf/Manifesto.pdf, p. 25).

^{25.} Balibar, É. (1991) Écrits pour Althusser. Paris: Découverte: 114-115.

^{26.} Balibar, É (1993). The proposition of equaliberty. In Balibar, É. (2014) *Equaliberty*. Political Essays. Durham: Duke University Press.

encounter yet another indication of the close connection between the economy, politics and the Law which was highlighted by Marx in the *Grundrisse*²⁷

Therefore, when the economic form, exchange, posits the all-sided equality of its subjects, then the content, the individual as well as the objective material which drives towards the exchange, is freedom. Equality and freedom are thus not only respected in exchange based on exchange values but, also, the exchange of exchange values is the productive, real basis of all equality and freedom. As pure ideas they are merely the idealized expressions of this basis; as developed in juridical, political, social relations, they are merely this basis to a higher power.

iii. The Law is an instrument of state intervention for the control and restriction of individual pursuits. At the same time it prohibits wage-earners from encroaching upon capitalist ownership, it prohibits capitalists from pursuing a continuous increase in their profits by wage compression and the squashing of workers' rights. To what degree this will happen depends on the correlations of forces. But from a structural perspective, the law has a safety mechanism that ensures workers' interests for more favourable terms of reproduction of their labour power. The goal is stability of the reproduction of the system and a reduction in disputes. The state functions, as Engels said, as an "ideal collective capitalist":

The modern state, no matter what its form, is essentially a capitalist machine — the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit.²⁸

^{27.} Marx, K., Grundrisse. Foundations of the Critique of Political Economy (1857–1861), London: Penguin, 1973 (internet: https://www.marxists.org/archive/marx/works/download/pdf/grundrisse.pdf).

^{28.} Engels, F. (1880) Socialism: Utopian and Scientific. Marx/Engels Selected Works, Vol. 3: 95-151 (1970) Moscow: Progress Publishers (internet: https://www.marxists.org/archive/marx/works/download/Engels_Socialism_Utopian_and_Scientific.pdf)..

2. THE ACTUALITY OF MARX'S POSITIONS ON THE LAW CONCERNING CASE LAW IN THE EUROPEAN CRISIS

2.1 Case law in the crisis

Do Marxist positions on the Law accurately describe the current reality? The answer may be found in the interpretations that may be provided for contemporary legal phenomena. In what follows, we will examine certain decisions of high courts in relation to the economic crisis in the European Union, posing the question of whether the Marxist approach adequately interprets the position of the courts.²⁹

In the years of the so-called 'fiscal crisis' or 'debt crisis', individuals and trade unions appealed to the courts in their attempt to overturn anti-popular policies and legal reforms. Their basic demand was the nullification of legal acts that deprived them of vested wage and welfare rights and restricted benefits from the social state.

The core legal basis consisted of the unconstitutionality of the related legislation that had already been supported by lawyers.³⁰ Their first point was the unjustifiable affront to fundamental rights on the pretext of an emergency situation. The second argument was that the rights guaranteed by the national constitutions as expressions of popular will were restricted by mandates issued by the lenders and anti-democratic capitalist organizations such as the International Monetary Fund (IMF) and the central banks. These organizations and the lenders edit laws that the national parliaments accept overnight, making a mockery of the legislative process.

In Portugal, the Constitutional Court decided in 2011 (*Acórdão* 396) that the multiple reductions in salaries and pensions of civil servants were constitutional based on three arguments: that they are temporary, necessary to attain fiscal balance, and are justified because of the unique position of civil servants who receive above-average compensation and are obliged to sacrifice a part of their benefits to the public, whose interests they must serve.³¹

After a considerable number of such decisions, the Constitutional Court in part changed their position in 2012 (*Acórdão 353*).³² While looking into the constitutionality of the 2012 budget, it determined that the new cuts at the time impinged upon the thirteenth salary (Christmas bonus) and holiday pay and were unjustified. It considered that the principle of propor-

^{29.} A presentation of related decisions in various European countries and an analysis of conformism in courts can be found in: Contiades, X. (ed.) (2013). *Constitutions in the Global Financial Crisis: A Comparative Analysis.* Surrey: Ashgate.

^{30.} Katrougalos, G. (2012). The Crisis and the Way Out (in Greek). Athens: Livanis.

^{31.} Retrieved from: http://www.tribunalconstitucional.pt/tc/acordaos/20110396.html.

^{32.} Retrieved from: http://www.tribunalconstitucional.pt/tc/acordaos/20120353.html.

tionality had been violated, as the cuts in question exceeded what was tenable and breached the principle of equality, significantly reducing income. Even though it nullified that particular measure of the bailout agreement (*Memorandum*), the Constitutional Court insisted that the austerity policies be adhered to and did not question the rest of the cuts. It did not examine alternative solutions and ways of sharing the burdens of the crisis, considering that to be an issue at the discretion of the lawmakers. It perceives its role, in other words, as a kind of guard against excesses.

The Greek Council of State, the Supreme Administrative Court, issued a series of decisions concerning the bailout agreement. One in particular that stands out is decision 668 in 2012,³³ which examined the constitutionality of a multitude of cuts of pensions and salaries. It determined the bailout measures to be constitutional according to the following argumentation:

- i. The discretion of the lawmaker must be respected. The judicial review is ancillary and only considers whether the measure is patently inexpedient to fiscal adjustment.³⁴
- ii. Reductions were necessary in order to avoid the worst case scenario: bankruptcy of the state.³⁵

A series of Council of State decisions followed in which similar grievances of citizens were thrown out on similar grounds. A change of direction analogous to the case in Portugal noted above took place with decision 2.287 in 2015, related to a decrease in pensions.³⁶ The new arguments used by the Court were:

- **i.** That the austerity measures must comply with the principles of solidarity and proportionality.
- **ii.** When the cuts are conclusive, a study must be conducted on their consequences and any possible alternative solutions. Without any such study the measures are unconstitutional.

That being said, the court ruled that unconstitutional cuts do not constitute a right to retroactive payments, to prevent the state treasury from becoming overburdened.

^{33.} Retrieved from: http://www.dsanet.gr/Epikairothta/Nomologia/668.htm.

^{34.} Retrieved from: http://www.dsanet.gr/Epikairothta/Nomologia/668.htm.

 $[\]label{eq:static} \textbf{35. Retrieved from: http://www.dsanet.gr/Epikairothta/Nomologia/668.htm}$

^{36.} Retrieved from: https://www.taxheaven.gr/laws/circular/view/id/21132

The Constitutional Court of the Italian Republic understood its role in a similar way. In decision 70 in 2015³⁷, it looked into whether the so-called *Decreto Salva Italia* ('the decree that will save Italy') was consitutional, which, amongst others, reduced the percentage of increase of pensions by repealing the system of automatic inflation adjustment, which had been in effect since 1965.³⁸

According to the Constitutional Court, the provision violated the rights of pensioners, and especially those who received lowered pensions and had endured a reduction disproportionate to their income. In its opinion, the discretion of the lawmaker cannot impinge upon the minimum decent living wage and, as such, declared it unconstitutional. Here we have minimalistic intervention, when the court of law considers that state policy surpasses extreme limits.

The Court of Justice of the European Union, with its decree of 21/12/2016 (C 154/15 and joined cases), examined article 6, 1 of Directive 93/13/CEE on abusive clauses in mortgage-backed contracts known as 'clausula suelo' (where the debtor must pay the bank a minimum interest rate, independent of the fluctuation of market prices of real estate).

The Spanish courts regarded the clause in question as unlawful, but did not oblige the banks to reimburse unduly made payments. The European Court examined the impact of the principle of 'good faith' on the contract (in this case those 'in good faith' were the banks that had imposed the terms!) and if the imposition of a refund of a huge sum (4,200,000,000 euro) would be justified. The Court determined that the no-refund policy violated article 6, 1 of Directive 93/12 in relation to the abusive clauses in consumer contracts and sent the case back to the Spanish courts.³⁹

Along this line of reasoning, the unemployed individual who robs a supermarket in order to survive is committing a crime, whereas the bank that illegally reaps profits of billions enjoys special treatment. Violations of the law by the powerful take place with judicial blessings, since the only danger is if the bank is forced to reimburse, after years, the amount that it had unlawfully seized or, in any case, a part of it. (And of course the state rushes to aid banks with financial difficulties.)

^{37.} Retrieved from: http://www.cortecostituzionale.it/actionSchedaPronuncia.do?an-no=2015&numero=70.

^{38.} Article 24, par. 25 of the Decreto legge of 6/12/2011.

^{39.} Retrieved from: http://curia.europa.eu/juris/document/document.jsf?docid=186483&-mode=req&pageIndex=1&dir=&occ=first&part=1&text=&doclang=ES&cid=258468.

