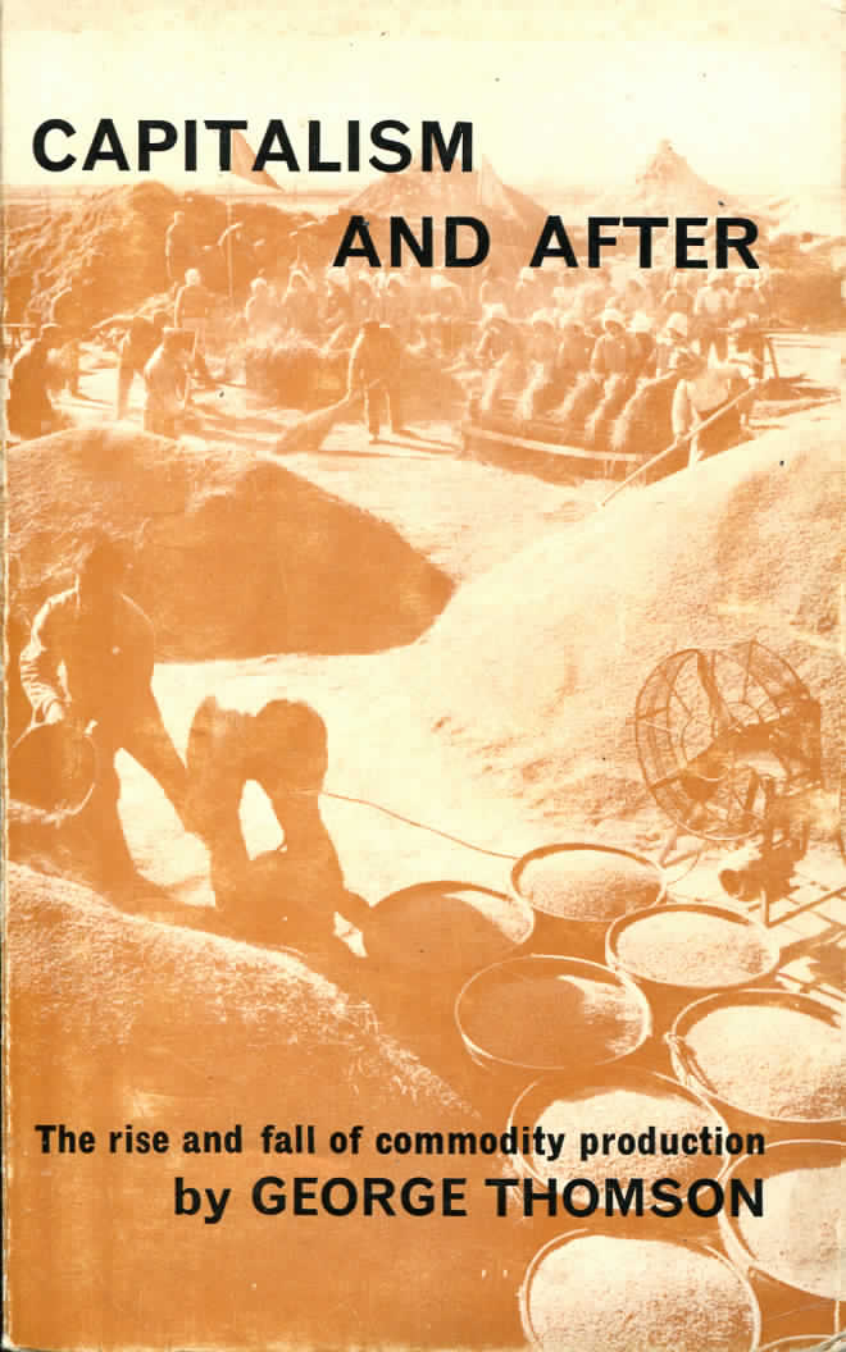
CAPITALISM AND AFTER



The rise and fall of commodity production

by GEORGE THOMSON

CAPITALISM AND AFTER

The Rise and Fall of Commodity Production

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The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan.

—*Marx*

CHINA POLICY STUDY GROUP
LONDON

To the memory of
T. D. SMITH
(1884–1967)
A foundation member of the Communist Party
(C.P.G.B.) and a follower of Mao Tse-tung

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Preface

This volume is designed as a companion to *From Marx to Mao Tse-tung*. It is intended to provide, in a form suitable for beginners, a brief introduction to historical materialism, with special attention to the role of commodity production in the history of civilisation. In the last two chapters, devoted to the Chinese people's communes, it is shown how commodity production is brought under control in a socialist economy in preparation for the transition to communism.

Birmingham, 1973 GEORGE THOMSON

Abbreviations

(For full particulars of the works cited see pp. 143–148)

AD	Engels, Anti-Dühring.
C	Marx, Capital.
CPE	Marx, Contribution to a critique of political economy.
DN	Engels, Dialectics of nature.
EPM	Marx, Economic and philosophical manuscripts.
EPS	Stalin, Economic problems of socialism.
GI	Marx and Engels, The German ideology.
LCW	Lenin, Collected works.
ME	Marx and Engels, Selected works.
MEB	Marx and Engels on Britain.
MFE	Mao Tse-tung, Four essays on philosophy.
MQ	Quotations from Chairman Mao Tse-tung.
MSW	Mao Tse-tung, Selected works.
PEF	Marx, Pre-capitalist economic formations.
PR	*Peking Review*.
PW	Engels, The peasant war in Germany.
SCW	Stalin, Works.
TSV	Marx, Theories of surplus value.

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CHAPTER I

Commodity Production

1. *The Labour of Production*

The activity characteristic of human life, as opposed to animal life, is the labour of production. The animals react on nature, but unconsciously. Even such apparently purposeful activities as the construction of a spider's web or a beehive are really no more than unconscious forms of adaptation, biologically inherited. In contrast to these, man's action on his environment is conscious :

> The animal is immediately identified with its life activity. It does not distinguish itself from it. It *is* its life activity. Man makes his life activity itself the object of his will and consciousness. He has conscious life activity. (EPM 75.)

Whereas the animals react to their environment passively, man opposes himself to it actively and consciously, seeking through the labour-process to adapt it to some preconceived idea, which he has formed in response to previous experiences of the same kind :

> A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst of architects from the best of bees is this, that the architect raises his structure in the imagination before he erects it in reality. At the end of every

labour-process we get a result that already existed in the imagination of the labourer at its commencement. (C 1.178.)

With the development of this purposeful activity there arises the distinction between consciousness and matter, between thought and action, between subject and object :

> Ideas are subjective, while deeds or actions are the subjective translated into the objective, but both represent the dynamic role peculiar to human beings. We term this kind of dynamic role 'man's conscious dynamic role', and it is a characteristic that distinguishes man from all other beings. (MSW 2.151.)

It is, therefore, to the labour of production that man owes all those characteristics that distinguish him from the animals :

> In short, the animal merely *uses* external nature and brings about changes in it merely by his presence; man by his changes makes nature serve his ends, *masters* it. This is the final, essential distinction between man and the other animals, and once again it is labour that brings it about. (ME 3.74.)

Labour involves man in a double relationship—with his natural environment, and with his fellow-men. His action on nature is mediated by tools, his action on his fellow-men by speech.

A tool is itself a product of labour—a 'product of labour already designed for production' (PEF 91). It is a natural object which man has fashioned into an instrument for mediating his action on nature :

> An instrument of labour is a thing, or a complex of things, which the labourer interposes between himself and the subject of his labour, and which serves him as the conductor of his activity. He makes use of the

mechanical, physical and chemical properties of some substances in order to make other substances subservient to his needs. (C 1.179.)

Speech, too, is a product of labour :

> First, labour; after it, and then with it, speech. These were the two most essential stimuli under the influence of which the brain of the ape gradually changed into that of man. . . . (ME 3.69.)

The initial function of speech was to mediate the relations of men engaged in co-operative labour. It was in origin a conscious expression of the mental and bodily efforts involved in the labour-process. Labour was the matrix in which articulate speech took shape.

Through the labour of production man acquired knowledge of natural phenomena, of his relations with nature, and of his relations with his fellow-men; and, as his productive skill improved with practice, so he extended his knowledge :

> Man's knowledge depends mainly on his activity in material production, through which he comes gradually to understand the phenomena, the properties and the laws of nature, and the relations between himself and nature; and through his activity in production he also comes gradually to understand, in varying degrees, certain relations that exist between man and man. None of this knowledge can be acquired apart from activity in production. (MSW 1.295.)

2. *Relations of Production*

The relations into which men enter for the purpose of production have a distinctive character, which we call *social* :

> In production men act not only on nature but on one another. They produce only by co-operating in a certain way and mutually exchanging their activities. In order to produce, they must enter into definite connections and relations with one another, and it is only within these social connections and relations that their action on nature, production, takes place. (ME 1.159.)

As man improved his tools, his labour has become more productive and his social relations more complex. In this way he has advanced, slowly at first and then at an ever-increasing tempo, from savagery to civilisation. Looking back over his history from this point of view, we see that a clear line may be drawn between primitive and civilised society, and we distinguish the following stages of civilised society: ancient society, feudal society, and bourgeois (or capitalist) society:

> Thus, the social relations within which individuals produce, the social relations of production, change, are transformed, with the change and development of the material means of production, the productive forces. The relations of production, in their totality, constitute what are called the social relations, society, and specifically a society with a peculiar, distinctive character. Ancient society, feudal society, bourgeois society are such totalities of production relations, each of which at the same time denotes a special stage of development in the history of mankind. (ME 1.160.)

The essential feature of civilised society, as opposed to primitive society, is the growth of commodity production, that is, production for exchange.

In primitive society there was no production for exchange, only production for use. Both production and consumption were at first collective. The products of labour were shared out by the producers. The produc-

tivity of labour was so low that the combined efforts of the whole community were required to maintain it at the bare level of subsistence. There was no surplus. In the absence of surplus production, it was impossible for one man to live on the labour of another. Accordingly, there was no exploitation, no division into classes.

With the development of surplus production, it became possible for individual producers to specialise in particular kinds of labour, or crafts. The craftsman produced certain articles in excess of his own needs and handed them over to the community in return for the means of subsistence, which he did not himself produce. The system of collective distribution ensured that each producer received the equivalent of his own labour. Thus divided, labour became more productive, and the surplus increased.

With the further development of surplus production, the individual claimed the right to dispose of his surplus as he pleased. There arose a contradiction between individual production and collective distribution. This was resolved through the development of exchange, which began with barter. Two individuals, who had produced different articles, each in excess of his own needs, bartered them with one another. It was implicit in such acts that each recognised in the other the right of private ownership. As barter became more frequent, the producers began to produce goods regularly for the purpose of exchange. Production for use was superseded by production for exchange.

These developments will be examined later. They have been described here summarily and simply in order to draw attention to the essence of the process involved in the evolution of civilised society from its first beginnings down to the present day. There are, of course, many other features which distinguish civilised from

primitive society, but the decisive factor is the growth of commodity production :

> Civilisation is the stage of development in society at which the divisions of labour, the exchange between individuals arising from it, and the commodity production which combines them both, come to their full growth and revolutionise the whole of previous society. (ME 3.330.)

3. *Use-value and Exchange-value*

Labour creates value. A fallen tree has no value; but, cut into logs, it may be consumed as fuel, or, sawn into boards, it may serve as raw material for the carpenter. Transformed by labour in order to satisfy some need, natural objects are invested with a new quality, which we call value.

A use-value is a product of labour produced simply in order to be used. An exchange-value, or commodity, is also destined to be used; but it is produced in order to be exchanged for other commodities, that is, to be bought and sold :

> A commodity is, in the first place, a thing that satisfies a human want; in the second place, it is a thing that can be exchanged for another thing. The utility of a thing makes it a *use-value*. Exchange-value (or simply, value) is first of all the ratio, the proportion, in which a certain number of use-values of one kind can be exchanged for a certain number of use-values of another kind. (LCW 21.59.)

Primitive society rests on co-operation between its members and common ownership of the means of production. The collective organisation of the community expresses the fact that, given the low level of production,

its individual members are incapable of surviving independently of one another :

> Co-operation, such as we find it at the dawn of human development, among races who live by the chase, or, say, in the agriculture of Indian communities, is based, on the one hand, on ownership in common of the means of production, and, on the other hand, on the fact that in these cases the individual has no more torn himself off from the navel-string of his tribe or community than each bee has freed itself from connection with the hive. (C 1.334.)

In backward parts of the world such communities have survived down to modern times, as for example the Indian village communities described by Marx :

> These small and extremely ancient Indian communities, some of which have continued down to this day, are based on possession in common of the land, on the blending of agriculture and the handicrafts, and on an unalterable division of labour, which serves, whenever a new community is started, as a plan and scheme ready cut and dried. Occupying areas of from one hundred to several thousand acres, each forms a compact whole, producing all it requires. The chief part of the products is destined for direct use by the community itself and does not take the form of a commodity. (C 1.357, cf. AD 197.)

In such a community the products of labour are use-values, not exchange-values. In so far as they are not consumed directly by the individual producers, they are distributed throughout the community in such a way that each receives for his own consumption the equivalent of what he has produced. The use-value of different products is measured by the time spent in producing them (C 1.71, 3.874). Such calculations present no

difficulty in a small community, in which divisions of labour are simple and the members are all bound together by personal ties. So long as these conditions persist, the distribution of the products of labour is subject to social control.

Sooner or later, however, these communities do change, yielding to the pressure of external forces and the growing contradiction between individual production and collective ownership. With the development of production for exchange, the products of labour become exchange-values to be exchanged with one another in proportions agreed between the individual producers, who are now recognised as owners of the articles they have produced. They have freed themselves from the old communal ties, which were hampering the development of production, but at the same time they have become involved in a new system of relationships over which they have no control.

