

A Sesquicentennial of *Capital*: Marx, Mandel and Methodological Musings¹

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Abstract:

This article is a celebration of the sesquicentennial of *Capital*, Volume I, and of the model that Marx proposed in it and elucidated in his posthumous publications, edited by Engels. The model: a labour theory of value wherein surplus value is created in production and this amount (sometimes less, never more) is distributed through the sale of commodities (which embed the surplus value / socially necessary labour time) but not necessarily at their value because of the operation of rents and interest. This modelling does not give a clear prognosis for capitalism. For a prognosis, I turn to Mandel. Mandel's *Late Capitalism* describes imperialism as the search for super-profits. Part of this is the penetration of firms with higher levels of productivity into new sectors (thereby raising the organic composition of capital in the sector and reducing the rate of profit), and part of it is rent-seeking around minerals and land. This suggests that primitive accumulation is an ongoing process. It is certainly not a finished process as perhaps Marx suggested in his circuit of money-capital. Indeed, to what extent does $M - C \dots P \dots C' - M'$ capture all the forms of revenue creation and distribution in general, and the creation and generation of surplus value in particular? What is the extent to which the events of the Great Financial Crisis necessitate a rethinking of Marxism, in terms of constituting

a challenge to the model and methodology in *Capital*, for example: (1) financialization, (2) primitive accumulation, and (3) class and consciousness. What is missing is an empirical engagement, and the intellectual activity that make that possible in the form of methodology. I layout some aspects of empirical engagement and methodology. In conclusion, to further the revolutionary imperative of *Capital*, Marxists need to turn away from philosophising and toward social science.

Keywords: Marx, Mandel, methodology, model, *Capital*, value, rent, class

To have lived on with all his uncompleted works before him, tantalised by the desire to finish them and yet unable to do so, would have been a thousand times more bitter than the gentle death which overtook him.²

The partisans of Louis Althusser are certainly right when they say that the object of *Capital* is essentially a "socio-economic structure," the specific analysis of the capitalist mode of production. *Capital* does not pretend to provide an explanation of all human societies, past and to come. It is more modestly content to explain only the society which has been dominant for the past four centuries: bourgeois society. But the partisans of Althusser are not simply right when they narrowly circumscribe the object of *Capital* in this manner. They are also wrong, for this definition does not allow us to render an account of the full complexity of Marx's major work.... And Marx could not validly analyze the contradictions of the capitalist mode of production without providing a powerful instrument of struggle to the working class, without thereby actively intervening in this class struggle and without trying to orient it toward a precise objective: the overthrow of capitalist society. The Marx of 1867 had not forgotten the imperishable aphorism of the Marx of 1845: "Hitherto, the philosophers have only interpreted the world differently; the point is, to change it."³

Whakapapa⁴

Capital: A Critique of Political Economy, Volume I was published in 1867. Marx died in 1883. Volume II was edited by Engels and published in 1885; similarly, Volume III in 1894. All of the volumes were first published in German, the first English addition appearing in 1886. This whakapapa comes to me from the forwards of the volumes of *Capital* issued by Progress Publishers.⁵⁶⁷ I have owned these three books since the late 1980s, and the name written above mine on the first end page is that of a former comrade. Perhaps owned should be in scare quotes. I truly can't remember if they were a gift that predated our mutual efforts to expel each other from the socialist organisation which at the time was our small world, or if I just thought 'fuck it' and looted the communal library of *Socialist Alliance*.⁸

This article is a celebration of sorts of the sesquicentennial of the publication of *Capital*, Volume I, and of the model that Marx proposed in it and elucidated in his posthumous publications, edited by Engels. I say model, as in the devising or use of abstract or mathematical models; and I admit this may be contentious. It reflects one of the points made in the quote from Mandel about Marx's narrow and complex work. Indeed, the genius of Marx is in significant part that he was able to adduce the laws of motion of capitalism with recourse to only the four simplest mathematical functions – addition, subtraction, multiplication and division.

Poor Engels! The opening quote from him below (from 1883) is a statement of grief and perhaps of disquiet about the task that now lay before him, editing Volumes II and III. Sure enough, to date his editorship has come under intense scrutiny. This is inevitable insofar as the bulk of *Capital* was published posthumously, and the success or not of Marx to describe the operation of capitalist production in more realist conditions than those he modelled in Volume I is possibly interpolated with Engels' editing. Such interrogation of the editorial effort is a worthy, scholarly defence of Marxism. For example, the debate between Moseley and Heinrich,⁹¹⁰ engages two of the main protagonists, albeit it slowly: eight years after a response, Moseley claims "I look forward to Heinrich's response and to further discussion of this important methodological issue."¹¹ This methodological issue is as much an epistemological one and as such centres on (Engels' representation of) the Hegelian dialectic. My assessment, and I think Moseley's, is that Engels didn't transform Marx and if the three volumes of *Capital* are light on an enunciation of the dialectical this was the

intention of Marx. So as not to sound a complete philistine to the readers of this journal, I'll cite Harvey's assessment:

Marx was concerned with finding a persuasive way of presenting his findings to his potential audience (particularly the self-educated artisans and laborers of Britain and France). To this end, he sometimes deliberately simplified even to the point of falsification. For example, while he insisted that values and prices are not the same he often made them seem so in order to make the value theory more palatable to his audience. He also dropped much of his Hegelian language in part for the same reason: the term alienation dominates preparatory writings such as the *Grundrisse* but rarely appears in *Capital*, despite being all over the text of Volume I.¹²

This account makes sense to me. Marx wrote *Capital* for an audience, and for a reason. And the reason wasn't philosophy. We all know what Marx said about philosophers.¹³ Nor was the reason academic scholarship. That Marx wasn't engaging in philosophy or academic scholarship then, seems to be missed in philosophy and academic scholarship today. There can be little doubt that reading *Capital* has returned, centre-stage, to philosophy and scholarship. However, reading *Capital* -which only had its finished form in Volume I, an editorialised form in Volumes II and III, plus the so-called Volume IV (*Theories of Surplus Value*), as well as the precursor in the abandoned notebooks of the *Grundrisse*, and the extensive correspondence between Marx and Engels- surely has diminishing returns outside of academia. This reading is mostly harmless, with the exception of those that turn Marx into a philosopher and / or his texts into a source for semiotic parsing. The philosophication of *Capital* reverses the trajectory of Marx as an intellectual and revolutionary. In this respect, the use of obfuscationary, exclusionary language, which is associated with much of a new reading is, primarily, a literary doubling-down on a reactionary intent. It is certainly not analogous to 'finding a persuasive way of presenting his findings to his potential audience (particularly the self-educated artisans and labourers...).' In many respects, the more scholarly contemporary Marxist scholars become, the more they echo the postmodern literary turn in the social sciences. Some contextualisation might help.