2.2 The social_functioning of courts

The basis of legal ideologies and practices is judicial independence, which guarantees the impartial implementation of the law and other ideals of the Rule of Law. This is conceptually inconceivable. If we mean that a judge simply applies the law ("the Law rules"), then he/she is completely dependent on the Law of capital. He/She finds themselves in the service of the ruling class that imposes the rules, exactly as the waiter who fills an order regardless of his personal preferences. For such a circumstance to appear as judicial independence suggests *an inversion of the words' meaning*.

Conversely, if we accept that a judge can decide whatever he/she considers to be the Law ("the judge rules"), irrespective of statutes and landmark decisions, we have a situation of total arbitrariness in which the judge violates his/her statutory obligations and implements an alternative program of social regulation.

All of this shows that judicial independence is a deceitful concept. In each and every circumstance, we have to examine on which regulative schedule the judges are dependent.

In the *easy cases*, the judge simply enforces the legal provision that results in concealment and selectivity. It conceals the actual relations of power and enforces the Law through the lens of the dominant ideology.

In the *hard cases*, such as those related to the European crisis, and which we analysed earlier, the courts utilize vague legal concepts (proportionality, equality, state of emergency, state crisis, leniency, solidarity, etc.) that by their very nature allow any decision to be rationalized.

In these cases, the courts make decisions based on the so-called 'general interest', that is, the general interest of capital. In few cases do they wield gentle criticism or overturn decisions of other authorities. But in general they conceive the Law as whatever the network of lawmakers and the executive power decide, irrespective of rules and legal precedents.

To begin with, the courts moralize, praising basic principles such as equality and solidarity, and saying that the burdens of the crisis should be shared in a just way.

Next, they point out that judicial review must be restricted, in deference to the discretion of the Legislative, which derives from its democratic legitimation and the principle of the separation of powers.

At a third stage, they note that during periods of crisis, the risk of default of the state and the need for cuts and fiscal 'balance' are definitively legal arguments to justify sacrifices of interests and rights. It is the argument of 'need-exception', together with the argument of proportionality, which examines the practical and expedient nature of the limitations.

Finally, the courts rule that the measures that infringe upon rights are

constitutional, validating the decision of the other authorities. The courts dissent only in high-profile circumstances concerning the restriction of rights, nullifying them in those few cases. The greater part of the measures are accepted. Only marginal revisions that politically justify the existence of the courts take place, to satisfy public opinion.

The conclusion is that, despite all the grandiose talk and philosophical theorizations concerning the distinctiveness of judicial power, analysis of judicial activity shows that it has to do with 'puppets' that follow the dictates of their 'master'.⁴⁰ On occasion they dissent from the judgments of the other state bodies with the aim to preserve hope amongst the population, allowing periodic 'breaths of fresh air' that favour consent in the midst of an attack of the state against the workers.

^{40.} Lunardi, S. (2012) "The state and the master of puppets", Babylonia, vol. 7 (in Greek).

COMMENTS

Michalis Skomvoulis

Our background is in philosophy, thus we will approach this issue from that perspective. Our commentary on the paper presented by Soraya Lunardi and Dimitri Dimoulis will not be linear, but we will try to frame their text – alternately agreeing with and challenging it – based on three theoretical points. We will close with three practical conclusions.

FIRST POINT: THE ISSUE OF THE DIFFERENTIATION AND UNIFORMITY OF THE CAPITALIST MODE OF PRODUCTION

Our basic disagreement with the presenters is based more on the observation of a certain contradiction in their paper. Specifically, we discern a contradiction in their position on the existence of a "functional indiscretion" with their simultaneous effort to radicalize the "inability to arrive at a definition in the final analysis" in Louis Althusser, hence adopting nominalistic-type positions on the determination of capitalism. On the one hand, we have the demand for functional indiscretion – thus, complete uniformity – in terms of the outcome of the capitalist mode of production and, on the other, we have the splintering in individualized (nominalistic) connections. While it could offer fertile grounds for discussion at the level of political practices, the defence of this nominalistic question is, in our opinion, weak in terms of the semantic understanding of the capitalist mode of production, since it is hard to delineate how the *simultaneous* action arises, the synchronicity of the elements of the capitalist mode of production.¹

We propose an alternative solution: the theory of the autonomy of the respective social spheres in the capitalist mode of production not just at the level of 'relative autonomy', but at the level of strong autonomy or what

^{1.} For wider-ranging criticism of these nominalistic trends, see Michael Skomvoulis "Polyploko koinoniko i Kritiki tis Politikis Oikonomias; I kritiki politiki oikonomia apenadi ston kapitalistiko tropo paragogis" [Complex social structure or critique of Political Economy? The critique of Political Economy in the face of the capitalist mode of production] (*Theseis*,118, 2012).

we might term 'complete functional differentiation', a differentiation that intensifies with the development of the historical trends of the capitalist mode of production. Functional differentiation not only does not obstruct the dominance of the capitalist mode of production over the differentiated elements (that is, capital's dominance within the *capitalist* mode of production), but, on the contrary, it is what makes it effective, functional. Complete differentiation facilitates the dominance of capital (it is worth recalling here Althusser's notion that the capitalist state is completely 'separated' in order to better serve capitalist interests).² And the moment that the respective spheres of the capitalist mode of production are strongly differentiated, they are ultimately fully determined by the dominance of capital and the classes representing its interests. (Indeed, we might say that under capitalism, 'divide and conquer' is actually 'differentiate and conquer'.) This means that in a capitalist society, the dominance of capital is exercised without the existence of a specific centre, but imposed on each respective sphere as a demarcation that shapes the coordination of an activity (what some call "practices"). As one can see, what we are proposing is the synthesis of functional differentiation with the theory of value-form as a means of formulating the dominant coordination that capital performs and which refers, first of all, to the semantic coordination of social time that capital performs. (We note this very important point and set it aside.)³ Thus, while we argue that we should seriously consider the high degree of differentiated autonomy of justice, for example from political or economic interests, in this way we can consider its simultaneous subjugation to the dominance of capital. (In other words, no matter how independently it operates, justice will always be - in the sense of the limits of its forms – a *capitalist* judiciary. The same can be said of science.) In such a case, the universal efficacy of forms of capital would not consist of a version of expressive wholeness, but a coordination of the sum*bolic limits of meaning* within which the activity of the differentiated spheres unfolds. Such a perspective would tend to substitute the concept of causality with that of communication. (We will return to this.)

Perhaps it is not by coincidence that it was in the period when the capitalist mode of production was categorized and emerged in people's consciousness more than ever as a differentiated totality, not only in discourse on Marxist theory but in the revolutionary struggle of organized political

^{2.} See Louis Althusser, "Giati to kratos einai mia mihani" (Why the state is a machine) (*Theseis*,113, 2010).

^{3.} The issue requires separate study of the semantic organization of time and the rupture it causes with the conception of time in precapitalist societies. As a springboard for such discussion, see Moishe Postone, *Time, Labour and Social Domination*. (Cambridge: Cambridge University Press, 1993).

movements, that is, in the 1910s and 1920s,⁴ when a new reading of *Capital* emerged based on the unifying forms of the differentiated social practices. effectively marking the birth of the theory of value-form. (I have in mind the temporal coexistence of theoreticians György Lukács, Isaak Illich Rubin, and Evgeny Pashukanis.)⁵ In Pashukanis' argument, which concerns us specifically in this paper, there emerges the establishment of the autonomy of the law in capitalism: it was his conceptualization that attempted to conceive the indirectly reducible nature of the law based solely on its morphic homology, placing particular emphasis on the affinity of forms in law, especially legal subjects, with those of contractual commercial exchanges, perhaps being overly insistent on the practice of commodity exchange.⁶ Considering the law in Pashukanis' terms, in the framework of capitalism's now-developed tendencies, we could say that the issue is the extension of the logic of morphic homology (or parallelism) to include phenomena such as the mode of induction into forms of law such as prepayment, risk, insurance as well as proposals for constitutional adaptation favouring the inclusion of guarantees against fiscal risks and excesses (what in political terminology is often called "the constitutionalization of the bailout agreements"), as well as proposals such as Jürgen Habermas', in Faktizität und Geltung, for the judicial protection of 'Lifeworld' prerequisites of lofty humanitarian ideas such as those in the public sphere, civil society, etc.⁷

SECOND POINT

The second point is a note on ideology and its relationship to fetishism within the capitalist mode of production. It is a particularly interesting point concerning the law, and concerning the theory of law, which we might say spontaneously directs us towards a more formal theory of ideology than the apparently more direct social and political expression where the representa-

^{4.} On the particularities of this period, especially in relationship to later 'Western' Marxism and mainly with regard to the advanced positions developed between Marxism's theoretical and ideological-political parts, see Perry Anderson, *Considerations on Western Marxism* (London: Verso, 1979). In Greek as *O dytikos marxismos*, trans. Alekos P. Zannas (Athens: Kedros, 2008)

^{5.} For a more detailed discussion that seeks to integrate these theoreticians on value form and its links to the ideological effects on fetishism, see Michael Skomvoulis, "Apo tin pragmopolisi stin axiaki morfi: kritiki tis ontologias and koinoniko fantasiako" [From reification to value form: a critique of ontology and the social imaginary] (*Theseis* 106, 2009).