Engels points the contrast by comparing an American Indian tribe, the Iroquois, with the ancient Greeks :

> The Iroquois were still far from controlling nature, but, within the limits imposed on them by natural forces, they did control their own production. Apart from bad harvests in their small gardens, the exhaustion of the stocks of fish in their lakes and rivers, or of the game in their woods, they knew what results they could expect, making their living as they did. . . . Production was limited in the extreme, but the producers controlled their product. . . .
>
> Not so among the Greeks. The rise of private property in herds of cattle and articles of luxury led to exchange between individuals, to the transformation of products into *commodities*. And here lie the seeds of the whole subsequent upheaval. When the producers no longer directly consumed their product themselves

but let it pass out of their hands in the act of exchange, they lost control of it. They no longer knew what became of it. The possibility arose that one day it might be used against the producer to exploit him and oppress him. (ME 3.278.)

Thanks to commodity production, man has increased his productive capacity and thereby extended beyond measure his control over nature, but at the same time he has lost control of his social relations.

4. *Concrete and Abstract Labour*

A commodity is a product of labour in which use-value is combined with exchange-value. If it had no use-value, it would have no exchange-value. No one would want to buy it if it were useless. On the other hand, since it has been produced in order to be sold, its use-value is realisable only through its exchange-value. Hence, when we speak in general of the value of a commodity, we refer to its exchange-value.

Different commodities have different use-values, being products of different kinds of labour—for example, linen and leather :

> Only such products can become commodities with regard to each other as result from different kinds of labour, each being carried on independently and for the account of private individuals. (C 1.42.)

At the same time, it is not enough that the products to be exchanged should be different in quality, they must also be identical in quantity—that is to say, they must contain an equal amount of some common property. This property is labour :

> As use-values, commodities are above all of different qualities, but as exchange-values they are merely

different quantities, and consequently do not contain an atom of use-value.

If then we leave out of consideration the use-value of commodities, they have only one common property left, that of being products of labour. But even the product of labour has undergone a change in our hands. If we make abstraction from its use-value, we make abstraction at the same time from the material elements and shapes that make the product a use-value; we see in it no longer a table, house, yarn or any other useful thing. Its existence as a material thing is put out of sight. Nor can it any longer be regarded as a product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour—human labour in the abstract. (C 1.37.)

When we think of, say, linen and leather as use-values, we think of the different qualities which make them useful, each in its own way, and of the different kinds of labour—weaving and tanning—by which they have been produced. This is *concrete* labour. But, when we think of them as commodities, we think of them as quantities of homogeneous labour. This is *abstract* labour. Linen and leather have different uses, and are products of different kinds of labour; but one pound's worth of linen is equal to one pound's worth of leather.

This concept of abstract labour as the substance of value may be illustrated by an analogy. A loaf of bread is a physical body, which possesses the property of weight. This property cannot be seen or touched, but it

can be measured. We suspend the loaf in opposition to various pieces of iron, whose weight has been determined beforehand. When we take the two bodies in the right proportions and balance them against each other in the scales, we recognise them as equal quantities of the same substance, weight. In the same way, when we say that two commodities are of equal value, we mean that they contain an equal quantity of the same substance, labour. But there is this difference. The property common to the loaf and the iron is a *natural* property; the property common to the commodities is a *social* property—social, because it is derived from human labour.

Abstract labour differs from concrete labour—the labour of the joiner, mason, spinner and so on—in that it is homogeneous. All qualitative differences have been eliminated from it. It must be measured, therefore, by its duration. The amount of abstract labour embodied in a commodity varies according to the time required for its production; and this is the measure of its value.

In order to make this definition precise, two further factors must be allowed for.

The length of time required for production is a variable quantity. Some workmen work faster than others. A slow worker may take twice as long as a fast worker to produce a given article; but it does not follow that he will earn twice as much for it, because the time he spends on it is excessive. The value of the article is determined by the *average* length of time required for its production.

But this, too, is a variable quantity. It may be reduced by the introduction of better tools or other labour-saving devices. Here again, the time spent by the worker who clings to old-fashioned tools is excessive. When we speak of the average time, therefore, we mean the average as determined by the normal conditions of production prevailing at the period in question.

Accordingly, we say :

> 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. (C 1.39.)

The unit of time required for the production of each commodity is a portion of the total labour-power of the community as a whole; and, since the productive capacity of the community is limited, the portion available for each commodity is also limited to the time necessary for its production :

> The total labour-power of society, which is embodied in the sum-total of all commodities produced by that society, counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, in so far as it has the character of the average labour-power of society, and takes effect as such : that is, in so far as it requires for producing a commodity no more time than is needed on an average, no more than is socially necessary. The labour-time socially necessary is that required to produce an article under the normal conditions of production and with the average degree of skill and intensity prevalent at the time. (C 1.39.)

5. *The Measure of Value*

Exchanges in the form of barter are necessarily casual and occasional. It is only by chance that two producers meet, each having produced in excess of his own needs an article needed by the other. The circulation of commodities only begins when articles are produced regularly for the purpose of exchange; and this requires the use of

some recognised medium of exchange, which will serve as their common measure.

Gold and silver are commodities. Like other commodities, their value is determined by the amount of socially necessary labour-time required for their production. Mining is laborious, and these metals are scarce. Hence their value is high: a small piece of gold embodies a large amount of labour-time. They are also durable and easily divisible. These properties make them very suitable to serve as a medium of exchange. Accordingly, gold and silver were by common consent set apart from all other commodities in order that they might serve as their common measure or universal equivalent. Thus, money is a commodity whose use-value lies in the fact that it mediates the exchange of other commodities by providing them with a common measure of value.

A gold or silver coin is a measured quantity of metal cast in a form easy to handle and bearing an official stamp as a guarantee of purity. In course of time it loses weight through wear and tear and so suffers a diminution of its value. In this way there arises a discrepancy between the real value of the coinage and its nominal value; and, when this distinction has become socially recognised, it is found convenient to replace gold and silver, especially in the smaller denominations, with cheaper metals, such as copper or nickel. Such coins are not embodiments of value but tokens of value, certifying that the issuing authority is in possession of the specified amount of gold or silver. Paper money is a further extension of the same principle.

Money is both the measure of value and the standard of price. The expression of the value of a commodity in the form of coined metal is its money-form or price. The price of a commodity is an imaginary quantity of the coined metal embodying the same amount of abstract labour as the commodity. The function of money

as a measure of value is not affected by variations in the value of the metal, for such variations affect all commodities equally, leaving their relative value unchanged.

From this, however, it does not follow that the price of a commodity coincides with the magnitude of its value. Its value is determined, as has been shown, by the amount of socially necessary labour-time embodied in it, and that in turn by the social and historical conditions in which it is produced. These conditions are continually changing. In addition, there are short-term variations in the conditions of production and consumption, such as a good or a bad harvest, which give rise to fluctuations of supply and demand. According as the supply exceeds or falls short of the demand, the price of the commodity will fall below or rise above its value. But underlying these apparently random fluctuations, and regulating them, is the *average* price of the commodity, and this is determined by the magnitude of its value:

> The continual oscillation in prices, their rising and falling, compensate each other and reduce themselves to an average price, which is their hidden regulator. (C 1.166.)

6. *The Circulation of Commodities*

The circulation of commodities presupposes the existence of certain relations between the producers, without which commodity production cannot take place.

In the first place, it is necessary that the producers should be free to dispose of their commodities at will and should recognise in one another the rights of private ownership:

> In order that these objects may enter into relation with one another as commodities, their guardians must

place themselves in relation to one another as persons whose will resides in those objects, and must behave in such a way that neither appropriates the commodity of the other, nor parts with his own, except by means of an act done by mutual consent. They must, therefore, mutually recognise in each other the rights of private proprietors. . . . The persons exist for one another merely as representatives, and therefore as owners, of commodities. (C 1.84.)

In the second place, it is necessary that there should exist between the producers a social division of labour, each producing in excess of his own needs a certain product which others need. What has only an exchange-value for him must have a use-value for others, and conversely what has a use-value for him must have only an exchange-value for others, otherwise the exchanges cannot take place :

His commodity possesses for himself no immediate use-value; otherwise he would not bring it to the market. It has use-value for others, but for himself its only direct use-value is that of being a depository of exchange-value and consequently a means of exchange. Therefore, he makes up his mind to part with it for commodities whose value in use is of service to him. All commodities are non-use-values for their owners and use-values for their non-owners. Consequently, they must all change hands. But this change of hands is what constitutes their exchange, and the latter puts them into relation with each other as values, and realises them as values. Hence, commodities must be realised as values before they can be realised as use-values. On the other hand, they must show that they are use-values before they can be realised as values; for the labour that is spent on them counts effectively only in so far as it is spent in a form that is useful for

others. Whether that labour is useful for others, and its product consequently capable of satisfying the wants of others, can be proved only by the act of exchange. (C 1.85.)

In the third place, as we have just observed, there must exist a special commodity—money—which serves as the universal equivalent of all other commodities. The weaver who brings his linen to market is ready to offer it in exchange for any other commodity he may wish to acquire: for him, therefore, the linen is a universal equivalent. But the same is true of the shoemaker, the joiner, and every other commodity-owner. What is a universal equivalent for each one of them is only a particular equivalent for the others. For commodities to circulate freely, there must be a universal equivalent which is socially recognised as such:

> To the owner of a commodity, every other commodity is, in regard to his own, a particular equivalent, and consequently his own commodity is the universal equivalent of all the others. But, since this applies to every owner, there is in fact no commodity acting as universal equivalent, and the relative value of commodities possesses no general form under which they can be equated as values and have the magnitude of their values compared. So far, therefore, they do not confront each other as commodities, but only as products or use-values. . . . But a particular commodity cannot become the universal equivalent except by a social act. The social action, therefore, of all other commodities sets apart the particular commodity in which they all represent their values. Thereby the bodily form of this commodity becomes the form of the socially-recognised universal equivalent. (C 1.86.)

Let us now look more closely into the actual process of exchange (C 1.103–14).

A weaver sells so many yards of linen and with the money he receives for it he buys a pair of shoes. The transaction consists of two phases—a sale and a purchase. A commodity is changed into money (C—M) and money is changed into a commodity (M—C). The process may therefore be represented by the formula C—M—C. It takes the form of a circuit, in which one commodity is exchanged by means of money into another commodity of the same value but of a different kind. Accordingly, having acquired the shoes in exchange for the linen, our weaver goes home :

> From his point of view, the whole process effects nothing more than the exchange of the product of his labour for the product of someone else's, nothing more than an exchange of products. (C.1.105.)

On further examination, however, it turns out that the matter is not so simple. The money which the weaver receives for his linen has been acquired by its purchaser through the sale of some other commodity; and it passes from the weaver to the shoemaker, who will spend it on the purchase of some other commodity. Thus, the circuits are interlinked :

> The first metamorphosis of one commodity, its transformation from a commodity into money, is also invariably the second metamorphosis of some other commodity, the re-transformation of the latter from money into a commodity. (C 1.110.)

> Hence the circuit made by one commodity in the course of its metamorphoses is inextricably mixed up with the circuits of other commodities. The total of all the different circuits constitutes the *circulation of commodities*. (C 1.112.)

Consequently, each act of sale and purchase, which is for

the commodity-owner complete in itself, is only one moment in a series of similar acts extended indefinitely in place and time. For all their fancied independence, the owners of commodities are bound together in a nexus of mutually determining relationships, of which they have no knowledge and over which they have no control:

> We see here, on the one hand, how the exchange of commodities breaks through all local and personal bounds inseparable from direct barter, and on the other hand how it develops a whole network of social relations spontaneous in their growth and entirely beyond the control of the actors. (C 1.112.)

Furthermore, the process involved in the circulation of commodities is such that to the participants it appears, in its totality, not as a combined movement of commodities and money, the latter being merely the expression of the former, but as a circulation of money alone. As the linen leaves the weaver's hands, money takes its place; as the money leaves his hands, the shoes take its place. The commodities and the money move simultaneously in opposite directions. But, whereas the money retains its form throughout, each commodity is successively transformed and removed from circulation. Hence, in the case of the commodities the continuity of the movement is disguised, and the illusion is created that the commodities only move in response to the circulation of the money:

> Hence, although the movement of the money is merely the expression of the circulation of commodities, yet the contrary appears to be the actual fact, and the circulation of commodities seems to be the result of the movement of the money. (C 1.116.)

The circuit C—M—C is a unity of sale and purchase, and, so long as this unity is preserved, the circulation of

commodities consists in the exchange of equivalents. But, unlike barter, the exchange of commodities is subject to no restrictions of time or place. The prospective seller must, of course, find a buyer; but, having sold, he is not immediately obliged to buy. He may decide to keep his money for a purchase to be made at a later date or in another place. In this way the unity of the process is disrupted. Given the separation of sale and purchase, the circulation of commodities becomes subject to irregularities, which may, in certain conditions to be discussed later, precipitate a crisis :

> If the interval in time between the two complementary phases of the complete process becomes too great, if the split between sale and purchase becomes too pronounced, the intimate connection between them, their oneness, asserts itself by producing—a crisis. (C 1.113.)

The possibility of economic crises is inherent in the circulation of commodities, and their causes must necessarily remain unknown, so long as the nature of that process is not understood. A commodity is a unity of opposites. On the one hand, it must be a use-value before it can be realised as an exchange-value; on the other, it must become an exchange-value before it can be realised as a use-value. Its twofold transformation, from use-value to exchange-value and from exchange-value to use-value, is mediated by money. Transformed from a commodity into money, it sheds its use-value and becomes pure exchange-value; transformed from money into another commodity, it sheds its exchange-value and becomes a use-value. If, however, the process is interrupted, a situation may arise in which there is an accumulation of products which cannot be realised as use-values because they cannot be realised as exchange-values. In other words, they cannot be consumed, not because nobody

wants them, but because those who want them have not the money to buy them. This is the age-old paradox of poverty in the midst of plenty, which has cast its shadow over every epoch of commodity-producing society, culminating in our own.

