

702. Books
 Very Rough
 12

Theories of Surplus Value, 1932

Vol. III, part 3, I Thomas Robert Malthus

1. Value and S.V.

(Marx considers the following works of Malthus: "The Measure of value stated & illustrated, with an application of it to the alterations in value of the English currency since 1790.", "Definitions in Pol. Eco.", "Principles of Pol. Eco." & one work by a follower of Malthus: "Outlines of Pol. Eco.")

p.6

However, his (Malthus's) objections to Ricardo -- and their method -- were possible only thanks to the fact that Ricardo became entangled (zaputalsya) in every kind of inconsistency. First of all, the rise (vozniknoveniya) of s.v., further, the method of understanding of the equalization of prices of production in various spheres of the application of capital as a modification (izmeneniya) of the law of value by Ricardo himself; his constant confusion of profit and s.v. (a direct identification of them) -- with all these Malthus links his objections. Malthus does not disentangle these contradictions & misunderstandings, but takes them from Ricardo in order to base himself on this confusion (putanitsa) & thus refute the basic law of value, etc. and make pleasant conclusions (priyatnyye) for his patrons (pekrovitelyam).

Sobstvenno the merit of Malthus in these 3 works consists in this, that he emphasizes the uneven exchange between capital & wage labor; while Ricardo in actuality does not show how out of the exchange of commodities according to the law of value -- according to the labor time embodied in them -- flows the unequal exchange between capital & living labor, between a definite quantity of accumulated labor and a definite quantity of direct labor. As a result of this ~~it was unclear~~ the origin (extraction -- proiskhozhdeniya) of s.v. with Ricardo since with him capital is exchanged directly for labor, not for labor power. One of the few latest followers of Malthus, Kazen, in the ~~introductory~~ preface to the above-cited work, "Definitions, etc." feels this & therefore says:

"Exchange of commodities and distribution (wages, rent, profit) must be examined separately from one another... The laws of distribution do not wholly depend on these laws which relate to exchange (preface, VI, VII)"

This means nothing else but that the relation of wages & profit, ex. of capital & wage labor, accumulated labor and living labor, do not coincide directly with the law of ex. of commodities.

If we are to examine the application (primeneniye) of money or commodity as capital, i.e. ~~not their~~ value (wert) but the capitalistic ~~extraction~~ of their value (Verwertung) -- then it is clear that s.v. is nothing else but a surplus of labor (unpaid labor) which is at the disposal of capital, in the form of money or commodity, above that quantity of labor which is contained in it.

A commodity buys, besides the quantity of labor contained in it, a surplus of labor which was not in it. This surplus forms s.v.; upon its magnitude depends the degree of the growth (voznrastaniya) of value. And this surplus quantity of living labor for which it is

p.7

exchanged comprises the source of profit. Profit (better, s.v.) results not from the equivalent of accumulated labor which is exchanged

1864

exactly for a quantity of living labor, but from part of living labor which is appropriated in this exchange without equivalent; from the unpd. labor which capital appropriates in this seeming exchange. If consequently we will abstract from (otvlechsya) the intervening (posbedsvuyushtchikh) (mediating) links of this process --and Malthus has all the more right to be diverted from this since in Ricardo these mediating links are absent--if we have in view only the factual content and result of the process, then the growth of value, profit, the transformation of money or commodity into capital, results not from the fact that commodities are exchanged in accordance with the law of value, precisely in accordance with labor time, which they cost, but rather, to the contrary, from the fact that commodities or money (materialized labor) are exchanged for a greater quantity of labor than is contained in them, than is spent on them. The emphasis of this point appears with Ricardo less (ten meneye) clear because he always assumes a ready product which is divided between the capitalist & the worker, not stopping at the exchange, mediating this process which leads to this division (delozhu) is the only merit of Malthus in the above works. This merit is again abolished thanks to this that he confuses the application of (Verwertung) of money or commodity as capital, consequently their value in this specific function of capital, confuses with the value of a commodity as such; therefore, as we shall see, he in the further analysis returns to the senseless presentation of the monetary system--profit upon expropriation--and in general becomes entangled in the most bezotradnoi symmatitse. Thus instead of having gone further than Ricardo, Malthus tries in his works to move (otodnut) pol. eco. backwards from Ricard, even from Smith and the physiocrats.

*word
+ however*

(till Malthus off)
(Malthus): "Nowhere has it been established that the quantity of labor which a commodity has at its disposal, must express & define the labor together with the profit spent on its production." (Definition, p. 196, London, 1897)
 "profit"

Mr. Malthus wishes at once to include/in the determination of value in order it would directly flow from this determination that which is lacking in Ricardo. From this it is clear that he feels ~~at~~ what the difficulty consists.

p. 11

But if the buyer himself is a capitalist, the seller of commodities,

-3-

p.12

and his money --his capital--represents only the sold commodity, then out of this would only flow the fact that both (buyer and seller) sell each other their commodities very dear & thus swindle ~~each other~~ to the same degree if both realize only the general rate of profit. From where consequently will there be found buyers who pay the capitalist that quantity of labor which is equal to the labor plus profit included in it? For ex., A commodity costs the seller 10 sh. He sells it for 12. By means of it he has at his disposal not only the labor of 10 sh., but 2 sh. extra. But the buyer also sells his commodity, costing 10 sh. for 12. Each loses thus as buyer what they won as seller. The only exception is the working class. Because since the price of the product is raised above the price of its cost, they can buy back only part of the product and thus another part of the product, or price of this other part, forms the profit for the capitalist. But since the profit is gotten precisely from the fact that the workers buy back only part of the product, then the class of the capitalists can never realize their profit thanks to the demand of the workers, can never realize it by the method of exchanging the entire product for wages; but contrariwise only thanks to the fact that the whole wages is exchanged for only part of the product. Consequently, other demand & other buyers ^{besides the workers} are necessary, otherwise there would be no profit. From where will they be gotten?Thus (according to Malthus) buyers are needed who are not sellers that the capitalist (can) realize his profit "sell" the commodities "at value". From this comes the necessity not to forget the landlords (zemlevladel'tsev), pensioners, owners of sinecure, popes, etc. including their lackeys and hangers-on. How these "buyers" will acquire means (pokypatel'nyye) how they must earlier yet take part of the capitalist's product without an equivalent--this Mr. Malthus does not develop.....

As a further confirmation, necessarily flowing from this theory, there is here added (prisoyedinyastsa) that capital serves as a representative of a craving (vlecheniya) for abstract wealth, a craving for the augmentation of value, which, however, can be realized thanks to the class of buyers serving as representatives of the craving for expenditures, consumption, extravagance (motovstva); precisely thanks to the nonproductive classes who are buyers and will not be sellers. On this basis there developed a magnificent (velikolepny) polemic between the Malthusians & Ricardians in the 20s (from 1820-1830 in general present an exceptional (vydayushchaya) metaphysical epoch in Eng. pol. ec.).....

2. V.c. & accumulation

p.26

Under a given rate of profit, the full profit, mass of profits, always depends upon the magnitude of the advanced capital. But accumulation is then determined by that part of this mass which is again returned into capital. However, that part, to the extent that it is equal to the whole product minus the income utilized by the capitalist, will depend not only upon the value of this mass but also upon the cheapness of the commodities which the capitalist ~~must~~ buy with it; partly from the cheapness of the commodities which go for his consumption; partly from the cheapness of the commodities which go into c.c. Since it is assumed that the rate of profit is given, then the wages in correspondence with the assumption is also given.

2. Overproduction and overconsumption

~~xxxxxxxxxxxxxxxx~~ p.39

Sismondi feels deeply that cap. prod. is in contradiction with itself; that is forms, its production relations on the one hand push toward besprepyatsvenomy development of productive forces and wealth; that these relations, on the other hand, are conditional; that their contradiction between use value and ex. values, commodities and money, purchase and sale, production and consumption, capital and wage labor etc. assume greater proportions the more developed the productive forces are. He recognizes (soznayet) the basic contradiction; on the one hand, unobstructed dev. of prod. forces & magnitude of wealth which at the same time consists of commodities, which must be poserebreno; on the other hand, as the basis of the limited mass of producers by the necessary means of consumption. Therefore crises with him represent not, as with Ricardo, accidents, but real (sushchestvenye) expressions of the contradictions on a large scale and in definite periods. There he kolebletsya everything: is it necessary for the state to hold back the productive forces in order to bring them into correspondence with the production relations, or the production relations in order to bring them in correspondence with the productive forces? Pri etom he often seeks rescue in the past; he becomes the laudator temporis acti and would wish to weaken the contradictions by the establishment of a correct relation between income & capital, or between distribution and production, not understanding that the relations of distribution represent only production relations sub alia specie.

Handwritten notes:
 1830
 1845
 1850
 1855
 1860
 1865
 1870

He pointedly ~~remarks~~ (metko otmechayet) the contradictions of bourgeois production but does not understand them & therefore does not understand the process of their resolution as well. But at the root, in actuality, he has the cognition (soznaniye) that developed in the nearakh of capitalist society (the prod. forces material and social conditions of the creation of wealth) must correspond new forms of appropriation of this wealth that the bourgeois form are only transitional, full of contradiction in which wealth always receives a contradictory form & at the same time ~~xxxx~~ everywhere ~~xxxx~~ appears (vystupaet) as its opposite. This wealth, which always has poverty as its prerequisite, ~~xxxx~~ develops only thanks to the development of the latter.

P.43
 The book of Malthus "On Population" was a pamphlet against the Fr. rev. and the contemporary ideas of social reform in England (Godwin, etc.) This was an apology for the poverty of the wkgglass. The theory was stolen from Townsend etc.

His "Essay on Rent" was a pamphlet, in defense of the interests of the landlords against industrial capital. The theory was stolen from Anderson.

His "Principles of Pol. Eco." is a pamphlet in defense of the interests of the capitalists against the workers & interests of the aristocrats, church, nalogopozhiratelei etc. against the capitalists. The theory was stolen from A. Smith. Where the discovery is his own matters stand pitifully. (plachevno). In the the further development of theory Sismondi plays the chief role.