^{6.} Evgeny Pashukanis, The General Theory of Law and Marxism (1924).

^{7.} Habermas here goes outside Marxism, but also pre-empts trends of thought within Marxism which sought to consider the 'emancipating' potential for the working class created by the autonomy of legal forms, as independent of capital. See Hugh Collins, *Marxism and Law* (Oxford: Oxford University Press, 1984). In Greek as *Marxismos kai Dikaio*, trans. Xenofon Paparrigopoulos (Athens: Paratiritis, 1991); similar issues emerge in Poulantzas' later works.

tion demands the linking of universalizing expressions with class interests and, in this way, restricts their morphic function. For example, it seems easy for someone to demonstrate that an economist presents a theory because it supports the interests of the bourgeois class (even though it could be shown here that representations of forms of capital in the economist's discourse have real impacts on the economy and thus do not simply serve some interests, but have a more structurally ontological function). In the case of the law and its universalizing ambitions, however, things are more formally indirect.

Indeed the law, perhaps the least social of the social sciences, presents a special challenge in terms of its relation to capital. In this way, because the law is not directly social, there opens up a possibility that it is more difficult to produce a concept of ideology more indirectly and thus provide access to what we might call the "ontologically formal production of ideology in the capitalist mode of production", than the apparently more direct, ideological, economic and political expressions. It would be useful to recall Jacques Rancière's influential text in Lire le Capital. Starting with the equally universal anthropological categories of Political Economy, Rancière observes that the young Marx pinpoints their ideological character, juxtaposing a framework of authentic, equally universalizing anthropological categories uncorrupted by interests. Conversely, the base of Rancière's analysis of the concept of fetishism in *Capital* shows that for a mature Marx, establishing the capitalist mode of production as the active system of objectified forms also involves the positioning of Political Economy's scientific discourse as the necessary ideological description of the system; that is, not at the level of direct juxtaposition of substantial interests.⁸ The critique of Political Economy (the critique of its elevation to an ideology) emerges from the formation of the capitalist mode of production into a system of objective forms.

The challenge posed by the law's universal categories are also an opportunity to more clearly understand the ontological-formal matrix that gave birth to ideology in capitalism and not just what we might call its 'polemical dimension' at the level of practices. Connecting ideology to a series of ontological forms in which capitalism appears certainly does not imply that we are speaking about a fundamental ontology of man, but the formal ontology through which capital acts as an intermediary in the respective spheres as the present-absent communication code of unifying the capitalist

^{8.} Jacques Rancière, "I ennoia tis kritikis kai i kritiki tis politikis oikononias" (The meaning of critique and the critique of Political Economy), in Louis Althusser et al., *Na diavasoume to Kefalaio* [Reading Capital], trans. Christos Vallianos, Dimitri Dimoulis and Viki Papaikonomou (Athens: Ellinika Grammata, 2003): 113–22; 195; 224–27.

mode of production, or what Marx termed "ghostly objectivity" (*gespenstige Gegenständlichkeit*; a reference point here is Christopher J. Arthur's excellent analysis of the subject).⁹ Through this we see the matrix of ideology, linking it with Marx's discussion of fetishism as real social (that is, capitalist) production of identified thought forms (*Gedankenformen*) – which culminates in in the noematic unification that the notion of *mystification of capital* accomplishes¹⁰ – albeit by highlighting that the emphasis on the objectively formal (ghostly), materially-reified character frees this question from the logic of trying to distinguish between real and false consciousness. The issue in this case is not to see whether there is a false consciousness, and certainly it is not to see whether there is an 'authentic' one, but it is to verify the formal terms set by the matrix of more specialized political, economic, and, ultimately legal, ideological confrontations. The form of law is thus a privileged moment.

Conversely, ideology's induction by the Althusserian school principally into the space of political practice or state mechanisms leads to its weakness or unwillingness to see ideology as a structurally endogenous element produced by capital's movement in the capitalist mode of production. The noematic limits set by this formal character are principally those that yield a coordinating function for the respective ideological outcomes (with, as we have noted, the law being pivotal here) and the limits of the thought forms being developed. From an epistemological perspective, this means that the ideological discourse of the social sciences (which includes the law) is critical in the presentation of their objects as prerequisites for the proper, orderly operation of society; by 'orderly' we mean the class-dominated operation of the capitalist mode of production (thus rendering the social sciences as 'useful' or applied). Systemic theories, as the most advanced efforts of conceiving this coordinating function by the ideological/fetishized discourse of the social sciences, end up representing the capitalist mode of production as a quasi-Durkheimian organic entity of procedurally-coupled contradictory functions. (This is the case with Luhmann and the theory of general equilibrium – though presented in a more simplistic and naïve dimension.) They thus spontaneously but clearly present what is ultimately the primacy of the formal symmetrization posited by the structure as opposed to the specialized empirical functions - in short, the formal coordination as fetishized/ materialized general organic functionality. From this vantage point, the perspective of value-form as the conceptualization of capital's transformations

^{9.} C.J. Arthur, New Dialectic and Marx's Capital (Leiden: Brill, 2008), Chapter 8.

^{10.} In this context, Marx's writings on "The Results of the Direct Production Process" are especially important.

cannot be a 'pure theory of capital' as it is impossible for this conceptualization to be fully distinguished from the fetishisized/material functionalities of capital.¹¹

♦ THIRD POINT

The third and final point refers to the endogenous presence of the concept of the law in *Capital* and how this could be linked to law. Marx frequently refers to the concept of law in *Capital* but he does not systematically speak of some "law of capital". But, if we had to reconstruct the existence of such a law, we could say it is suggested by the fact that the results of production must *always be directed towards the forms of the market* and that these results must always be transformed into commodities and money, as the market has already reacted thus to the form of production – production for the market.

Marx, perhaps wrongly, did not expressly outline the former – with regards to its asymmetry with the rest of his book on capital – in the section "commodity and money" as the transcendental framework of market forms acting on capitalist production. In a way he compensates for this in the third volume, in the parts where he refers to competition, and particularly in Chapter 10 where he discusses the equalization of the general rate of profit through competition. That is the 'place' where we can exclusively speak of a "law of capital" and it is certainly not insignificant that Marx chose this specific chapter to refer to the "pure form" of the laws of capitalist production and capital as a social force imposed on individual capitalists.¹² (It should be noted that the law of capital as an equalizer through market competition is in no way a law of equilibrium; Marx critiques this presentation of equilibrium and argues that the average movement arises from the "permanent movement of contradiction".) The law of capital should result in the symmetrization of some capital, stabilizing it at a median profit rate.

In drawing a distinction between structure and tendency, we could thus say that the law's function is to restore/stabilize/regulate tendencies within the reproductive structure. Two basic moments of appearance of this function of the law are found in Chapter 12 of Volume 1, where Marx notes that the stage of the exposition (*Darstellung*) of concepts has not yet reached the conceptualization of "the way in which the immanent laws of capitalist

^{11.} We are thus skeptical of theorizations of a 'complete and pure' distinction of levels in the analysis of capitalism that also imply the existence of a level of 'pure capital', see Albritton Robert, *Dialectics and Deconstruction in Political Economy* (London: Palgrave, 1999) which follows Uno-Sekine's analysis.

^{12.} Karl Marx, *Capital:* A *Critique of Political Economy*, Vol. 3 (London: Penguin Classics, 1991: 295, 297).

production manifest themselves in the external movement of the individual capitals, assert themselves as the coercive laws of competition".¹³ The scientific analysis of competition as the law of capital (in the third volume) is raised after capital's internal nature is conceptualized (in the first volume). As if, however, it were an example of pointing to the ever-synchronizing activity of the whole capitalist mode of production, Marx prematurely refers to the concept of competition, commenting that the tendency of an extra surplus value to appear as a result of the introduction of a new technique is eliminated (that is, stabilized at the social level) by competition among capitalists and the generalization of the new technique.¹⁴ There is a similar instance in Chapter 25 ("The General Law of Capitalist Accumulation"), where competition between workers, this time, produces the steadily reproduced space of the reserve industrial army. We could therefore say that as an eminent system of production of legal regulations, the law is the social sphere for the production of forms for stabilizing tendencies in the capitalist mode of production. This perspective allows us to have a particular conceptualization of the importance of change in legal forms as an enrichment of the structure through the stabilizing function of legal forms. (I think a problem in the approach taken by Lunardi and Dimoulis is whether there is a way to precisely explain the change in the law.) The introduction of new legal forms highlights the realization of a tendency and the need for stabilizing it within the now-enriched structure of the capitalist mode of production. (A basic example is the chapter on the working day, where the radical, potentially revolutionary tendency for struggle for the working day is stabilized through the introduction of new legal forms that restrict the tendency for detaching surplus value and set the prerequisites for the passing on to the accumulation of the relative surplus value.) From this standpoint, the function of the formal structure of the law – and the state, albeit in an entirely different way since the law's function is to produce forms of legality, while the state's is to produce forms of legitimized unity, in which, of course, physical violence is included as a form of legitimation – is the long-term stabilization of the capitalist mode of production against the dynamic and possibly destructive tendencies represented by other actors. Ultimately, there are elements of such modes of thought¹⁵ in the problematics of Poulantzas' earlier writing that prompt us to support such a line of thinking that defends the autonomy of the law (and the state) to the degree, however, that it ensures the longterm dominance of capital (and that of the class that exclusively represents

^{13.} Karl Marx, *Capital: A Critique of Political Economy*, Vol. 1 (London: Penguin Classics, 1990: 433). 14. Ibid.: 435–36.