Hence, as Lenin observed, Marx's analysis of commodities is profoundly important for the study both of political economy and of dialectics:

> In his *Capital*, Marx first analysed the simplest, most ordinary and fundamental, most commonplace everyday relation of bourgeois (commodity) society, a relation encountered billions of times, that is, the exchange of commodities. In this very simple phenomenon—in this 'cell' of bourgeois society—analysis reveals *all* the contradictions—or the germs of all the contradictions—of modern society. (LCW 38.360.)

CHAPTER II

Buying in Order to Sell

1. *Surplus Production*

Production for exchange only becomes possible when the social division of labour is sufficiently advanced to produce a substantial surplus. What is it that has impelled man to produce more than he needs? Why was he not content, like the animals, to remain at the bare level of subsistence? The answer is that he differs from the animals in being *conscious* of his needs, and for that reason he is constantly adding to them. That which was formerly a superfluity becomes by force of habit a necessity. With each advance in his capacity to satisfy his needs, with each new division of labour, he becomes aware of fresh needs, and to that process there is no limit.

Such advances are made most readily in those regions where the natural environment is not only fertile but diversified, offering exceptional opportunities for the development of different kinds of labour :

> It is not the tropics with their luxurious vegetation but the temperate zone that is the mother-country of capital. It is not the mere fertility of the soil, but the differentiation of the soil, the variety of its natural products, the changes of the seasons, which form the physical basis for the social division of labour, and which, by changes in the natural surroundings, spur

man on to the multiplication of his wants, his capabilities, his means and mode of labour. (C 1.513.)

There are three regions associated with the origins of civilisation—the Near East, north-central China, and northern India. All three contain alluvial valleys of great potential fertility—the Nile, the Euphrates and Tigris, the Yellow River, the Indus and the Ganges. It is not an accident that these are the three areas in which money was invented. The Near Eastern region, in particular, is remarkable for its diversity. It comprises within easy access of one another agricultural and pastoral areas, mountains rich in timber, stone and a variety of metals, and in the West it opens on to the Mediterranean, where the natural conditions are exceptionally favourable for maritime trade.

The fertility of the river valleys is dependent on irrigation. This is true of all three regions, but especially of the Near East. The dikes were built by mass labour drawn from the village communities comprised within a single catchment area and organised by the chiefs or priests, who specialised in engineering, astronomy and other aspects of flood control (C 1.514, n.1). In this way the groups of villages grew into towns, and the chiefs, the organisers of production, established themselves as custodians, or owners, of the means of production—in other words, a ruling class. Thus, the division of society into classes originated as a new—qualitatively new—division of labour, a division between mental and manual labour. Appropriating the surplus value produced by the manual workers, the ruling class used it to develop new capacities, new divisions of labour, and new branches of mental labour. All the distinctive features of civilised life as we know it down to the present day—the state, the law, religion, the arts and sciences—presuppose this division between mental and manual labour.

2. *Merchants' Capital*

The owners of commodities confront one another in the market as free and equal agents. This does not mean, of course, that they are free and equal members of the community to which they belong. Wherever the circulation of commodities is well developed, the market is frequented, not only by peasants and handicraftsmen seeking to satisfy their immediate needs, but by landowners, merchants and money-lenders. All these meet there as commodity-owners. Whatever other relationship may exist between them, it is put out of sight.

The poor peasant, living from hand to mouth, is forced to sell his product, even at a loss, in order to buy what he needs. But the rich peasant or landowner can afford to wait. He is not constrained to sell; and, if he does sell, he may postpone his purchase to another day. Taking advantage of day-to-day fluctuations in market prices, he can sell dear and buy cheap. From this it is only a short step to the next stage, in which he buys cheap in order to sell dear.

There is a story told of Thales, the first of the Greek philosophers. It was shortly before his time, and not far from his birthplace, that the coinage was invented. One winter, being an expert in astronomy, he predicted an abundant harvest, and for a small sum of money he hired all the local olive-presses. In due course there was a bumper crop, creating a keen demand for the presses, and by letting them out at exorbitant prices Thales made a fortune. Thus, the first philosopher was also the first financier. This was only a beginning. In our own day we have seen speculators buying up world stocks of some raw material in order to sell it again at a profit.

The peasant sells in order to buy. He changes a commodity into money and changes the money into another

commodity : C—M—C. But the merchant buys in order to sell. He changes money into a commodity and changes the commodity back into money : M—C—M. This is the formula for the circulation of money as capital :

> The simple circulation of commodities begins with a sale and ends with a purchase, while the circulation of money as capital begins with a purchase and ends with a sale. In the one case both the starting-point and the goal are commodities, in the other they are money. In the first form the movement is brought about by the intervention of money, in the second by that of a commodity. (C 1.148.)

The simple circulation of commodities begins and ends with a commodity, which brings only a gain in use-value and is withdrawn from circulation. The circulation of money as capital begins and ends with money, which brings only a gain in exchange-value and is put back into circulation :

> The circuit C—M—C starts with one commodity and finishes with another, which falls out of circulation and into consumption. Consumption, the satisfaction of wants—in one word, use-value—is its end and aim. The circuit M—C—M, on the contrary, commences with money and ends with money. Its leading motive, and the goal that attracts it, is therefore mere exchange-value. (C 1.149.)

In the second circuit, therefore, the change is purely quantitative. A sum of money is replaced by a larger sum of money : M—C—M′ :

> More money is withdrawn from circulation at the finish than was thrown into it at the start. . . . This increment or excess over the original value I call 'surplus value'. The value originally advanced, there-

fore, not only remains intact while in circulation, but adds to itself a surplus value or expands itself. It is this movement that converts it into capital. (C 1.150.)

In the simple circulation of commodities each circuit is limited by the fact of its being a means to an end. The peasant sells what he has produced, buys what he needs, and goes home. But the merchant begins and ends with money. The completion of one circuit becomes the starting-point of another :

> The simple circulation of commodities—selling in order to buy—is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital, therefore, has no limits. (C 1.151.)

Merchants' capital has always been associated with money-lending (usury). Like the merchant, the money-lender begins each operation with money and ends it with more money. The increment is his 'interest', that is, the payment which he exacts for the hire of his capital. Merchants have always been ready to make money out of usury, and have often relied on usurers to finance their enterprises, like Shakespeare's Merchant of Venice. Money-lending develops into banking. The banker may be described as a merchant who deals in capital.

The merchant achieves his aim of buying cheap and selling dear by taking advantage of market disparities due to the separation of sale from purchase. The separation may be temporal, like the seasonal variations exploited by Thales, or it may be territorial. A merchant buys grain in one region, where there is a glut, and sells it in another, where there is a famine. Or he may obtain

precious metals in exchange for trash from some primitive people, which has not yet developed a 'commercial sense', and sell them in his own country at current prices. The truth is that, in its initial stages—and later too, whenever opportunity offers—merchants' capital is indistinguishable from robbery :

> Merchants' capital, when it holds a position of dominance, stands everywhere for a system of robbery, so that its development among the nations of ancient and modern times is always directly connected with plundering, piracy, kidnapping slaves, and colonial conquest. (C 3.325.)

As more settled conditions supervene, mercantile relations approximate more closely to an exchange of equivalents, with the merchant as middleman :

> To buy cheap in order to sell dear is the rule of trade; hence, not the exchange of equivalents. . . . The quantitative ratio in which products are exchanged is at first quite arbitrary. . . . Continued exchange, and more regular reproduction for exchange, reduce this arbitrariness more and more; but at first not for the producer and consumer, only for their go-between, the merchant, who compares money prices and pockets the difference. It is through his own movements that he establishes equivalence. (C 3.324.)

Meanwhile, within each community, the merchant mediates the commerce between urban and rural producers. The division between town and country is a permanent feature of class society (GI 64). Taking advantage of its dominant position, economic and political, the town exploits the country by imposing its own prices, buying cheap and selling dear (C 3.781).

Thus, as one who, by force or fraud, appropriates the fruit of another man's labour, the merchant is no less of

a robber than the pirate. The practice of buying cheap and selling dear was condemned for that reason both by Aristotle and by the medieval Church. It is only in proportion as the merchant class acquires wealth and power that its activities become respectable. The old morality is negated by the new.

The effect of merchants' capital in all ages has been to dissolve the pre-existing system of social relations, based on the production of use-values; but the new system thus brought into being differs according to the level of development of the productive forces. In ancient society it was based on slave-labour, in medieval society on serf-labour, in modern society on wage-labour. The capitalist system, based on wage-labour and machine industry, marks the highest stage in the evolution of commodity production.

3. *The Fetishism of Commodities*

This is how Marx envisages the organisation of a simple community based on common ownership and production for use :

> Let us now picture to ourselves . . . a community of free individuals, carrying on their work with the means of production in common, in which the labour-power of all the different individuals is consciously applied as the combined labour of the community. . . . The total product of our community is a social product. One portion serves as fresh means of production and remains social. Another portion is consumed by the members as means of subsistence. A distribution of this portion among them is consequently necessary. The mode of this distribution will vary with the productive organisation of the community and the degree of historical development attained by the producers. We

will assume, but merely for the sake of a parallel with the production of commodities, that the share of each individual producer is determined by his labour-time. Labour-time would in that case play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution. (C 1.78.)

Let us now consider how, with the development of private ownership and commodity production, the new relations, being no longer simple and intelligible, are distorted in the consciousness of the producers.

With the simple circulation of commodities, only the surplus products become objects of exchange. All products of labour are still recognisable as use-values. If some of them are converted temporarily into exchange-values, that is merely a convenient device for transferring them from one owner to another. Money is used, but only for the purpose of mediating the transfer.

With the circulation of money as capital, more and more products of labour are drawn into the orbit of exchange. The producers have lost control of their products and of their relations with one another. Disguised as commodities, the products of labour seem to derive their value, not from the labour embodied in them, but from that special commodity, money, with which they are all directly exchangeable; and, since money is made of

gold or silver, value becomes in their eyes a mysterious property with which those metals have been endowed by nature :

> What appears to happen is not that gold becomes money in consequence of all other commodities expressing their values in it, but on the contrary that all other commodities express their values in gold, because it is money. The intermediate steps in the process vanish in the result and leave no trace behind. Commodities find their own value completely represented, without any initiative on their part, in another commodity existing in company with them. These objects, gold and silver, just as they come out of the bowels of the earth, are forthwith the direct incarnation of all human labour. Hence the magic of money. (C 1.92.)

Let us recall another story from the cradle-land of money. Midas was king of Phrygia in north-western Asia Minor. His were the gold mines from which the earliest coins were struck. He was fabulously rich, and received from the gods the power of turning everything he touched into gold. The result was, he had nothing to eat or drink, and, if the gods had not withdrawn their gift, he would have starved to death.

The same paradox found expression two thousand years later during the great upsurge of commodity production out of which modern capitalism was born. Sir Thomas More wrote in 1516 :

> Yea, poverty itself, which seemed only to lack money—if money were gone, it too would decrease and vanish away. And that you may perceive this more plainly, consider with yourselves some barren and unfruitful year, wherein many thousands of people have starved for hunger. I dare be bold to say that in the end of that penury so much corn or grain might have

been found in the rich men's barns, if they had been searched, as being divided among those whom famine and pestilence then consumed, no man at all should have felt that plague and penury. So easily might men get their living, if that same worthy princess Lady Money did not alone stop up the way between us and our living, which in God's name was very excellently devised and invented that by her the way thereto should be opened. (More, *Utopia*, 2.9.)

Sir Thomas More argues here (if we may express his ideas in modern terms) that the proper function of money is to mediate the circulation of the products of human labour in order that they may be realised as use-values; but, for some reason which he does not understand (actually, the appropriation of surplus value), this process is interrupted, with the result that the producers starve. Unable to identify the true cause of the famine, he can only ascribe it to the capricious behaviour of Lady Money. Thus, money, a product of man's labour which he is no longer able to control, becomes in his eyes an alien power with a life and a will of its own.

As with money, so with commodities in general. Commodities are at once material objects and repositories of value. Their value manifests itself in the mutual relations into which they enter in the process of exchange, and therefore it takes on the appearance of a natural property belonging to them as material objects. In reality, being derived from the labour embodied in them, it expresses the relations existing between the producers within the social division of labour. Thus, what is really a relation between persons appears as a relation between things:

A commodity is a mysterious thing, simply because in it the social character of men's labour appears to them as an objective character stamped on the product

of that labour; because the relation of the producers to the sum-total of their own labour is presented to them as a social relation existing, not between themselves, but between the products of their labour (C 1.72.)

The product that appears in exchange is a commodity. It is, however, a commodity solely because a *relation* between two persons or communities attaches to the *thing*, the product, the relation between producer and consumer, who are here no longer united in the same person.

Here at once we have an example of a peculiar fact, which runs through the whole of economics and has caused utter confusion in the minds of the bourgeois economists. Economics deals, not with things, but with relations between persons and in the last resort between classes: these relations are, however, always *attached to things* and *appear* as things. (ME 1.514.)

These illusions constitute what is called the 'fetishism of commodities' (C 1.71) or the 'false consciousness' of commodity-producing society (ME 3.496). They belong to 'a state of society, in which the process of production has the mastery over man instead of being controlled by him' (C 1.81).