I feel my colleagues Matthewman and Hoey were correct when they argued that postmodernism didn't make it out of the of the Twentieth Century.¹⁴ The writing

was on the wall for some time and, down here in the Antipodes, I recall Bedggood's 'Saint Jacques: Derrida and the Ghost of Marxism' as such a thoroughgoing and funny slap-down that I wanted to high five somebody in the corridor outside my office.¹⁵ No one was available. More broadly, Callinicos has provided an explanation for the rise of postmodernity, portraying it as the handmaiden to neo-liberalism. An extension of this analysis might also account for the contemporary flowering of readings of Marx.¹⁶ Insofar as the incorporation of the May '68 generation into roles in the new middle class helped secure postmodernity; the partial ruination of this class in the Global Financial Crisis [GFC] (2007-2008) and, at the very least, the spectre of a downward mobility among their children and grandchildren, has stimulated an interest in Marxist tropes, if not actually in proper Marxism.

Readings that make Marx a philosopher (or perhaps 'a theorist' would be more contemporaneous) have ebbed and flowed. They flow now, post-GFC. I am troubled by many of their elements. If pressed, I would say that much of the new reading of *Capital*, a return to an interest in Marx in the wake of the GFC, perfectly brackets (that is, misses) the target. 'On the one hand' and 'on the other hand' formulations don't work as a short hand for this kludge, wherein structure in various hybridised forms (consumerism, subconscious, discourse) renders empirical as empiricist in terms of analysis, programme and party. This is a free pass as far as social science and methodology is concerned. It is philosophy. For example, while rediscovering the Hegelian dialectic has now returned to fashion, surely it only constitutes a second-order project, in comparison to Marx's rationale for *Capital*.¹⁷ However, there is little point in being sectarian without a sect; consequently, I will be reflective and a bit sentimental instead. The invitation that stimulated this article noted that among "seminal texts which critically engage Marx's *Capital*, the most notable is *Reading Capital* by Balibar, Rancière, Althusser, Establet and Macherey."¹⁸ This text is not seminal to the tradition of Marxist scholarship to which I belong. Indeed for most of my adult life such philosophical takes on Marx have been an anathema. Then again, such an accusation is nearly impossible to refute and consequently borders on the *ad hominem*. The long quote from Mandel (made in 1968), from an article celebrating the centenary of *Capital*, is I think fairer because not only was it concurrent with Althusser but it is concrete in its criticisms.

As noted, my assessment reflects the authors through which I have primarily (and formatively) read *Capital* and other writings by Marx. Hence, Marx's model and limited / ambivalent prognosis became, for me, Mandel's model, extended prognosis and putative start-point for programme. To recap Mandel's *oeuvre*: the main elements were sketched in *Marxist Economy Theory*¹⁹ and brought together as an

analysis in *Late Capitalism*.²⁰ This analysis was sustained in monographs throughout the 1970s – *The Second Slump: A Marxist Analysis of Recession in the Seventies*²¹ and *Long Waves of Capitalist Development: the Marxist Interpretation*,²² and in regular columns in *International Viewpoint* and other socialist publications. Mandel's short chapter in 1990 on Karl Marx is pretty much his last analytical work.²³ Most significant of all the readings that formed my worldview, are those which presented Marxism as a methodology. I happily confess a positivist leaning in this regard. Of these writings, the most significant and certainly the closest to home, was the three volume PhD by Geof Pearce.²⁴ Pearce saw his PhD as operationalising Mandel, and Mandel as doing something similar for Marx; and for several exciting years, Pearce supervised my PhD.

Marx's Model, Mandel's Prognosis

While not being particularly readable or dialectical,²⁵ Volume 1 of *Capital* presents a model of the production of surplus value of and its distribution – in terms of the latter, assuming that commodities are exchanged at their value. This thesis is extended in the posthumous volumes and the conditions of Marx's model relaxed to include rent and interest. His labour theory of value is *sine qua non* and informs every aspect of his analysis. Most significantly, Marx restated the notion of labour as the source of value in the context of capitalist commodity production, rather than the simple commodity production which informed the theories of Smith and Ricardo. While being cognisant of Harvey's comments about readability, and confessing that, like in my reading of Shakespeare's plays, the meaning of Marx has never leapt off the page for me, here are some pertinent quotes, the last one being very long. First, the relationship between socially necessary labour time and value in commodities, both as a magnitude and as a denominator:

We see then that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour time socially necessary for its production. Each individual commodity, in this connexion, is to be considered as an average sample of its class. Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour time necessary for the production of the one is to that necessary for

the production of the other. As values, all commodities are only definite masses of congealed labour time.²⁶

The labour theory of value in Marx's hands becomes in part an investigation of the creation of surplus value. Surplus value is created only in the realm of production (of commodities) and is how capital(ism) grows. The total value (in any cycle of production) provides the basis for the distribution of all forms of revenue: profits, rents, interest and wages. The novelty of Marx in this respect is that these forms of revenue are not reduced to the ownership of assets such as capital, land, debt and labour power, but are understood, dynamically, structured, as a circuit which constitutes the entirety of the capitalist mode of production. The circuit will be familiar to all:

Hence the formula for the circuit of money-capital is: $M — C \dots P \dots C' — M'$, the dots indicating that the process of circulation is interrupted, and C' and M' designating C and M increased by surplus-value.²⁷

Marx's modelling was perfected (to use Mandel's term) using some very basic formulae. This exercise represents social relations in terms of ratios:

We have seen that the rate of surplus-value is represented by the following formulae:

$$\text{I. } \frac{\text{Surplus-value}}{\text{Variable Capital}} (s) = \frac{\text{Surplus-value}}{\text{Value of labour-power}} = \frac{\text{Surplus-labour}}{\text{Necessary labour}}$$

The two first of these formulae represent, as a ratio of values, that which, in the third, is represented as a ratio of the times during which those values are produced. These formulae, supplementary the one to the other, are rigorously definite and correct.²⁸

These formulae and ratios represent what I mean by presenting *Capital* as a model. The culmination of this modelling, sometimes recognisable as movements within a dialectic of particular / general is about the production and distribution (realisation) of surplus value. In a very good review by Murray of a very good book

wherein Moseley dismisses the prices of production / value transformation problem, hopefully once-and-for-all (incidentally, Mandel thought this a dead issue back in 1990), Murray summarises Marx's modelling in this way:

Prices of production differ from individual values, and profits differ from individual surplus values, but the two equalities crucial for the labour theory of value hold: the sum of production prices equals the sum of values, and the sum of profit, interest and rent equals the sum of surplus values. The magnitude of the aggregate surplus value, which is a determinant of the average rate of profit, is determined by the magnitude of the aggregate surplus labour in production. Marx will not abandon a labour theory of value; without it, the magnitude of the average rate of profit, which is required to arrive at prices of production, is left dangling, unexplained. With this transformation of value into price of production, Marx reconceives the labour theory of value.²⁹

The model and its relaxations across the three volumes of *Capital* is explained by Marx in the not quite penultimate chapter. This is an overlong quote but not one I am willing to paraphrase because Marx states and restates in different ways how the sum of production prices equals the sum of values, and the sum of profit, interest and rent equals the sum of surplus values: that is, the formulae shown above. Please bear with me:

Profit (profit of enterprise plus interest) and rent are nothing but peculiar forms assumed by particular parts of the surplus-value of commodities. The magnitude of surplus-value is the limit of the total size of the parts into which it may be divided. Average profit plus rent are, therefore, equal to the surplus-value. It is possible for part of the surplus-labour, and thus surplus-value, contained in the commodities, not to take part directly in the equalisation of an average profit, so that part of the commodity-value is not expressed at all in its price. But first, this is balanced either by the fact that the rate of profit increases, when the commodities sold below their value form an element of the constant capital, or by profit and rent being represented by a

larger product, when commodities sold below their value enter into the portion of value consumed as revenue in the form of articles for individual consumption. Secondly, this is eliminated in the average movement. At any rate, even if a portion of surplus-value not expressed in the price of the commodity is lost for the price formation, the sum of average profit plus rent in its normal form can never be larger than the total surplus-value, although it may be smaller. Its normal form presupposes wages corresponding to the value of labour-power. Even monopoly rent, in so far as it is not a deduction from wages, i.e., does not constitute a special category, must always indirectly be a part of the surplus-value. If it is not part of the price excess above the price of production of the commodity itself, of which it is a constituent part (as in differential rent), or an excess portion of the surplus-value of the commodity itself, of which it is a constituent part, above that portion of its own surplus-value measured by the average profit (as in absolute rent), it is at least part of the surplus-value of other commodities, i.e., of commodities which are exchanged for this commodity having a monopoly price. The sum of average profit plus ground-rent can never be greater than the magnitude of which they are components and which exists before this division. It is therefore immaterial for our discussion whether the entire surplus-value of the commodities, i.e., all the surplus-labour contained in the commodities, is realised in their price or not. The surplus-labour is not entirely realised if only for the reason that due to a continual change in the amount of labour socially necessary to produce a certain commodity, resulting from the constant change in the productiveness of labour, some commodities are always produced under abnormal conditions and must, therefore, be sold below their individual value. At any rate, profit plus rent equal the total realised surplus-value (surplus-labour), and for purposes of this discussion the realised surplus-value may be equated to all surplus-value; for profit and rent are realised surplus-value, or, generally speaking, the surplus-value which passes into the prices of commodities, thus in practice all the surplus-value forming a constituent part of this price.³⁰

So here is the model: a labour theory of value wherein surplus value is created in production and this amount (sometimes less, never more) is distributed through the sale of commodities (which embed the surplus value / socially necessary labour time) but not necessarily at their value because of the operation of rents and interest. This modelling however does not give a prognosis for capitalism. For a prognosis I turn to Mandel whose, it should be noted, major contribution to Marxist scholarship was predicated on understanding a concatenation of counter-tendencies (primarily, the death of 60 million people and the massive devalorisation of capital in WW2) that enabled the Long Boom.³¹ The inevitable decline of the Long Boom into stagnation (Mandel has an asymmetric model of long waves³²) resulted in Late Capitalism. Mandel had this to say:

Does Marx's theory of crisis imply a theory of an inevitable final collapse of capitalism through purely economic mechanisms? A controversy has raged around this issue, called the 'collapse' or 'breakdown' controversy. Marx's own remarks on the matter are supposed to be enigmatic. They are essentially contained in the famous chapter 32 of volume I of *Capital* entitled 'The historical tendency of capitalist accumulation', a section culminating in the battle cry: 'The expropriators are expropriated'. But the relevant paragraphs of that chapter describe in a clearly non-enigmatic way, an interplay of 'objective' and 'subjective' transformations to bring about a downfall of capitalism, and not a purely economic process. They list among the causes of the overthrow of capitalism not only economic crisis and growing centralisation of capital, but also the growth of exploitation of the workers and their indignation and revolt in the face of that exploitation, as well as the growing level of skill, organisation and unity of the working class. Beyond these general remarks, Marx, however, does not go.³³

In the same chapter Mandel spells out ten 'Laws of Motion of the Capitalist Mode of Production' adduced by Marx; I have paraphrased / shortened slightly each entry. In trying to do so what is revealed is how succinctly Mandel could communicate. For example, ten laws of motion are only half those identified by Harvey³⁴:

(a) The capitalist's compulsion to accumulate: This is the compulsion, expressing the inner logic of capitalism, and the competition between many capitals to 'accumulate, accumulate', described as "this terrifying snowball logic: initial value of capital – accretion of value (surplus-value) – accretion of capital – more accretion of surplus-value – more accretion of capital etc."³⁵

(b) The tendency towards constant technological revolutions: This is (primarily) the result of competition between capitals to cut the costs of production. In other words:

The basic trend of capital accumulation in the capitalist mode of production is therefore a trend towards more and more sophisticated machinery. Capital growth takes the dual form of higher and higher value of capital and of constant revolutions in the techniques of production, of constant technological progress.³⁶

(c) The capitalists' unquenchable thirst for surplus-value extraction:

The compulsion for capital to grow, the irresistible urge for capital accumulation, realises itself above all through a constant drive for the increase of the production of surplus-value. Capital accumulation is nothing but surplus-value capitalisation, the transformation of part of the new surplus-value into additional capital. There is no other source of additional capital than additional surplus-value produced in the process of production.³⁷

(d) The tendency towards growing concentration and centralisation of capital: Competition between capital produces winners and losers. The winners, successful capitalist firms, operate with increased amounts of capital. The unsuccessful capitalist firms operate with less and less to the point of bankruptcy or absorption. The owners of unsuccessful firms cease to be capitalists and become salary earners, etc.