- 4. Author of "Inquiry"
- 5. Author of "Outlines"

P.45
 The work in which the principles of Malthus are developed is the "Outlines of Pol. Eco., being a plain & short view of the laws relating to the production, distribution & consumption of wealth, etc." London, 1832.

p.45 This man shows us from the very beginning the practical reason why the followers of Malthus are against the determination of value by labor time:

p.46 "That labor is the only source of wealth is a doctrine no less dangerous than mistaken since it unfortunately gives a basis to those who assert that the property belongs to the working classes & that that part which others receive, is pokhizhchena or stolen from the first." (l.c., p.22, footnote)

The following postulate shows more clearly than did Malthus that he confuses value (Wert) of commodity with the augmentation of value (Verwertung) of a commodity or money as capital. In the latter sense the vozniknoveniye of s.v. is correctly expressed:

"Value of capital, quantity of labor which it costs or which is at its disposal, is always greater than the quantity of labor which was spent on it & the difference forms the profit, or reward for its owners." (l.c. p.32)

And the following, taken from Malthus, is correct, why profit must be otnesena to the expenditures (izderzhkam) ^{costs} of production of cap. prod.:

"If there would be no profit from the applied capital, then there would not be pobuditelnoi reason to produce the commodity. This profit serves as the essential condition of offer (predlozheniya) and as such forms one of the component parts of the costs of production." (l.c.p.33)

Handwritten notes in the left margin:
The following postulate shows more clearly than did Malthus that he confuses value (Wert) of commodity with the augmentation of value (Verwertung) of a commodity or money as capital.

Handwritten notes:
Malthus confuses Wert Value with Verwertung
~~apparent value~~
value
revalued

Handwritten initials: M

II. The Disintegration of the Ricardian School

1. R. Torrens

p.50

Observance of competition--phenomena of prod.--shows that capitals of a similar magnitude delivers (dostavlyayet) on the average a similar profit, or under a given rate of profit (only this indeed signifies an average rate of profit) a mass of profit depends on the magnitude of the advanced capital....

Ricardo everywhere identifies (not considering the few accidental remarks) profit directly with s.v. Commodities are sold, according to him, at a profit not because they are sold higher than value but because they are sold at value. However, in the study of value (1st ch. of "Principles") he is the first who in general stopped to think (zadumalsya) about the question of the relation of the determination of the value of commodities to that phenomenon that similar capitals deliver similar profits. That is possible only thanks to the fact that the commodities produced by them, although they are not sold at similar prices (it can be said however that the results has a similar price to the extent that the value of the unused part of ~~fixed~~ capital is also added (prichislyayetsa) to the product)(1), but they deliver similar (odinakovuyu) s.v., a similar surplus in the price above the price of the used capital. But Ricardo was the first who turned his attention to the ~~fixed~~ circumstance that capital of a similar magnitude do not at all have a similar organic composition. The distinction in this

p.51

composition construction (stroyniye) he understood it as he found it with A. Smith,-- (circulating & fixed capital), consequently only the distinctions which flow from the process of circulation. He does not at all state directly that the law of value prima facie contradicts the fact capitals of different organic composition which consequently set into motion different quantities of direct labor produce commodities of a similar value & give a similar s.v. which he identifies with profit. On the contrary, he approaches the investigation of value presupposing capital and the general rate of profit. From the very beginning he identifies the prices of production with value & does not see that this supposition from the very start prima facie contradicts the law of value.....

p.52

But this has been a great service: Ricardo dimly feels difference between values and the prices of production;.....A. Malthus, as we saw, utilizes this to deny the Ricardian law of value.

Torrence at once, in the beginning of his work, "An essay on the Production of Wealth etc." (London 1821) takes this discovery by Ricardo as his point of departure not at all in order to solve the problem but in order to assert this phenomenon as a law yavleniya....

(1) The following calculation illustrates this. Let us take two capital of 1 mln., but with different organic compositions. Let the av. r. of p. be 10%, as much as the annual wear & tear of fixed capital. We thus have:

	Capital A	Capital B
General sum	1 mln.	1 mln.
V.C.	200,000	400,000
Circulating c.c.	200,000	200,000
Fixed capital	600,000	400,000

*Еще расчеты капиталов
с 40,000 300,000
и т.д.*

If the circulating capital makes one turnover in a year, the prices of the annual product consists (sostavit):

V.C.	200,000	400,000
Circulating c.c.	200,000	200,000
Fixed capital	600,000	400,000

*с 100,000 15,000
и т.д. 560,000 740,000*

001869

(Quotes Torrens)

p.53 --Here the phenomenon observed in competition is merely noted & registered. In the same manner the "customary rate of profit" is presupposed, but it is not shown from where it is gotten; the author ~~is~~ not even conscious of it (sozneyet) that this should be demonstrated.

"Capitals which contain the same quantity of accumulated labor of the same magnitude & lasting (dolgo-vechnosti) ~~when~~ set into motion different quantities of direct labor. But...the products will be of equal price."(p.51)

The merits in this postulate consists not in the fact that Torrens here again merely registers the phenomenon, without explaining it, but in this, that he defines the distinction (between capitals) in this sense that similar capitals set into motion dissimilar quantities of living labor--but he again spoils everything by the fact that he looks upon this as a "special" case. If ~~the~~ value is equal to labor which is embodied in the commodity, realised in it, it is clear that if commodities sell at value --the s.v.embodied in them can only be equal to the unpaid labor embodied in them, or surplus labor. But this surplus labor cannot--under an equal degree of exploitation of workers--be similar for the capitals "which set into motion different quantities of direct labor", indifferently as to whether this from the direct process of prod., or from the process of circulation. The merit of Torrens consists consequently in the fact that he utilizes this expression. What conclusion does he draw from this? That here in capitalist production there occurs a change in the law of value. That means that the law of value which is abstracted (abstragiroven) from capitalist production contradicts these phenomena. And what does he ~~he~~ propose in its stead? Absolutely nothing except a simple, purposeless (bessoderzhatelnovo)verbal (slovesnyvo) expression of the phenomena which should be explained...

how
Borbas

prazdelenie

p/54 But how the distribution (conditions necessary) for production of commodities--in the form of capitalists & workers, capital and wage labor-- throw over (oprokidyvaet) the law of value of ~~the~~ a commodity (this) is simply "deduced" (vyvoditsya) from the ~~the~~ understood phenomenon.

how
Borbas

Ricardo tried to show that the division between capital & wage labor --with several exceptions--changes nothing in the determination of the value of commodities. Basing himself on the Ricardian exception, Torrens ~~tries~~ (otritsayet) the law. He returns to A. Smith (against whom ~~the~~ Ricardo's argumentation is directed) who supposes that actually "in the beginning stages of society" when people only first appeared as commodity owners & as exchangers of commodities, the value of a commodity was determined by the labor time included in it, but not then when capital and ownership of land appeared. This means (as I already noted in the first part) that the law, ~~of value~~ for commodities as commodities, is not ~~valid~~ (deistvitelen) for them only then when they are considered as capital or products of capital; it pays (stoit) only in general merely to go over from commodities to capital. On the other hand, the product first ~~vetse~~lo assumes

(From previous page) Consequent the sum of prices, if we are to add the remaining fixed capital is equal in both cases.--K

p. 54

the form of a commodity--by this that the whole product must be transformed into an exchange value as well as by this that the component elements of its production themselves enter it as commodities--it becomes vsetelo a commodity only with the development & on the basis of cap. prod. It thus comes out (vykhodit) that the law of a commodity must be real for production which does not create commodities or creates them only partly) and not real for the production the basis of which is the existence of a product as a commodity. The law itself, as well as the commodity as the general form of the product, is abstracted from capitalistic prod. & precisely for this it is as if it were invalid.

(Handwritten mark)

p. 55

The influence of the division between "capital & labor" on the basis of value is, incidentally--not to speak about the tautology, that while there is no capital, capital cannot determine prices--again a very platitudinous transference (ploskaya peredacha) revealed of a fact on the surface of capitalist production. While every one works with his own m.p.--himself sells his product which he produced (only the necessity of the sale of the product on a social scale never in reality coincided with the production by one's own m.p.)--here ~~imporokham~~ *otnosyatca* costs like on means as well as on labor, which he himself executes. Costs of the capitalist consist are comprised of (sostoyat) ~~xxxxxxfxxxxxx~~ from the applied capital, from the sum of values which he spent on production, not from the labor which he did not execute and which cost him only that which he paid. This serves as a very good basis for the capitalists in order to calculate (soschitat') and divided among themselves (a social sum) of s.v. not according to the quantity of direct labor which a given capital sets into motion, but according to the magnitude of ~~the~~ capital applied by them. But this ~~does~~ not at all a ~~phenomenon~~ basis for explaining ~~with~~ from where ~~comes~~ the s.v. subject (podlezhashchaya) to distribution and distributed. (paspredelyaemaya)

Plan of value is abstracted from cap. prod. as it is abstracted in actuality. Law of value around which that which is labor in exchange in class labor labor increment of value, because the value is created, hence.

*Узгепрога кампачуца цогордт уз
нункеректор кампача, уз цувелл
спавоцу, кофурт ок зафачул да
нунзбогелт, не уз нунга кфурт ок ке
функчал и кфурт саву сфурт чунг
то, кфурт ок за кеу замачул.*

p. 59

The merit of Torrens consists in this that he in general arouses (vozbuzhdayet) the disputed question: what is the cost of production. Ricardo constantly confuses the value of a commodity with the cost of production (to the extent that they are equal to the prices of production) & therefore is surprise that Say, altho he defines the price of prod. by its costs, draws different conclusion. Malthus asserts like Ricardo that the price of a commodity is determined by the costs of prod., & ,like Ricardo, includes profit in the costs of production. However, value he determines entirely differently,

1871

Керо узгепрогад офачулт узгепрога кер ке офурт, саву и ке кфурт

not by the quantity of labor embodied in the commodity but by the quantity of labor it can command (pasperyazhat'sya).....

p.61

It is clear that the price of production of an individual commodity ni does not depart from its value, is determined by the value of the whole sum of products of social capital. Thanks to the equalization of profits of separate capitals they relate to each other (otnosyataya) as multiple parts of the aggregate social capital and as multiple parts receive dividends from the general fund of s.v., surplus product, surplus labor, or unpaid labor. This changes nothing in the value of a commodity; this changes nothing in this that, independent of this, whether the prices of production is equal to the value or whether it is greater or lesser than the latter, it can never be produced if the value has not been produced, i.e. if there has not been spent on it a general quantity of labor needed for its production, direct & realised

Handwritten scribble

This quantity of labor, not only the pd. but the unpaid, must be spent on it; & in the general relation between capital & labor nothing is changed by the fact that in several trades part of the unpd. labor is appropriated by the capitalistic "brothers", & not by that capitalist who set labor into motion in that individual branch of industry.

