

THE LAW OF VALUE AND CAPITALIST SOCIETY

"It (capitalist production) is, finally, the production and reproduction of the whole relationship, thanks to which this direct process of production is characterized as specifically capitalistic." --K. Marx (153)

I. Commodities in general and the commodity labor power in particular

Marxist textbooks for generations have repeated the following truisms as self-evident. Capitalism is a form of society in which the means of production and the land are the private property of the capitalists and the worker is compelled to sell his labor power at the cost of his production and reproduction in order to be able to live. The motive force of this mode of production is the desire of the capitalist for profit. This profit is gained in the following manner: capitalist production produces commodities; commodities are sold for money and the money contains what the capitalist spent plus a surplus, a part of which is his profit. In order that the society may be looked upon as capitalist it seems essential to have this process of money in the pocket of the private capitalist, buying of labor power and means of production, the production of commodities, the selling of the commodities on the market for more money, etc. All this is true, but it is not the whole truth. Marx did not have to spend all these years to prove that.

Marx's primary theory is a theory of value. He analyzes ~~many~~ commodities and shows that the exchange of commodities is an exchange of certain quantities of labor. Now commodities were exchanged sporadically for centuries before capitalism. Capitalism begins when

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(15) This is from an published chapter of Volume I of Capital, titled by Marx: "Chapter VI. The Results of the Direct Process of Production", and divided into the following three sections: 1) Commodities as products of capital, of capitalist production. 2) Capitalist production is the production of surplus value. 3) It is, finally, etc., as above. First published by Marx-Engels Institute in 1933, Archives of Marx-Engels, II(VII), in parallel pages of the original German and the Russian translation. Quotations here are from the Russian translation. The original German can be found in the pages facing the ones I enumerate.

the power of the laborer becomes a commodity. It is only from the moment that the direct producer must "instead of a commodity sell his own capacity to labor as a commodity"^{3/}(16) that commodity production becomes capitalist commodity production. Hence it is more correct to call Marxist theory of capital not a labor theory of value, but a value theory of labor.

It is obvious from the very nomenclature that the primary feature of commodities in general, of commodities in commercial capitalism, is that they are sold on the market. It should be equally obvious that the fundamental feature of labor power as a commodity is not that it is bought or sold on the market*, but the specific function which it performs in the process of production.* This is the issue. This is the hub around which all of Marxist theory, production, circulation, and production taken as a whole revolves.

1. Appearance and reality

Marx repudiates entirely the idea that the sale and purchase of labor power was the essential mark of capitalist society. This he shows is only "an apparent exchange...The relation of exchange subsisting between the capitalist and laborer becomes a mere semblance pertaining to the circulation, a mere form, foreign to the real nature of the transaction and only to mystify it. The ever repeated purchase and sale of labor power is now the mere form; what really takes place is this -- the capitalist again and again appropriates

2/ (16) Ibid, p.59

*Cf. Capital, Vol.II, p.37: "The peculiar characteristic is not that the commodity labor power is saleable but that labor power appears in the shape of a commodity."

**Cf. Capital, Vol.I, 216: "the specific use-value which this commodity (labor power) possesses of being a source not only of value, but of more value than it has itself."

without equivalent, a portion of the previously materialised labor of others and exchanges it for a greater quantity of living labor." (17)

It is a fact that the capitalist, owing to the nature of the very process of production, must in the process of production aim at a greater value. It is this which makes the process capitalist. In the unpublished chapter of Capital Marx goes so far as to say openly what is implicit in his whole analysis, that the purchase and sale of a commodity is the beginning of the process, yet the fact that it is a commodity which is produced is an accidental and incidental factor. The main aim and compelling motive of capitalist production is the augmentation of value, the expansion of the values of commodities he purchased. It is not the commodities which characterise the system as specifically capitalistic but the value form of capital. Marx writes:

"The magnitude of the value must grow, i.e. the present value must not only preserve itself, it must create an addition..... In this simple, rudimentary value or money expression of capital (rather, that which must become capital) where it is divorced completely from the use-value to which it was bound it is furthermore abstracted from every disturbing force and subsequently confusing incidental factors of the real process of production (the production of commodities, etc.) there is revealed abstractly and simply the characteristic specific nature of the capitalist process of production." (18)

Why is it that the characteristic specific nature of capitalist production is revealed in this compelling necessity of getting a greater value than the value expended. It is simply because, and this is the crucial point, it is this which determines what the market is going to be. The idea that the capitalist in an

(18) Archives, II (VII), p. 7

24-7X
isolated capitalist society thereby will have a larger market than a group of individual capitalists is completely false. The market for consumption goods is just sufficient to allow the capitalist to continue his search for greater value. It cannot be larger.