(e) "The tendency for the 'organic composition of capital' to increase:

Productive capital has a double form. It appears in the form of constant capital: buildings, machinery, raw materials, energy, It appears in the form of variable capital: capital spent on wages of productive workers. Marx calls the part of capital used in buying labour power variable, because only that part produces additional value. In the process of production, the value of constant capital is simply maintained (transferred *in toto* or in part into the value of the finished product). Variable capital on the contrary is the unique source of 'added value'... Marx postulates that the basic historic trend of capital accumulation is to increase investment in constant capital at a quicker pace than investment in variable capital; the relation between the two he calls the 'organic composition of capital'. This is both a technical/physical relation (a given production technique implies the use of a given number of productive wage earners even if not in an absolutely mechanical way) and a value relation. The trend towards an increase in the 'organic composition of capital' is therefore a historical trend towards basically labour-saving technological progress. ³⁸

(f) The tendency of the rate of profit to decline: "Marx postulates that the increase in the rate of surplus value has definite limits, while the increase in the organic composition of capital has practically none (automation, robotism). There will be a basic tendency for the rate of profit to decline."³⁹ This is a long-term trend. While the rate of profit can fluctuate from the devalorisation of constant capital and capital can flow into new countries or branches where the organic composition of capital is lower, these are only temporary solutions to the problem of a declining rate of profit.

(g) The inevitability of class struggle under capitalism: Wage earners will inevitably fight for higher wages and a shorter working day. From this elementary position comes trade unionism and the struggle for socialism.

(h) The tendency towards growing social polarisation "From two previously enumerated trends, the trend towards growing centralisation of capital and the trend towards the growth of the mass of surplus-value, flow the trend towards growing social polarisation under capitalism."⁴⁰ The trend is toward greater homogeneity of

the working class. "It is sufficient to compare the differences in consumer patterns, attitudes towards unionisation or voting habits between manual workers, bank employees and government functionaries in say 1900 and today, to note that they have decreased and not increased."⁴¹

(i) The tendency towards growing objective socialisation of labour: "the growing socialisation of labour and production creates the objective basis for a general socialisation of the economy, i.e. represents the basis of the coming socialist order created by capitalism itself, within the framework of its own system."⁴²

(j) The inevitability of economic crises under capitalism: This aspect focuses on the business cycle:

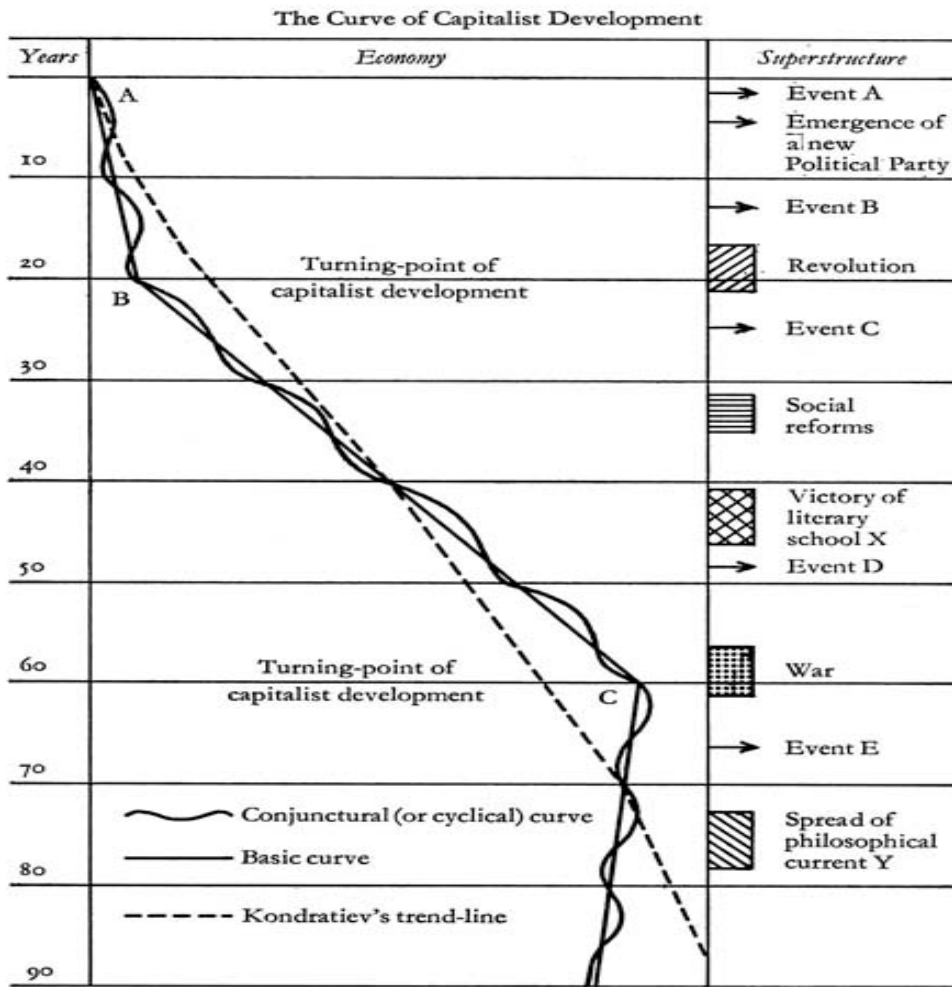
Capitalist economic crises are always crises of overproduction of commodities (exchange values), as opposed to pre- and post-capitalist economic crises, which are essentially crises of underproduction of use-values. Under capitalist crises, expanded reproduction - economic growth - is brutally interrupted, not because too few commodities have been produced but, on the contrary, because a mountain of produced commodities finds no buyers. This unleashes a spiral movement of collapse of firms, firing of workers, contraction of sales (or orders) for raw materials and machinery, new redundancies, new contraction of sales of consumer goods etc. Through this contracted reproduction, prices (gold prices) collapse, production and income is reduced, capital loses value. At the end of the declining spiral, output (and stocks) has been reduced more than purchasing power. Then production can pick up again; and as the crisis has both increased the rate of surplus-value (through a decline of wages and a more 'rational' labour organisation) and decreased the value of capital, the average rate of profit increases. This stimulates investment. Employment increases, value production and national income expand, and we enter a new cycle of economic revival, prosperity, overheating and the next crisis.⁴³

I should note that Mandel's interpretation of the endogenous, economic cause and resolution of the business cycle is in contrast with his model of long waves, wherein economic factors (the tendency for the rate of profit to fall) causes the slide from 'boom' to stagnation; but extra-economic factors (e.g., a large enough war) are the only mechanisms that can reset the conditions for boom.

Late Capitalism: Confirmed, confused or confounded:

Mandel's representation of the laws of motion of capitalism, are pitched at the interplay of objective and subjective transformations. His first elements (a to f) relate more to the realm of objectivity, and centre on the relative movements of the key ratios of exploitation (S/V), profit ($S/(C+V)$) and the organic composition of capital (C/V). The subjective elements (g to j), the inevitability of class struggle under capitalism, the tendency towards growing social polarisation, the tendency towards growing objective socialisation of labour, the inevitability of economic crises under capitalism, are perhaps less tendential and inevitable than the great optimist suggested twenty-seven years ago. His prognosis is ultimately based on notions of base and superstructure. This is essentially a Trotskyist approach, and finds its ultimate expression in 'The Curve of Capitalist Development'. If Marx provides an algebra of the laws of motion, then Trotsky (and others) attempt its geometry, in the form of a graph:⁴⁴

DIAGRAM I



SOURCE: L. D. Trotsky, 'O krivoi kapitalisticheskovo razvitya', in *Vestnik Sotsialisticheskoi Akademii*, No. 4, April-July 1923.