It is clear, further, that no matter what the relation between value & price of prod. of a commodity, the latter will always change, increase or fall, when the value changes, increases or falls, i.e. when the quantity of labor which is need for its production changes. Finally, it is clear that part of the profit must always present s.v., unpd. labor which is realised in the commodity itself since on the basis of capitalist production in every commodity there is contained more labor that is paid for by the capitalist who set this labor into motion. Part of the profit can consist of labor which was not spent on the commodity, produced by the individual branch of industry or received in the individual sphere of prod.; but then there is some other commodity of another branch of production whose price of production falls lower than its value, in the price of prod. in which compute & paid less unpd. labor than is contained in it.

p.62

Here we see how the economists who, on the one hand, discern the real phenomenon in competition, do not on the other hand understand the relations between the laws of value & laws of prices of production, resort to the fiction that capital, & not labor, determines value of commodities, or, truer, that there is no value.

Handwritten notes: "NB" and other scribbles

It is therefore clear that, altho the prices of production of the maj. of commodities must deviate from value & therefore from their "costs of production" must deviate from the general quantity of labor contained in them, yet these costs of prod. & prices of prod. are not only determined by value in correspondence with the law of value, and not despite it, but also on the basis of value & its law can the existence of these costs of prod. be understood & prices of prod. without thas prerequisite they represent (predstavlyaut) absurdity. (bezsmyslitsu)

Handwritten notes: "NB" and other scribbles

pp.62-63

This also shows to what is the distinction between the forms of prod. & distribution (reduced). Profit, the form of distribution, is here at the same time the form of prod., a condition of prod., a necessary ingredient of the process of prod. How stupid consequently are Jas. St. Mill & others--to this we'll return later--who consider the bourgeois form of prod. an absolute one but the bourgeois form of distribution relative, historical, consequently transitory

- 0 -

p.63

The form of distribution is only the form of production sub specie species. Differentia specifica --consequently also the specific limitedness which comprises the limit (predel) of bourgeois distribution enter into prod. itself (samo proizvodstvo) as a definitiveness (opredelennost) embracing and dominating it. But in this that it is constrained, out of force of its own immanent laws, on the one hand, to develop the productive forces as if it did not represent prod. on a limited social basis; on the other hand, it can again develop them only within the limits of this limitedness (ogranichennosti) --in this resides the deepest inner secret (tainsvennaya) reason (prichina) of crises, the contradictions vystupiyushchikh in them, within which it moves which even under a vulgar observance, characterize it only as (historically transitory form. This is understood vulgarly (grubo) but, on the other hand, with in a certain way correctly, for ex. by Pissondi, as a contradiction between prod. for the sake of prod. distribution which excludes the absolute development of production eo ipso.

2. James Mill.
 s.v. profit

p.65

In actuality when the question concerns the bases of compensation between the capitals in various spheres of prod., one has in view not the prod. of s.v. but its distribution between different categories of capitalists. There consequently appear here the points of view which have absolutely no relation to the determination of value as such.....

p.66

The contradiction between the general law the further developed concrete relations is here (Mill-f) supposed to be resolved not by means of searching out the intervening (poststuyuyushchikh) links, but by means of a direct subordination & direct application (prisposobleniya) of the concrete to the abstract.. That this method which we see only in embryo in Mill, considerably more destroyed the whole basis of Ricardo's theory, than all other attacks of enemies, will be seen when we come to Mill. Mill resorts to this method only when ~~thaxrx~~ he absolutely finds no other way out. But his basic method is different(p.67) Already with Jas. Mill we have the unsuccessful (neudachnoye) division: prod., distribution, exchange, consumption.

3. Polemical works, p.83

The time from 1820 to 1830 represents, from the point of view of metaphysics the most significant period in the history of English national (natsional'ny) economy. It is full of theoretical conflicts for & against the Ricardian theory & creates a series of anonymous polemical works. Here we cite only the most important of these & their relations precisely to those points which relate to our theme. But at the same time it is characteristic of these polemical works that they all in essence revolve around the determination (definiton, f) of value in its relation to capital.

a) "Verbal Observer"

" Observations on certain verbal disputes in Pol. Eco., particularly relating to value & to demand & supply, London, 1821.

KM-11

The Disintegration of the Ricardian schoolp.101

In the fact that a commodity appears as money there is contained not only the fact that different magnitudes of the value of commodities are measured by means of their expression in a use value of one ~~specific~~ ^{exclusive} commodity, but also the fact that they are all represented in such a form in which they exist as the embodiment (voploshcheniye) of social labor & therefore can exchange for every other commodity, can be transformed into any use value. Therefore in money--in price--they from the first (snachala) are represented only ideally; it is realized only in actual sale. The mistake of Ricardo resides in the fact that he investigates only the magnitude of value & therefore he is interested only in the relative quantity of labor which different commodities that they contain in themselves as values in an embodied form are represented. But the labor embodied in them must be presented as social labor, as alienated individual labor. In price this is presented ideally. It is realized only in sale. This transformation of all sorts of labor of individuals in a uniform social labor which because of this can be exchanged for any of these, this qualitative ~~and~~ aspect of the question which is obtained in the expression of ex.v. in money is not developed by Ricardo. Ricardo omits from view this circumstance--the necessity to present the labor contained in them as uniform social labor, i.e. in money. The dev. of capital in its turn presupposes already the full dev. of ex. v. of a commodity, poluchivshel in money independent existence. In the process of prod. & circulation of cap. issue from the value as independent forms; it is preserved, augmented, its growth is measured according to its first (pervonachalni) magnitude in all transformations, suffered by commodities in which it is ~~xxxxxx~~ presented & independent of whether it is presented in the most varied use values, changes commodities which serve as its bodily form. The relation between value existing up to prod. & value received as a result of prod.--is value existing up to prod. Capital is capital taken (vziatym) in opposition to profit--is the most important and determining in the whole process of cap. prod. This is not only the independent expression of value as money, but value in the process of motion, value which is preserved in the process where use values go through the most distinct (varied) forms. In capital, consequently, value receives a considerably more independent existence than in money.

Therefore we can judge the wisdom of our very wise (monogomud-revo) critic of "verbal disputes" who looks upon the fact that

~~xxxxxx~~ p.102

ex. v. received an ind. existence as a method of expression, manner of talking, as a scholastic invention (izobretenie)....

p.104

The problem of "unchanged scale of value" in actually was consequently an incorrect expression in order to search for (otyskanie) understanding, the nature of value itself, the definition of which in its turn could not be a value, consequently could not be subject to changes as value. This was labor time--social labor, as it is specifically represented in commodity prod. The quantity of labor has no value, is not a commodity; it is that which transforms commodities into value, their unity; as an expression of this unity they are qualitatively uniform & ~~may differ~~ quantitatively only. They are the definite (the expression of) quantities of social labor time.

4. McCulloch

1874

Vulgerizer of Ricardian eco. & at the same time ~~the~~ ^{its} British representative of its disintegration. (p.131)

for the vulgar economy

I. Capital-Fetish, p.332

The actual profit (of a single capitalist represents to a considerable degree "profit upon expropriation" and to "an individual labor" of a capitalist there is here presented (predostvlen) an especially wide ~~scope~~ scope; it is here a question not about the creation of s.v. but about the division of accumulated profit of the whole class of capitalist among its individual members in the mercantile field. Here this does not concern us at all. Certain aspects of profit, for ex., based on speculation, move only in this sphere. Their analysis here consequently is entirely excluded. Beskonechny: steplye, or vulgar economy is revealed in this that --precisely in order to represent profit in "wages" --it confuses this with profit to the extent that it is conditioned by the creation of s.v. but as the latter and respectable together. Such minds entirely turn by mix up into one pile of expenditure, linked with accounts and make the whole for compensation of capitalists in various spheres of prod.--under the distribution of a sum of profit of the whole class of capitalist --with the causes of exploitation of the workers by capitalists, as to speak with the reasons of explanation of the appearance of profit as such.

....

The form of income and sources of income express the relations of cap. proc. in a fetishistic form. Their being, as it appears on the surface, is separated from from the hidden (skrytoi) ^{connection} and posredstvuyushtchikh links. Thus, the earth becomes the source of ground rent, capital the source of profit and labor the source of wages. The perverted (izvrashchennaya) form in which the actual izvrashchennaya is expressed, is naturally reproduced in the representations of the agents of this method of prod. This is a special (osobovo) kind of fiktion without fantasy, religioznaya is the religion of the philistines. The vulgar economists --it is necessary to distinguish them from economist-follower (issledovatelei) whom we criticized -- in actually translate on their language the representations, motives etc. pogryazshikh in cap. prod., carriers (nositelei) of the latter in whom (in this representations and motives) it (prod) is reflected only in their superficial aspect. They translate these into doctrinaire language but from the point of view of the ruling part of capitalists, therefore not naively and objectively but apologetically. The limited (ogranichenoy) and pedantic expression of vulgar representations which necessarily arise with the bearers of this method of prod. is completely distinct from the ~~strany~~ sufferings (starani) of the politico-economists as the physiocrats, A. Smith, Ricardo, postich an ~~inner~~ inner connection.

Handwritten notes in Russian: "Handwritten notes in Russian: 'The earth becomes the source of ground rent, capital the source of profit and labor the source of wages. The perverted (izvrashchennaya) form in which the actual izvrashchennaya is expressed, is naturally reproduced in the representations of the agents of this method of prod. This is a special (osobovo) kind of fiktion without fantasy, religioznaya is the religion of the philistines. The vulgar economists --it is necessary to distinguish them from economist-follower (issledovatelei) whom we criticized -- in actually translate on their language the representations, motives etc. pogryazshikh in cap. prod., carriers (nositelei) of the latter in whom (in this representations and motives) it (prod) is reflected only in their superficial aspect. They translate these into doctrinaire language but from the point of view of the ruling part of capitalists, therefore not naively and objectively but apologetically. The limited (ogranichenoy) and pedantic expression of vulgar representations which necessarily arise with the bearers of this method of prod. is completely distinct from the sufferings (starani) of the politico-economists as the physiocrats, A. Smith, Ricardo, postich an inner connection.'"

332:

Handwritten initials: "GHT" and "JG 1875"

However, from all these form the most complete fetish is capital which ~~reduces~~ (prinsyachitshi) interest. The primary point of departure of capital --money & the formul. M-C-M here ~~is~~ reduced to both their extreme members M-M. Money which create more more. The primary ~~and~~ (pervonachalnaya) and universal formul. of capital is reduced (svoditsya) to a senseless resume.

The earth or nature, as source of ground rent, i.e. of land ownership is sufficiently fetishistic. But thanks to the mixing up of use v. and ex.v. the ordinary presentation still finds spasseniye in the productive force of nature itself which, thanks to some kind of hocus-pocus is personified in the landowner.