2. Socially-necessary labor time

The moment the capitalist attempts to make the market larger, that is gives the worker a value for his commodity labor power greater than what is necessary for its production and reproduction, thereby the cost of all commodities go up. The average of the socially necessary labor time, the amount of value over that value or the surplus gets less and the capitalist is made to understand that he is living in a value producing society and must obey its laws or perish. The market cannot be increased in a value-producing society. That is the significance of Marx's basic assumption that the worker is paid at his value, the socially necessary labor time, which means the minimum time requisite for the production and reproduction of labor power. In other words, he is given just that amount as wages which he requires to live and reproduce his kind, with all the necessary modifications brought about by trade unions, the historic standard of living in the country, etc. This is the basis of capitalist production, and we must understand it or never leave the petty-bourgeois quagmire of "underconsumptionism". To say, as it has been stated in this controversy, that in all class societies the worker is paid at his value, the cost of his production and reproduction, *Edward and Victoria Moore for the day of Marx*

Under slavery the slave received, obviously, the cost of his production and reproduction, but he was not paid at his value,

because the production was not according to value. The amount of

(17) Cf. Vol. III, Capital, p. 1018: "It is quite immaterial for him whether he realizes the value and surplus value in his commodities by their sale, provided only that he gets his customary profit of enterprise or more than that, so long as he pockets this surplus over and above the individual cost price determined for him by wages, interest and rent."

21
-15-

"socially necessary labor time" necessary for the production of articles of use or of a commodity did not go into the calculation either consciously or unconsciously, even when there was production for the limited market of those days. Obviously, a slave who took two to three days to till a field or to make a chair when only one day was necessary would be whipped. If he persisted, he might be killed, but the productive system itself, in industry, in production was static. Socially necessary labor time could not concern them because, as Marx has repeatedly pointed out, their main concern of the industrialist in all pre-capitalist societies was to maintain the industrial system such as it was, without change. There were isolated inventions during the feudal period. They could not change the whole method of production because for long periods they remained isolated in application, owing to the conservative character of the industrial classes forced upon them by the circumstances of their time.

With capitalism we have an entirely different system, a system governed by the law of value which compels constant change and development in the means of production and method of production. As Marx has written in the Communist Manifesto: "The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production and with them the whole relations of society. Conservation of the old modes of production in unaltered form was, on the contrary, the first condition of existence for all earlier industrial classes. Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguished the bourgeois epoch from all earlier ones." At the basis of this disturbance and agitation is the law of value.

II. What the Law of Value is Not

(1) Non-capitalist societies

First of all let us see what the law of value is not by continuing our investigations of societies where the law of value does not function. Let us imagine an abstract socialist society where the population is kept stable over a period of years but the productive system increases in productive functions through the development of the capacities of the individual, etc. The society produces 50 billion man hours of labor power a day. The laboring population consists of 10 billion laborers. The calculations will be made as follows: 5 billion man hours of labor for replacement and expansion of production, 5 billion man hours of labor for administration, education, etc., 5 billion for reserve, and the remaining 35 billion man-hours of labor is for consumption, and this can be divided roughly on the average of 3.5 man hours of labor per worker. Let us suppose that in 5 years time, by increased productivity, the man hours of labor of the same society is now 75 billion man hours. Expansion may be apportioned 10 billion, education and administration 10 billion, reserve 5 billion, and the amount available for consumption is therefore 50 billion, and each worker therefore has at his disposal for consumption 5 man hours of labor. Let us carry it further. In another 5 years the man hours of labor is 100 billion, expansion will be apportioned 15 billion, education and administration 15, reserve 5, and 65 billion remains. The society may then decide to stay at 100 billion man hours for a period and work less hours per day and divide the work. Here we have the kind of society that does not produce according to value.