This base economic / superstructure informs Mandel's work. Mandel's focus on Marxist economics was always intended to serve a political, programmatic, party-building and revolutionary purpose. Adducing the economic base is the start-point for revolutionary politics and organisation. This remains, to my mind, a significant point of difference between the philosophic, might I say Hegelian approach. That said, it is not as if the Trotsky-Mandel line of succession has particularly prospered. All of its victories have been pyrrhic: the discrediting of two competing accounts in the Keynesian / under-consumptionist mainstream and the notion of the USSR as state capitalist. Worse, even supposed objective clarity is no guarantee of political success. An apocryphal tale is, that at the end of his first public address in Russia, chasing the spectre of a rehabilitated Trotsky and a revolutionary programme, Comrade Mandel ended his address with the hail 'All power to the Soviets'. The crowd melted away.

Maybe the problem then, for Mandel, was a misunderstanding of the economic base and the objective realm? What is immediately pressing is the extent to which the events of the Great Financial Crisis necessitate a rethinking of Marxism.

In the balance of this section I'll briefly (at a clip) touch on three dimensions. I'll address these in reverse order of significance in terms of constituting a challenge to the model and methodology in *Capital*: (1) financialization, (2) primitive accumulation, and (3) class and consciousness.

Much of the current angst about Marxist economic theory is captured under the notion of financialization. Hudson provides an interesting account, arguing that finance capital does not operate properly within the circuit $M—C—M'$ (where $M'-M$ = surplus value) but instead is able to function simply, as a form of usury, so $M—M'$ is the entire circuit.⁴⁵ Part of the conceptual interest in this formulation is the notion that Marx (and far more recently, Mandel) did not anticipate the rise of finance capital rather they predicted its subsumption to productive, industrial capital. Hudson produces a killer quote, citing Marx in volume III:

Discussing the 1857 financial crisis, Marx showed how unthinkable anything like the 2008-09 Bush-Obama bailout of financial speculators appeared in his day. "The entire artificial system of forced expansion of the reproduction process cannot, of course, be remedied by having some bank, like the Bank of England, give to all the swindlers the deficient capital by means of its paper and having it buy up all the depreciated commodities at their old nominal values." Marx wrote *this reductio ad absurdum* not dreaming that it would come true in autumn 2008 as the U.S. Treasury paid off all of A.I.G.'s gambles and other counterparty "casino capitalist" losses at taxpayer expense, followed by the Federal Reserve buying junk mortgage packages at par.⁴⁶

Yet, is this a conceptual shortcoming on the part of Marx (to anticipate, I think there are conceptual shortcomings on the part of Marx), or is it revolutionary optimism that assumed that bankers could never secure their pyramid schemes through the elimination of sovereign debt as a global category. Mandel was frequently called a centrist as a result of this sort of optimism. Marx was a centrist too.

It seems to me that the Great Financial Crisis has had a consequence both in terms of political economy and has stimulated a return to Marx. And there is no doubt that Marx would have regarded the quantitative easing following the GFC as a *reductio ad absurdum*. There is a depth of scholarship in Hudson's work and his

claim that is both plausible and induces pangs of anxiety in this Marxist at least. However, much of my concern is programmatic and can be expressed via the following:

Many Social Democratic and Labour parties have jumped on the bandwagon of finance capital, not recognizing the need to rescue industrial capitalism from dependence on neo-feudal finance capital before the older conflict between labour and industrial capital over wage levels and working conditions can be resumed. That is what happens when one reads only Volume I of *Capital*, neglecting the discussion of fictitious capital in Volumes II and III and *Theories of Surplus Value*.⁴⁷

Rescuing capitalism from itself is necessarily a two-stage proposition and as a socialist strategy, redolent with Stalinism and even more shockingly Maoism. Or are we back to being Mensheviks? Is the aim of socialists simply to wait for capitalism to end and to then pick up the pieces? I think not. Maybe this is a harsh call as also Harvey raises the possibility of a redistribution of wealth, an industrial strategy, as a possible temporal fix for (US) capitalism (he seems to have anticipated both Saunders and Trump in this respect).⁴⁸ Unlike Harvey, Hudson inverts the correct reading, insofar as he suggests that in the works published or collated posthumously Marx reversed his notion about the fictional notion of finance capital. Ultimately, Hudson provides a deconstruction of Marx, in which the texts he published prior to embarking on *Capital* and the works he didn't publish are given equal status to Volumes I, II, and III. And within that, II and III are used to reverse I. I know this assessment appears formulaic, but my main point is that Marx's best analysis of the laws of motion of capitalism are laid out in *Capital*, and in Volume I he elucidates his theory of value and its redistribution, albeit in sketch.

The extent to which the financialization circuit $M—M'$ describes a circuit of capitalist production is moot. Of specific interest would be the extent to which this usurious circuit secures some of the surplus value created in production without figuring in the prices of production. On the surface this seems not possible, but—as noted—is due consideration. If anything, my concern is more fundamental than the financialization proposition. That is, to what extent does the circuit of money-capital $M—C \dots P \dots C'—M'$ represent late capitalism?

The opening quote from Mandel served the twin purpose of defending *Capital* as being 'more modestly content to explain only the society which has been

dominant for the past four centuries: bourgeois society"⁴⁹ while at the same time being something of a model, a reduction of the real thing. Previous societies are not the focus of *Capital*. Their significant legacy, their entry into the laws of motion of capitalism, and consequent exclusion from the prevailing circuit of money-capital, is achieved through the notion of primitive accumulation. Marx stressed how primitive accumulation predates capitalism (i.e., capitalist commodity production):

We have seen how money is changed into capital; how through capital surplus-value is made, and from surplus-value more capital. But the accumulation of capital presupposes surplus-value; surplus-value presupposes capitalistic production; capitalistic production presupposes the pre-existence of considerable masses of capital and of labour power in the hands of producers of commodities. The whole movement, therefore, seems to turn in a vicious circle, out of which we can only get by supposing a primitive accumulation (previous accumulation of Adam Smith) preceding capitalistic accumulation; an accumulation not the result of the capitalistic mode of production, but its starting point.⁵⁰