333:

Labor as the source of wages, i.e. the share of the worker in his product which is determined by the specific social form of labor; labor as the source of this that the worker buys from the product (capital in its material form) by his labor razpacheniya to produce and in labor masters a source thanks to which part of the product is returned to him in the form of wages from this product as rabotatel'nyy -- this is also sufficiently pretty (krasivo). But the ordinary presentation here nevertheless so corresponds to the actual situation of things that, although it mixes up labor with wage labor and hence the product of wage labor ~~with~~ wages--with the product of labor--nevertheless one thing is clear to common sense that labor creates its own pay.

About capital, to the extent that is looked upon in the process of prod. remains more or less a presentation that it is a weapon which gives the possibility to live (pozhitivnyy) by alien labor. Whether this is considered "just" or "unjust", based or without basis--here it is always presumed and assumed the relation of capitalist to worker.

in
To the extent that capital is the process of prod. circulation.... in any case profit here is deduced from exchange, consequently from a social relation, and not from a thing.

334: But in capital which cedes interest the fetish is complete (zavershen) ~~which~~//////In the form of capital ceding interest there remains only the definition without the instrument (postredtsiva) of the process of prod. & circulation. In capital and profit there still remains the memory of the past; although the distinction between profit and s.v., yedinobraznoi profit of all capital --thru which the universal norm of profit--capital is already must, darkened, becomes a tennoi thing and a mystery.

In capital ceding ~~profit~~ ^{value} this automatic fetish is complete; self-expanding value, money creating money; in this form there are not traces of its arising. The social relation finds its zaversheniye as a relation of things (money, commodities) to itself.

.....
7. Classical eco. & vulgar eco., p. 364
(conclusion:)

370:

Let us assume that the process of prod. is constantly repeated in the same conditions, i.e. that reprod. occurs under the same conditions as prod. which assumes a non-changeable productivity of labor or in any case assumes that the variations in productivity do not change the relations of the agents of prod; when, consequently, the values of ~~prod.~~ commodities, as a consequence of the changes in productive force are raised or fall, the distribution of the value of a commodity between the agents of prod. would remain the same; in this case, altho theoretically it would be inaccurate if we said that they konstituiruyut to the extent that they are under konstituirovaniem is understood the formation of a whole by means means slozheniya of its parts. The value is constantly divided odinskovo on value and s.v.; and value would razlagalas evenly on wages and profit; profit would evenly fall into ~~profit~~ interest the income of the entreprenery (prodprinimatel) and rent. Consequently it could be said: 1stly, the price of a commodity falls into wages, profit (interest) and rent; and on the other hand, wages, profit (interest), rent constitute value or better price. This ravnomennosti, or equality of reprod.--the repetition of prod. under the same conditions--does not exist. Productivity changes and conditions

371
(of prod.) change. ~condition on their side change productivity.
But the deviation (otkloneniya) are revealed partly in superficial
fluctuations which during a short period are equalized; partly
in a gradual accumulation of divergences which either lead to a
crisis, violent, appearing a return to old relations; or only very
gradually are recognized and strengthened as a change of conditions.
In the form of interest and rent, representing the anticipated
s.v. is assumed that the general character of reprod. remains one
and the same. And this is so while the capitalist method of prod.
continues. Secondly, it is also assumed that to a greater or
lesser degree there also occurs in actuality that for a definite
time the defined relations of this method of prod. remain the same.
In this manner the result of prod. is fixed as a definite, then pre-
sumed condition, precisely as a determined characteristic of material
means of prod. This appearance of independence of different elements
into which falls constantly the price of prod. and which it constant-
ly reproduces put an end to crisis.

Rough translation of the book of Marx
Theories of S.V., vol. 2, part 2, III, Acc. of Cap. & Crisis

- 1. Simple Reprod.
- 2. Transformation of Income into Cap.

p.160
How are matters with the augmentation of cap., with its acc. in distinction from its reprod., with the transformation of income into cap.?...p.161 First of all, consequently, part of s.v. & the corresponding surplus product in the form of m.c. must be transformed into v.c., i.e. it is necessary to buy new labor for it...The augmentation of the population is a basis of acc. as a constant process.

*Close
Read
Part*

p.161
How then do matters stand with the other part of s.v. which must be transformed into c.c. In order to simplify matters we will abstract ourselves from foreign trade & take ~~an isolated~~ ^{an isolated} nation. (zanknutuyu naziu)....(p.162) Consequently in order that the weaver may each year without delay & interruptions transform part of his profit into c.c. & in order that acc. be a continuous process, it is necessary that he find on the mkt. addition quantity of yarn, looms, etc...

Part of the c.c. which annually is counted as worn out & as such enters into the value of the product is in reality not izmashivayetsia. Let us take for ex. a machine which serve 12 yrs. & costs 12 th. lb. st.....Consequently, where there is much c.c. & consequently much (bolshoi) fixed cap., then in that part of the value of the production which replaces the fixed cap., there exists a fund of acc.; it can be utilized tem who applies it for investing in new fixed cap. (or even in circulating cap.) without anything being taken for it from s.v. (cf. McCulloch). This fund of acc, does not exist on those stages of prod. & with those nations who do not have much fixed cap.....

But we wish to stop here on the following. Even if the whole cap., spent on machine prod., reached only such measures (rasmerov) which are necessary for replacement of the annual wearing out

p.164
of the machine, then he would produce considerably more machines than are needed annually since wear & tear partly exists ideally but in reality must be replaced in nature only after after the istecheniya many years....In order that the last be in motion & only continuously be reproduced annually a new constant expansion of prod. is necessary to him who needs these machines; all the more so when he accumulates. Here, consequently, even in the case where the cap. in this sphere is merely reproduced, constant acc. in the other (ostalnykh) spheres of prod. is necessary. But thanks to this this constant acc. also always finds on the mkt one of its elements. Here in one sphere of prod. there is a constant zapas of commodities for acc., for new additional and consumption in other spheres even in the case where nalichny cap. is merely reproduced in this sphere.

...but it is possible that he does not find them on the mkt; then he must order them...On the other hand (p.165) if we supposed that the spinner transforms 3. th. lb. st. (in yarn) but the weaver does not acc., then it will be impossible to sell the yarn even tho there would all conditions for its prod. on the mkt. & these 3 th. lb. st. are in any case transformed into yarn but not into cap.

Credit, on which we will ~~not~~ not stop here, serves as a means for accumulated cap. to be applied precisely not in that where where it is created but there where it has the best chances of augmenting its value.....

p.165

pletely aside & speak only about the mutual relations between producers. If it exists, then, 1stly, they create a mkt for capitals which must replace each other; for one part of the means of consumption the newly employed or better employed wkrs. create a mkt; & since s.v. in the following year is augmented then the capitalists must spend a greater part of income; consequently they also ~~create~~ to a certain degree create a mkt. for each other. But all the same a partain (znachitelnaya) part of the annual product can remain unsold.

NY 12/20/1879

The ques. must now be formulated thus: if we presuppose general acc., i.e. if we presuppose that in all spheres of prod. there occurs more or less acc. of cap., which in reality is a condition of cap. production & to which the capitalist as such strives for even as the hoarder of treasures strives to acc. money (which, however, is also a necessary prerequisite for cap. prod.)--if this is presupposed, what are the conditions of this general acc., to what is it reduced? (svoditsia) Or, since the weaver can serve us as the representative of the cap-ist in general, what are the conditions which give him the possibility to transform without hindrance these 5 th. lb. st. back into cap. & from yr. to year continually continue the process of acc? The acc. of 5 th. lb. st. signifies nothing else than the transformation of this money, of this sum of value into cap. The conditions for acc. of cap. consequently, are entirely the same as the condition for first (pervonachalno) prod. & reprod. in general. ^{can be reduced} ~~But~~ these conditions svoditsia to the following: for one part of the money labor is bought, for another commodities (raw materials, machines, etc. which can serve for productive (promyshlenovo) consumption in this labor process. ...

Handwritten notes on the left margin, including '1879' and 'NB'.

p.166

Thus the matter stand --this was presupposed under prod. & reprod. of cap. thanks to the div. of labor on a social scale (div. of labor & cap. between different spheres of prod.) which ~~exists~~ exists under cap-ist prod., thanks to the simultaneous prod. & reprod. which exist parallel all the surface. This was the condition for a mkt. of prod. & reprod. of cap. The more cap., the higher the productivity of labor, the higher the degree of cap. prod., the greater is the mass of commodities which are found in the stage (stadii) of transition from prod. into consumption (individual & productive) are found in circulation in the mkt. & the greater the guarantee for each individual capital that it will find ready conditions for its reprod. on the mkt. This is all the more true since, as is characteristic of cap. prod., each special (osoby) capital, 1stly, carries on prod. on s.ch a level as is conditioned not by individual demand (orders, etc., pvt. needs) but by the striving to realize ever more labor & therefore surplus labor & to present (dostavit) with the given capital an ever greater mass of commodities; 2ndly, each individual capital tries to occupy the greatest possible place on the mkt. & to crowd out, exclude his competitors. Here the competition of capitals enters. The more developed the means of communication (sobshecheniya), the more is it possible to abbreviate the stock (zapas) on the mkt....

Thus, the acc. of new cap. can occur only under the same conditions as the reprod. of the existing capital.

We here leave out of consideration entirely the circumstance

Handwritten notes at the bottom of the page, including '1879' and 'NB'.

-3-

p.167

when more cap. is acc. than is needed for prod., for ex., when it lies with bankers unutilized. From here the loans abroad --koroche, speculation intensified. Also we do not consider the circumstance when it is impossible to sell the mass of produced commodities, crises, etc. This belongs to the section on competition. Here we wish to investigate only the forms of capital in the different phases of its movement, which is the reason why we all the time presuppose that the commodities are sold at value.....

3. Transformation of Accumulated s.v. into v.&c.c.

p.170

The difficulty which arises here consists in not falling into a vicious circle of prerequisites. Precisely in order to produce more machine, it is necessary of course more material (iron, etc. coal & such) and in order to produce more material more machines are necessary. Whether we presuppose that the industrialists who produce machines for the prod. of machines (with the help of the 1st) represent one & the same class, the question does not change because of this. The following is clear. Part of the surplus product is presented in machines producing machines (at least from the mfr. dostavliaushchevo machines there depends the surplus product in form to the surplus product) It is not needed that the latter be sold, they can in nature enter again into the new prod. as c.c. Here we consequently have the 2nd category of surplus product which directly (or by means of ex. in the same sphere of prod.) enter into new prod. (acc.) as c.c., without passing through the process of the preliminary transformation into v.c.

The question therefore, can a part of s.v. be directly transformed into c.c. in which the s.v. is expressed, directly, immediately enter as a m.p. the sphere of prod. from which it issued as a means of labor, or material--there acc. within this sphere of prod. can & must express itself in the following: part of the surplus product is not sold but directly (or by means of ex. with capitalists of other specialization in the same sphere of prod. who acc. in the same manner) again be included in the reprod. as (m.p.); thus acc. & expanded reprod. here directly coincide. They must everywhere coincide but not in such a direct method.... (p.171) we see here how important is the determination of use value for economic forms.

