

ECONOMIC DOCTRINES OF KARL MARX
Instructor: F. Forest

Lectures 6 and 7 - The Accumulation of Capital, the Decline
in the Rate of Profit, and Crises

The theory of capitalistic accumulation is the dividing line between Marxian economics, which is an analysis of capitalist production relations, and bourgeois economics which is the study of such things as wages, profits, etc. Where, to bourgeois economics, this seems to be merely a matter of adding up of capitals, to Marx it is a growth, whose nourishing soil is the living laborer. Consequently, the accumulation of capital at one end, means the 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." Of decisive significance for a comprehension of the general law of capitalist accumulation, therefore, is the recognition that the lot of the working class is as integral part of this law as is the organic composition of capital (the relationship of c/v).

Conditions of production are the conditions of reproduction. The mere continuity of the process of production, Marx tells us, sooner or later "converts every capital into accumulated capital or capitalised surplus value". The greater part of the surplus value extracted from the worker goes into further production, and not into consumption. The result is a growth of constant over variable capital, or means of production over means of consumption. The preponderance of dead to living labor is further aggravated by the law of concentration and centralisation of capital. The contradictory nature of the capitalist mode of production is brought home even to the capitalist in the decline he experiences in the rate of profit (ratio of surplus value to total capital) and the crises that wreck the system and which is at the same time the only capitalistic solution to the aggravated contradictions inherent in the capitalist mode of production. Dominating over all the economic laws of this mode of production is its "general absolute law": the reserve of labor. The more machines the capitalist uses the less need has he for living labor, and yet living labor is the only source of wealth. Thus behind both the decline in the rate of profit and the general absolute army of unemployed is the law of surplus value, the motive force of production and the innermost cause of crises.

It is a fact that the laborer, in the process of production, and not in the market, produces a greater value than he is. He is the constant producer of overproduction. The constant technological revolutions which keep the productive system in a turmoil cheapens the value of all commodities, including that of labor power. The only source of value thus becomes a cheaper commodity the more commodities he produces. The laborer can under no circumstances present a demand for more products than the value of his own labor power. Thus the market for consumption goods has very narrow limits: the laborer paid at value (and the luxuries of the capitalists). This is the supreme manifestation of the law of value and the cause of its crises.

The relationship of constant to variable capital, or means of production to means of consumption, is but the reflection in theory, of the actual conflict between capital and labor in the process of production where dead labor is "live monster that is fruitful and multiplies" by sucking living labor dry, and can have no other expression but that of the live class struggle.

"Centralisation of the means of production and socialisation of labor reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated." "That," adds Trotsky to the quotation from Marx, "is the socialist revolution."

Marx has analysed the capitalist mode of production from the point of view of the laws of production "working with iron necessity towards inevitable results." The analysis of this iron necessity and these inevitable results has transform socialism from a utopia to a science.

A full comprehension of these two subjects-- accumulation of capital and crises--is really impossible without a study of all three volumes of CAPITAL, and including THE THEORIES OF SURPLUS VALUE (which still remain to be translated into English). The student should attempt to grapple with Chapters 13, 14 and 15 of Volume III, along with the ~~xxxxxx~~ reading of the following:

LENIN: Teachings of Karl Marx (section on Surplus Value)

TROTSKY: Marxism in the United States. (The whole pamphlet should be read at this point both as a ~~xxxxxxxx~~ popularization of the most important economic laws of capitalism, and as an application of Marxism to the current American scene.)

MARX: CAPITAL, Vol. I, Part VII, Accumulation of Capital. (As an introduction to this, the student should read the shortened version of this part in Outline of Marx's Capital, Volume I, by F. Forest, pp.35-54.)

9 1 0 1 5

Lecture 8 -- Scientific Socialism

"Scientific socialism is the conscious expression of the unconscious historical process; namely, the instinctive and elemental drive of the proletariat to reconstruct society on communist beginnings."--L. Trotsky

"Necessity is blind only so long as it is not understood...It is their view of necessity, therefore, which is at the root of the content and discontent of men, and which in that way determines their destiny itself."
--G.W.F. Hegel

Historical materialism traces a progressive development in the course of human ascendancy from lower to higher stages, which has asserted itself through all seeming accidents and temporary retrogressions. The driving forces of history have not been great men, but great masses of people, who were set into motion by the incongruity between productive forces and production relations, that is to say, by the antagonism between the development of the material means of production and production relations, ~~xxxxxx~~ They liberated the productive forces fettered by the outlived mode of production and production relations, created the conditions for a new method of production and thus laid the basis for a new social order.