Mandel's *Late Capitalism* describes imperialism as the search for super-profits. Part of this is the penetration of firms with higher levels of productivity into new sectors (thereby raising the organic composition of capital in the sector and reducing the rate of profit), and part of it is rent-seeking around minerals and land. Both suggest that primitive accumulation is an ongoing process. It is certainly not a finished process as perhaps Marx suggested in his circuit of money-capital. Primitive accumulation and rent-seeking are intimately linked. This linkage is inherent if we imagine contemporary primitive accumulation as more than a resources grab and pitch it as the displacement or transformation of non-capitalist social relations into capitalist social relations. Much of Harvey's *oeuvre* speaks to this 'accumulation by dispossession.'⁵¹

To what extent does M — C ... P ... C' — M' capture all the forms of revenue creation and distribution in general, and the creation and generation of surplus value in particular? In the contemporary context, primitive accumulation isn't simply mineral and resource extraction into new territories (although it includes this). It includes the two 'moments' of displacement or transformation of non-capitalist social relations into capitalist social relations, that define the contemporary, world-historic

defeat of the working class. These are: (1) the privatisation of assets and processes of social democracy, and (2) the return of the degenerated and deformed workers' states to capitalism. Such extra-economic events, both fillips to capitalist accumulation in the short term, act beyond that short term to reduce the overall rate of profitability.

In both cases, the seizure of assets from pre- or proto-capitalism and from workers under social democracy or degenerated socialism, there is an element of exteriority. Something is bought into capitalism. Capitalism is refreshed from the outside. Much of this process is associated with the rise and rise of neo-colonialism which – in my opinion⁵² – is virtually indistinguishable from neo-liberalism. Meek goes further in his account of the first imperialist power: *Private Island: Why Britain Now Belongs to Someone Else*.⁵³ Meek makes the point that privatization means that what is being sold to transnationals is the capacity for rent-seeking. That is, the private ownership of infrastructure and utilities allows capitalists to, in effect, tax the citizens of newly minted neo-colonies.

Moreover, capitalist social relations also create their own conditions for primitive accumulation. Such interiority is expressed through commodification. Hence the key, enduring aspect, of Braverman's *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*⁵⁴ isn't so much an account of Taylorism and of lost manufacturing processes, but is a documentation of the rise of service work as a full equivalent to industry. Thus, new jobs and new sectors emerged in response to growth in the social division of labour. Mayhap this example is too occupational from the get-go, in that capitalist social relations (service work) was created afresh rather than transformed from non-capitalist instances. In which case, then, the transformation of -what was called last century- women's unpaid labour, into a host of service and retail jobs or commodities (they are both) is a longstanding exemplar of primitive accumulation via interiority. In other words, the capacity for capitalism to refresh itself from within. The obvious illustration today, although missed in Ritzer's update of the McDonalization thesis,⁵⁵ is social media. Facebook users are clearly not workers, labour power is not being exchanged for variable capital (wages). Capital is accumulated through the sale of users' data (metadata) to third parties (advertisers). Hence, prosumers engage in non-capitalist social relations that are manipulated to create a commons, that, in turn, provide the basis for primitive accumulation. What confuses this process is a technological fetishism which neatly obscures the intentionality of this double movement. Facebook, then, might be thought of as securing a form of super profit (after Mandel), albeit through the mechanisms of rent rather than the capitalisation of surplus value.

In the interests of intellectual honesty, I note that the previous sentence is pitched somewhere between a statement and a question.

TRIGGER WARNING: USE OF WIKIPEDIA. Wikipedia provides a very nice juxtaposition of the problems confronting efforts at a revitalisation of Marxist methodology. On the one hand, not exploring the possible deficiencies, limits, restrictions of the methodology of *Capital* (potentially) dooms us to recycling and redundancy. On the other, move too far from the model (the labour theory of value is key) and it's hello to philosophy, semiotics and episto-babble. Here is a snippet from the Wikipage, '*Commonwealth* (book)' that spells out the latter dilemma:⁵⁶

For David Harvey, Negri and Hardt are 'in the search of an altermodernity -something that is outside the dialectical opposition between modernity and anti-modernity -they need a means of escape. The choice between capitalism and socialism, they suggest is all wrong. We need to identify something entirely different, communism -working within a different set of dimensions.' Also Harvey notes that 'Revolutionary thought, Hardt and Negri argue, must find a way to contest capitalism and 'The republic of property.'" It 'should not shun identity politics but instead must work through it and learn from it', because it is the 'primary vehicle for struggle within and against the republic of property since identity itself is based on property and sovereignty.' In the same exchange in *Artforum* between Harvey and Michael Hardt and Antonio Negri, Hardt and Negri attempt to correct Harvey in a concept that is important within the argument of *Commonwealth*. As such they state that 'We instead define the concept of singularity, contrasting it to the figure of the individual on the one hand and forms of identity on the other, by focusing on three aspects of its relationship to multiplicity: Singularity refers externally to a multiplicity of others; is internally divided or multiple; and constitutes a multiplicity over time - that is, a process of becoming.'

Hardt and Negri have championed a scholarship that rejects class, and there is some mirth in thinking of them correcting Harvey, nevertheless they provide a nice segue into a discussion that recognises the tensions of Marx's model in *Capital*, with respect to the working class. I am not covering new ground here and in the course of

researching this article came across a remarkable account from Gough.⁵⁷ His focus is on the relationship between the objective differences between productive and unproductive labour and class consciousness. Are unproductive workers *revolutionary subjects* – the agents of history – or does their objective position undermine the subjective solidarity of class? That, is, they are paid from constant circulating capital rather than variable capital and consequently do not produce surplus value. Gough engages with Mandel's contemporaneous analysis,⁵⁸ wherein a strata of scientists and technologists of unproductive workers might be expected to favour a transition to socialism, this extends Marx's analysis of commercial workers in volumes II and III of *Capital*:

one has only to return to Marx's analysis of commercial workers in *Capital*. Here, he explicitly notes that commercial wage labourers have in common with productive workers the fact that (a) their labour is exchanged with capital, albeit capital in the sphere of circulation, (b) that consequently they perform surplus labour, in the sense that they work part of the day for nothing, and (c) that their wages are determined in the same way as those of productive workers, reflecting the cost of production of their specific labour power.⁵⁹

Two elements emerge from Gough and Mandel's critique of distinctions favoured by Baran and Sweezy and others about the composition and consciousness of the working class. First, this isn't a completed debate and its progress requires research that is empirical as much as it is conceptual. The second element perhaps undermines my championing of *Capital*, in this, its sesquicentennial, in that Gough and Mandel clearly see Marx's work as a unity. A dialectical one, at that. They move between *Capital*, the *Grundrisse*, *Theories of Surplus Value* in making their case. I very much admire both these scholars, especially so when I agree with them, but I reiterate that while the Hegelian dialectic excited the young Marx, and has undoubtedly returned to academic favour, its elucidation was not Marx's rationale for *Capital*. To belabour the point, Marx engaged in 'philosophic' arguments in *Capital* around conceptions of general and particular forms of social relations, that is, as part of developing a social science in the context where the earlier work was primarily philosophical.