The general law consists in the following:

where part of the product, consequently, also the surplus product (i.e. use value in which the s.v. is expressed) directly, immediately enter as a m.p. the sphere of prod. from which it issued as a means of labor, or material--there acc. within this sphere of prod. can & must express itself in the following: part of the surplus product is not sold but directly (or by means of ex. with capitalists of other specialization in the same sphere of prod. who acc. in the same manner) again be included in the reprod. as (m.p.); thus acc. & expanded reprod. here directly coincide. They must everywhere coincide but not in such a direct method.... (p.171) we see here how important is the determination of use value for economic forms.

p.171

Secondly we saw that where cap. prod. is developed there (there is also developed the productivity of labor & c.c.; and in particular that part of its share which consists of fixed cap; under these conditions reprod. of fixed cap. in all its spheres along & the parallel reprod. of existing (nalichno) cap. which produced fixed cap., forms the fund of acc, i.e. presents (dostavliaet) the machines, c.c. for prod. in expanded razmerakh/////.....

p.173

A considerable part of c.c., precisely fixed capital

1880

can consist of such cap. which directly enters the process of prod. of m.c., raw materials, etc. or serves to shorten the period of circulation, as roads, canals, telegraphs, etc. or for preservation of stocks of commodities, warehouses etc. or to raise the productivity only after a prolonged per. of reprod. as work.... Depending upon the magnitude of this part of surplus product which is spent on one of such kinds of fixed cap., there results entirely different direct blizhaishiye results (posledstviya) for the reprod. of the m.c. etc.

4. Crises (copied separately)

This should precede the

Vol. II, part I, David Ricardo, 4. Rate of profit, p) formation of a general r. of profit,

because
The general r. of p. arises thanks to the fact that the whole produced s.v. vychityvaetsia on the whole capital of society (class of capitalists); each cap. in each separate sphere of prod. is therefore represented as a corresponding part of the whole capital with one & the same organic composition in the sense of the div. of cap. on c. & v.c. & also on fixed & circulating cap. As such a corresponding part of the whole capital each separate capital draws out from s.v., produced general sum of capital, its dividend in correspondence to its magnitude. The share of s.v. due in the given per. of time, for ex., a yr., on a part of cap. of a given magnitude, for ex., 100, comprises the average profit or general rate of profit in which form it enters into the expenditures of prod. of each sphere of prod..... Assuming the general r. of p. he analyses only exceptional changes in prices, changes which are necessary to preserve this general rate for the continuation of the existence of this general r. of p. *(Ricardo)* has no idea that for the creation of this general r. of p. a preliminary (predvaritelnoye) transformation of value into prices of prod. is necessary, that consequently he, accepting the general rate of profit no longer operates directly with the value of commodities.

(R)
p. 113
Every time that the mass of unpaid labor set into motion by a given magnitude of cap. grows, competition can establish only this, that capitals of a similar magnitude get a similar dividend, similar shares in this augmented surplus labor, but not the fact, that, despite the surplus labor augmented as relates to spent capital, the dividend of each separate capital remains the same, is reduced to the old share in surplus labor...

p. 114
Thanks to his entirely incorrect understanding of the r. of p. Ricardo does not understand at all the influence of for. trade where it does not lower directly the price of means of consumption of the workers. He does not see what a tremendous importance for England has, for ex., the getting of cheaper raw materials for industry & that, in that case the rate of profit is raised, although the prices fall when in the contrary case, under raised prices, the r. of p. can fall even if in both cases the wages remain the same.

Thus the r. of p. grows not as a consequence of the

-5-

expansion of the mkt." (l.c., p.136)

The r. of p. depends not on the prices of an individual commodity, but from the mass of surplus labor which can be realised ~~under existing~~ with the help of the given capital. Also in other instances Ricardo does not understand the importance of the mkt. because he does not understand the essence of money.

*Ricardo
mkt
NO*

To this it is necessary to add also the following remark: Ricardo makes all these mistakes because he wish to bring about (provesti) an identity of the rate of s.v. & r. of p. with the help of violent abstractions. Instead of seeing that Ricardo has not gone sufficiently far in true (vernoi) abstraction & therefore arrives at an incorrect (conclusion?), the ignoramuses (profany) concluded from this that theoretic truths are abstractions which cont radict real relations.

Theories of S.V., Vol.II, xxix2; (2), III. Accumulation of Capital and Crises

4. Crises, 173-218

a. Causes of Crises

173: If we are to presume an expansion of prod. of c.c., i.e. a greater production than is necessary for replacement of old capital, consequently, also for prod. of the previous amt. of means of existence-- then the expansion of prod. of accumulation in spheres which produce machines and process raw materials, etc. does not hold any difficulties. If there exists necessary surplus labour, then these spheres find all means for the formation of new capital, for the transformation of their additional money into new capital, on the market.

174: But the whole process of accumulation reduces itself, 1st of all, to the expansion of prod., which, 1st, corresponds to the natural increase in population, 2ndly, forms the immanent moment for phenomena which are laid bare in crises. Meritum of this expansion of prod. ~~xxxxx~~ is capital itself, the present degree of the conditions of prod. ~~xxxxxxxxxxxxxxxx~~ and the striving of capitalists for enrichment and expansion of capital, which know no limits, and not at all consumption; the latter is from the very beginning (limited -- word inserted by ed. of Ger. ed. as word Marx wrote was illegible)-ff) since the greatest part of the population, that is the working population, can expand its consumption only to certain, very narrow limits; besides, to the extent that capitalism develops, demand for labor is relatively lessened, altho it grows absolutely. In addition to that all equalizations (uravneniya) are accidental, altho a process of equalization of the proportions between capitals invested in various spheres, goes on continuously, but the very continuity of this process presupposes also constant disproportions, which must be constantly evened out (vyravniyat), often in a violent manner.

We must here examine only the forms which capital assumes in various ~~xxxxxx~~ stages of development. Our problem does not include a description of the real condition through which the actual process of prod. passes through. Here it is always presumed that the commodity is sold at value. We are not concerned with the competition of capitals, nor with credit, ~~not~~ with the actual structure of society which does not at all comprise only the classes of workers and industrial capitalists, where, consequently, the consumers and producers are not identical; the first category (consumers, whose income in part is derivative, produced by profit or wages, and not primary -pervichnym) is considerably wider than the second (the category of producers); hence the method of consumption of incomes and the degree of these latter condition (obuslovlivayut) very great differences in the eco. life and especially in the process of circulation and reprod. of capital. However, already when we analyzed money we saw that, to the extent that they present a form, different from the natural form of commodities, just as in their form as means of payment, they include within themselves the possibility of crises, but this is yet clearer in the examination of general nature of capital even before the development of the further real relations which form the whole sum of prerequisites of the real process of prod.

Ricardo rasdelyaet the views poshlovo Say, which belong to Mill, according to which there can be no overproduction, or, at least, general glut of the mkt; we will return to these views of Say when we shall discuss that piteous (zhalkov) person. This thesis is

- 174: based on the postulate that products are exchanged for products, or as James Mill expresses it, on "metaphysical equilibrium between sellers and buyers", which was developed further in the postulate as to demand, determined only by production itself, or also about
- 175: identity between demand and supply (predlozheniya). The same postulate we find also in the form much beloved by Ricardo that every sum of capital can be applied productively in every country:

"But Say, says Ricardo in the 11th ch. on the influence of accumulation on profit & int.,--has already quite satisfactorily shown that there is not a sum of cap. which could not find application in the country because demand is limited only by prod. Every person produce either for sale or for use and he sells only with the aim of buying another commodity which could be directl. useful to him or could be applied to further prod. Thus every producer necessarily becomes either a consumer of his own goods or a buyer and user of commodities of another producer. It is impermissible to presume that for any length of period he would be poorly informed which commodities he could produce with the most profit in order to reach his goal, and that is --to acquire other commodities. Therefore it is hardly probable that he could continue to produce commodities for which there is no demand. (l.c. p.339, 340. Rus.tr.p.212)

Ricardo who everywhere tries to be consistent finds that his authority, Say, has here played a joke on him. He remarks to the above-quoted citation:

"But does the following postulate of Say contradict his own theory? 'The more abundant free capitals in comparison to the possibility of finding an application for them, the greater does the interest fall on excess cap.'" (Vol.II, p.108) If a given sum of cap. can find a use for itself within a country, then can one say that there is such cap. in comparison with the possibility of finding application for them?" (l.c. p.340, footnote. Rus.tr.p.212)

Since Ricardo refers to Say, we will later take up the criticism of these postulates when we will discuss this charlatan. Here we will mention only the following: under reprod., exactly as under acc. of cap. the question not only relates to the replacement of the same mass of use values, which comprise capital, in the previous or expanded dimensions (under accumulation) but of the replacement (vozmeshtcheniye) of the value of the advanced capital with the normal rate of profit. If, consequently, of some sort of circumstance or the aim of a combination of circumstances the market prices of commodities (of all or the majority of them, which is entirely a matter of indifference) will fall lower than their prices of prod. then, 1st of all, reprod. of capital will be po vozmosnosti narrowed (sokrashtcheno). But acc. is even more delayed (zadershivayetsa). S.V., acc. in the form of money (gold and paper) would be transformed into capital only with a loss. Therefore it lies fallow in the bank in the form of a hoard or in the form of credit money, which does not change matters any. The same retardation could result for opposite reasons, if the real prerequisites of reprod. (for ex., under vzodcrashanii of grain) bread) or when xxxx c.c. in nature has been insufficiently accumulated) were absent. There occurs a retardation in reprod. and hence in the process of circulation. Purchase and sale stoichivo are counterposed to each other, and unutilised capital takes the form of money lying fallow.

176: The same phenomenon (and this in the majority of cases precedes crises) when prod. of surplus cap. occurs very rapidly and its reverse transformation into productive cap. so raises demand on all its elements that real prod. cannot keep up with it and therefore the prices of all commodities ~~are~~ included in the formation of cap., rise. In this case the degree of int. falls greatly, no matter how profit grows, and this fall in the rate of int. leads then (privodit) to the boldest speculative undertakings. Retardation in reprod. leads to diminution of v.c., to the fall of wages and the decrease in the quantity of applied labor. This in its turn influences prices and calls forth their new fall.

We can never forget that under cap. prod. the matter is not one directly of use values but about ex. values and especially about the augmentation of s.v. This serves as the motive stimulus of cap. prod. and remarkable is that explanation which, in order in its discussions to separate itself from the contradictions of cap. prod., removes itself (otvlekaetsa) from its bases and transforms it into a prod. destined for the direct consumption of its producers.