In a value producing society the man hours of labor may be 50, 75 and 100 billion. The wages of the worker will remain what it costs to produce and reproduce him. There is no choice. It must remain there. Hence, one reason why there is a certain line to the development of capitalist production. From a passage in Vol. III(19) and (19) Capital, p. 1028

from various other indications, it is clear that what Marx had in mind was the following: according to the technological development of society a certain number of man hours of labor are at the disposal of every society. If, for instance, the technical level is such that you have barely sufficient for each person, you have primitive communism. When the technical level is a little higher, you have a certain number of man hours which compel a slave and later a serf society. When the technical level of production is extremely high, with a tremendous number of man hours at the disposal of society, you have a socialist society. But between feudal society with a certain level of man hours, and socialist society at a far higher level, you have such an amount of man hours at the disposal of society which compels value production. In value production the accumulation of capital means stage by stage the accumulation of misery.

In non-value production on the level of the high technique, you may not have complete socialism. The society may be transitional, but the development of the productive forces must carry with it the development and the expansion of the consumption of the worker. Although the existence of the world market seeks to influence the transitional state and the consumption is divided among the producers according to bourgeois standard in the sense of each receives 5, but one may receive 6 and another 4, but the whole law of motion of the economy is entirely different from the law of motion of value production. In the early years ^{of} the existence of the Soviet Union the range of wages was 1-3 and every improvement in production raised the standard of living of the worker so that when production reached the level of the Tsarist days, the real wages of the worker was 125% of that standard. In that sense it was not a value-producing society. Engels puts it thus:

"On the assumption we made above, therefore, society

III. What the Law of Value Is

1. Value production

In a capitalist society every commodity that is produced is produced according to the amount of socially-necessary labor time needed for its production. To put it simply, if a bomber takes x man hours of labor in Germany, the productive system in the United States must be governed by that necessity to make that bomber in, at most, x man hours of labor. That is the value of a commodity. If in Italy a bomber is produced in x plus 5 man hours of labor, it may in every way be as efficient, that is according to capitalist morals, as destructive as the bomber produced in America but its value in the capitalist society is less.

The commodity of commodities in capitalist society is labor power so that the whole society is governed by the necessity of producing labor power according to the labor time necessary for the production of this commodity. Whereas in the slave or serf societies the cost of the laborer was of little concern to the property owner, in capitalist society it is the first consideration. Let us repeat: it is the first consideration.

For reasons which Marx has explained and which are familiar capitalist society is a society in which the amount of accumulated or dead labor or machinery is the decisive factor in production. Therefore every capitalist is driven by the necessity of accumulating as much of this dead labor as possible. Unlike slavery or serfdom, unless he constantly increases the amount of accumulated labor, expands, or reorganizes his plant, or does all three things, the value of his productive system not only declines but disappears altogether. In normal times he loses his market because he cannot sell. In abnormal times he is defeated in battle and his whole productive system is bodily taken away from him. Therefore his main concern must always be to increase the value of such capital as

he has. Now, and again we owe this to Marx, the only power of increasing the capital is the amount of living labor which he can apply to the capital that he already has. Therefore his main concern is to augment value, that is to create surplus value, that is, to gain a value greater than the value which he expends. That is the essence of capitalist production. That is what Marx called the characteristic specific nature of capitalist production.

What the capitalist requires is surplus labor in the abstract, that is to say a value greater than the value he expended, one that will enable him to apply this value to the same or another sphere of production which suits him. The slave owner and the feudal lord did not require abstract labor; they needed concrete surplus products. In socialist society producers will require concrete surplus products. In a capitalist society, not knowing what the conditions of the world market are, not knowing what are the conditions and requirements of the home market because the world market consists only of the various home markets added together, and each home market is governed almost entirely by the chaos and disorder of all the home markets, that is to say, the world market, to which it itself contributes its own chaos, the capitalist individual, corporation or society must be governed with the largest quantity of abstract labor which he can squeeze out of his workers. This quantity of abstract labor is calculated according to the surplus value, that is to say, the value over the amount of living labor.

2. Value Is a Social Relation of Production

(a) Abstract and concrete labor.

But abstract labor which is creative of value is only an aggregate of various kinds of concrete labor. Only by means of concrete labor, only through fashioning a definite article, a dress, a chair, a tractor, can a value likewise be produced. Value may be indifferent

-21- v.1

to the particular use value by which it is borne, but it is only through the bodily shape of a use-value that the abstraction, value, can assume material form. However, the capitalist rightly distrusts the laborer he has hired--whether that is a miner to dig coal or a lathe worker to cut steel--to create values. Indeed it is not within the nature of the laborer, whose concrete activity strives to objectify itself in a useful article in correspondence with his specific skill (a shoemaker to make shoes, a cutter dresses) to be concerned about abstract values. Yet the capitalist knows too that only through the exercise of the laborer's particular skill, through the creation of an article of utility, that a value too can be created. Labor is not expended twice: once to produce a use value and a second time to produce a value.