In the not too distant future, after abolishing commodity production, man will recover control of the productive process, and then his relations of production will again become 'simple and intelligible':

The life-process of society, which is based on the process of material production, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan. (C 1.80.)

CHAPTER III

Capital and Labour

1. *Labour-power*

A slave in his master's property, like an ox or an ass. He may be a domestic slave, born in his master's household, or he may be a chattel slave, that is, bought in the slave market. In the former case he is a use-value, in the latter an exchange-value. In either case, the surplus which he produces is appropriated in its entirety by his owner.

A serf is not a commodity. He owns his implements, and has a hereditary right to a share in the common lands (C 1.717). He is obliged to surrender to his lord a part of his surplus product, either by handing over a fixed portion of his crop (rent in kind) or else by working for so many days a week on his lord's estate (labour-service or *corvée*); but he is able to retain a portion of his surplus for himself (C 3.774).

Thus, while the slave is wholly unfree, the serf is partly free. What then of the wage-labourer? To what extent can he be called free?

The relation between capitalist and wage-worker is a relation between buyer and seller. What is it that the capitalist buys and the wage-worker sells? To this the capitalist replies that he buys from his workers so much labour and pays for it at its value—'a fair day's wage for a fair day's work'. This reply is fallacious.

In the first place, the worker is paid in money. The

purchasing power of money varies according to fluctuations in the prices of other commodities. Hence, there is a distinction, vital to the worker, between money wages and real wages. If prices are rising, he may receive an increase in money wages and yet find that he is poorer than before.

Secondly, if the worker's wages represented the full value of his work, they would rise proportionately with every increase in the price of the commodity which he produces; but they do not. If they did, the capitalist would not make a profit. Where does his profit come from, if not from the labour of his workers?

It has been argued that the capitalist makes his profit by selling his goods above their value. After all, this is what the merchant does—buying cheap and selling dear. The capitalist does this, too, of course, whenever he can, but in the conditions of free competition he has to deal with his fellow capitalists on equal terms. He has bought his machinery and raw materials—his 'means of production'—from other capitalists, and they will buy his goods. They buy and sell from each other. Therefore, in so far as they buy below value or sell above value, they do so at each other's expense. Individual capitalists may gain in this way, but they cannot gain as a class. It follows that this cannot be the source of their profit (ME 2.54, LCW 21.62).

What the capitalist buys from his workers is not their labour, but their *labour-power*, that is, their capacity to work—their physical energy and skill (C 1.537). Labour-power is a commodity, whose use-value is labour (C 1.77, 193). Having acquired the 'means of production' (a factory, tools, machinery, raw materials, etc.), our capitalist enters into a contract with the workers to hire their labour-power for a specified period of time at so much an hour. The labour which they expend in that period belongs to him, just as the machinery and the

materials belong to him. Operating his machines, they apply their labour to the materials, transforming them into new commodities. These commodities, which embody the additional value created by their labour, belong to the capitalist. At the end of the period, he pays them their wages, which represent, not the additional value created by their labour, but the price of their labour-power:

> Let us take any worker, say, a weaver. The capitalist supplies him with the loom and the yarn. The weaver sets to work, and the yarn is converted into linen. The capitalist takes possession of the linen, and sells it, say, for twenty marks. Now, are the weaver's wages a *share* in the linen, in the twenty marks, in the product of his labour? By no means. Long before the linen is sold, perhaps before its weaving is finished, the weaver has received his wages. The capitalist pays these wages, not with the money he will receive from the linen, but with money already in reserve. . . . It is possible that his employer found no purchaser at all for his linen; it is possible that he did not even get the amount of the wages by its sale; it is possible that he sells it very profitably in comparison with the weaver's wages. All that has nothing to do with the weaver. The capitalist buys the weaver's labour-power with a part of his available wealth, of his capital, just as he has bought the raw material—the yarn—and the instrument of labour—the loom—with another part of his wealth. After he has made these purchases, including the labour-power necessary for the production of linen, he produces only with *raw materials and instruments of labour belonging to him.* These now include, true enough, our good weaver as well, who has as little share in the product, or in the price of the product, as the loom has.

Wages are, therefore, not the worker's share in the commodity produced by him; they are that part of already existing commodities with which the capitalist buys for himself a definite amount of productive labour-power. (ME 1.152.)

If the commodity which the worker sells to the capitalist is his labour-power, then his wage is its price, that is, the money form of its value. What then is its value? The value of a commodity is determined by its cost of production, that is, by the amount of socially necessary labour-time required to produce it. How does this apply to labour-power?

In order to work, the worker must have food, clothing, fuel, shelter, perhaps also training in some special skill. He must also have the means to raise a family, otherwise there will be no one to replace him. These requirements will vary according to the nature of his work and other circumstances (C 1.170), but there will always be a minimum below which the worker cannot live. This will not prevent the capitalist from working him to death, if there are others to replace him, but it marks the point at which fluctuations in the price of labour-power find their level :

The cost of production of simple labour-power amounts, therefore, to the cost of existence and reproduction of the worker. The price of this cost of existence and reproduction constitutes wages. Wages so determined are called the wage minimum. This wage minimum, like the determination of the price of commodities by the cost of production in general, does not hold good for the single individual but only for the species. Individual workers, millions of them, do not get enough to be able to exist and reproduce themselves; but the wages of the whole working class level

down, within their fluctuations, to this minimum. (ME 1.159.)

Wages rise and fall. What determines these fluctuations? Here, too, labour-power behaves like other commodities. In the conditions of commodity production, in which the relation between production and consumption is determined blindly by the market, the available supply of every commodity is liable, at any given moment, to exceed, or fall short of, the demand. The same anarchy prevails in the labour market as in the market for other commodities. First, there is competition between the buyers and sellers of labour-power, the former looking for 'cheap labour' and the latter for a 'decent wage'. This is the principal contradiction. Secondly, there is competition between the buyers: hence, if there are more jobs to be filled than there are workers available, wages will rise. Thirdly, there is competition between the sellers: hence, if there are more workers looking for jobs than there are jobs available, wages will fall (ME 1.158). These are non-principal contradictions.

In one respect, however, labour-power is unique among commodities. Labour creates value. Therefore, labour-power can be used to create value in excess of its own value, that is, surplus value:

> The action of labour-power not only reproduces its own value, but produces value over and above it. This surplus value is the difference between the value of the product and the value of the elements consumed in the formation of that product—in other words, of the means of production and the labour-power. (C 1.208.)

Thus, of the value created by the workers only a portion is returned to them in the form of wages. The remainder —the surplus—is appropriated by the capitalist. This is the source of his profit.

2. *Paid and Unpaid Labour*

Industrial capital (or simply 'capital') is the characteristic form assumed by capital in capitalist society. It must be distinguished from merchants' capital, which is found in all stages of class society. Like the merchant, the capitalist appropriates surplus value; but, whereas the merchant does this simply by intervening in the process of circulation, the capitalist appropriation of surplus value takes place within the process of production. This will become clear if we compare the formula for the circulation of merchants' capital (M—C—M′) with the formula for the circulation of capital: M—C—P—C′—M′. Here P stands for the process of production.

The capitalist begins by drawing on his capital (M) to buy certain commodities which he needs in order to produce—machinery, raw materials, fuel, etc. These are his 'means of production'. He also buys labour-power. Having supplied himself with all these commodities (C), he sets in motion the actual process of production (P), in which the raw materials are transformed by the combined action of machinery and labour-power into new commodities (C′). These are then sold, and the money received for them not only covers the cost of their production but also (if the operation has been successful) leaves him with a surplus (M′). This is his profit.

Thus, the value created by the workers falls into two portions. That portion which is returned to them as wages is paid labour; the remainder is unpaid. The capitalist's profit comes from the workers' unpaid labour:

> Capital, therefore, is not only, as Adam Smith says, the command over labour. It is essentially the command over unpaid labour. All surplus value . . . is in substance the materialisation of unpaid labour. The

secret of the self-expansion of capital resolves itself into having the disposal of a definite quantity of other people's unpaid labour. (C 1.534, cf. ME 2.60.)

The distinction between paid and unpaid labour may also be expressed as a distinction between necessary and surplus labour. The worker's necessary labour is that amount of labour which he must perform in order to produce his means of subsistence, which he receives in the form of wages. The amount of labour which he performs in excess of that amount is his surplus labour, and this is appropriated by the capitalist (C 1.216). Thus, speaking in terms of labour-time, we may say that the wage-labourer works so many hours for himself (his necessary labour) and so many hours for the capitalist (his surplus labour), just as the serf works so many days for himself and so many days for his lord.

Let us now return to our comparison between slave-labour, serf-labour and wage-labour. The slave surrenders the entire product of his labour, including his necessary labour, which, however, is returned to him as means of subsistence. To the slave, therefore, all labour appears as unpaid. The serf surrenders a portion of his product, in the form either of so much grain from his own holding or of so much labour on his lord's estate; and he retains the rest. Thus, in serfdom the distinction between necessary and surplus labour, between paid and unpaid labour, is open and unconcealed. In wage-labour it is veiled by the market. The worker owns a commodity, labour-power, which he is nominally free to sell or not to sell; but actually, since he owns nothing else, he is forced to sell it. If he cannot find anyone to buy it, he starves. Then, having sold it, he finds, like every other commodity-owner, that he has lost control of it, and in his confusion he is persuaded that what he receives in wages represents, not the price of his com-

modity, labour-power, but the value of what he produces :

> The wage form thus extinguishes every trace of the division of the working day into necessary labour and surplus labour, into paid and unpaid labour. All labour appears as paid labour. In the *corvée*, the worker's labour for himself and his compulsory labour for his lord differ in space and time in the clearest possible way. In slave-labour, even that part of the working day in which the slave is only replacing the value of his own means of existence, in which, therefore, he works for himself alone, appears as labour for his master. All the slave's labour appears as unpaid labour. In wage-labour, on the contrary, even surplus labour, or unpaid labour, appears as paid. There, the property relation conceals the labour of the slave for himself; here, the money relation conceals the unrequited labour of the wage-labourer. (C 1.539.)

> The Roman slave was held by fetters; the wage-labourer is bound to his owner by invisible threads. (C 1.574.)

In what sense, then, can the wage-labourer be called free?

On the one hand, he is free in the double sense that he does not belong to another nor do the means of production belong to him :

> In themselves money and commodities are no more capital than are the means of production and subsistence. They want transforming into capital. But this transformation can only take place in certain circumstances which centre in this, that two very different kinds of commodity-possessors must come face to face and into contact : on the one hand, owners

of money, means of production, means of subsistence, who are eager to increase the sum of values they possess by buying other people's labour-power; on the other hand, free labourers, the sellers of their own labour-power and therefore sellers of labour. Free labourers, in the double sense that neither they themselves form part of the means of production, as in the case of slaves, bondsmen etc., nor do the means of production belong to them, as in the case of peasant proprietors; they are, therefore, free from, unencumbered by, any means of production of their own. (C 1.714.)

On the other hand, being forced to sell his labour-power, he is not free :

> It must be acknowledged that our labourer comes out of the process of production other than he entered. In the market he stood as owner of the commodity, labour-power, face to face with the other commodity-owners, dealer against dealer. The contract by which he sold his labour-power to the capitalist proved, so to say, in black and white that he disposed of himself freely. The bargain concluded, it was discovered that he was no 'free' agent, that the time for which he is free to sell his labour-power is the time for which he is forced to sell it, that in fact the vampire will not loose its hold on him 'so long as there is a muscle, a nerve, a drop of blood, to be exploited.' (C. 1.301.)

In this commodity relation between capital and labour lies the secret of capitalist exploitation. For that reason it is necessarily distorted in the 'false consciousness' of bourgeois ideologists. They recognise the exploitation in slave-labour and in serf-labour but shut their eyes to it in wage-labour. As they see it, capital is not an accumulation of past labour, appropriated without payment, but something which the capitalist (who takes no part in

production) has acquired by dint of his natural qualities of enterprise and thrift; and conversely, the wage-worker (the real producer) figures in their accounts as a mere commodity, labour, which the capitalist purchases along with his other means of production. In the bourgeois consciousness, therefore, the truth is turned upside down. The object is presented as the subject and the subject as the object:

> On the one hand, the value, or the past labour, which dominates living labour, is incarnated in the capitalist; on the other hand, the labourer appears as bare material labour-power, as a commodity. (C 3.45.)

In this way the crucial distinction between paid and unpaid labour is put out of sight. The appearance is substituted for the reality:

> This phenomenal form, which makes the actual relation invisible, and indeed shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalist mode of production, of all the illusions about liberty, of all the apologetic shifts of the vulgar economists. (C 1.540.)

3. *Constant and Variable Capital*

The capital which the capitalist invests in production may be divided into two parts.

In the first place, he buys certain commodities—raw materials, machines, etc.—as his 'means of production'. The value of these commodities passes through the productive process into the new commodities which they serve to produce. Sooner or later, the raw materials will be used up, the machines will wear out, and will have to

be replaced. By that time their full value, neither more nor less, will be embodied in the new commodities. During the productive process they are transformed, but their value remains the same. This, then, is his *constant* capital.

In the second place, he buys labour-power. The value of this commodity, too, is transferred to the new commodities, but labour-power differs from other commodities in having the capacity to add to its own value in the course of being used, that is, of creating surplus value. The magnitude of the surplus varies, being dependent on the conditions of production. The capital invested in labour-power is, therefore, *variable* capital:

> The means of production, on the one hand, and labour-power, on the other, are merely 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 labour-process. That part of the capital, then, which is represented by the means of production—by the raw material, auxiliary material, and instruments of labour—does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of the capital, or more shortly *constant capital.*
>
> On the other hand, that part of capital represented by labour-power does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value and also produces an excess, a surplus value, which may itself vary, may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or shortly *variable capital.* (C 1.209.)