Further: the process of circulation of capital extends not for one day, but, on the contrary, is spread for a longer period while there occurs the return of the capital to its primary form; this period coincides with the period during which market prices are made equal to prices of production; during this period there occur ~~such~~ revolutions and changes on the mkt. since great changes in the productivity of labor occur and therefore also in the real value of commodities; thus it is entirely clear from the point of departure ~~of~~ the original capital--to its return at the end of one such period there must occur great catastrophes and there must accumulate (nakopitsa) and develop the elements of crisis which are not at all eliminated by such miserable phrases that products exchange for products. The comparison of value in one period with ~~value~~ ~~of~~ these same commodities at a later per. which Mr. Bailey considers a scholastic invention, forms, on the contrary, the basic principle of the process of circulation of capital.

When the destruction (razrusheniya) of capital is dealt with, produced by crises, then we must distinguish two things.

MB To the extent that the process of reprod. is retarded and there is contracted or in some places completely stopped the process of labor, capital in actuality is destroyed. (unichtozhayetsa) A machine which is not being utilized is not capital. Labor which is not exploited is lost prod. Raw materials which are not utilized are not capital. Use values, and also newly produced machines, which remain either unutilized or incompleated, commodities which rot on shelves (skladaki)-- all this is destruction of capital. All this

177: leads to retardation in the process of reprod. and to this that the existing m. of p. do not in reality act as m.p., nye idut v delo; their use v. and their ex. v. therefore fall (propadaet)

177: But secondly, destruction of capital, produced by crises signifies a devaluation (obestsenseniye) of a sum of values which therefore renew the process of its reprod. as capital in those dimensions. This is destructive fall of commodity prices. Use values are not destroyed under this. What one loses another gains. But the sum of values acting as capital cannot already be renewed as capital in the same hands. Old capitalists have become bankrupt. If the value of their commodities, the sale of which permitted the reprod. of capital, equalled 12 th. lbs. st. out of which, say, 2 th. lb. st. comprised profit and if it falls to 6 th. lb. st., then this capitalist cannot either pay his debts, or begin again to produce with 6 th. lb. st. in the same dimensions when commodity prices will again be raised to his prices of prod., even he no longer had debts. Thus capital is destroyed of 6 th. lb. st. altho the buyer of these commodities, under an upward trend in business, who bought them for half the price of prod., can develop them very well and even receive a profit. A considerable part of the nominal capital of society, i.e. ex. v. of the existing capital is already destroyed for good although precisely this destruction can be very favorable for new reprod. since it does not concern ex. v. That is precisely such a period when the money capitalist is enriched at the expense of the industrial capitalist. As regards the fall only of fictitious capital, of state paper money, aktsy, etc., to the extent that it does not lead to the bankruptcy of the state and aktsionernova society or to the extent that it in general does not hinder reprod., since credit is disturbed on the part of the industrial capitalists who have the paper money--then this represents only a transference of wealth from one hand into another. In general, it acts favorably on reprod., since vyskotchniki, which cheaply acquire these aktsiy or papers in the majority of cases are more predpriimchivy, than the old owners.

b. Overprod. of commodities and surplus of capital

Ricardo is always consistent when he illuminates the question independently. Consequently, ~~maximally~~ the postulate, that overprod. (of commodities) is impossible, is identical with the postulate that a plethora or surplus of capital* is impossible.

*It is necessary here to distinguish the following: when Smith explains a fall in the rate of profit by a surplus of capital, then the question concerns a permanent act, and that is true. On the contrary, prekhodyashtchey overflow of the market by capital's overprod., a crisis presents something different. There are no permanent crises.

-5-

p.178: "Every sum of capital accumulated in a given country can be utilized in it productively, with the exception of that case where wages as a consequence of the rise in prices of ~~commodities~~ articles of necessity is to so strong a degree and there remains little for the profit of capital so little that every wish to accumulate disappears." (l.c. p.344; Rus. tr. p.212)

"From the above it follows that there are no limits to demand and consequently to the application of capital so long as it produces a profit, so that no matter what abundance of capital there is there no other reason which could bring about a fall in profit except the rise in wages. It is necessary to add yet that the only real and constant reason for the rise of wages is the growing difficulty of producing the means of existence for the growing number of wkr.s." (l.c. XXI, p.347,348; Rus. tr. p.217)

What then would Ricardo say about the dumbness (typoymii) of their followers who deny overprod. in one form (general overfulfillment of the market by commodities) and not only recognize it in another form, in the form of overprod. of cap., overfulfillment of the market with capital, in the form of a surplus of capital, but even consider this an essential point of his doctrine?

No a single serious economist of the post-Ricardian period denies (the possibility) of a surplus of capital. On the contrary, they explain crises by that (to the extent that they deduce them from phenomena connected with credit). They thus all recognize overprod. in one form ~~xxxxxxx~~ but deny it in another. Consequently, there remains only one question: how ~~are~~ both forms of overprod. related to each other, what is the relation of the form in which it is denied, to the form in which it is recognized?

Ricardo himself ~~did~~ knew nothing about crises, about ~~general~~ world market, arising from the very process of prod. Crises from 1800-1815 he could explain ~~vzdorozhanie~~ of grain as a consequence of bad harvests, the depreciation of paper money, the depreciation of colonial commodities, etc. since as a result of the continental blockade the market was ~~icreibly~~ contracted on a political, not an economic, basis. Crises after 1815 he could likewise explain partly as a result of ~~bad harvests~~ insufficiency of bread, partly by a fall in prices of corn when England was cut off from the continent, partly by the transition from military to peace times and "the sudden changes in the canals of trade" (Cf. his "Principles", Ch. XIX, which deals with this) flowing from this. The latest historic phenomena, especially the almost correct periodicity of crises on the world market have not allowed the followers of Ricardo to deny facts or explain them as accidental phenomena. In place of this they invented a remarkable difference between a surplus of capital and ~~xxx~~ of overproduction; we are not speaking of those who explain everything by credit in order later (to recognize) that they themselves must again presuppose a surplus of capital. Denying overprod. they utilize phrases and the good conclusions of Ricardo and Smith; the surplus of capital they try to explain the phenomena understandable to them otherwise. Some crises Welton explains, for ex. by a surplus of basic capital, others by a surplus of circulating capital.

179:

179: The very fact of a surplus of capital is recognized by the best economists (for, ex., Fullarton) and that has become so generally recognized a prejudice that even in the compendium of Roscher there appears that phrase as something self-understood. *

Hence the question arises: what is a surplus of capital and how is it distinguished from overprod.? According to those economists capital is equalled to money or commodities. Overprod. of capital is thus overprod. of money or commodities. And yet there is supposed to be nothing in common between these two views. Here it is not even permissible to speak of overprod. of money because money with them is commodities. So that the whole phenomenon is reduced to overprod. of commodities which they recognize under one name and deny under the other. Further, if it is said that very much of basic cap or circulating cap. is produced, then this is based on this, that commodities here are looked upon not in this simple determination but in their determination as capital. But, on the other hand, by this is already acknowledged that under cap. prod. and its phenomena--for ex., under overprod.--it is not a question only of simple relationship where a prod. is a commodity but about special determinations thanks to which it represents more than a commodity, something other than a commodity.

In general there is often included in the phrase: a surplus of capital instead of overprod. of commodities only an empty evasion or stupidity which one and the same phenomenon recognizes as existing when it is called "a" but denies it when it is called "b"; in actuality, consequently, there are here doubts and lack of understanding relative to the naming of the phenomenon and not relative to the phenomenon itself; or (this phrase is conditioned by the strife) to evade difficulties of explanation of the phenomenon by this that it is denied in one form which it contradicts prejudices and is recognized in that form which does not deserve any real thoughts. But, without dealing into this side of the matter, the transition from the phrase "overprod. of commodities" to the phrase "surplus of capital" in actuality represents progress. In what does that consist? (In the acknowledgment) of this that the producers are counterposed to each other not as simple commodity owners but as capitalists.

180:

c) The unity of purchase and sale, of the process of prod. & process of circulation

We will here cite some quotations from Ricard?:

"The cited place makes one think that in the view of Adam Smith we must for some reason produce a surplus of grain, woolen and metal ~~xxxx~~ products and that capital which produces these commodities could not have found another utilization. But in

*In any case, truthfulness demands that it be shown here that some economists like Yure, Corbett and others, consider overprod. a common conditions of heavy ind. to the extent that it is a question of an internal market of the given country since overprod. only under certain circumstances leads to crises--when the foreign mkt. is also contracted.

180: reality the choice of method of utilization of cap. depends only on us and therefore there cannot be a surplus of commodities during any lengthy period of time. In the opposite case its price would fall below its natural level and capital would be transferred into a more profitable undertaking" (l.c. p.341-342, footnote; Rus. tr. p.213)

"The products are always sold for products or services; money serves merely as an instrument of achieving this exchange." An individual commodity can be produced in a surplus quantity and the mkt. will be so overfilled that the capital spent on this commodity will not be realized even. But that cannot occur simultaneously with all commodities. (l.c. Ch. XII, p.341-342, Rus. tr. 213)

"Whether profit as a result of the growth of prod. and called forth by this demand is lowered or not depends exclusively on the growth of wages and the rise in the latter, except for a short per., depends in its turn on the ease of producing articles of food and necessity of the worker." (l.c. p.343, Rus. tr. p.214)

"If merchants invest their capital in foreign or transport trade ~~as they do~~ not because of necessity but out of free choice; they do that because profit in this branch of trade is somewhat higher than in internal trade" (l.c. p.344, Rus. tr. p.215)

So far as crises are concerned, all authors who describe the actual movement of prices, or all practical entrepreneurs who write in the given moments of crisis, correctly ignore ~~by~~ the theoretical muddle and limit themselves to the assertion that the doctrine as to the impossibility of glutting of the mkt. is correct in abstract theory but is incorrect in practice. A correct repetition of crises in reality ~~nizvelo~~ ~~strygniu~~ Say and other to a phraseology which can be used only in periods of prosperity but is thrown away in periods of crises.