Therefore the particular mission of the capitalist as the agent of capital is to see that, irrespective of the concrete activity of the worker, the expenditure of the worker's labor power keeps time with the ticking of his factory clock, which is set to the universal socially-necessary labor time.

In the labor process, wrote Marx, the distinction between concrete labor producing use-values and abstract labor creating values "appears before us actively. It is no longer we who make it but it is self-created in the process of production." (21) The antagonism between concrete labor only interested in objectifying itself in an article of utility, regardless of the minimum time called for its production, and abstract labor, cynical of use-values and concerned only about values, is resolved capitalistically by the utilization of one of the factors of production, materialized, accumulated labor as a club against the other factor, living labor. Labor is materialized in the process of production. A commodity arises from the process of production. A commodity has congealed in it the inverted relation of dead labor to living labor. The capitalist has won out on the time element. Dead labor dominates living labor. Living labor faces

dead labor as its mortal enemy.

(b) Accumulated and living labor, or the real subordination of labor to capital

There was dead labor or machines, or at least tools, in pre-capitalist societies but dead labor did not dominate living labor. The savage was the complete master of his bow and arrow. It did not dominate him; he dominated it. The serf was without a tractor and had to use a wooden hoe. But that crude instrument did not have a value which asserted its independence in the process of production so that the energy of the living laborer was a mere means for its expansion. Today, however, when an all-steel automobile body, despite the heavy costs for steel and new equipment, can be turned out at a cost of \$30* less per unit, the auto worker must bend his energies to the tune of this expansion of value and face unemployment besides. More and more machines need less and less living labor and more and more perfect machines need less and less skill in the general mass of human labor.

In the labor process in general the laborer uses the means of production in order to fashion an article of utility. In the labor process of capital it is not the worker who uses the means of production but the means of production the worker. The labor process ~~has~~ become a mere means for the creation of value. Labor power and means of production are, of course, the main elements of any social system of production but only under capitalism do they unite as "the different modes of existence which the value of the original capital assumed when from being money it was transformed into the various factors of the labor process": variable capital and constant capital. (22) 37

However, even as living labor can function only according to its specific skill, so accumulated labor can realize itself as value

37
(22) Capital, Vol. I, p. 232

big with value by means of its inherent use-value, or what Marx calls "the real being of capital". But before yarn can become cotton, wood a chair, steel a tractor, it must unite with living labor. Only living labor can transform a materialized labor into a new use-value. Dead labor can preserve itself and become a greater value only by absorbing living labor; that is how it gains its sustenance. Capital is dead labor which thrives by sucking living labor. The worker is unable to resist this "process of suction"⁽²³⁾ because his labor power is but a mode of the existence of capital. Thanks to the contradictory nature of the commodities which they sold each other, the worker necessarily enters the process of production as a component part of the use-value of the real being of capital, altho this relation is realized only within the process of production."⁽²⁴⁾ And within the process of production it is value which asserts its independence.

It is the method of production which produces the production relation. The relation of wage-labor to capital is not only different ^{from} mastery and subjection in other economic epochs, different from that of slave to ^{master} ~~lord~~, serf to lord, but also from the formal subordination of labor to capital. At the dawn of capitalist production the capitalist's exploitation of labor was limited by the technological level or productive forces it found in existence and by the degree of skill of the laborers it found. Thus it could get surplus labor only through extension of the working day. This Marx calls the formal subordination of labor to capital. The real subordination of labor to capital was made possible only when the method of production was revolutionized. The activity of the laborer then became the direct productive consumption of capital and the laborer himself became a simple monotonous productive force that does not have to have either bodily or intellectual

(23) Archives II (VII), p. 69. (24) Ibid. p. 35

48
-26-

facilities. (25)

In primitive times man, who was overawed by nature, created gods in the image of his fears and thence became victim to the gods he himself had created. When it thundered he appealed to the god of thunder for help, and he screamed when he saw lightning. Modern man has harnessed lightning but electricity has not lightened the toils of labor because the scientist is on the payroll of the capitalist who has subordinated science, even as he subordinated labor, to himself. Machines which are the products of man's own labor dominate the living laborer even as nature dominated primitive man, if not in the superstitious way of primitive man reacting to the forces of nature, nevertheless in that (1) it has been beyond his understanding, and (2) it uses for the creation of abstract values.