What is to be done?:

Q: How do you think the unthinkable?

A: With an ithberg.

There is a lacuna in Marxist scholarship. It isn't the result of an ontology of lack. Nor a Platonic faith in the ineffable and in the efficacy of Masters. Nor the joys of parsing semiological chains and logic. What is missing is an empirical engagement, and the intellectual activity that make that possible in the form of methodology. I layout some aspects of empirical engagement and methodology below. I use methodology in absolute contrast to Derridean claims-making about its textual impossibility.⁶⁰ A methodology looks two ways in structuring empirical work, toward theory and toward data.

In terms of the former Neilson stands out in the Antipodean context and beyond in his discussion of class. First, he has developed a substantial body of writing in the last decade and much of this is published internationally.⁶¹ Second, he has engaged with what he describes as 'first generation neo-Marxist class theorists',⁶² providing a continuity of thought.⁶³ Third, for me, his most interesting conceptualisations has been around the notion that capitalism generates surplus populations, and his observation that Marx's definition of class in the *Communist Manifesto* is different to that in *Capital*.⁶⁴ Neilson stresses a unity in Marx's thinking between his young philosophical writings and his mature social science, in ways that are open to empirical verification. Neilson contributes to this collection, so I will leave it to him to tell his story.

Coming from the other direction, the other approach to methodology looks toward data. In the New Zealand context the PhD by Pearce is an exemplar, and while he was not to publish from it, Roper brought some of Pearce's analysis in to the academic domain.⁶⁵ In terms of data, Pearce used a series of manufacturing statistics collected annually from factories with 3 or more employees by the Department of Statistics. The series began as *Statistical Report on the Industrial Manufactures of New Zealand*, but had several titles during its run.⁶⁶ The statistics were collected for the years 1921-1973 and from them Pearce estimated a version of 'The Curve of Capitalist Development' insofar as it pertained to manufacturing in New Zealand. Pearce regarded the process straightforwardly, as 'cleaning data' wherein he transformed imputed accounting prices for wages, raw materials, plant and premises, depreciation, and finished goods, etc. into Marxist categories of variable

and constant (fixed and circulating) capital. He was, then, able to calculate the ratios of organic composition of capital, surplus value, and profit.

In 1987, Pearce offered a 'Marxist Research' as a special topic in Sociology at the University of Canterbury. This was pertinent because while the Labour Government (winners of a 'snap' election in July 1984 and thus without a manifesto) were rapidly introducing what came to be called neoliberalism, its traditional supporters in academia, notably in sociologists, simply dithered in response. Indeed, an academic critique of neoliberalism in New Zealand didn't really eventuate until Labour was safely back in opposition. As one of half a dozen undergraduates enrolled, my semester long assignment was to apply Pearce's methodology to a chosen industry. I chose the export meat industry. The export meat industry was then New Zealand's largest export earner, largest employer, and the meatworkers' unions the most strike prone.⁶⁷ It is difficult to explain the excitement of using cutting edge technology (the university's mainframe computer was only just being displaced by PCs running spreadsheets) as part of a methodology that converted data held in library collections of the Department of Statistics and the *Appendices to the Journals of the House of Representatives* reports, into printouts and graphs which demonstrated long-run fluctuations in profitability and capital accumulation at the industry level. I understood this as establishing the base for narratives; sociological, economic history and programmatic. After thirty years I have returned to this place, but with a few more questions around some problematic technical decisions Pearce made in cleaning the data: notably the exclusion of state-owned factories (actually, local government) and co-operatives (crucially the very significant milk processing sector) from the analysis;⁶⁸ as well as, approximating and allocating wages paid to unproductive labour. These interests probably belong more to the 'what I should do' rather than the 'what is to be done' category.

Cronin⁶⁹, applies the methodology of Shaikh and Tonak,⁷⁰ using National Accounts data for the period 1975-1995. Accessing this data series, used to develop Gross Domestic Product series etc. has a real advantage over the abandoned one used by Pearce. However, it is less amenable to analysis, that is Marxist analysis, precisely because the data is aggregated in ways favoured by bourgeois accounts, to obscure and deny the labour theory of value. Surely this concealment is the counterpoint of 'knowing capitalism';⁷¹ information may be embedded in information technologies but the access to this data is less and less open to the public through Department of Statistics type process of data collection and census taking. Big data is the exemplar: new technologies create new possibilities for monopoly capitals to

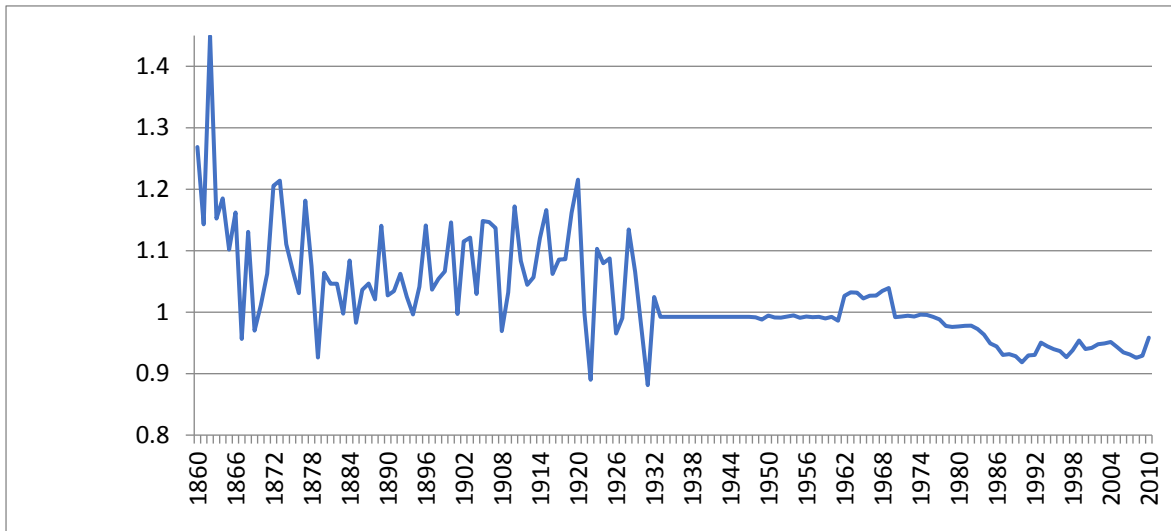
collect data and to retain it. Clearly researchers, including sociologists and Marxists, have to be more savvy.⁷²