In world crises there ~~are~~ ~~burno~~ appear the contradictions and counterpositions of bourgeois prod. Instead of analyzing in what consist the contradictory elements which show themselves (proryvayetsa) in a ~~crisis~~ ~~catastrophe~~, the apologists satisfy themselves by ignoring the catastrophes themselves and, despite their ~~zakomernuyu~~ periodicity stubbornly assert that if prod. would proceed according to texts, then the matter would never lead to a crisis. Apologetics here consists in the perversion of the simplest eco. relations and especially in this, that despite existing contradictions unity remains (otstavluyetsa)

If, for ex., purchase and sale or movement of the metamorphosis of commodities represents the unity of two processes or, truer yet, one 181: process going thru two opposite phases if it, consequently, represents in essence the unity of both phases--then in this movement there occurs also in essence a division of these two phases which become independent in relation to each other. But since they are all the same linked between each other then the aggregate (obosobleniye) of the moments linked with each other can appear only violently, as a destructive process. Precisely in crises their unity, unity of differences, is manifested. The independence which the moments linked with and supplementary to each other acquire is violently destroyed. A crisis reveals, consequently, the unity of moments which have become independent in relation to each other.

*This means that money is only a means of circulation and ex. v. is only momentary (mgovennaya) form of ex. of product for product, which is incorrect.

181: Without this inner unity, evidently, of moments which are indifferent in relation to each other, there would be no crisis. But the apologist-economist says no. Since there is a unity, there cannot be crisis which again means only that the unity of contradictory (moments) excludes contradiction.

In order to demonstrate that cap. prod. cannot lead to general crises there is denied all conditions and determinations, all principles and differentia specifica, in short, cap. prod. itself; in reality, it is shown that (all) the cap. method of prod. represented not a specific developed, original form of social prod., but such a method of prod. which is characteristic of the lowest degree of social dev., then the contradictions characteristic of it, and hence their appearance in crises, did not exist.

"Products, says Ricard after me,--always are bought for products or are required for services; money is only the means with the help of which this exchange is achieved."

Here, consequently, there is first of all, a commodity in which is comprised the opposition of ex. & use v., is transformed merely into a product (a use value) and by this token the ex. of commodities is transformed simply into an ex. trade of products only as use values. We are pushed back, not only backward of cap. prod. but also behind simple commodity prod. and the most complex phenomenon of cap. prod.--world crisis--is denied by means of denying the first condition of cap. prod., that is that a product must be a commodity that it must therefore be represented in money and go through that process of metamorphosis. Instead of speaking about wage labor, "services" are here spoken of --a word which again excludes the specific determination of wage labor and its designation--that is, the augmentation of the value of commodities for which it is exchanged, the creation of s.v.; in this manner there is excluded that specific relation thanks to which money and commodities are transformed into capital. "Service" is labor, looked upon only as a use v. (secondary importance in cap. prod.) just as

P. Q. ...

182: in the word, "product" there is hidden the essence of a commodity and the contradiction included in it. Money are then quite consistently looked upon as a simple ~~xxxxx~~ medium of exchange of production and not as an essential and necessary form of existence of a commodity which must appear in the form of ex. v.--of undifferentiated social labor. Since with the transformation of a commodity into a use value (product) there is eliminated the essence of ex. v., then it is easy, or, moretar, even essential to deny money as an essential form of a commodity which in the metamorphosis appears independent in relation to the primary form of a commodity. Here, consequently, one talks himself out of crises by means of considerations which forget or deny the primary prerequisites of cap. prod.: the existence of a product as a commodity, the razdvoenije of a commodity into a commodity and money and the moments flowing from this of the division into commodity exchange, finally the relation of money or commodity to wages.

113

No better do matters stand with those economists (for ex., J.St. Mill) who wish to explain crises by such simple ~~xxxxxxxx~~ possibilities of crisis as the division of purchase and sale, included in the metamorphosis of commodities. These determinations which explain the possibility of crisis are far from explaining this possibility into a reality. They do not yet explain why phases of the process enter into such a conflict that their inner unity can express itself only in a crisis, only by means of a process of force. This division appears in a crisis; it is its elementary form. To explain

182.

crisis by this elementary form means to explain the existence of a crisis in such a manner as to express its existence in an abstract form; that means, consequently, to explain crisis by crisis.

"Every man--says Ricard--produces for consumption or for sale and he sells only with an aim to buy another commodity which could be directly useful to him or could be used in further prod. Thus every producer necessarily becomes either a consumer of his own products or or buyer and consumer of the ~~xxxxxxx~~products, of another producer. It is impersible to allow that during a lengthy per. of time he will be badly informed about this that the commodities....."

This childish muddle becomes a Say but not a Ricardo. First of all not a solitary capitalist produces in order to consume his product. And when it is question of cap. prod. then it is correct to say that "no one produces, having in view the consumption of his own product" even in that case when he takes part of his own product for industrial consumption. But here it is a question about private consumption.....

183- Money represents not only a "means with the help of which an exchange is achieved, but also... means thanks to which the exchange of one product for another falls into two acts, which do not depend on one another and are divided in space and time. But this mistaken concep-

184: In the metamorphosis of commodities the possibility of crisis expresses itself in this manner:

*Use value
Ricardo*

tion of money is based, with Ricardo, on the fact that he has in mind only the quantitative determination of ex. v., that is that it is equal to a definite quantity of labor time; but he forgets the qualitative determination, that individual labor must, by means of its alienation be presented in the form of abstract universal social labor....

First, the commodity which really exists as a use v. & ideally, in price, as an ex. v. must be transformed into money, C-M. If this difficulty is overcome, if the sale occurred, then the purchase, M-C presents no difficulties since money can be directly exchanged for everything. The use v. of a commodity, the useful labor included in it, must serve as a prerequisite, otherwise it is not a commodity at all. Further, it is assumed that individual value of a commodity is equal to its social value, i.e. that the labor time materialized in it is equal to the labor time socially-necessary for production of this commodity. The possibility of a crisis, to the extent that it is manifested in the simple form of metamorphosis, is consequently conditioned only by this, that the distinction of forms --~~xxxx~~ phases through which it passes through in its movement-- , firstly, represent necessarily forms and phases supplementary to each other; secondly, that, despite this inner necessary link, they represent indifferently independent parts of the process and form that are counterposed to each other, divided among themselves as to time and space, divided and separated from each other. Consequently, this possibility is included only in the division of sale and purchase. The difficulty which here must be overcome, is linked only with the form of the commodity. When it has a monetary form, then this

*~~xxxxxxx~~ As to the fact that Ricardo (sees) in money only the means of circulation, we must (consider this as we did the fact that) in ex. v. he (sees) only a momentary form, something which is only formal in bourgeois capitalist production; it is for this reason this latter represents itself to him not as specific of a definite method of production but as any method of prod. in general.

184: difficulty is already overcome. Further, however, this too is reduced to a division of sale and purchase. If the commodity could not be iz'yat from circulation in the form of money or if the converse transformation of money into commodity could not be postponed, if--

185: as is the case under directly exchange trade--purchase and sale coincided, there would disappear the possibility of crisis under sdelaynykh prerequisites. Because it is assumed that commodity is a use v. for other commodity owners. In the form of direct exchange a commodity cannot be exchanged ~~with~~ in the instance where it is not a use v. or where the other side has no other use v. to exchange for it; or when one side produces useless things or the one side there is nothing ~~it's~~ useful that could serve as an equivalent for use v. which is had on the other side. But to the extent that the exchange occurred, its moments were not divided. The purchaser would have been a seller and the seller a purchaser. The critical moment, flowing from the form of exchange--to the extent that it represents circulation--would consequently fall away and if we say that the simple form of metamorphosis includes the possibility of crisis, we speak only of the fact that in this form there lies the possibility of break and raspadeniya in the essence of moments supplementing each other. But this concerns also the content.....

186: And a crisis is nothing else than the violent realization of the unity of the phases of the process of prod. which became independent in relation to each other.....

But the reason why this possibility of crisis becomes a crisis is not contained in its form; here we present only the form for crisis.Consequently it can be said that a crisis in its first form is the metamorphosis of commodity, the division of purchase and sale.

Crisis in its second form (is conditioned) by the function of money as a means of payment where money figures in two in two distinct moments divided from each other in time, in two distinct functions. Both these forms are still completely abstract, altho the second is more concrete than the first.....

188: But these are only forms, general possibilities of crises....They manifest the existence of a crisis in its simplest form and also in its simplest content to the extent that this forms are its simplest content. But this ~~is~~ not yet conditioned (obosnovanoye) content. The simple circulation of money and also circulation of money as a means of payment are possible and in actuality are present without crises. (Both) one and the other were present long before cap. prod. without crises occurring. Why, consequently, do these forms reveal its critical side, why is it that the contradiction contained in them potentially manifest themselves as such, this it is impossible to explain when one takes as his point of departure only these forms.)

We see from this that stupidity of the economists has come who could not through discussions eliminate the phenomenon of overprod. and crises and consoled themselves with this that in these forms is given only the possibility of the coming of crises and that, consequently, it is accident that they in actuality do occur and thus their very occurrence appears only an accident.

196:

page

The very relation of laborer and capitalist includes the following:

197:

1) The majority of the producers (workers) are not ~~even~~ consumers (purchasers) of a very considerable part of their product, that is, of materials and m. of p.

2) The majority of the producers, workers, can use only an equivalent of their product during such time as they produce more than this equivalent--s.v. or surplus product. They always must be ~~producers of overprod.~~ i.e. to produce more than corresponds to their needs, in order to be able to be consumers or purchases within the limits of their needs.

consequently, as concerns this class of producers, then, in any case, the assertion of the unity of prod. and consumption manifests itself prima facie as untrue.

If Ricardo says that the single limit to demand is prod. itself, and the latter is limited by capital, then it is necessary to eliminate from this postulate the mistaken prerequisites, and in that case they will signify nothing other than that cap. prod. finds a limit only in capital, besides which under this latter is understood also l.p. included in capital (bought by it) as one of the conditions of its prod. But immediately there arises the question, does capital as such present also the limit of consumption. In any case it exists in a negative sense; i.e. cannot be utilized more than there is produced. (But the question consists in this, is the limit positive (pozozhitelnoj)? Can it or must it be consumed -- on the basis of cap. prod.--as much as was produced? The postulate of Ricardo, under a correct analysis, signifies the exact opposite of that which it wishes to say--precisely, that prod. occurs not in accordance with the existing limits of consumption, but it is limited only by capital itself. And that, in any case, is a characteristic of this method of prod.

Thus, in accordance with the postulate, the market can be glutted, for ex., with cotton (bunazhnyy tkanyay) because they partly cannot be sold entirely or can be sold only considerably below their price, or, let us say, value. ~~Let us for the time being speak about value since in the analysis of circulation or the process of reprod. we still deal with value, and not with price of prod. and still less with market price.~~ By the way, in all this analysis, it is the following is self-understood: it is impossible to deny that in separate spheres there can be produced an awful lot and therefore in other spheres very little can be produced, that, consequently, partial crisis can be called forth by the disproportionality of production (however, proportional prod. is always only a result of disproportional prod. on the basis of competition); the general form of this disproportionality of prod. can be, let's say, overprod. or the basic capital or overprod. of circulating capital.* In order that commodities sell at their value, it is necessary that only the socially-necessary labor time, so that for the purposes of the special sphere of cap. prod. there is only the necessary

Handwritten notes:
Circled 'value' in the text above.
Circled 'the exact opposite' in the text above.
Circled 'partial crisis...' in the text above.