It is by the use of labour-power that the capitalist

expands his capital; it is by the sale of labour-power that the wage-labourer lives. Without wage-labour there could be no capital; without capital there could be no wage-labour :

> Thus, capital presupposes wage-labour, wage-labour presupposes capital. They reciprocally condition the existence of each other; they reciprocally bring forth each other. (ME 1.162.)

The interdependence of capital and labour is a unity of antagonistic opposites.

The price the capitalist pays to the workers for exploiting them is drawn from the surplus value which he has accumulated from past exploitation. Dead labour is used to exploit living labour. In the same way, living labour becomes dead labour to be used for future exploitation :

> It is only the dominion of accumulated, past, materialised labour over direct, living labour that turns accumulated labour into capital. Capital does not consist in accumulated labour serving living labour as means of new production. It consists in living labour serving accumulated labour as a means of maintaining and increasing the value of the latter. (ME 1.161.)

> Does a worker in a cotton factory produce merely cotton textiles? No, he produces capital. He produces values which serve afresh to command his labour and by means of it to create new values. Capital can only increase by exchanging itself for labour-power, by calling wage-labour to life. The wage-worker's labour-power can only be exchanged for capital by strengthening the power whose slave it is. (ME 1.162.)

This contradiction between capital and labour is the driving force of capitalist production.

In conclusion, let us recapitulate our argument.

In the beginning, the producer took his surplus product to market and exchanged it for some other product which he needed for his own consumption. This was an exchange of equivalents. Later, the merchant, a non-producer, intervened in the process of exchange so as to appropriate from the producers a portion of the value which they had produced. His aim was not the exchange of equivalents but the accumulation of surplus value. This was a new factor, which revolutionised the mode of production. Eventually, when labour-power itself has become a commodity, the appropriation of surplus value takes place within the actual process of production. The exchange between capitalist and worker is still nominally an exchange of equivalents, since they meet in the market as equals, but this is now merely an illusion :

> The laws of appropriation, or of private property—laws that are based on the production and circulation of commodities—are by their own inner and inexorable dialectic changed into their very opposite. The exchange of equivalents, the original operation with which we started, has now been turned round in such a way that there is only an apparent exchange. This is owing to the fact, first, that the capital which is exchanged for labour-power is itself but a portion of others' labour, appropriated without an equivalent, and, secondly, that this capital must not only be replaced by its producer, but replaced with an added surplus. The relation of exchange subsisting between capitalist and labourer becomes a mere semblance appertaining to the process of circulation, a mere form, foreign to the real nature of the transaction and serving only to mystify it. The ever-repeated purchase and sale of labour-power is now the mere form. What really takes place is this. The capitalist appropriates

again and again, without equivalent, a portion of the previously materialised labour of others, and exchanges it for a greater quantity of living labour. (C 1.583, cf. PEF 114.)

For the wage-worker, therefore, labour is not the exercise of his life activity, but rather the negation of that activity, because it is no longer his. He sells his life activity in order that he may live :

> Labour-power is, therefore, a commodity which its possessor, the wage-worker, sells to the capitalist. Why does he sell it? In order to live.
>
> But the exercise of labour-power, labour, is the worker's own life activity, the manifestation of his own life. And this life activity he sells to another person in order to secure the necessary means of subsistence. Thus, his life activity is for him only a means to enable him to exist. He works in order to live. He does not even reckon labour as part of his life, it is rather a sacrifice of his life. It is a commodity which he has made over to another. Hence also the product of his activity is not the object of his activity. What he produces for himself is not the silk that he weaves, not the gold that he draws from the mine, not the palace he builds. What he produces for himself is *wages*. Silk, gold, palace resolve themselves for him into a definite quantity of the means of subsistence—perhaps a cotton jacket, some copper coins, and a lodging in a cellar. (ME 1.153, cf. EPM 72.)

The intensity of capitalist exploitation depends on the degree to which the workers resist it, but its nature remains the same, reproducing the same conditions on an ever-expanding scale :

> The more or less favourable circumstances in which the wage-working class supports and multiplies itself,

> in no way alters the fundamental character of capitalist production. As simple reproduction constantly reproduces the capital-relation itself—that is, the relation of capitalists on the one hand and wage-workers on the other—so reproduction on a progressive scale—that is, accumulation—reproduces the capital-relation on a progressive scale—more capitalists, or larger capitalists, at this pole, more wage-workers at that. The reproduction of a mass of labour-power, which must incessantly reincorporate itself with capital for the self-expansion of that capital, which cannot break free from capital, and whose enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself—this reproduction of labour-power forms in fact an essential of the reproduction of capital itself. Accumulation of capital, therefore, is increase of the proletariat. (C 1.613.)

Accordingly, the contradiction between capital and labour manifests itself in the form of a political struggle between the two main contending classes of modern society—the bourgeoisie, or capitalist class, and the proletariat.

CHAPTER IV

Pre-Capitalist Society

1. *From Tribe to State*

It is about two million years since man emerged from the animal world; yet the earliest civilisations are not more than six thousand years old. Thus, the stage of class society, whose end is already in sight, represents only a small fraction of man's history. During all but the latter end of the preceding period, he lived in small, scattered communities, always on the move, producing only for use, with no social divisions of labour and only the most rudimentary tools, and with a social structure still based on natural relations.

The tribal structure of society rested on kinship, reckoned through the mother. Each tribe was composed of two moieties, and each moiety of two or more clans. Mating was permitted only between men and women belonging to different moieties. When the tribe pitched camp, the tribal structure was reproduced in the territorial lay-out. The camp took the form of a circle, divided into semicircles and quarters, with a place for each clan in the appropriate quarter. This circle, with its four quarters, became the model for primitive conceptions of the universe.

Tribal society was based on common ownership. In the earlier stages, the principle of equal shares had been accepted without question as a natural necessity. Later, when the clan had begun to disintegrate into families,

the principle became a recognised social norm. The pasture was held in common, while the arable was divided into strips and periodically redistributed in such a way that each family received a share proportionate to its man-power. Such was the primitive application of the principle 'to each according to his needs'.

Tribal society was democratic. There was a tribal council, composed of the clan chiefs or elders, appointed by the clans. All these held office by election and were subject to recall. The council met in the presence of the assembled tribespeople, men and women, whose approval was required for its decisions. In the absence of exploitation, there was no need for a special body of persons charged with the maintenance of law and order.

The break-up of tribal society was precipitated by warfare. Increase of population gave rise to inter-tribal disputes, and these in turn to marauding raids, conducted by one of the chiefs with a band of volunteers. The booty captured on such occasions was divided by the raiders among themselves, with a special share for the chief, which became his property. With the further development of warfare, the conquerors killed the men, enslaved the women and children, and took possession of the land. The slaves and the land were distributed by lot, and again special shares were set aside for the chiefs. In some cases the inhabitants were left in occupation of the land, which they cultivated for the conquerors as serfs. They were regarded as belonging, together with the conquered territory, to the 'inorganic conditions' of the reproduction of the conquerors (PEF 91) and hence not fully human.

In the course of time contending tribes and tribal leagues merged into kingdoms controlled by an aristocracy of chiefs under a single supreme ruler. His residence became the administrative centre. The division between

town and country resulted in the separation of the handicrafts from agriculture, creating new possibilities of surplus production. At the same time, the old tribal relations, based on kinship reckoned through the mother, were being undermined. The new unit, superseding the clan, was the patriarchal family. This was closely identified with a holding of land, which, together with all other rights of property, was hereditary in the male line. The subjection of women within the family was the counterpart to the growth of exploitation in society at large.

2. *Ancient Society*

The underlying factor in the evolution of the productive forces in ancient society was the discovery of metal-working—first bronze and then iron. Without metal tools large-scale agriculture would have been impossible. Bronze-working was a costly process, requiring capital. Accordingly, it was developed under the control of the same priests who, as we have already remarked, directed agriculture. The power of this priestly class was embodied in the person of the king, who was both high priest and war chief, and was worshipped as a god.

In both Mesopotamia and Egypt, the initial period in the history of these Bronze Age states was distinguished by a proliferation of technical inventions and a rapid growth of commodity production; but the pressure for further social changes was successfully resisted by the established ruling class, and accordingly there ensued, especially in Egypt, a long period of political and cultural stagnation.

Iron was more difficult to work than bronze; but, once the process had been mastered, the new metal was not only superior in itself but more plentiful and hence more easily available to the common man. Discovered in Armenia and disseminated by pastoral invaders from the

north, the art of iron-working brought about the collapse of the Mesopotamian monarchies, based on bronze-working. Eventually, the whole area, from the Nile to the Indus, was united in the Persian Empire, which, with its civil service, its elaborate system of communications, and its imperial coinage, was the most highly organised of all the ancient empires prior to the Roman.

The Greek city-states were clustered along the western fringes of the Near Eastern area. They were a product of uneven development. On the one hand, they started as tribal settlements, and they developed so rapidly as to preserve their tribal character throughout their history; on the other, they were formed from the outset on the basis of iron-working, and their maritime situation was exceptionally favourable for the growth of trade. Hence, in contrast to the hieratic monarchies of the Asiatic hinterland, their characteristic form was republican. Every adult male capable of bearing arms possessed a share of land and a vote in the assembly. Citizenship was identical with landownership (PEF 73). In time the chiefs and their families consolidated their position as a class of big landowners ruling over a community of small proprietors, who were nominally free, though many fell into debt and lost their land. In some cities there was also a subject population, which had been reduced to serfdom at the time of settlement. Meanwhile, with the growth of maritime trade, there was an influx of slave labour. Slavery had long been established in the Near Eastern states, but mostly in the form of captives taken in war or persons enslaved for debt. Now the slave became a commodity. Bought up or kidnapped by Greek traders in backward regions of the Mediterranean, these human cattle were shipped to Greece and sold in the slave markets. The slave trade was thus an important factor in the rise of the merchant class. Placing themselves at the head of the peasants and artisans, the merchants over-

threw the landed nobility, divided their estates among the peasantry, and introduced a democratic constitution.

With this revolution, which completed the transition from tribe to state, the Greek city-state entered on a new stage, in which 'slavery seized on production in earnest' (C 1.334). In this stage, the principal contradiction was no longer the conflict between the landed nobleman and the free peasant but the conflict between the slave-owner and the slave. The landowners, merchants and money-lenders now merged into a single slave-owning class. The poor citizens, though exploited by the rich, did not form an alliance with the slaves; on the contrary, their aim was to secure a share in slave-ownership for themselves. Land was now fully alienable, and so the link between landownership and citizenship had been severed. The separate identity of the city-states thus became an impediment to commercial expansion. Divided by petty feuds among themselves, they fell an easy prey to the Macedonians, who formed a warlike kingdom, still semi-tribal, on their northern borders. Having subjugated the Greeks, the Macedonians turned east, and under their king Alexander they overran the Persian Empire, which was already inwardly rotten, and extended their conquests as far as India. The whole of the Near East was thus drawn into the orbit of Mediterranean trade.

Rome began as a semi-tribal community, agricultural and military, like the early Greek city-states, but it was overtaken at an earlier stage by the contradictions inherent in a slave economy, and the circumstances in which it took shape were more favourable to territorial expansion. The Romans owe their place in history, not to any notable development in the productive forces, but to two great achievements: their army, with which they conquered the whole of the known world, and their legal system, which has been described as 'the first world

law of a commodity-producing society' (ME 3.370). Nevertheless, despite the growth of merchant capital, there was no corresponding progress in the handicrafts (C 3.327). No further advance was possible within the limits imposed by slavery on both production and consumption. The Empire sank into a slow decline, which was all the more protracted, because the slaves, being bound up with the old mode of production, were incapable of leading a revolution. The transition from slavery to serfdom had already begun under the Empire. It was completed when the Germanic tribes, which, through contact with the Romans, had developed an efficient military organisation, went over to the offensive and invaded the imperial provinces, where they met with little resistance.

3. *Feudal Society*

The collapse of the Empire was followed by a period of social turmoil, in which 'agriculture had declined, industry had decayed for want of a market, trade had died out or been violently suspended, the rural and urban population had decreased' (GI 35). The feudal system took shape gradually out of the tribal institutions of the conquerors as modified by military needs and their new status in relation to the conquered (GI 90). The result was that, when commodity production began to revive, it was on a new technical basis. Owing to the decline of slavery, there was now a shortage of labour, but at the same time there was available a new type of labourer—men who were free, yet not ashamed to work with their hands:

> The ancient slavery had disappeared; gone, too, were the beggared poor freemen, who had despised work as slavish. Between the Roman *colonus* and the

> new serf there had been the free Frankish peasant. . . . The social classes of the ninth century had taken shape, not in the morass of a declining civilisation, but in the travail of a new. (ME 3.314.)

Accordingly, there were introduced during this period a number of technical inventions, quite simple in themselves but not previously thought of, because, with plenty of slaves available, there had been no need for them. Such were the watermill, the windmill, and the modern harness. By making labour more highly-skilled as well as more productive and by improving transport, these innovations promoted a revival of commodity production in conditions in which slave-labour was no longer economical.

Feudal society was hierarchical. In the countryside it was based on the manor, derived ultimately from the primitive commune. The status of every member, from lord to serf, was fixed by birth. The arable was still, as in tribal times, cultivated in strips, with a prescribed portion assigned to the lord; the pasture belonged nominally to the lord but by custom was open to all. The privileges enjoyed by the lord were founded on the traditional status of the tribal chief. In the towns, the unit of production was the guild. This institution, derived from the clan, was to serve as a model for the trade unions of a later age. Each of the main crafts had its own guild, whose members were graded as masters, apprentices and journeymen, and subject to a code of conduct, which governed their working conditions, upheld the principles of reciprocity and mutual aid, and protected them from outside competition.