The National Accounts are a good place to start, precisely because they are collected in a fairly rigorous manner by the Department of Statistics (in New Zealand and by their equivalents internationally) and are still published (albeit, in increasingly unusable forms – try finding a decent long run series on any of the ‘online’ portals). Extending the methodology of Shaikh and Tonak, as per Cronin; then comparing this series with that of Pearce for the relevant years would be a tremendous start-point for the conceptual refinement of both. Such an initiative would in turn feed into international and comparative accounts of the sort envisioned by Shaikh and Tonak, based on the analysis of a key, common database. It is not my intention to fetishize the National Accounts, but I do prioritise them because they summarize national economies and transnational flows, are credible and accessible, and because Marxists need to turn away from philosophising and toward social science. Within *that* context, what is needed most is a quantitative engagement (but I don’t have room to discuss the importance of quantitative over qualitative research here; you should be able to anticipate my argument, regardless).

I want to close with some data in the form of a graph. I have – not-joking really – called it the ‘Curtis Curve’ in a couple of presentations about the economic history of New Zealand (economic history seems to have vanished from the local academic landscape sometime in the 1990s). This in part reflects that economic history is no longer taught in New Zealand universities. The graph shows the ratio of Gross National Product (GNP) over Gross Domestic Product. GNP is the market value of all the products and services produced in one year by labor and property supplied by the residents of a country. GDP is the market value of all products and services produced in a country. GNP is a statistic that is equal to GDP plus any income earned by residents from overseas investments minus income earned within the domestic economy by overseas residents. From this, I concluded that at a global level, then, $GNP = GDP$. Individual countries will have a ratio which, when not 1, will say something about their location in the international order; a long run series would tell even more – metropole or colony, if you like. It seems to me, that when a country’s GNP/GDP ratio is greater than 1 its residents (clearly this graph says very little about class composition) are enjoying an inflow of economic activity measured in monetary value. Below 1, and they are experiencing an outflow. I will acknowledge a hesitancy in sharing this. Maybe my response to a cod philosophy is a cod economics; neither of the two friendly economists I showed it to trusted the data,

even though the data was drawn from Department of Statistics websites. Here is the graph:

NZ GNP / GDP for 1860-2010.



I like this graph for several reasons, other than I produced it in an attempt at 'The Curve of Capitalist Development'. First, it is a sesquicentennial of sorts. Second, I see this long run series as the beginnings of a Marxist analysis. Class is obscured here, but colonisation is not. Keeping in mind that the series reports a ratio and so does not demonstrate the massive growth of the capitalist economy in Aotearoa New Zealand (at least, its reported parts), what is obvious is that the formal capitalist economy was articulated with the international economy in ways that the 'standard' economic history often alludes to. A colonial period marked by extreme oscillations and, nonetheless, monetary inflows into the colony. Intense oscillations following WW1. A period of stability, probably reflecting import controls on the one hand and single-selling arrangements on the other. A brief period where New Zealand looked somewhat metropolitan. A return to neo-colonial arrangements with the end of the Long Boom (and / or British entry in the EU), which worsen around the time of the introduction of neoliberal policies (from 1984). The previous five sentences are not an account, they are the beginning of an account; of the start of a dialectical analysis – of course – between the base (as presented in this admittedly watery graphing of bourgeois data) and its socio-political superstructure. Third, the graph captures the limitations of Marx's modelling and all such perfected schemas. That is, what it, the model, can numerate, it does so precisely. What it can't numerate is excluded entirely. This strikes me as analogous to the deficiencies in Marx's model -forms of

toil and contemporaneous primitive accumulation are similarly excluded, because they are not able to be captured through formulae. They are not represented because these social relations are not described in terms of ratios. There is a lacuna here; but it is theoretically and empirically bounded. Fourth, the data relating to the colonial period of this graph, estimates of the National Accounts, are the result of scholarship by two sociologists, Sedgwick and Thorns, both academics from the University of Canterbury. Their response to a lack of publically available data, was to develop their own series.⁷³

This article is a celebration of *Capital* and the unleashing of empirical research as core to revolutionary activity. I stated above that Marxists need to turn away from philosophising and toward social science. We also need to be more savvy. We need better research and analytical skills. Knowing capitalism and big data are faces of socio-technical systems that are structured around hierarchical arrangements and exclusion. What needs to be known isn't unthinkable, it is hidden.

¹ This article is dedicated to the late Geof Pearce.

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https://www.marxists.org/archive/marx/works/1883/letters/83_03_15.htm
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³ Mandel, E. "The Centenary of Marx's *Capital*." *International Socialist Review* 29, no.2 (1968), pp. 50-54.
<http://marxistsfr.org/archive/mandel/1968/xx/centenary.htm> (Accessed 28 May 2017)

⁴ Whakapapa is the Maori term for genealogy, and is central to contemporary claims-making and interpretation in Aotearoa New Zealand.

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⁶ Marx, K. *Capital: A Critique of Political Economy, Volume II, Book Two: The Process of Circulation of Capital*. Moscow: Progress Publishers, 1956.

⁷ Marx, K. *Capital: A Critique of Political Economy, Volume III, Book Three: The Process of Capitalist Production as a Whole*. Moscow: Progress Publishers, 1959.

⁸ *Socialist Alliance* was an activist group, based primarily in Christchurch, which opposed the initial implementation of neoliberal policies, and stood a candidate in the 1987 general election. The Alliance was in turn the creation of the Revolutionary Communist League (RCL), founded some years earlier by students and staff at the University of Canterbury. The RCL were aligned with the United Secretariat of the Fourth International, and in regular contact with Ernest Mandel. Socialist Alliance collapsed after the general election and the RCL went on to form the Christchurch Centre for Socialist Education. For several years I was the president of Socialist Alliance, but I was never a member of the RCL.

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- ²⁷ Marx, *Capital: Volume II*, Chapter I, p.25.
- ²⁸ Marx, *Capital: Volume I*, Chapter XVIII, p.497.
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- ³⁰ Marx, *Capital: Volume III*, Chapter 49, 832-833.
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- ³² Mandel, *Long Waves of Capitalist Development*.
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- ³⁶ Mandel, *Karl Marx*, pp.33-35.
- ³⁷ Mandel, *Karl Marx*, pp.33-35.

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- ³⁸ Mandel, *Karl Marx*, pp.33-35.
- ³⁹ Mandel, *Karl Marx*, pp.33-35.
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- ⁴¹ Mandel, *Karl Marx*, pp.33-35.
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- ⁵⁰ Marx, *Capital: Volume I*, Chapter XXVI, p.667.
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