198:

*When the spinning machine (pryadil'naya) there was an overprod. of thread (pryazha) in comparison to tkatskimi masterskimi. This non-conformance disappeared with the introduction of mechanical tkatskikh statskov.

Handwritten initials: MB

condition that only socially labor time is expended on them-- only that labor time which is necessary for the satisfaction of social needs (demand). If more is expended, then, altho a single commodity contains only the necessary labor time, the sum contains more than the socially-necessary labor time; in the same manner exactly, altho a single commodity has use value, but the sum, under the given conditions, loses part of its use-value.

However, we speak here (not) of crises to the extent that it is based on disproportional prod., i.e. on an incorrect distribution of social labor between separate spheres of prod. About this we deal only to the extent that we speak of the competition of capitals. It was already stated that ~~but~~ the rise or fall in market value as a consequence of such nesozameresti leads to izlyatiu of capital from on sphere of prod. and its transfer into another sphere, to the pereivaniu of capital from one branch of prod. into another. However, this equalization itself already presupposes its opposite and there can include a crisis in itself, and the crisis itself can be a form of such equalization. But Ricardo and the others recognize such type of crises.

In the analysis of the proces of prod. we saw that all striving of cap. prod. is reduced to getting the greatest possible quantity of surplus labor, consequently, to the materialization of the greatest possible of direct labor time with the aid of a given capital, or by the lengthening of labor time, or by the contraction of the necessary labor time thanks to the raising of the productivity of labor, the application of cooperation, the division of labor and machines etc.--in short, thanks to the prod. on ~~the~~ ^{higher} level, consequently, thanks to mass prod. In the existence of cap. prod. there thus resides prod. which does not take count of (ne stchitau-shitcheeca) with the limits of the market.

Handwritten notes:
HB
NB
NE

In the process of reprod. there first of all is presupposed that the method of prod. will not change and that it will remain for a time the same under expanded prod. The quantity of produced commodities here is augmented because a greater capital is applied and not because the capital is applied more productively. But already the quantitative augmentation of capital includes in itself ~~itself~~ a rise in its productive force. If its quantitative augmentation results from a dev. of productivity, then the dev. of productivity presupposes, on the contrary, a wider, expanded capitalist basis. There here occurs ~~intax~~ mutual interaction (vzaimodeistviy)// Expanded reprod.--accumulation--at first, it is true, presents a quantitative augmentation of prod--with a greater sum of capital under the same conditions of prod; but at a certain point it presents also a qualitative change --a rise in the productivity of the conditions under which reproduction takes place. Therefore the mass of products is augmented not only to the measure in which in corresponded to the increase of capital under expanded, i.e. accumulation.....

199:

Handwritten note: Prod. which does not disregard the limits of the market.

key

.....
p. 209:

The condition of overprod. is the general law of prod. of capital: production proceeds in accordance with the productive forces, i.e. in accordance with the possibility under a given mass of capital to exploit the maximum quantity of labor, not taking into acc't. the existing limits of market, the solvent (platezhespo-^{demands}soynny) needs, and this is achieved by means of the constant expansion of repro. and accumulation, that means, by means of the constant circulation or transformation of income into capital; besides, on the other hand, the mass of producers is limited and, in consonance with the nature of cap. prod., must always be limited by an average magnitude of needs.

210:

2. Accumulation and consumption

In Ch. VII "About taxes", Ricardo says:

"When the quantity of products received within a year in a given country considerably exceeds its annual consumption, it is said, that its capital is augmented; when its annual consumption does not even cover its annual prod., it is said that its capital is decreased. Thus capital can augment itself ^{either} in consequence of an augmentation of prod. or in consequence of a decrease of non-productive consumption." (i.e. p.162,163)

Under "non-prod. consumption" Ricardo here understands, as he remarks in the following words, the consumption of non-productive workers "those who do not reproduce new value." Under augmentation of annual prod. is understood, consequently, augmentation of annual industrial consumption. The latter can be increased by means of a direct extension under unchangeable or even growing non-industrial consumption. "When we say --it is remarked there--that income is saved (sberegayetsa) and added to capital, we presume that that share of income about which it is said that it comes closer (prihlizhayetsa) to capital, is used productive workers instead of non-productive ones."

I have shown that the transformation of income into capital is not at all identical with the transformation of income into v.c. or with its expenditure for wages. But that is exactly what Ricardo thinks.....

Consequently, not the consumption of income by productive wkrs makes consumption "productive" but consumption by workers who produce s.v. Capital, according to this view, is augmented only in the circumstance when it is spread (rasporyazhayetsa) by a big quantity of labor (then he pays for).....

211:

.....it is necessary here first of all to note that Ricardo recognized that "acc. of capital....in all cases must depend on the productivity of labor", since labor, and not capital, is prius.

.....

e) Expanded production and expansion of market

201:

however, the acknowledgment alone, that the market must expand along with prod., would present, on the other hand, again the acknowledgment of the possibility of crisis overprod. since the market has outer geographic limits; the internal market is limited in comparison with the market which is both internal and external; the latter again limited in comparison with the world market which is in in any given moment limited, (altho) in itself it is capable of expansion. Hence, if we recognize that the market must expand in order that there should not be overprod., we by that token recognize that overprod. must result because since the market and prod. (present, two independent moments), then it is possible that expansion of one of this does not correspond the expansion of the other, that the limits of the market are not expanded for prod. sufficiently rapidly or that new market -- new expansions of the market -- are rapidly outdistanced (obgonyvaemy) by prod. since expanded market now appears as a limit, just as earlier the narrower was.

Hence Ricardo quite consistently denies the necessity of the expansion of the market with the expansion of prod. and the growth of capital. The entire capital in a country can be profitably spent in that country. He polemicalizes therefore against A. Smith who, with on the one hand, explicitly (vyskazyvayet) his (Ricardian) view, and with his usual wise (razumnym) instinct also contradicts him. Smith also does not know the phenomena of overprod., of crises as a consequence of overprod. He knows only credit and money crises which are linked with the credit and bank system. In actuality he sees in the accumulation of capital an indubitable augmentation of the general national wealth and well-being. On the other hand, he examines only the single development of the internal market into external, colonial and world market as a proof, so to speak, of relative (existing in itself) overprod. on the internal market. Here it is interesting to cite the polemic of Ricardo against him:

"If merchants invest their capital in foreign or transport trade, then they do this not out of force of necessity, but out of free choice; they do this because profit in one branch of trade is somewhat higher than internally.

"Adam Smith entirely correctly remarked: The need for food of a single individual is limited by the limits of the human stomach*, but the strife for comfort, the wish to have good room, seems not to have limits at all.

"Therefore the nature necessarily limits the quantity of capital which can be expended profitably in agriculture** but it did not put up any limits to the magnitude of capital which can be expended on prod.....

From the above it follows that there are not limits to demand and hence to the utilization of capital which it results in a profit: that no matter in what surplus of capital there was there would be no other reason for the fall of profit except a rise in wages. It is necessary to add also that the only, real and constant reason for the rise of wages is the growth in the difficulty of producing food and articles of necessity for a growing no. of workers. (l.c.ch.21, pp.344-8)

*Smith is here greatly mistaken since he excludes articles of luxury of agric. **Is it not therefore that there are nature who export agricultural products? As if it were impossible, despite nature, to invest any capital in agric. in order that in England, for ex., to produce berries, grapes, etc. flowers and others? And as if raw materials used in industry would not be produced with agric. cap.? We will show for ex. capital which Romans (rimlyone) spent

Only Am. orthodox pay attention please

203

203:

The word, overprod., in itself leads to confusion (zabluzhdeniye). While the most nasuchtochnyye needs of a considerable part of society ~~are not satisfied~~ (are not satisfied), or only the most direct needs, absolutely, of course, there cannot be any talk about overprod. of production in the sense that the mass of products would present a surplus in comparison with the need for them. It is necessary, on the contrary, to say that on the basis of cap. prod. in this sense there is constantly produced very little. The limit of prod. is the profit of the capitalist, and not at all the consumption of the producers. But prod. of products and overprod. of commodities represent two entirely different things. If Ricardo assumes that the form of a commodity is a matter of indifference to the produce, further, that commodity circulation only formally is distinguished from exchange trade, that ex. v. here presents only a transitional form in exchange of things, that money therefore is only the formal weapon of circulation then this in actuality flows from its prerequisites (preposylki), that the bourgeois method of prod. presents the absolute method of prod. and therefore does not have a more specific determination, that means that all his determinations represent only something formal. Thus he must not recognize that the bourgeois method of prod. includes in itself the limits for the free development of the productive forces, the limits which are manifested in crises and, by the way, in overprod.--the basic phenomenon of crisis.

204

Ricardo saw in the postulates of Smith quoted by him, which he recognized and repeated after him that limitless "sin" to have every sort of use value always is satisfied on the basis of such a composition of society where the masses of producers are more or less limited also in even in the necessary when this very significant mass of producers, consequently, is more or less excluded from the consumption of wealth to the extent that it goes outside of the circle of necessary means of existence.

The latter, by the way, is true already to a great degree also in ancient prod. based on slavery. But the ancients did not even think about the transformation of surplus products into capital. In any case this occurred only to an insignificant degree with them. A widely developed method (obyshoi) of gathering sokrovishcha in its own sense of the word testifies to how how much surplus product lay without any kind of utilization. A considerable part of the surplus product they used for non-productive expenditures, on artistic productions on articles of religious cult, on social works. ~~XXXX~~ To an even lesser degree was their prod. directed to the dev. of material productive forces -- on the division of labor, introduction of machines, application of the forces of nature and science in private (chastnom) prod. In general they did not go further than handicraft labor. The wealth they created for private consumption was therefore relatively little and it seems large only because it was concentrated in the hands of few people who, besides, did not know what to do with it. If the ancients had no overprod., then they had chresmernoye consumption by the rich which, in the last periods of the history of Rome and Greece degenerates into bezumnnoye rastochitelstvo. Few commercial nations among them lived partly at the expense of all these essentially poor nations. The basis of contemporary overprod. serves, on the one hand, as the indispensable development of the productive forces and hence mass prod., under which the mass of producers are limited by a circle of necessary means of existence and the frame of the profit of the capitalists on the other.