The radio assembler whose line has to produce 50 radios an hour will not stop to inquire into its mechanics. He will know only that it means assembling 250 wires an hour, or 5 wires per radio, and the wires mean to him only blue, red and green colors so that his eye can pick them out without stopping to consider and his hands will handle the pair of pliers with such speed that the chassis do not pile up alongside of his bench, as proof to the boss that he can keep up with the line and thus not get fired.

The modern proletariat not only finds that he exists only so long as he creates values, but that his very labor power refuses to function outside the environment of the factory. The apprentice in feudal times may not have liked the seven year period of apprenticeship, but at the end of that period he was master of a trade. But today the man who puts a hub cap on an automobile ~~assembly~~ has no skill he can employ outside the auto factory. ~~and one fine day while he is in the auto factory putting on hub caps, a robot is invented that puts 2,160 hub caps in the time it takes him to put on one.~~

-25- 119

It should be much clearer to us now, that to those/days of Marx what Marx meant when he said that the proletariat only appeared to be freer than the serf, but that in reality he was "less free because mere subjected to the violence of things."²⁶⁾ These gigantic mechanistic forces counterposed to him whom the division of labor has alienated from his mental powers, make of him but "a living appendage of a machine" and complete his enslavement to capital:

"The separation of the intellectual powers of production from manual labor and the conversion of these powers into the might of capital over labor is...finally completed by modern industry erected on the foundations of machinery. The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces and the mass of labor embodied in the factory mechanism and together with that mechanism, constitute the power of the 'master!'" (27)¹²

Thus it is the domination of accumulated labor over living labor which turns accumulated labor into capital, a force divorced from the direct producer and exploiting him. All conditions of existence, in fact, have become so concentrated and sharpened under capitalism, wrote Marx, that they are reduced to two: accumulated labor and living labor.²⁸⁾ The antagonism between accumulated labor and living labor become personified into the struggle between the capitalist and the worker.

41 (26) Marx: The German Ideology.

42 (27) Marx: Capital, I, 462

43 (28) Marx: The German Ideology, p.65

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(c) The agents of capital

"The real barrier of capitalist production," Marx underscored, "is capital itself" (29) ^{LM} If we want to see how completely capital, abstract labor, value dominates capitalist society, we need only look at use value, which is characteristic of all societies. In a slave society the use values produced are for the consumption of the slave owner who is the real master of society. In a feudal society the use values are produced for the feudal landlords. In a socialist society use values are produced for the use of the whole community of people. In a capitalist society where the society produces abstract labor we have seen that he must produce use values because the abstract labor is contained in use-values. In this society however value dominates, that is to say, capital dominates, therefore the use values produced are use values which are needed not by the workers nor by the capitalists but by capital itself.

The capitalist, as Marx repeats wearisomely, is merely the agent, the personification of capital. He eats and drinks and buys sinks and diamond rings but that is merely the by-product of the system. His main aim is to accumulate as much congealed abstract labor as possible. He is the agent of dead labor that must use living labor for its sustenance. *His mastery over the worker*

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C-111, 212

is only "the mastery of things over man, of dead labor over living labor, of the product over the producer". (30) His free motions in the competitive market are only the reactions to the inherent laws of capitalist production which pervade capitalist society as "external coercive laws having power over every individual capitalist." (31)

That very simple relation--capital uses labor-- , wrote Marx, expresses the "personification of things and the reification of people". (32) The capitalist is merely the personification of the means of production (and means of consumption) made independent of the direct producer, the laborer and constantly reproduced by him in the shape of capital, as an alien force exploiting him. Capital, we must remember, is not a thing but a social relation of production established by the instrumentality of things.

Neither the slave owner nor the feudal lord were the "personification" of anything. All surplus products were produced mainly for them, and not "for production's sake". Neither was there any mystifications about the social relations extant in these societies. The real servitude of the slave was not masked and he knew that both his time and his very person belonged to the master. Just as clear were the relations of serf to lord. The serf knew that he gave the lord was a definite amount of his expanded labor time. But in capitalist society man has become "reified", that is has become an object for himself. In that society social relations are oblique, exchange is the cardinal tie, and relations between men appear as relations between things. The laborer is the living embodiment of labor power, a source of wealth, but not its recipient. The capitalist is the personification of dead labor. The content of his activity "is only the rationalized strife and aim of the hoarder of treasures, a completely beggarly and abstract content"; and his "all-enveloping aim" is the self-expansion of capital.