^{15.} Nicos Poulantzas, Political Power and Social Classes (NLB; Sheed and Ward, 1973: 279).

it) within the capitalist mode of production.

♦ THREE PRACTICAL CONCLUSIONS

Having outlined the theoretical questions above on the relationship between law, economy and politics within the capitalist mode of production, we would like to arrive at three practical conclusions.

- 1. The first conclusion concerns the importance of the mobilization of the whole capitalist mode of production for the process of capital accumulation. In outlining the categories of the Marxian problematic, there is a movement towards the inclusion of a growing number of factors (labour, value-form, money, intermediary forms, consumption forms, politics, law, economy). We should, ultimately, unequivocally take the final step and state that capital accumulation requires the mobilization of the *whole* of the capitalist mode of production. This has a practical consequence for the reading of *Capital*: we should ask what Marx's object is in *Capital* is it labour, value, money, capital as a 'totality', as in the new dialectics? In contrast to these approaches that isolate one single element, we would like to emphasize that *Capital*'s object is the capitalist mode of production.
- 2. With the second point we would like to emphasize the importance of acknowledging the processes of differentiated social spheres, not just for their theoretical importance but also for their political importance. In their presentation, Lunardi and Dimoulis correctly note the importance that must be given to directing attention towards procedures. When, for example, we speak of procedures in institutions of contemporary capitalism (such as the European Union), we often rush to speak about interests, a democratic deficit, neoliberalism. Little importance is paid to logic and autonomy, the effects of those very procedures which, if considered, would internally reveal the need for their connection with broader structures. On a practical level, that would mean abandoning the Left's simplified, overpoliticized reading of the procedures of contemporary capitalism that, as a rule, supposedly harbour interests or balances of power highlighting that, in the end, all procedures (economic, etc.) will be resolved 'politically'.¹⁶
- **3.** On the third point, to begin with, we are in full agreement with Lunardi and Dimoulis that concepts like freedom, equality and 'hu-

^{16.} We cite as an example the fact that in 2015, the Greek government often declared that negotiations would ultimately be decided on 'political' terms.

man rights' are not merely deceptions but structural elements of the form of capitalist law. But we should not overlook the fact that in this framework, modern capitalist forms of law are marked by a particularly intense *plasticity* and *inclusivity*. The important question that arises is how and if we can think of equally or more inclusive forms in a state of revolutionary transition. Could we simply say, for example, that we will replace 'human value' with something more specific, such as 'worker's value' (which was the case in the Soviet Union)? If not, how can we consider that in a state of transition to a postcapitalist mode of production we would need something more open or plastic? In other words, we see that the challenge of the form – in this instance, the form of the law – does not only concern the critical conceptualization of the capitalist mode of production, but also the crucial issue of transition to a postcapitalist society.

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Capitalism as a social system and its origins

John Milios

I will look into the origins of capitalism because I believe this allows us to ask, explore and understand what capitalism is. While engaged in the process of investigating its origins, we are able to comprehend what constitutes capitalism as a social system. More specifically, we seek a response to the question of class character of the social structures in which we live and reproduce; or, in seeking to dispute or overthrow capitalism, towards which social structures should we direct our theoretical, ideological and political criticism, to make our opposition more effective? For example:

- i. Can the enterprise, the basic unit of production under capitalism, also be the basic unit of production under another social system, such as, for example, communism? Could it have equally been the basic unit of production of pre-capitalist social systems of the past, such as feudalism?
- ii. Can an educational system that is founded on universal compulsory education and meritocratic barriers to higher education (for instance, exams), which during specific periods and conjunctures translates to upward social mobility, be class-neutral? Or, is it only capitalist when rich and poor do not have equal opportunities, and socialist when 'opportunities' are 'equal'?
- iii. Can a state formed around a compact and, from an institutional standpoint, class-neutral and impenetrable repressive state apparatus (head of state, government, administration, judicial system, army, police), followed by a galaxy of ideological state apparatuses (education, church, media, etc.), be at times feudal, at times capitalist and at other times socialist?

The different theoretical approaches among Marxists regarding the character of capitalism are especially evident when the issue of the 'origins' or 'birth' of this social system is raised.

1. MARX'S NEW PROBLEMATIQUE IN CAPITAL: FROM THE "THEORY OF PRODUCTIVE FORCES" TO "SO-CALLED ORIGINAL ACCUMULATION"¹

In *Capital* we see Marx's theoretical breakthrough, from an approach which – thanks to the criticisms of Louis Althusser, Étienne Balibar, Jacques Rancière, Charles Bettelheim, and also Mao Zedong – we can describe as being a technical-evolutionary, mechanistic-progressivist, teleological approach, or a 'philosophy of history' and a 'general law of human development'. *Capital* introduces a logic of *multiple class contradictions and social forms* that, at a specific historical moment, led to the consolidation and domination of capitalism as a result of the "confrontation and contact" of the 'money owner' with the proletarian.

According to Marx's initial approach, which we also find in the Preface to the 1859 edition of *A Contribution to the Critique of Political Economy*, "the development of the productive forces" comes "in conflict with the existing relations of production which turn into their fetters", a situation which ultimately results in revolutionary change of production relations. The one and only contradiction between productive forces and relations of production is sometimes identified as being the clash between the two main classes of exploiters and those exploited:

At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or – this merely expresses the same thing in legal terms – with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution.²

Capital introduces a new theoretical problematique: original accumulation. Accumulation of what? Of money, mainly, but also of means of production that are subsequently transformed, at a later date, into capital.

According to this new approach of "so-called original accumulation", two poles are created through the historical process and, at a later date, constitute the fundamental capital relationship: these are the 'money owner' and the man 'free' of personal dependency as well as of the means of production (the condition of 'double freedom').

^{1. &}quot;Die sogenannte ursprüngliche Akkumulation": the term 'ursprüngliche Akkumulation' has in most cases been translated literally into English as 'primitive accumulation'. The term is more accurately translated as 'original accumulation' by Martin Nicolaus in Marx 1993 (*Grundrisse*).

^{2.} Karl Marx, Preface: A Contribution to the Critique of Political Economy, 1859, accessed 10 October 2017: https://www.marxists.org/archive/marx/works/download/Marx_Contribution_to_ the_Critique_of_Political_Economy.pdf.

Let us first look at the first pole, the 'money owner'. In *Grundrisse* (1857-1858), Marx writes:

The monetary wealth which becomes transformed into capital in the proper sense, into industrial capital, is rather the *mobile wealth piled up through usury* – especially that practised *against landed property* – *and through mercantile profits*. ... [T]hey appear *not as themselves forms of capital*, but as *earlier forms of wealth*, as presuppositions for capital ... The formation of capital thus does not emerge from landed property ... but rather from merchant's and usurer's wealth.³

So Marx describes the 'money owner' as a bearer of different relationships than those characterizing each dominant pre-capitalist mode of production (slave ownership, feudal, Asiatic, etc.), all of which are based on landed property. The slave-owner (or feudal lord), for example, is not a typical 'money owner'.

The second pole, the proletarian (a condition of 'double freedom'), is not a product of the social relations that define the 'money owner', much less the 'creation' or necessary 'complement' to the 'money owner' (the existence of the 'money owner' is independent of the existence of the proletarian). The proletarian is the 'product' of a process of dissolution of pre-capitalist production relations (modes of production) to which the 'money owner' has also contributed, yet it is also defined by a plethora of other class contradictions and clashes beyond those directly linked to the 'money owner'. Again, in *Grundrisse*, Marx writes:

But the *mere presence of monetary wealth*, and even the achievement of a kind of supremacy on its part, is in no way sufficient for this *dissolution into capital* to happen. Or else ancient Rome, Byzantium etc. would have ended their history with free labour and capital, or rather begun a new history. There, too, *the dissolution of the old property relations was bound up with development of monetary wealth – of trade* etc. But instead of leading to industry, this dissolution led in fact to the supremacy of the countryside over the city ... Capital does not create the objective conditions of labour. Rather, its *original formation* is that, through the historic process of the dissolution of the old mode of production, value existing as money-wealth is enabled, on one side, *to buy* the objective conditions of labour; on the other side, to exchange money for the *living labour* of the workers who have been set free.⁴

^{3.} Karl Marx, *Grundrisse: Foundations of the Critique of Political Economy*, 1857-1858 (London: Penguin Classics 1993), 504-505, emphasis added.