The principal contradiction of feudal society was the antagonism between lord and serf. It was intensified by the revival of commodity production, which brought into being a new class of merchants, precursors of the

modern bourgeoisie. The merchants found themselves in conflict both with the feudal lords, whose rights of landownership were threatened by the growth of monetary relations, and with the guilds, whose restrictive practices were an impediment to trade. As monetary relations penetrated the countryside, the serf's feudal dues were commuted into money rent, and he became a tenant farmer. Runaway serfs found refuge in the towns, where they formed the nucleus of an urban working class.

The revival of commodity production was most rapid in the Mediterranean area. There is a parallel between the rise of the Italian mercantile republics and the rise of the early Greek city-states, but the later process started at a higher level. Whereas the ancient Greeks had opened up the Mediterranean, the Italians, Spaniards and Portuguese opened up the world market (GI 72); and so there began 'a new epoch in the process of social production' (C 1.170).

4. *China and India*

In China, the semi-tribal states of the Bronze Age were dissolved by the same forces that operated in the West—iron-working, slavery, and commodity exchange. Iron-working began comparatively late, but developed rapidly from smelting to casting—an advance not made in Europe till the Middle Ages. Since casting was too expensive for the independent artisan, the iron industry became a state monopoly. There was a rapid expansion of agriculture, based on irrigation and forest clearance, and rights of private property were established in land and slaves; but, although very influential, the merchants never became independent of the ruling nobility. After a period of destructive wars between the rival states the country was unified under the Ch'in Dynasty. The merchants and landowners merged into a single feudal

class. All industry and trade was brought under state control, and the village communes were reorganised as communities of small proprietors, subject to rent, taxes and forced labour. The rent was due to the big landowners, the taxes and labour to the state. As the burden of taxation grew, many peasants were forced to sell their land to the big landowners, who paid no taxes. In order to maintain its revenue, the central government imposed still heavier taxes on the remaining freeholders, thereby destroying its own financial basis. The crisis issued in a peasant revolt, in which, after enormous casualties among the peasantry, the land was redivided, but without any change in the class structure, and so the cycle began all over again. It was these recurrent crises that determined the rise and fall of Chinese dynasties.

The earliest cities of the Indus valley, based on bronze-working and similar in many respects to those of early Mesopotamia, were destroyed by unknown causes and disappeared into the desert. Later, some pastoral tribes, related to the Graeco-Roman, descended into the Ganges basin and founded a number of semi-tribal agrarian states. These were unified under a highly-centralised monarchy, which, with its imperial coinage, civil service and standing army, resembled the Persian. The emperors sustained their power by continuous expansion. With iron tools, which made forest clearance possible, tillage was extended steadily into the surrounding jungle, which was inhabited by primitive tribes of food-gatherers and hunters. These pre-agricultural peoples retained their tribal institutions but were bound permanently to some hereditary occupation of a menial kind. This was the origin of the caste system, which in the given conditions was a more effective mode of exploitation than slavery or serfdom.

When the limits of expansion had been reached, the central monarchy disintegrated, and the transition to

feudalism began. Indian feudalism was founded on the primitive village community, which had preserved its tribal structure with very little change. It rested on common ownership of the soil, the union of agriculture and handicrafts, and hereditary divisions of labour enforced by caste. It was subject to tribute in kind, payable to the lord, who passed on a portion of it to the king; but in all other respects it was self-sufficient.

Thus, there were marked divergences in the forms of pre-capitalist society as it evolved in Europe, China and India; yet, despite these differences, they are rightly regarded as parallel manifestations of a single process, marked by uneven development. If the basic factor in the evolution of class society is the growth of commodity production, it follows that this is the direction in which the whole of pre-capitalist society was moving; and if, in the final stage, the lead was taken by the West, the reason is that it was there that the necessary combination of socio-economic conditions was first realised. These will be discussed in the next chapter.

5. *Ancient Democracy*

Among the political institutions of antiquity, a special interest attaches to ancient Greek democracy, because it has always—and rightly—been regarded as a prototype of modern bourgeois democracy. It was a unique phenomenon in the ancient world.

In Greece, the transition from tribe to state was exceptionally rapid. It was effected at a time when there was still a free peasantry, tenacious of its tribal traditions. In Rome, the landed nobles maintained themselves in power by means of territorial expansion, but in Greece at this time none of the city-states was strong enough to subjugate the others, and so the internal class struggle was intensified. The result was that in many of them,

especially those situated along the trade routes, the landed aristocracy was overthrown and replaced by a new form of state representing the interests of the merchant class and supported by the peasantry. It has already been noted that the merchants, who led the democratic movement, derived a large part of their wealth from the slave trade. There was, therefore, a close connection between the democratic movement and the growth of chattel slavery.

In form, the democratic constitution was consciously modelled on the tribal system. The organisation of the citizen body in tribal units, the popular assembly, the franchise—all these tribal institutions, which had fallen into abeyance under the aristocracy, were revived; and for this reason the new constitution was accepted by the people as marking the restoration of their lost tribal equality. But this was an illusion. The form of the new society was contradicted by its content. The new tribal units were based on locality and private property, not kinship and common ownership; the citizens who exercised the franchise on the principle of one man one vote, were living on slave-labour. By following so closely the tribal model the new constitution concealed all the more effectively the fact that all obstacles to the growth of a monetary economy, and with them the last vestiges of primitive communism, had been swept away. Now, for the first time in history, men confronted one another as independent commodity-owners in the freedom and equality of the open market.

To these contradictions the ideologists of democracy were blind. As members of an exploiting class, they started from the unquestioned assumption that exploitation was natural and just. Accordingly, they justified the distinction between freeman and slave, on which their own freedom depended, by appealing to the idea that the slave was by nature inferior to the freeman

and therefore fit only to be a slave. This idea was, of course, nothing but the reflection in their minds of the reality of slavery, but to them the reality appeared to derive from the idea. In such inversions, expressing the 'false consciousness' of class society, we see the roots of philosophical idealism.

It was left to a later Greek historian, writing at a time when ancient democracy was dead, to compose its epitaph: 'Equality before the law is an absurdity without equality of property' (Diodorus 2.39).

CHAPTER V

Production for Profit

1. *Primitive Accumulation*

It was shown in the last chapter that the production of goods for exchange, with money as the circulating medium, was already well developed, within certain limits, in pre-capitalist society. In capitalist society this development is carried to its final stage, in which commodity production becomes virtually universal and labour-power itself becomes a commodity :

> Capitalism is commodity production at its highest stage of development, when labour-power itself becomes a commodity. (LCW 22.240.)

In order that the capitalist mode of production may develop, it is necessary that there should be present, on the one hand, a supply of capital, privately owned and available for investment, and, on the other, a supply of labour-power, whose owners are both able and willing to sell it :

> The appearance of products as commodities presupposes such a development of the social division of labour that the separation of use-value from exchange-value—a separation which first begins with barter—must already have been completed. But such a degree of development is common to many forms of society, which in other respects present the most varying

historical features. On the other hand, if we consider money, its existence implies a definite stage in the exchange of commodities.... Yet we know by experience that a circulation of commodities relatively primitive suffices for the production of all these forms. Otherwise with capital. The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It can spring into life only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power. And this one historical condition comprises a world's history. Capital, therefore, announces from its first appearance a new epoch in the process of social production. (C 1.170.)

These conditions were created by the process known as 'primitive accumulation'. The necessary supply of capital and labour was obtained by robbery.

On the one hand, capital was made available by the plunder of newly-discovered territories overseas:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of blackskins, signalise the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. (C 1.751.)

In the sixteenth century, the gold and silver circulating in Europe increased as a result of the discovery of richer and more easily worked mines in America. Hence, the value of gold and silver fell in relation to other commodities. The workers received the same amount of coined silver for their labour-power as

before. The money-price of their labour remained the same. And yet their wages had fallen, for in exchange for the same quantity of silver they received a smaller amount of other commodities. This was one of the circumstances that furthered the growth of capital and the rise of the bourgeoisie in the sixteenth century. (ME 1.164.)

On the other hand, wage-labour was made available by the expropriation of the peasantry. This was done in various ways. In England, during the boom in the wool trade, large tracts of arable land were turned over to pasture, and thousands of peasant families were driven from the land. Later, the expropriation was continued by means of the Enclosure Acts. The open fields, hitherto cultivated in common on the strip system, were divided into compact holdings suitable for capitalist agriculture, and again masses of smallholders were dispossessed:

Communal property . . . was an old Teutonic institution, which lived on under cover of feudalism. We have seen how the forcible usurpation of this, generally accompanied by the turning of arable into pasture land, begins at the end of the fifteenth and extends into the sixteenth century. But at that time the process was carried on by means of individual acts of violence, against which, for a hundred and fifty years, legislation fought in vain. The advance made by the eighteenth century shows itself in this, that the law itself now becomes the instrument for the theft of the people's land—although the large farmers make use of their little independent methods as well. The parliamentary form of the robbery is that of acts for enclosures of commons—in other words, decrees by which the landlords grant themselves the people's land

as private property, decrees for the expropriation of the people. (C 1.724.)

Another source of wage-labour was found in the rural handicrafts, pursued by the peasants as a supplement to agriculture and not protected by any guild organisation, such as existed in the towns :

> Historically, money is often transformed into capital in quite simple and obvious ways. Thus, the merchant sets to work a number of spinners and weavers, who formerly engaged in these activities as subsidiary occupations to their agricultural work, and turns a subsidiary occupation into a principal one; after which he has them under his control and sway as wage-labourers. The next step is to remove them from their homes and assemble them in a single house of labour. In this simple process it is evident that the merchant has prepared for the weaver or spinner neither raw materials nor instruments nor means of subsistence. All he has done is gradually to confine them to one sort of labour, in which they are dependent on the *buyer*, the *merchant*, and thus eventually find themselves producing *for* and *by means of* him. Originally he has bought their labour merely by the purchase of their product. As soon as they confine themselves to the production of this exchange-value, and are therefore obliged to produce immediate *exchange-values*, and to exchange their labour entirely for money in order to live, they come under his domination. Finally, even the illusion of *selling* him their products disappears. He purchases their labour and takes away, first, their property in the product, and soon also their ownership of the instrument—unless he allows them the *illusion of ownership* in order to diminish his costs of production. (PEF 115.)

As labour-power becomes a commodity, so all older forms of production are superseded by commodity production and at the same time all older forms of commodity production are transformed into capitalist commodity production:

> As capitalist production develops, it has a disintegrating, resolvent effect on all older forms of production, which, designed mostly to meet the producer's needs, transform only the excess into commodities. . . . Wherever it takes root, capitalist production destroys all forms of commodity production which are based either on the self-employment of the producers or merely on the sale of the excess product as commodities. Capitalist production first makes the production of commodities general, and then by degrees transforms all commodity production into capitalist commodity production. (C 2.34.)

Hence, it is in the capitalist era that commodity production comes to its full growth on a world scale and revolutionises the whole structure of society:

> The capitalist production of commodities has become an epoch-making mode of exploitation, which, in the course of its historical development, revolutionises, through the organisation of the labour-process and the enormous improvement of technique, the entire economic structure of society in a manner eclipsing all former epochs. (C 2.35.)

2. *The Factory*

The capitalist mode of production has evolved on the basis of a revolution in the productive forces more far-reaching than any previous advance in man's control over nature since he discovered the use of fire. A machine

is a tool which operates with superhuman speed and accuracy and with little or no expenditure of human energy. The application to production of steam power, and later of electric and nuclear power, has increased man's productive capacity to such an extent as to create for the first time in his history the possibility of abundance for all. This is, in fact, the historical achievement of the capitalist system—to develop the productive forces to the point at which it becomes itself the sole obstacle to their further development.

The characteristic unit of capitalist production is the factory, in which labour is mechanised and collective. Factory production was preceded by manufacture, which in turn was developed from the handicrafts. In manufacture, a number of formerly independent craftsmen are brought together to co-operate in the production of some composite article. For example, working under the same roof, the joiner, wheelwright, upholsterer and painter produce a carriage. Or alternatively, as in paper manufacture, the raw material passes through the hands of a succession of workmen, each of whom applies to it his special kind of labour. In both cases a number of separate labourers combine to form, as it were, a single collective labourer. In this way the necessary labour-time is shortened, with a corresponding reduction in the value of labour-power :

> In so far as such a manufacture, when first started, combines scattered handicrafts, it lessens the space by which the various phases of production are separated from each other. The time taken in passing from one stage to another is shortened, so is the labour that effectuates this passage. In comparison with a handicraft, productive power is gained, and this gain is owing to the general co-operative character of manufacture. (C 1.344.)

Alongside the hierarchical gradation there steps in the simple separation of the labourers into skilled and unskilled. For the latter, the cost of apprenticeship vanishes; for the former it diminishes, as compared with that of artificers, in consequence of the functions being simplified. In both cases the value of labour-power falls. (C 1.350.)

The reduction in the value of labour-power is accompanied by an increase of surplus value :

The fall in the value of labour-power, caused by the disappearance or diminution of the expenses of apprenticeship, implies a direct increase of surplus value for the benefit of capital; for everything that shortens the necessary labour-time required for the reproduction of labour-power extends the domain of surplus labour. (C 1.350.)