(30) Archives II (VII), p. 35; (31) Capital, I, p. 157; (32) Archives II (VII), p. 159

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3. The General Contradiction

It is important, therefore, fully to understand what Marx calls the general contradiction of capitalist society:

"Its (the general contradiction's) specific character is directed at the existing value of capital as a means of increasing this value to the utmost. The methods by which it aims to accomplish this comprise a fall in the rate of profit, a depreciation of the existing capital, and a development of the productive forces of labor at the expense of the already created productive forces." (34)

Note the words, "existing value". The drive behind capitalist production is that, unlike production under slavery and serfdom, this existing value simply does not exist for any length of time but is constantly getting smaller and smaller. It will not be so in a socialist society. In a socialist society an aeroplane in Italy may take x plus 5 hours of labor as compared to x hours in the United States. That is a matter for readjustment in the plant of the international socialist community, but the plant itself does not lose one single iota of value thereby because value is not the gauge of utility and social use values rule that society.

Marx proceeds to say that while the specific character of capitalist production is directed at increasing value, the methods by which it aims to accomplish this process are: "a fall in the rate of profit, a depreciation of the existing capital and a development of the productive forces of labor at the expense of the already created productive forces."

We have seen how the capitalist is concerned purely with abstract value but he needs this abstract value in order to expand or reorganise his productive system. But the reorganization of his productive system means an increase of dead labor. The more dead labor he increases the less living labor he has to use. That is what he wants to do but when he does that he lessens the relative quantity of surplus value which can be produced and therefore the profit is decreased. The contradiction of capitalist production deepens.

(34) Capital, III, 292

48

The production of ^{the} surplus value as the absolute law of the capitalist mode of production comes into collision with another equally characteristic law of capitalist economy, the constant increase of constant capital, machines, at the expense of variable capital, that is, living labor power. More and more machines and less and less relatively of living labor means less and less relative surplus value.

The capitalist aims to expend the existing value by increasing the productive capacity. He produces on a mass scale; he produces the goods cheaper, therefore the value goes down. This depreciation is not depreciation by air and weather from natural causes, but a depreciation inherent in production itself. The plant itself, the means of production and the men are constantly being thrown on a scrap heap, on a historical scale, of course, to make way, for new production demanded by the law of value, always "at the expense of" those which have already been created.

The auto worker who was stamping on hub caps not only has no skill to be used outside the factory gates, but one fine day, while he is at work, a robot is invented that puts 2,160 hub caps in the time it takes him to put on one,* and he finds himself part of the reserve army of unemployed.

Overproduction of labor power can occur only under capitalism where all is standardized to the needs of capital. If self-expansion of capital can occur with use of less men --43 men in 1933 produced what 100 men produced in 1899--all men not needed in that process become superfluous, and the reproduction of their kind only aggravates the contradictory situation created by capitalist production. That would not be so under socialism where the same invention would mean not overproduction of labor power, but more leisure for living men. Under capitalism, however, the minimum hours^{of work} for those who were employed

*On exhibit at the Ford Motor display at the New York World's Fair

was still 8 hours a day, at a time when there were 15 million unemployed.

It is here more than anywhere else that we have the supreme significance of the fact that the worker is paid at his value. In a value-producing society, the work simply cannot be divided for the simple reason that the worker is paid at his value. If the regulation number of hours is 8, and the value of the worker is \$3 a day, you cannot tell him to work for 6 hours for the simple reason that then he will not have enough to live on because our assumption is, as Marx always insisted, that he is paid at his value.

In a value-producing society the productivity of labor turns against the laborers. Constant technological revolutions mean "leisure time" for the great masses only in the sense that they are massed into a reserve army of unemployed. That army becomes a most powerful weapon for depressing wages of the employed worker to the level which suits the needs of capital.

"The law, finally, that always equilibrates the relative surplus-population or industrial reserve army, to the extent and energy of accumulation writes Marx regarding what he calls the absolute general law of capitalist accumulation, "this law rivets the laborer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, ^{is} on the side of the class that produces its own product in form of capital." (50)

Under slavery and feudalism the direct producers worked long hours because of the very low productivity of labor. Under capitalism the proletariat works long hours because of the very high productivity of his labor; very few hours are necessary to produce his own necessities of life; the rest goes to expand dead labor that it may be possible to use less and less living labor in the production of values. To say that in all class societies ^{wealth means increase of} increase of/poverty and thereby to equate these societies with capitalist society, as well as to say that in all class societies, the worker is paid at value, the cost of his production and reproduction, is to make the most absolute nonsense of the monumental labors of Marx.