^{4.} Ibid., 506-507, emphasis added.

According to Marx, original accumulation is thus the process (which in fact spans an entire historical period) through which the capital relation crystallizes and forms. The process is also characterized by the looting and seizure of forms of pre-capitalist wealth (that are transformed into capital or wealth that corresponds to the capitalist mode of production), the critical characteristic still being the transformation of labourers or 'itinerant' populations into salaried workers: so-called original accumulation, therefore, "is nothing else than the historical process of divorcing the producer from the means of production."⁵

The starting point of capitalism thus requires the *encounter* of two social conditions: the 'money owner' and the proletarian. It is an encounter which, as Althusser argues, is by definition "aleatory", i.e. contingent, and not 'predetermined' (it might not have taken place!), and not necessarily stable (it could have been temporary and short-lived).

The basic question that arises – and it is an historical, not a theoretical, question – is when, where and through which processes did original accumulation occur *for the first time*, that is, when did the 'aleatory encounter' between the 'money owner' and the proletarian first take hold? Marx makes fragmentary reference to the example of England, considering it the "classic" form.⁶ Nonetheless, there is a different expression by Marx which, in my opinion, is of particular significance, and which is worthy of further research in a historical context:

In Italy, where capitalistic production developed earliest, the dissolution of serfdom also took place earlier than elsewhere. The serf was emancipated before he had acquired any prescriptive right to the soil. His emancipation at once transformed him into a 'free' proletarian, who, moreover, found his master ready waiting for him in the towns.⁷

What occurred in pre-capitalist modes of production that resulted in the encounter between the 'money owner' and the proletarian *not taking hold* to form a new social relationship? And what did the 'money owner' personify? A variant of each dominant mode of production (slave ownership, feudalism, etc.), or a specific, non-dominant mode of production?

In Capital, Marx summarizes his conclusions as follows:

^{5.} Karl Marx, *Capital: A Critique of Political Economy*, Vol. 1 (London: Penguin Classics, 1990), 874-875, emphasis added.

^{6. &}quot;Only in England, which we therefore take as our example, has it the classic form." Ibid., 876.

^{7.} Ibid., 876.

In the ancient Asiatic, Classical-antique, and other such modes of production, the transformation of the product into a commodity, and therefore men's existence as producers of commodities, plays a subordinate role, which however increases in importance as these communities approach nearer and nearer to the stage of their dissolution. Trading nations, properly so called, exist only in the interstices of the ancient world, like the gods of Epicurus in the *intermundia*, or Jews in the pores of Polish society.⁸

Thus, we must first refer to the commodity-producing 'money owner' inside pre-capitalist societies. Next, we must ponder the class power relations (the modes of production) that imposed 'secondary roles' onto social processes and relations linked to this 'money owner'.

2. THE PRIMORDIAL COMMERCIAL MODE OF PRODUCTION

Various pre-capitalist societies that are rooted in unfree labour or the provision of slaves, etc. at critical points in history contained a specific, non-dominant mode of production that could be termed 'primordial commercial production' or 'primordial commercial (money-begetting) mode of production' or even 'entrepreneurial slave-owning mode of production'.

The production process can be illustrated through the following scheme:

$$M - C - [P] - C' - M' [= M + \Delta M].$$

The money-begetting slave-owner (primordial merchant or manufacturer) buys with his money M commodities C (a ship, wine in big barrels, slaves, *hydrias*, rusks, biscuits and other food for the sailors – to a small number of whom he also pays wages). Then, he *commands* the production process: his slaves will seal the wine in *hydrias* of specific size or volume and load them onto the ship; the sailors will sail to Milos, etc. Finally, he sells the wine *hydrias* and comes up with an additional sum of money, ΔM . The same process is repeated, of course, again and again, as long as wine consumers in Milos (and other ancient cities) keep drinking Athenian wine. In the words of Aristotle, the process has "no limit to the end it seeks; and the end it seeks is wealth of the sort we have mentioned … the mere acquisition of currency".⁹ All who engage in it, he says, "increase their fund of money without any limit or pause".¹⁰

10. Ibid.

^{8.} Ibid., 172.

^{9.} Cited in Scott Meikle, Aristotle's Economic Thought (Oxford: Clarendon Press, 1995), 59.

The question which then arises is: if the 'primordial merchant' of our example uses slave labour in his enterprise, why do we speak of a particular type of production and not the dominant form of slave mode of production? The answer requires a brief detour into Marxist theory of modes of production.

Following critical semantic definitions of the so-called Althusserian school,¹¹ we maintain that the relations of production can be understood as a composite of the relations of *use*, *possession and ownership* of the means of production.

Use of the means of production is defined as the exclusive performance of actual labour, i.e. the participation of an individual or a social group in the labour process with a view to producing use-values. In all modes of production, the use relation is in the hands of the 'direct labourer'.

Possession of the means of production refers to the management of the production process, namely the power to put the means of production into operation.

Ownership as an (real) *economic relation* is the control over the means of production in the sense of having the power to dispose of the surplus obtained. In every mode of production the ownership relation lies in the hands of the ruling class.

In the capitalist mode of production, both ownership as an economic relation, and possession of the means of production, coexist in the hands of the ruling class. In other words, there is *homology* of ownership and possession by the capitalist, the 'bearer' of the capital relation.

By contrast, *non-homology* of ownership and possession of the means of production is characteristic of pre-capitalist modes of production. In this case, as possession of the means of production remains in the hands of direct labourers, extra-economic coercion (a relation of servitude or bond service) is rendered necessary in order for the appropriation of the surplus product by the owner of the means of production to be safeguarded. In the classic slave mode of production, we *superficially* have a situation of 'single freedom' ('freedom' of the direct worker from the means of production which are formally managed [possession relation] by the free citizen-slave-owner if the direct worker is his property). Nonetheless, in reality, the slave-owner in this case, too, has ceded possession of the means of production to slave foremen and is separated institutionally and substantially from any type of occupation with the production process (the possession relations of the means of production), only retaining ownership (the expropriation of surplus).

^{11.} See mainly Althusser (1976, 1984-a, 1984-b, 1990), Althusser & Balibar (1997), Balibar (1983, 1986), Bettelheim (1968, 1974, 1975), Harnecker (2000), Poulantzas (1973, 1975, 1976). See also Mao Tsetung (1997).

Perry Anderson's analysis illuminates this point:

Graeco-Roman Antiquity had always constituted a universe centred on cities ... behind this urban culture and polity ... The condition of possibility of this metropolitan grandeur in the absence of municipal industry was the existence of slave-labour in the countryside: for it alone could free a landowning class so radically from its rural background that it could be transmuted into an essentially urban citizenry that yet still drew its fundamental wealth from the soil ... The very ubiquity of slave labour at the height of the Roman Republic and Principate had the paradoxical effect of promoting certain categories of slaves to responsible administrative or professional positions ... This process was ... another index of the radical abstention of the Roman ruling class from any form of productive labour whatever, even of an executive type.¹²

Therefore, the purpose of production-reproduction under conditions of ownership in the slave mode of production was the reproduction of the dominant class, the class of (landowners) slave-owners, as a class of citizens (non-workers) embodying the politically dominant class, with the city as its centre. Marx notes:

Do we never find in antiquity an inquiry into which form of landed property etc. is the most productive, creates the greatest wealth? Wealth does not appear as the aim of production, although Cato may well investigate which manner of cultivating a field brings the greatest rewards, and Brutus may even lend out his money at the best rates of interest. The question is always which mode of property creates the best citizens.¹³

Contrary to the classic slave mode of production, the primordial merchant, manufacturer or usurer, usually a metic (by definition a non-citizen), while producing as a slave-owner, *also concentrates the possession of the means of production* (management and control of the production process). It is thus a different mode of production from the classic slave mode of production, despite the fact that the latter rules over the primordial money-begetting production (and limits it).

Primordial money-begetting production has something in common with

^{12.} Perry Anderson, Passages from Antiquity to Feudalism (London: New Left Books, 1974), 22–23, 24, n. 11, 27–29.

^{13.} Marx, Grundrisse, 487.

the capitalist mode of production: the concentration of ownership, as well as possession, in the hands of the master ('single' versus 'double freedom' of direct workers).

However, the primordial money-begetting mode of production is not a capitalist mode of production, as it expresses different relations of exploitation. Skipping ahead, we note that "equality of free citizens" and the corresponding institutional structure, etc. and, simultaneously, the generalized monetary commodity exchange and labour market on a broad scale emerge from the very womb of the capitalist mode of production. Although primordial money-begetting production is also based on money and commodity circulation, 'double freedom' is not yet a part of it.