A great advance in the evolution of political economy as a science, was made when the source of wealth was recognized to be not in objects outside of man--precious metals or the earth--but in the function of man, that is, the result of man's labor was the source of private property. "When one speaks of private property, one thinks of something outside of man," wrote Marx. "When one speaks of labor, one has to do immediately with man himself." The new formulation of the question already involves its solution. "However, it was not the discoverers of the fact that labor was the source of all wealth--Smith and Ricardo--but who were nevertheless bound by "their bourgeois skin" not to see that labor was therefore also the source of all surplus value, who knew the solution to the problem. Rather it was the revolutionist Marx who knew the solution to the problem posed: how was it that the living embodiment of labor, the laborer, continues to remain poverty-stricken and the products of his labor are not his "private property". It was Marx who transformed the classical theory of value into the theory of surplus value.

"These two great discoveries, the materialist conception of history and the revelation of the secret of capitalist production by means of surplus value, we owe to Marx," writes Engels. "With these discoveries became a science which had in the first place to be developed in all its details and relations."

The further development of scientific socialism meant both the analysis of the economic laws of capitalist production, above all, the law of motion of capitalist society, and the theory of proletarian revolution. The dividing line between the science of economics "as such", as a science of objective elements, wages, value, profits, etc. and the Marxian science of economics is that for Marxism all economic categories are social categories, and thus in the science of economics is incorporated the subjective element, the receiver of wages, the source of all value, in other words, the laborer. It is impossible

to disassociate property forms from production relations. The laborer whose function, labor, creates bourgeois wealth and his own impoverishment is opposed to his predicament of being dominated by a product of his own labor. He rebels against the mode of labor and thus becomes the gravedigger of bourgeois private property. Marx teaches us that the capitalist labor process not only alienates from the producer the products of his labor, but his very activity, turning him into a "mere appendage to a machine." But along with this degradation of the laborer "grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself."

Thus we see that the theory of value is the theoretic expression of the actual class struggle, "Theory and history teach that a succession of social regimes presupposes the highest form of ~~xxxxxxxxxxxx~~ the class struggle, i.e., revolution."

The interrelationship between the inevitability of capitalist collapse, signalled by the crises which wreck the system, and the inevitability of socialism, signalled by the deepening class struggle, is classically expressed by Luxemburg:

"What precisely was the key which enabled Marx to open the door to the secrets of capitalist phenomena and solve, as if in play, problems that were not even suspected by the greatest minds of classic bourgeois political economy? It was his conception of capitalist economy as an historic phenomenon--not merely in the sense recognized in the best of cases by the classic economists, that is, when it concerns the feudal past of capitalism--but also in so far as it concerns the socialist future of the world. The secret of Marx's theory of value, of his analysis of the problem of money, of his theory of capital, of the theory of the rate of profit, and consequently the entire economic system, is found in the transitory character of capitalist economy, the inevitability of its collapse, leading--and this is only another aspect of the same phenomenon--to socialism. It is only because Marx looked at capitalism from the socialist's viewpoint, that is, from the historic viewpoint, that he was enabled to decipher the hieroglyphics of capitalist economy. And it is precisely because he took the socialist viewpoint as a point of departure for his analysis of bourgeois society that he was in the position to give a scientific base to the socialist movement."

It is this scientific base which makes the revolutionary party conscious of its task in making possible what Engels called "humanity's leap from the realm of necessity into the realm of freedom."

In addition to all the readings mentioned in the course, which should now be reviewed, and which feature prominently, Marx's Introduction to the Critique of Political Economy, Engels' Socialism Utopian and Scientific, Lenin's Teachings of Karl Marx, Trotsky's Marxism in the United States, Luxemburg's Reform and Revolution, the student should begin to study Marx's philosophic writings, especially The German Ideology and Engels' Ludwig Feuerbach.