4. Critique of Political Economy

The classical economists thought that socially-necessary labor time "automatically" exchanged for socially-necessary labor time, and this they called the functioning of the law of value. *The Law of Value*

34

was still 8 hours a day, at a time when there were an army of 13 million unemployed. Under slavery and feudalism man worked long hours because his labor was of such low labor productivity; under capitalism men ~~work~~ work long hours because his labor is so productive that all but few hours take to produce his own necessities, and the rest to ^{possible to use less and less living} expand and multiply the weight of dead labor, that it may be/ labor.

The productivity of the worker in a value-producing society turns against him. Constant technologic revolutions mean "leisure time" for the great masses only in the sense they are massed into the reserve army of unemployed. That army becomes a most powerful weapon for depressing wages of the employed worker to the level which suits the needs of capital:

"The law, finally, that always equilibrates the relative surplus-population or industrial reserve army, to the extent and energy of accumulation," writes Marx of what he calls the ~~general~~ absolute general law of capitalist accumulation, "this law rivets the laborer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of ~~misery~~ misery corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, i.e. on the side of the class that produces its own product in the form of capital." (50)

To say that in all class societies increase of wealth means increase of poverty and thereby to equate these societies with capitalist society, as well as to say that in all class societies, the worker is paid at his value, the cost of his production and reproduction, is to make the most absolute nonsense of the monumental labors of Marx.

52 Cap. I, 709

to assert itself "like an overriding law of nature. The law of gravity thus asserts itself when a house falls about our ears."⁽²⁶⁾ That is to say, production would be consciously planned, not "regulated" through crises and catastrophes resulting from the inherent chaos of capitalist production.

The classical economists mistook the apparent equality reigning in the commodity market for an inherent equality. The laws of exchange could give this appearance of equality only because value, which regulates the exchange, is materialised human labor. Thus when the commodity labor power is bought equal quantities of materialised labor are exchanged. But since one is materialised in a product, money, and the other in a living person, the living person may be, and is, made to work beyond the time in which the labor produced by him is materialised in the means of consumption necessary for his reproduction. Inequality follows from the laws of equal exchange.

Therefore, Marx points out: (1) the buying of the commodity labor power --and that is the whole point of departure of the process of production-- means the exchange of a lesser quantity of materialised labor for a greater quantity of living labor, and also (2) the competitive struggle between capitalists constantly to avoid obeiment of that law of value results in the law of value asserting itself through periodical crises. It must not be forgotten that the individual capitalist does not realise in full the surplus value he extracted from his laborers in his particular factory, but gets part of the national surplus value.

Furthermore, the Marxian critique continues, the classical economists could not grasp the law of surplus value, (although they

(26) Ibid., Vol. I, p. 86

instinctively cling to it because it flowed from the theory of value), because they confused the exchange of money or variable capital for labor power with the sucking of living labor by dead labor whereas money becomes variable capital only after the exchange, that is it becomes a variable magnitude or augments in value, only within the process of production. It is necessary to realize what the economists could not understand, that surplus value is congealed unpaid labor, even as value is congealed human labor.

The important thing to note is that crises, according to Marx, are rooted in the fact that the commodity labor power, in the process of production, and not in the process of exchange, gives a greater value than the value of the elements that went into its production, and that it itself becomes a cheaper value the more values it produces. This is the root of crises. The crisis that takes place in the market, and the collapse of capitalist society, is ultimately only an insoluble crisis, and is rooted in the fact of value production. That is what the classical economists could never understand.

The trouble with political economy, said Marx, is that it is a captive of bourgeois concepts. Thus the economists see "how production is realized within the capitalist relation, but at the same time do not understand how this relation itself is created and how together with it are created the material conditions for its decomposition and by that token there is eliminated the historic justification of the economic development, as a necessary form of the production of social wealth."(36)

Marx's whole point and the whole significance of his analysis of capitalist society is not that it is private property or that it is commodities which are produced, or that a market

(36) Archives I I(VII), p.177

31
-18-

must exist--all these concepts have undergone considerable development to the point of non-recognition, with the development of capitalism from its laissez faire stage to its monopoly stage--but that at this particular stage of human development, the society is such that it is governed by the law of value, irrespective of what men have in their heads or the particular stage of capitalist development. We are notable historically, after the experience of the last 25 years, far better than in the days of Marx or even Lenin to evaluate the universal significance of the law of value governing all society between slavery and feudalism on the one hand, and socialist society on the other.