Nevertheless, the concentration of ownership, as well as possession in the hands of the master, suggests a 'uniformity' that allows the entrepreneurial-slave-owner mode of production to coexist alongside the capitalist mode of production, especially in the early historical stages of the capitalist mode of production's dominance, when wage relations are not yet fully embedded (organized European slave trade, initially in the Mediterranean [Venice-Genoa], chiefly from the twelfth to fifteenth centuries, and later in the Atlantic [Britain, the U.S., Latin America] from the sixteenth to nineteenth centuries).

3. BRIEF NOTES ON THE EMERGENCE OF THE CAPITALIST MODE OF PRO-DUCTION

Capitalism as a social system is not restricted to the direct economic relationship between capital and labour, but inevitably includes a complex web of economic links and political-ideological relations of power and exploitation.

The 'encounter' of the 'money owner' and the proletarian who is 'free' of the means of production and of personal dependency does not form a social system in and of itself. A social system signifies a social construction of class dominance that includes the simultaneous establishment of relations of economic exploitation, political dominance and ideological hegemony. Of course, differing modes of production are shaped within a social formation, albeit with a qualitative difference between the dominant mode of production (established as a social system) and dominated or ruled modes of production. The structure and relations of political (and ideological) dominance (of the dominant mode of production) discourage the emergence of different modes of production from becoming dominant. As long as the tendency for dominated modes of production to become dominant is suppressed, momentum that would normally assist in the emergence of political and ideological relations and structures pertinent to these dominated modes of production is lost.

The primordial commercial slave mode of production functions as an enclave within a society whether the dominant mode of production is classic slave-owning, feudal or Asiatic. The 'money owner' (M-C-M', M-M') will always remain trapped "in the pores of society", compressed by power relations (economic, political and ideological) of the dominant social system.

The issue, therefore, of the emergence of the capitalist mode of production as a dominant social system in social formations, where the feudal mode of production had previously dominated, must be studied mainly as an historical process of the dissolution of feudalism, from which the 'free' worker sprung. Here, a few hints derived from historical research may suffice:

In the feudal mode of production, political dominance takes the form of ecclesiastical and local-despotic (non-state) power, in contrast to the classic slave or Asiatic modes, where it assumes a state form, albeit qualitatively different in each case.

The absence of a state structure and the supremacy of local powers reproduce the political instability of the (western) feudal system: internal clashes/contradictions; the pope against feudal lords and the 'emperor'; the 'emperor's' inability to control local feudal powers; a reshuffling of local powers; population movements and crusades as both 'holy wars' and looting and trade campaigns.

Autonomous cities emerge and, at the same time, processes of proletarianization are set in motion by these contradictory forces at play in the 'pores' of regions dominated by the feudal mode of production. Finally, commercial city-*states* emerge as *capitalist* enclaves.

The structural relations that characterize capitalism as a social system are the preeminent focus of *Capital*. The capitalist mode of production emerges as a social system by transforming all social forms. The primary form of economic relation becomes the capital-wage labour relation, with all its hybrid forms – the putting-out system, cottage system, etc. – falling under it. The appearance of the capitalist mode of production as a social system occurs in tandem with: the concentration of the means of production; the complete dominance of monetary relations in the economy; the financial existence of capital and, as a consequence, the financial sphere's dominant-regulatory role from the onset of the dominance of capitalism; the 'summation' of individual-personal capital into aggregate-social capital (Gesamtkapital); and the configuration of the capitalist state with its fundamental characteristics. Thus, the 'taking hold' of the 'aleatory encounter' simultaneously signals the 'point of no return' of a process of social transformation: the spread and embodiment of capitalist production relations as dominant social relations, the dissolution of existing pre-capitalist modes or production, or their integration into the dominant capitalist relations of power and exploitation.

4. BASIC CHARACTERISTICS OF CAPITALISM AS A SOCIAL SYSTEM

4.1 WAGE LABOUR SUBSUMED UNDER CAPITAL VIA THE LABOUR MARKET

The *prevalence* of wage labour differentiates capitalism from previous social systems. It is a relation between the owner of the means of production (the capitalist) and the worker who has been freed from all personal forms of servitude, but who is also deprived of any direct access to the means of production, except through the selling of his/her labour-power to the capitalist on the basis of a wage contract. The worker is unable to produce without subsuming himself/herself under capital, labouring under the command of the capitalist, who has full control of the production process.

The wage relation is therefore the first fundamental characteristic of capitalism. An analysis of the different forms of labour subordination under capital can be found in Chapter 20 of Capital, Volume 3, in Chapters 15 and 16 of Volume 1, as well as in *Results of the Direct Production Process*.

4.2 CONCENTRATION OF THE MEANS OF PRODUCTION: THE CAPITALIST AND THE MIDDLE BOURGEOISIE

Labour power becomes a commodity in a fully commercialized economy; generalized commodity ownership and commodity production are discernible features of capitalism. Nevertheless, not every entrepreneur or owner of the means of production is a capitalist, the personification of capital. For the owner of the means of production to be 'capital', the *scale of production* and the number of wage-earners employed by the entrepreneur must be such that *the capitalist is disengaged from actual labour*, and thereby focused on the supervision-direction of the production process. The capitalists' income (i.e. profit) depends on the magnitude of the capital advanced, and not on their labour.

Capitalist production only then really begins, as we have already seen, when each individual capital employs simultaneously a comparatively large number of labourers; ... A certain stage of capitalist production necessitates that the capitalist be able to devote the whole of the time during which he functions as a capitalist, i.e., as personified capital, to the appropriation and therefore control of the labour of others, and to the selling of the products of this labour.¹⁴

This precondition differentiates the capitalist class from the class of small

^{14.} Marx, Capital, Vol. 1, 439, 423.

entrepreneurs, who employ wage labour, and to whom we refer as the 'middle bourgeoisie'.

4.3 CAPITAL AS MONEY THAT PRODUCES MONEY

As we have discussed in earlier presentations, Marx's theory is a monetary theory of value and not a variation of the Ricardian theory of measurable expended labour.

Marx does not conceive surplus labour as a simple 'subtraction' of surplus labour (or 'deduction' of a part of the product from the direct worker; the 'deduction' of a surplus product takes place in every mode of production, and is therefore not enough to illustrate the specific difference of capitalism with regard to pre-capitalist forms of exploitation), but as a particular so-cial relation, that is, as a *specifically capitalist* relation of exploitation, which *appears as production of (more) money*. As Marx writes: "Capital is money; capital is commodities. In truth, however, value is here the subject of a process, in which, while constantly assuming the form in turn of money and of commodities, it at the same time changes in magnitude, throws off surplus-value from itself considered as original value, and thus valorizes itself independently."¹⁵

In the context of capitalist economic and social relations, the movement of money as capital binds the production process *to* the circulation process: commodity production becomes a phase or moment (and indeed, for the whole valorization process, the *decisive* moment) of the circuit of social capital: M - C [= Lp + Mp]...P...C'- M'[= M+ Δ M].

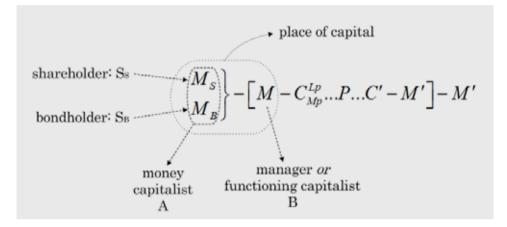
The capitalist appears as the 'owner of money' (M) who buys commodities (C), which comprise means of production (Mp) and labour power (Lp). During the production process (P), he/she productively consumes C to create a flow of commodities, C', whose value exceeds the value of C. Finally, he/ she sells the flow to receive a sum of money (M'= M+ Δ M) that is greater than (M).

Thus every capitalist, as an agent of the capital relation, is by definition a 'merchant' or 'trader', and at the same time a 'manager' of a labour and production process, which makes it possible for *trading* to be effective: he/ she buys certain commodities (means of production and labour power) in order to sell other commodities (those accruing from a 'production process' under his/her command) at a higher price. In other words, he/she strives to *buy cheap* and *sell dear*.

15. Ibid., 255.

4.4 THE FINANCIAL EXISTENCE OF CAPITAL

Marx further demonstrates that in its advanced form, capital's position is occupied by more than one subject: specifically, the *money capitalist* and the *functioning capitalist*. Marx's arguments can be depicted in the following diagram:



In the course of the lending process, money capitalist A becomes the recipient and proprietor of a *security S*, that is to say, a written *promise* of payment from functioning capitalist B. This promise certifies that A remains *owner* of money capital *M*. He does not transfer his capital to B, but cedes to him the right to make use of it for a specified period. Two general types of securities enter into this process: *bonds* S_B and *shares* S_S . In the case of the former, the enterprise undertakes to return fixed and prearranged sums of money irrespective of the profitability of its own operations. In the latter case it secures loan capital by selling a part of its property, thereby enables itself to paying dividends stemming from its profits. If the company goes onto the stock exchange and shares are issued, then capitalist B corresponds to the managers, and capitalist A, to the legal owner.