The handicraftsman had been his own master, owning the instruments of production and controlling the conditions of labour. As a factory worker, he became a mere appendage to a machine :

In handicrafts and manufacture, the workman makes use of a tool; in the factory, the machine makes use of him. There, the movements of the instruments of labour proceed from him; here, it is the movements of the machine that he must follow. In manufacture the workmen are parts of a living mechanism; in the factory we have a lifeless mechanism independent of the workman, who becomes its mere living appendage.... At the same time as it exhausts the nervous system to the uttermost, factory work does away with the many-sided play of the muscles and confiscates every atom of freedom in both bodily and intellectual activity. Even the lightening of the labour becomes a sort of torture, since the machine does not free the

labourer from work but deprives the work of all interest. Every kind of capitalist production, in so far as it is not only a labour-process but also a process of producing surplus value, has this in common, that it is not the workman that employs the instruments of labour but the instruments of labour that employ the workman; but it is only in the factory system that this inversion acquires for the first time technical and palpable reality. By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital, of dead labour, which dominates and pumps dry living labour-power. The separation of the intellectual powers of production from the manual labour, and the conversion of those powers into the might of capital over labour, is, as we have already shown, completed by modern industry erected on the foundation of machinery. (C 1.422.)

These two factors—the expropriation of the peasants and handicraftsmen and the mechanisation of the labour-process—combined to provide the capitalist class with an almost inexhaustible supply of labour-power at a price below its value :

The whole system of capitalist production is based on the fact that the workman sells his labour-power as a commodity. Division of labour specialises this labour-power by reducing it to skill in handling a particular tool. As soon as the handling of this tool becomes the work of a machine, then, together with the use-value, the exchange-value, too, of the workman's labour-power vanishes; the workman becomes unsaleable, like paper money thrown out of currency by legal enactment. That portion of the working class, thus by machinery rendered superfluous—that is, no longer immediately

necessary for the self-expansion of capital—either goes to the wall in the unequal contest of the old handicrafts and manufactures with machinery, or else floods all the more easily accessible branches of industry, swamps the labour market, and sinks the price of labour-power below its value. (C 1.431.)

The full horror of the conditions in which the English proletariat was born may be studied in Marx's *Capital.* Slowly and painfully the workers learnt how to fight back. The factory-owners, protesting loudly against such encroachments on the 'freedom of labour', were forced to accept certain restrictions on the rate of exploitation, as for example on the employment of child labour and the length of the working day :

> The history of the regulation of the working day in certain branches of production, and the struggle still going on in others in regard to its regulation, prove conclusively that the isolated labourer, the labourer as 'free' vendor of his labour-power, when capitalist production has once attained a certain stage, succumbs without any power of resistance. The creation of a normal working day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working class. As the contest takes place in the arena of modern industry, it first breaks out in the home of that industry—England. The English factory-workers were the champions, not only of the English, but of the modern working class generally, just as their theorists were the first to throw down the gauntlet to the theory of capital. (C 1.299.)

If the more brutal forms of capitalist exploitation are no longer to be found in Western Europe, that is due entirely to the 'civil war' waged against them by the

trade unions, the earliest of which were founded in defiance of the law. The brutality still continues in the colonies, especially in Africa, wherever the white settlers retain power. The record of the European colonists in their dealings with the peoples of the occupied territories is one of unrelieved barbarity :

> The profound hypocrisy and inherent barbarism of bourgeois civilisation lies unveiled before our eyes, turning from its home, where it assumes respectable forms, to the colonies, where it goes naked. (ME 1.498.)

3. *Production and Consumption*

The fundamental contradiction of capitalist society is the contradiction between the social character of production and the private character of ownership. This manifests itself both in the conflict between the capitalist class and the proletariat and in the competition between the capitalists themselves, contending for the surplus value created by the workers.

In primitive society, devoted to the production of use-values, the products of labour are consumed directly by the producers, who distribute them among themselves. Production, distribution and consumption are inseparable phases of a continuous process which is consciously controlled. The balance between them is liable to be upset by natural causes but not by social causes unknown to the producers.

With the development of production for exchange the link between production and consumption is lost sight of in the market. Anomalies emerge as if by chance and accumulate until they adjust themselves by means of an economic crisis which strikes the producers with the blind force of a natural disaster :

In the midst of all the accidental and ever-fluctuating exchange relations between the products, the labour-time socially necessary for their production forcibly asserts itself like an overriding law of nature. The law of gravity thus asserts itself when a house falls about our ears. (C 1.75.)

Such crises occur at all stages of commodity production, but reach their climax under capitalism. The contradiction between the social character of production and the private character of ownership now stands out as a contradiction between the factory, in which production is planned and organised under a central authority, and the market, in which buyers and sellers are at the mercy of economic forces over which they have no control:

Every society based on commodity production has the peculiarity that in it the producers have lost control of their own social relations. Each produces for himself, with the means of production that happen to be at his disposal and in order to satisfy his individual needs through the medium of exchange. No one knows how much of the article he produces is coming on to the market, or how much demand there is for it; no one knows whether his individual product will meet a real need, whether he will cover his costs, or even be able to sell it at all. Anarchy reigns in social production. But commodity production, like all forms of production, has its own laws, which are inherent in it and inseparable from it; and these laws assert themselves in spite of anarchy, in and through anarchy. (AD 299, cf. LCW 5.90.)

The chief means through which the capitalist mode of production accentuated this anarchy in social production was the direct opposite of anarchy—the increasing organisation of production on a social basis

within each individual productive establishment.... The contradiction between social production and capitalist appropriation reproduces itself as the antithesis between the organisation of production within the individual factory and the anarchy of production in society as a whole. (AD 300–01.)

What are these laws that assert themselves through the anarchy of capitalist production?

The process of capitalist production has been described in Chapter III. There are two methods by which, without investing additional capital, the capitalist may increase his rate of surplus value. He may lengthen the working day without raising wages: this will give him an increase of *absolute* surplus value. Or, without lengthening the working day and without raising wages, he may compel his workers to work harder, thereby reducing the relative amount of time devoted to necessary labour: this will give him an increase in *relative* surplus value (C 1.315). But, of course, these measures will be resisted.

With the same end in view, he may invest additional capital in new machines, incorporating the latest inventions, which will increase his rate of relative surplus value by making the labour of his workers more productive. This will give him an advantage over his competitors, but sooner or later one or another of them will instal an even better machine and so gain a similar advantage over him. They are all driven by competition to expand production. By so doing, however, they succeed only in renewing the competition at a higher level. At each stage, as they instal new machinery, they increase the ratio of constant to variable capital; and, as was shown in Chapter III, it is the latter that is the source of surplus value. The result is that the rate of profit tends to fall.

This contradiction is inherent in the nature of

capitalist production. The superiority of the capitalist mode of production over earlier modes lies precisely in this, that the productivity of labour is increased by the application of machinery to the labour process; but, in the conditions of capitalist production, this can only be done by increasing the ratio of constant to variable capital, with the result that the rate of profit tends to fall (C 3.209). This is the ineradicable contradiction which drives the capitalist system forward, compelling it to expand production.

Within the factory the capitalist plans his operations with great care so as to meet his production target at the minimum cost. For this purpose he must have available at each stage the requisite supplies of raw materials and machinery, including replacements and spare parts. These are his 'means of production'. If they are not available as and when required, production will be interrupted and he will incur a loss. But these means of production are themselves commodities, produced by other capitalists in similar conditions and subject to similar uncertainties. And at the end of it all he puts his goods up for sale without knowing what price they will fetch. No matter how well it may be planned within the factory, capitalist production begins and ends in the market, where anarchy prevails.

In every economic system, if it is to work smoothly, there must be a balance between production and consumption. In the capitalist system, these two spheres would balance one another, if, broadly speaking, the total value of commodities offered for sale as means of production (machines, raw materials, etc.) were equal to the total value of commodities offered for sale as means of consumption (food, clothing, houses, etc.), due allowance being made on both sides for expansion. But in practice such a balance is unattainable, because the relation between production and consumption is

determined blindly by the operation of market forces. Disparities are constantly arising between the two spheres, between different sectors of each sphere, and within each sector. In some sectors there will be over-production, with the result that prices will fall, and some firms will be forced out of business; in other sectors there will be under-production, which will attract fresh capital, until that movement too leads to over-production. The free movement of capital tends, it is true, to equalise the rate of profit over the whole range of industrial production (C 3.170–7), but the rate of profit still tends to fall. Further, underlying these there is a still deeper contradiction—the disparity between industry and agriculture, corresponding to the division between town and country, which is a permanent feature of capitalist society (LCW 22.94). All these factors make for instability.

Impelled by the pursuit of profit to throw more and more goods on to the market, the capitalists endeavour to maintain their rate of profit by reducing expenditure on wages, whether by cutting wage rates or employing fewer workers. But by so doing they reduce the purchasing power of those who, together with their families, make up the bulk of the population; and so they restrict the market for their goods. This contradiction is only intensified by their endeavours to escape from it; and, since it lies beyond their control, it breaks out from time to time and resolves itself by means of a violent convulsion :

> The ultimate cause of all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though the absolute consuming power of society were their only limit. (C 3.472.)

The external features of a capitalist crisis were thus described by Engels :

> Trade comes to a standstill; the markets are glutted; the products pile up, unsaleable; ready money disappears; credit vanishes; the factories are idle; the working masses go short of the means of subsistence because they have produced too much of them; bankruptcy follows on bankuptcy, forced sale on forced sale. The stagnation lasts for years, both productive forces and products are squandered on a large scale, until the accumulated masses of commodities are at last disposed of at a more or less considerable depreciation, until production and exchange gradually begin to move again. (AD 303.)

These recurrent crises—the Achilles' heel of the capitalist system—persisted with growing intensity all through the epoch of its greatest prosperity. Speaking in 1864, Marx said :

> Death by starvation rose almost to the rank of an institution during this intoxicating epoch of economic progress in the metropolis of the British Empire. That epoch is marked in the annals of the world by the quickening return, the widening compass, and the deadlier effect, of the social pest called a commercial and industrial crisis. (ME 2.15.)

Since then, by unremitting struggle, the workers of the metropolitan countries have won concessions from the capitalists, who in the meantime have extended their exploitation of the colonies overseas. The concessions won by the metropolitan workers and the appalling conditions of the colonial workers—for example, the black workers in South Africa, where a large portion of the capital invested is British—are two sides of the same coin. All alike are wage-slaves.

4. *Moribund Capitalism*

In the era of monopoly capitalism, or imperialism, production is expanded, not only by opening up new markets, but by concentrating capital in larger units and fewer hands. Small firms are bought up; large firms amalgamate; and, having swallowed their rivals, the giant enterprises engage in internecine struggles among themselves. In this way industrial capital is merged with banking capital in the hands of a small but extremely powerful financial oligarchy, bringing whole sectors of industry under unified control. The era of free competition, or *laissez-faire* capitalism, in which the government was required merely to hold the ring for the competitors, is over. The government itself now becomes an instrument in the hands of the monopolists, who use their power to manipulate the markets. By this means they are able for a while to obtain more than the average rate of profit, as they must do if they are to survive; yet, if some capitalists earn more than the average rate, others must earn less; and so the competition within the capitalist class is intensified. Competition is eliminated at one level only to re-emerge at another on a larger scale than before :

> Imperialism complicates and sharpens the contradictions of capitalism, it 'ties up' monopoly with free competition, but it *cannot do away* with exchange, the market, competition, crises, etc. Imperialism is moribund capitalism, capitalism which is dying but not dead. (LCW 24.464.)

The growth of monopoly involves, on the one hand, far-reaching developments in the forces of production, which assumes to an ever-increasing extent a *social* character :

> Competition is transformed into monopoly. The

result is immense progress in the socialisation of production. In particular, the process of technical invention and improvement becomes socialised. (LCW 22.205.)

On the other hand, since these developments have been effected within the framework of private ownership, they bring no benefit to the masses of the people, but on the contrary are turned against them :

> Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it drags the capitalists, so to speak, against their will and consciousness into some sort of new social order, marking the transition from completely free competition to complete socialisation. Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognised free competition remains, and the yoke imposed by a few monopolies on the rest of the population becomes a hundred times heavier, more burdensome and intolerable. (LCW 22.205.)

In the period of primitive accumulation, the West European bourgeoisie, organised in the new nation-states which were then taking shape, had accumulated capital by plundering America, Asia and Africa. In the period we have now reached, these same states, with Britain in the lead, enter on a new stage of colonial exploitation. Rather than reinvest their capital at home, where the rate of profit is relatively low, they invest it in the colonies, where labour and raw materials are cheap :

> As long as capitalism remains what it is, surplus capital will be utilised, not for the purpose of raising the living standards of the masses in a given country (for that would mean a decline in profits for the

capitalists), but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, and raw materials are cheap. (LCW 22.241.)

In the imperialist era, when the whole world has been parcelled out by the great powers into colonies and spheres of influence, the capitalist system, finding no room for further expansion, turns inwards and devours itself. The competition is now so intense and the scale of production so vast that each monopolist group must strive to secure the maximum profit :

> It is precisely the necessity of securing the maximum profits that drives monopoly capitalism to such risky undertakings as the enslavement and systematic plunder of colonies and other backward countries, the conversion of a number of independent countries into dependent countries, the organisation of new wars—which to the magnates of modern capitalism is the 'business' best adapted to the extraction of maximum profit—and lastly, attempts to win world economic supremacy. (EPS 44.)