Much has been written, and more said, about the disappearance of the market in countries like Germany and Russia, as if the disappearance of the market meant the disappearance of capitalism. Yet, if we stop a moment to consider the concrete development of capitalism, we could trace the disappearance

8918

of the market in any advanced capitalism. As units of capital expand according to inner law, the production of a particular commodity or group of commodities, tends to concentrate in fewer and fewer enterprises and the competitive market is gradually transformed to a more or less deliberate agreement for the division of raw materials and the commodity markets at prices relatively free from the pressure of supply and demand. It is the historical circumstance which determines whether this process will be consummated in a monopoly or in combines or national or international cartels, or will terminate in a single capitalist society. In any case, the free market which characterized early capitalism is extinguished, and surplus value is divided according to conscious plan.

The freedom of capital from its early subjection to the competitive market occurs explicitly in two related forms--the tendency toward integration of the entire process of production, and the diversification of the products manufactured within the enterprise. In the U. S. parallel development of various segments of large scale industry, resulted in the first phenomenon exemplified by the vertical trust. The "captive mine" transferred its coal to the steel mill without even the fiction of a market; the surplus value extracted from the miners and realized physically in this manner is divided between the mines and the steel mills to further the aggregate expansion of capital. In Germany cartels followed this process by incorporating within themselves all major phases in the production of the primary commodity.

Diversification of production within an enterprise is perhaps most strikingly illustrated by the House of Mitsui in Japan. This family group owns its own coal mines, imports iron ore on its own vessels through its own foreign trading corporation, operates steel mills, engineering and machine works and shipyards, monopolizes the production of lead and zinc in Japan, exercises dominant posi-

tion in munitions, operates textile mills and flour mills, promotes housing projects for its workers, controls the production of power and owns its own newspaper and maintains an extensive system of banks and insurance companies. Commodities are exchanged within the various units of the family group at fixed price levels with the result that a substantial, if not the major, part of the surplus value utilized for capital expansion, is realized by the internal process of exchange. Conceivably, this phenomenon might progress to the point where one enterprise, by a process of expansion, absorbs the entire national economy. This theoretical consummation has never occurred by evolutionary process, although it is estimated that in Japan 60% of the national wealth is owned or controlled by five capital groups.

As these phases--monopoly, vertical integration and the diversification of production and internal realization of surplus value--crystallize within advanced capitalism, the market assumes a fictitious or nurtured existence, is reduced to subordinate rank in local spheres, or is completely obliterated.

Thus we see that capitalism remains in force even when the products of labor do not pass through the market for the good reason that exchange of means of production is a market for capitalists, and does not regulate production and consumption. Should even all products of labor not pass through the market, should planning cover the whole of the economy and the entire social capital be concentrated in the hands of a single ~~capitalist~~ society, it would be a capitalist society so long as labor power ~~is~~ a commodity bought at value. The law of value, in the capitalist sense, the law of exchange of "equivalents" may be completely abolished, except insofar as the world market imposes that law to function, and yet it would remain capitalism. The Marxian law of value, the exchange of less materialized labor

for more living labor, and thereby the law of crises, remains in operation.

State capitalism does not change the mode of production. It brings a change only into the mode of appropriation, as has been done so often in the life span of capitalism from its laissez faire commercial stage till the monopoly finance stage. The individual capitalist has at no time realized directly the surplus value extracted in his particular factory, but has participated in the distribution of national surplus value, to the extent that his individual capital was able to exert on this aggregate capital. But this struggle among capitalists is of no concern to the proletariat whose sweat and blood congealed into this national surplus value.

Marx was most emphatic in emphasizing that:

It is indifferent to the laborer, whether the capitalist pockets the whole profit, or whether he has to pay over a part of it to some other person, who has a legal claim to it. The reasons for dividing the profit among two kinds of capitalists thus turn surreptitiously into reasons for the existence of the surplus value to be divided, which the capital as such draws out of the process of reproduction, quite apart from any subsequent division." (55)

Now for a concrete analysis of Russian state capitalism.

(55) Capital, III, 448.