In the hands of B, the sum M functions as capital. Money taken as an independent expression of the value of commodities enables active capitalist B to purchase the means of production Mp and labour power Lp necessary for organizing the production process. The latter takes place under a regime of specific *relations of production* (comprising a specific historical form of relations of exploitation), and in this way is transformed into a process that produces surplus value. The money reserve that B now has at his/her disposal is the material expression of his/her *social power* to set in motion the production process and to control it.

Thus, according to the theory of capital developed by Marx, capital ex-

ists as a Janus-like figure: on the one hand, as the means of production, and on the other, as financial securities. In other words, the place of capital is occupied by agents that are both internal to the enterprise (managers), and external to it (security holders). The financial 'existence' of capitalist ownership functions simultaneously as a promise of payment and as a deferred liability. Credit becomes the dominant form of money: "The social character of capital is mediated and completely realised only by the full development of the credit and banking system."¹⁶

4.5 THE FORMATION OF 'AGGREGATE-SOCIAL CAPITAL' THROUGH CAPITAL COM-PETITION

Marx initially analyses the relationship between capital and wage labour at the level of the single unit of capitalist production, which he calls "individual capital". In Marx's conception, free competition ensures the reciprocal engagement, peculiar to the capitalist system, of institutionally independent production units, imposing on the respective capitals the laws of capitalist production. Through their structural interdependence, that is to say their organization as aggregate-social capital, the individual capitals proclaim themselves a social class: they function as a uniform social force counterposing themselves against, and dominating, labour. As individual capitals, enterprises are supposed to maximize their profit. However, this tendency, through free competition, is subject to the laws inherent in the concept of aggregate-social capital, and more specifically to the process of equalization of the rate of profit: convergence of their profit rate towards the average profit rate. The freedom of capital, its concentration and centralization, and its capacity to move from one sphere of production to another, serves to secure the predominance of this tendency towards equalization of the rate of profit. As Marx puts it:

Free competition is ... the real conduct of capital as capital ... production founded on capital for the first time posits itself in the forms adequate to it only in so far as and to the extent that free competition develops, for it is the free development of the mode of production founded on capital.¹⁷

Capital imposes the continuous restructuring of production as a means

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^{16.} Karl Marx, *Capital: A Critique of Political Economy*, Vol. 3 (London: Penguin Classics, 1993), 742.

^{17.} Marx, Grundrisse, 650-651.

of compressing all types of costs, including, of course, labour costs, with the aim to increase profits. In this sense, an individual capital is not only in competition with other individual capitals, it is ultimately competing against itself. It abandons every less-profitable technique in favour of the most profitable one and, from the commodities it produces, it abandons the production of those with the lowest profit rate, turning to 'new products' in anticipation of increasing the enterprise's profit rate. It seeks out loans to expand or restructure production, resorts to 'risk management' financial policies, invests in the financial markets and generally turns towards financial 'innovations' if it is considered probable to attain higher profits, and it acquires segments of other individual capitals or sells some of its 'assets' to other enterprises, and so on.

4.6 THE CAPITALIST STATE AND THE DOMINANT IDEOLOGY

Finally, capitalism as a social system implies the formation of a specific state form and specific forms of concealment of class domination and relations of exploitation (the ruling ideology):

It is in each case the direct relationship of the owners of the conditions of production to the immediate producers ... in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence.¹⁸

The structural characteristics of the capitalist state (its hierarchical-bureaucratic organization, its 'classless' function on the basis of the rule of law, etc.) correspond to and ensure the preservation and reproduction of capitalist class domination in its entirety. Similarly, the structure of the dominant bourgeoisie ideology (the ideology of individual rights and equal rights, of national unity and of 'national interest', etc.) corresponds to the perpetuation and the reproduction of the capitalist social order and the long-term interests of the capitalist class. These political and ideological characteristics of the capitalist state and its apparatuses are ultimately related to the fundamental (economic) relationship of the capitalist mode of production: the separation of the worker from the means of production and his/her access to them through the capitalist's authority.

The capitalist state 'condenses' the rule of capital in a social formation, at the same time presenting it as being in the 'general interest' of society. In

^{18.} Marx, Capital, Vol. 3, 927.

other words, it implements its fundamental function, the preservation of the cohesion of a class system, by representing and imposing capitalist interests upon the ruled classes as 'general interests' of society.

In the early phases of the shaping of the bourgeois state (absolute monarchy), society's 'general will' is expressed in the person of the ruler, and social cohesion often takes on mainly religious characteristics. Through economic and institutional unification of the state (the internal market, the creation of institutions of universal authority like the regular army, etc.), however, and the development of forms of political representation (constitutional monarchy), the 'people of the ruler' is gradually replaced by the 'people of the state'; in other words, from the late eighteenth century on, the new – typically capitalistic – form of social cohesion begins to take shape. It is the modern nation.

At the economic level, the state contributes decisively to the creation of the general material conditions needed to reproduce the capital relation: policies for managing labour power; interventions to increase profitability of aggregate social capital; management of a national currency and money; an institutional and legal framework that ensures a 'free' market; disciplinary mechanisms of capitalist authority, and institutions of control and social peace. These material conditions differ from country to country, although convergence does exist today among developed capitalist countries.

5. SOME TENTATIVE CONCLUSIONS

With reference to this brief presentation of Marx's theory of capitalism in the preceding section, the majority of Marxist writers generally overlook the structural role of money in the context of Marxist theory of value. Moreover, they also neglect to analyse capital's financial existence as well as the structural role of capitalist competition in organizing individual capitals into aggregate social capital. They do not seek these constituent elements in the process of original accumulation, that is, in the rise of capitalism as the dominant social system.

Furthermore, regarding another issue critical to an encompassing analysis, the question of the productive character (in the sense of surplus-value production) of services, and especially of 'circulation' (trade), the majority of Marxist writers adopt the 'classic logic' that slips into some of Marx's writings, according to which "commercial capital ... creates neither value nor surplus-value".¹⁹ In other words, it does not take into account the radically different arguments *also expressed* in Marx's work according to which

^{19.} Ibid., 354.

"in so far as circulation itself creates costs, itself requires surplus labour, it appears as itself included within the production process".²⁰

By understanding the determinative character of these aspects of capitalist power from capitalism's very beginning, we can perceive their current transformations as an aspect of a social power that is continuously changing while, at the same time, always remaining the same for as long as the revolutionary movements are not able to contest its structural characteristics.

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^{20.} Marx, Grundrisse, 524.

Vassilis Droucopoulos

I will attempt to be succinct.

My first observation concerns the existence or lack of independence between the two 'poles', that of the 'owner of money' and that of the man 'free' of personal dependency as well as of the means of production, that is, the proletarian, and whose subsequent intersection would result in the creation of a new mode of production, capitalism.

With the Althusserian approach as a springboard, I refer back to the unequivocal statement (Althusser, 2006: 199): "every mode of production is composed of elements *independent from each other*, where each one is the result of a resemblant story, without any organic or teleological relationship between these different stories" (my underlying), a citation which John Milios included in the initial written version of his paper and alluded to in his oral presentation, albeit with a difference.¹ Here, in a soft, timid voice, the concept of relative independence is introduced and Althusser specifically argues that the creation of proletarians is, indeed, the result of an independent process that nevertheless may, under certain circumstances, be influenced by the 'owner of money'. Milios writes in a similar vein: "The proletarian is the 'product' of a process of dissolution of pre-capitalist production relations (modes of production) to which the 'money owner' *also* contributed" (emphasis added).

I would like to outline a less Althusserian interpretation, thus placing greater emphasis on the mutual influence and cross-fertilization of these two poles that do not patiently wait, like pillars of salt, for their 'imponderable intersection' to take place. I base my divergent position on the following:

^{1.} Balibar (Althusser and Balibar, 1970: 280) seems to have adopted the same line: "... a very important fact: the relative independence of the formation of the different elements of the capitalist structure, and the *diversity of the historical roads* to this formation. The two elements necessary for the constitution of the structure of capitalist production each have their relatively independent history."

- Marx (1973: 508) notes: "There can therefore be nothing more ridiculous than to conceive this *original formation* of capital as if capital had stockpiled and created the *objective conditions of production* – necessaries, raw materials, instruments – and then offered them to the worker, who was *bare* of these possessions. Rather, monetary wealth in part helped to *strip* the labour powers of able-bodied individuals from these conditions; and in part this process of divorce proceeded without it."
- 2. As Michael Perelman (2000: 14) argues: "primitive accumulation cut through traditional lifeways like scissors. The first blade served to undermine the ability of people to provide for themselves. The other blade was a system of stern measures required to keep people from finding alternative survival strategies outside the system of wage labor." From 1530 onwards, and not just in England, but also in Holland and later in France, as Marx (1970: 686-693) informs us, laws were introduced that penalized begging and vagrancy, with the threat of sentences that included death, thus pushing proletarians towards a compulsory search for wage labour.
- **3.** Furthermore, Marx (1970: 685) writes: "The spoliation of the church's property, the fraudulent alienation of the State domains, the robbery of the common lands, the usurpation of feudal and clan property, and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a 'free' and outlawed proletariat."
- 4. Additionally, from Marx (1973: 507): "Money itself, to the extent that it also plays an active role, does so only in so far as it intervenes in this process as itself a highly energetic solvent, and to that extent assists in the creation of the *plucked*, object-less *free workers*; but certainly not by *creating* the objective conditions of their existence; rather by helping to speed up their separation from them their propertylessness."
- **5.** Also from *Grundrisse* (Marx, 1973: 510): "e.g. when the merchant induces a number of weavers and spinners, who until then wove and spun as a rural, secondary occupation, to work for him, making their secondary into their chief occupation; but then has them in his power and has brought them under his command as wage labourers. To draw them away from their home towns and to concentrate them in a place of work is a further step."
- 6. Finally, in 1877 or 1878, Marx wrote a letter in French to the Russian publication *Otechestvennye Zapiski* (Notes of the Homeland), which

he never sent but was preserved by Engels (Marx-Engels, 1989: 200): "The same movement which cut them off from their means of production and subsistence involved not only the formation of large landed property but also the formation of large money capital."² Even though Marx's comment is in reference to ancient Rome, Althusser's remark about "every mode of production", which I cited at the beginning of my commentary, does not seem to be adequately covered.

Is it thus possible to consider that the socioeconomic function of 'owners of money' has not contributed, at least in part, to the creation of proletarians and, on the other hand, that the existence of proletarians has not contributed to reinforcing the 'owners of money', who most certainly, at that moment in time, have not yet acquired a genuine 'capitalist' identity?

My second comment is formulated as a query. John Milios argues that in order for an owner of the means of production to be transformed from an entrepreneur into a capitalist, the scale of production and the number of salaried workers must be of such magnitude that "*the capitalist is disengaged from actual labour*, and thereby focused on the supervision-direction of the production process" (emphasis added). To support this, he offers the following excerpt from the eleventh chapter of *Capital*'s first volume:

A certain stage of capitalist production necessitates that the capitalist *be able* to devote the whole of the time during which he functions as a capitalist, i.e., as personified capital, to the appropriation and therefore control of the labour of others, and to the selling of the products of this labour (Marx, 1970: 292, emphasis added).

My reading of this differs because in my view the contingent nature of Marx's "be able" is not necessarily equivalent to "*is disengaged* [etc.]", that would justify the referenced affirmation.

I would also add that Marx (1970: 293) had noted that "The minimum of the sum of value that the individual possessor of money or commodities must command, in order to metamorphose himself into a capitalist, changes with the different stages of development of capitalist production, and is at given stages different in different spheres of production, according to their special and technical conditions".

^{2.} On this point, Balibar (Althusser and Balibar, 1970: 281) takes the opposite stance, omitting any reference to Marx's letter: " ... the elements combined by the capitalist structure have different and independent origins. It is not one and the same movement which makes free labourers and transferable wealth."

The combination of the last two excerpts leads me to the following question, which touches on an observation by Milios: if the minimum has been reached and the owner still chooses to continue his participation in the production process, what are the consequences of this in terms of his class identity? Will he be thus classified as being part of the middle class as a small employer because he continues to work, or of the capitalist class because he has achieved this minimum?

My third comment concerns Marx's observation, as highlighted by Milios in his paper, that "In England alone, which we take as our example, has [primitive accumulation] the classic form" (Marx, 1970: 670).³ It is my opinion that some clarification is needed. From the letter to the Russian publication mentioned above, what emerges is that Marx was referring to the French edition (1872-1875) of *Capital*'s first volume, which he had edited and prepared for printing, and in which we read:

In England alone was [primitive accumulation] executed in such a radical manner; this country, therefore, will necessarily play a leading role in our outline. But all the other countries of Western Europe follow the same movement, although this takes on a local color or is limited to a narrower circle or presents a less intense character or follows a different succession (Marx, 1963: 1170-1171).

With the elimination of the words "classic" and "example", and with additional explanations not included in the initial German edition or in the approved English translation, the course and development of primitive accumulation ceases to be understood as an absolute and uniquely-etched path that every country without exception must unswervingly follow. Moreover, Marx adds in his letter that the chapter on primitive accumulation is nothing more than an "historical sketch of the genesis of capitalism in Western Europe [and should not be remodelled] into a historico-philosophical theory of general development, imposed by fate on all peoples, whatever the historical circumstances in which they are placed, in order to eventually attain this economic formation which, with a tremendous leap of the productive forces of social labour ... one will easily discover the key to the phenomenon, but [success] will never be arrived at by employing the all-purpose formula

^{3.} It is worth noting that Marx, in a 30 November 1867 letter to Ludwig Kugelmann, suggests that Kugelmann's wife read the chapter on primitive accumulation along with other chapters that do not require knowledge of economics. Also, in another letter dated 13 April 1871 and addressed to Wilhelm Liebknecht, he notes that excerpts from that chapter can be used for propaganda purposes.

of a general historico-philosophical theory whose supreme virtue consists in being supra-historical".

To close, in honour of the memory of Rosa Luxemburg, who was murdered on this day 98 years ago, let us recall her words, which are related to the excerpt by Marx above: "Marxism is a revolutionary world outlook which must always strive for new discoveries, which completely despises rigidity in once-valid theses."⁴

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^{4.} This is the penultimate sentence of her *The Accumulation of Capital: An Anti-Critique* (1921) in which she replies to her critics and which she wrote while in prison in 1915.

CONFERENCE PROGRAMME

SATURDAY, JANUARY 14, 2017

10.30

Welcome Address and Opening Speech, John Milios (National Technical University of Athens, *Theseis*)

Session 1: 11.00-12.30

Chair: Electra Alexandropoulou (Rosa Luxemburg Foundation)

Michael Heinrich (Fachhochschule für Technik und Wirtschaft Berlin) New readings and new texts: Marx's Capital after MEGA². Discussant: Dimitris Papafotiou (University of Patras)

Session 2: 12.50-14.20

Chair: Sissy Velissariou (University of Athens)

Spyros Lapatsioras (University of Crete, *Theseis*) & **Dimitris Sotiropoulos** (The Open University UK, *Theseis*) Marx on money: From an analysis of the value-form to a critical understanding of contemporary capitalism. Discussant: Christos Vallianos (Doctor of Science, Theseis)

LUNCH BREAK

Session 3: 17.00-18.30

Chair: Korina Giaxoglou (The Open University UK)

Michael Lebowitz (Simon Fraser University, Vancouver) If you don't understand the Second Product in Capital, you understand nothing. Discussant: George Economakis (University of Patras, Theseis)

Session 4: 18.50-20.20

Chair: Nicholas Theocarakis (University of Athens)

Etienne Balibar (Columbia University) Marx's capitalism and ours. Discussant: Panagiotis Sotiris (Doctor of Philosophy)

SUNDAY, JANUARY 15, 2017

Session 1: 11.00-12.30

Chair: Lia Leontidou (Hellenic Open University)

Marta Harnecker (Memoria Popular Latinoamericana Havana) How to read Capital today. Lessons from Latin America. Discussant: Petros Psarreas (National Technical University of Athens)

Session 2: 12.50-14.20

Chair: Maria Markantonatou (University of the Aegean)

Soraya Lunardi (São Paulo State University) & Dimitri Dimoulis (São Paulo Law School of Fundação Getulio Vargas, Theseis) The law of capital. The functions of law in Europe based on the concepts of Das Kapital. Discussant: Michael Skomvoulis (Panteion University)

LUNCH BREAK

Session 3: 17.00-18.30

Chair: Alexandra Ioannidou (University of Athens)

John Milios (National Technical University of Athens, Theseis) Capitalism as a social system and its origins. Discussant: Vassilis Droucopoulos (University of Athens, Theseis)

Session 4: 18.50-20.20

Chair: Alexandra Ioannidou (University of Athens)

OPEN DISCUSSION

The languages of the Conference will be Greek, English and Spanish with simultaneous interpretation.

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150 Years ~ Karl Marx's Capital: Reflections for the 21st Century

The texts in this volume are based on the presentations and commentaries from the conference organized by the journal *Theseis* and the Greek office of the Rosa Luxemburg Foundation, at Aigli, in Zappeion, on 14-15 January 2017 (the programme may be found on pages 202-203). The present volume contains all of the presentations and commentaries in English. There is also an edition in the in Greek, of the original Greek texts and the Greek translations of the original English texts.

For more information on the conference and to watch the videos of the presentations, please visit: https://rosalux.gr/event/150-hronia-karl-marx-kefalaio.

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