'Dying but not dead', capitalism reveals the force which is tearing it apart—the contradiction between the new productive forces, which are capable of putting an end to poverty, and the private ownership of the means of production, maintained by brutal oppression and destructive wars. The various manifestations of this contradiction were observed by Marx more than a century ago :

> On the one hand, there have started into life industrial and scientific forces, which no former epoch of human history had ever suspected. On the other hand, there exist symptoms of decay far surpassing

the horrors recorded of the latter times of the Roman Empire. In our days everything seems pregnant with its contrary. Machinery, gifted with the wonderful power of shortening and fructifying human labour, we behold starving and over-working it. The new-fangled sources of wealth, by some strange weird spell, are turned into sources of want. The victories of art seem bought by loss of character. At the same pace as mankind masters nature, man seems to become enslaved to other men or to his own infamy. Even the pure light of science seems unable to shine but on the dark background of ignorance. All our invention and progress seem to result in endowing material forces with intellectual life and in stultifying human life into a material force. This antagonism between modern industry and science on the one hand, modern misery and dissolution on the other hand; this antagonism between the productive powers and the social relations of our epoch is a fact palpable, overwhelming, and not to be controverted. (ME 1.500.)

Meanwhile, however, the capitalist class has released the force by which it is itself destined to be overthrown :

As soon as the process of transformation has sufficiently decomposed the old society from top to bottom; as soon as the labourers are turned into proletarians, their means of labour into capital; as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and the further transformation of the land and other means of production into socially exploited—and therefore common—means of production, as well as the further expropriation of private proprietors, takes on a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation

is accomplished by the action of the laws immanent in capitalist production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, there develops on an ever-extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments that can only be used in common, the economising of all means of production by their use as means of production of combined, socialised labour, the entanglement of all peoples in the net of the world market, and, with this, the international character of the capitalist regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all the advantages of this process of transformation, there grows the mass of misery, oppression, slavery, degradation, exploitation; but with this, too, grows the revolt of the working class, a class always increasing in numbers and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter on the mode of production, which has sprung up and flourished along with it and under it. The centralisation of the means of production and the socialisation of labour at last reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated. (C 1.762.)

In this passage Marx reveals the essence of the process involved in the evolution of capitalist society. His analysis is still fully valid; for the new factors that emerged in the imperialist era, which he did not live to see, were due, as

Lenin demonstrated, to the further development of those same contradictions which Marx had revealed. Their effect was to extend the proletarian movement from Western Europe, where it had begun, to more backward countries, where the bourgeoisie had not yet won power; and in this way the socialist revolution became interwoven with the bourgeois revolution and with the struggle of the colonial peoples against imperialism.

CHAPTER VI

Individual Liberty

1. *Consciousness and Social Being*

The basic principle of dialectical and historical materialism lies in its explanation of the relationship between thinking and being :

> In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage in the development of their material productive forces. The sum-total of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure, and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary, it is their social being that determines their consciousness. (ME 1.503.)

From this it follows that the extent to which man is capable of understanding his social relations depends on the complexity of those relations as determined by his development of the productive forces. His understanding can never be complete, for that would imply the total

separation of subject and object, but it is a goal which he is constantly approaching in the course of his social and intellectual advancement :

> From the standpoint of modern materialism, that is, Marxism, the *limits* of approximation of our knowledge to the objective, absolute truth are historically conditional, but the existence of such truth is unconditional, and the fact that we are approaching nearer to it is also unconditional. . . . The materialist dialectics of Marx and Engels certainly does contain relativism, that is, it recognises the relativity of all our knowledge, not in the sense of the denial of objective truth, but in the sense of the historically conditional nature of the limits of the approximation of our knowledge to that truth. (LCW 14.136–37.)

Man derives his knowledge from social practice. He acquires his understanding of the world around him in the course of his struggle to change it. His knowledge of nature springs from his activity in production, and is verifiable directly by scientific experiment. His knowledge of society springs from his activity in class struggle, and is verifiable in the course of revolutionary action :

> Marxists hold that man's social practice alone is the criterion of the truth of his knowledge of the external world. What actually happens is that man's knowledge is verified only when he achieves the anticipated results in the process of social practice (material production, class struggle or scientific experiment). If a man wants to succeed in his work, that is, to achieve the anticipated results, he must bring his ideas into correspondence with the laws of the objective external world; if they do not correspond, he will fail in his practice. (MSW 1.296.)

2. *The Illusion of the Epoch*

Man's understanding of society has always hitherto lagged behind his understanding of nature. All scientists recognise the objectivity of natural phenomena, yet many bourgeois scientists remain blind to the existence of historical laws. They regard their social relations, not as having been formed historically in the course of the class struggle, but as having been fixed more or less permanently in conformity with human nature or some other supposedly 'natural' necessity; and by this they mean, not the nature known to them as scientists, but an idealist conception of nature as something transcendental, not far removed from the supernatural.

In primitive society, based on the natural facts of sex and kinship and an extremely low level of material production, man was scarcely conscious of any distinction at all between society and nature. With the development of production, leading to the division between mental and manual labour, the two spheres were distinguished as interdependent parts of a single whole, which was directed by God through the person of the king; and the good government of society was believed to be necessary for the proper functioning of the natural order. These ideas, centred in the kingship, have persisted right down to modern times. In feudal Europe the privileged status of the ruling class, headed by the king, was believed to be a permanent feature of the universe as ordained by God. It was only with the rise of the modern bourgeoisie that the idea of the class struggle as a historical process began to emerge, and even then the new class rallied the masses to its side by appealing in its turn to the eternal principles of 'natural' justice.

Illusions of this kind belong to the 'common forms or general ideas' that are characteristic of all stages of class society (ME 1.126), but their particular form varies

from one stage to another. It is in this sense that Marx speaks of 'the illusion of the epoch' (GI 51).

Each epoch of class society has fostered a new illusion, corresponding to the new stage in the class struggle. This illusion pervades the entire world outlook of the class in question, not merely its consciousness of its social relations. In each epoch the ruling class imagines its position in society to be determined by the laws of nature. Thus, in ancient Greece, slavery was justified by Aristotle on the ground that the slave is naturally inferior to the freeman; and similarly, in the teaching of Pythagoras, body and soul were regarded as standing to one another in the relation of slave and master. In feudal Europe, serfdom was justified by John of Salisbury on the ground that 'according to the law of the universe all things are not reduced to order equally and immediately, but the lowest through the intermediate and the intermediate through the higher'. Similarly, in medieval theology, God sits enthroned at the summit of a hierarchy of archangels, angels, men, beasts and plants, all of which occupy the place assigned to them at the creation.

The early bourgeois ideal of the individual was a product of the new social forces that emerged during the dissolution of feudal society, but in the bourgeois consciousness this relationship was inverted :

> They saw this individual, not as a historical result, but as the starting-point of history; not as something evolving in the course of history, but posited by nature, because for them this individual was in conformity with their idea of human nature. (CPE 188.)

Even Adam Smith and Ricardo, the pioneers of economic science, suffered from this illusion. It was Ricardo, following Adam Smith, who enunciated the labour theory of value, yet, although he recognised the

existence of class antagonisms, he regarded them as natural and therefore eternal (C. 1.14). It was left to Marx and Engels, the founders of scientific socialism, to bring the class struggle into the full light of history.

3. *Liberty, Equality, Fraternity*

In the study of bourgeois ideology it is necessary to distinguish two phases in the history of the bourgeoisie. In the first, the bourgeoisie leads the peasantry and the proletariat, which is still in its infancy, against feudal oppression. In the second, having established itself as the ruling class, it is faced in its turn with a growing challenge from the proletariat.

The growth of capitalist relations of production took place, in its earlier stages, 'within the womb' of feudal society (AD 118, LCW 27.89). In this way there arose a conflict between the new mode of production and the political and ideological superstructure of the old society:

> This mighty revolution in the economic conditions of life was not followed immediately by any corresponding change in the political structure. While society became more and more bourgeois, the state order remained feudal. Large-scale trade—that is, international and, even more, world trade—requires free commodity-owners, unrestricted in their movements and possessing equal rights as traders to exchange their commodities on the basis of laws that are equal for all of them, at least in each separate place. The transition from handicraft to manufacture presupposes the existence of a number of free workers—free, on the one hand, from the fetters of the guild, and, on the other, from the means whereby they could use their labour-power themselves; free to contract with their

employers for the hire of their labour-power, and, as parties to the contract, possessing equal rights with him. And finally, the equality and equal status of all human labour, because and so far as it is *human* labour, found its unconscious but clearest expression in the law of value of modern bourgeois economics, according to which the value of a commodity is measured by the socially necessary labour embodied in it. But, where economic relations required freedom and equality of rights, the political system opposed them at every step with guild restrictions and special privileges. Local privileges, differential duties, exceptional laws of all kinds affected in trading not only foreigners or people living in the colonies, but also, often enough, whole categories of each country's nationals. The privileges of the guilds everywhere and ever anew formed barriers obstructing the development of manufacture. (AD 118.)

The demand for liberty and equality and the abolition of feudal privilege expressed the interests, not only of the bourgeoisie itself, but also of the masses of the peasantry, still subject to feudal dues. At the same time it had an international appeal, expressing the common interests of the bourgeoisie in all the advanced countries :

The demand for liberation from feudal bonds and for the institution of equal rights through the abolition of feudal inequalities was bound to assume a wider scope as soon as the economic advance of society placed it on the order of the day. If it was raised in the interests of industry and trade, it was also necessary to demand the same equality for the great mass of the peasantry, who, in every degree of bondage from total serfdom upwards, were compelled to give the greater part of their labour-time without payment to their feudal lord and in addition to render

innumerable other dues to him and to the state. At the same time it was impossible to avoid demanding the abolition of feudal privileges, of the freedom from taxation enjoyed by the nobility, of the political privileges enjoyed by the various feudal estates. And, since people were no longer living in a world empire, such as the Roman Empire had been, but in a system of independent states, which dealt with each other on equal terms and at approximately the same degree of bourgeois development, it was a matter of course that the demand for equality should assume a general character reaching out beyond the individual state, that freedom and equality should be proclaimed as *human rights*. (AD 119.)

Side by side with the antagonism between the feudal nobility and the bourgeoisie was the general antagonism between the exploiters and the exploited, the rich idlers and the toiling poor. And it was precisely this circumstance that enabled the representatives of the bourgeoisie to put themselves forward as the representatives, not of a special class, but of the whole of suffering humanity. (AD 24.)

In this way the political struggle was carried into the ideological sphere and extended into all branches of intellectual and spiritual life. All over Western Europe, the attack on the economic and political privileges of the medieval Church was driven home by the propagation of new doctrines proclaiming freedom of conscience and the virtues of toleration, industry and thrift. By repudiating the authority of the Pope the Protestants asserted the religious independence of the bourgeoisie. The English Revolution was fought out in the name of a religious conflict between Puritanism and the established Church. Later still, the philosophers of the Enlightenment, prophets of the French Revolution, made a frontal

assault on all the strongholds of feudal ideology, including religion itself :

> The great men who in France were clearing the minds of men for the coming revolution themselves acted in an extremely revolutionary fashion. They recognised no external authority of any kind. Religion, concepts of nature, society, political systems—everything was subjected to the most merciless criticism, everything had to justify itself at the bar of reason or renounce all claim to existence. The reasoning intellect was applied to everything as the sole measure. . . . All previous forms of society and government, all the old ideas handed down by tradition, were flung into the lumber-room as irrational. The world had hitherto allowed itself to be guided solely by prejudices; everything in the past deserved only pity and contempt. Now for the first time appeared the light of day; henceforth, superstition, injustice, privilege and oppression were to be superseded by eternal truth, eternal justice, equality grounded in nature and the inalienable rights of man. (AD 23.)

In so far as the intellectual achievements of the bourgeoisie involved the rejection of antiquated feudal preconceptions and the exploration of the new perspectives opened up by the development of capitalist production, they were a permanent contribution to human knowledge; but, in so far as they were invested with a claim to absolute validity, they too rested on an illusion :

> We know today that this kingdom of reason was nothing more than the idealised kingdom of the bourgeoisie, that eternal justice found its realisation in bourgeois justice, that equality reduced itself to bourgeois equality before the law; that bourgeois

property was proclaimed as one of the essential rights of man; and that the government of reason, the Social Contract of Rousseau, came into being, and could only come into being, as a bourgeois-democratic republic. No more than their predecessors could the great thinkers of the eighteenth century transcend the limits imposed on them by their own epoch. (AD 24.)

With the Industrial Revolution, introducing the new stage of competitive capitalism, these bourgeois ideals underwent a surreptitious change, corresponding to the shift in the balance of class forces. Far from welcoming the French Revolution, which had as its declared aim the realisation of those ideals, the leaders of the English bourgeoisie saw in it a threat, not so much to feudal privilege (which they had already abolished) as to bourgeois property. A similar change took place after the Revolution in France itself. In both countries the bourgeois ideologists were forced on to the defensive. The change was particularly striking in the sphere of economic theory:

In France and in England the bourgeoisie had conquered political power. Thenceforth, the class struggle, practically as well as theoretically, took on more and more outspoken and threatening forms. It sounded the knell of scientific bourgeois economy. Henceforth it was no longer a question whether this theorem or that was true, but whether it was useful to capital or harmful, expedient or inexpedient, politically dangerous or not. In place of disinterested enquirers there were hired prize-fighters; in place of genuine scientific research, the bad conscience and the evil intent of apologetics. (C 1.15.)

In the work of Malthus, Bentham and other apologists of the English bourgeoisie, co-operation was replaced by

competition. The ideals of liberty and equality were interpreted, not as freedom from oppression, freedom to work together for the good of humanity, but as freedom to compete with others on equal terms in pursuit of one's private interests. Bourgeois property, the foundation of civilised life, was a privilege from which the poor were to be excluded; and poverty was seen, not as the travail of a new society, but as a permanent necessity.

According to Malthus, the inevitability of poverty arises from the natural growth of population, which will always outrun the means of subsistence. Endeavours to relieve the hardships of the poor are misguided, because, left to itself, their struggle to live is conducive to the survival of the fittest (EPM 199–205). In these ideas we recognise the germ of Darwin's theory of the origin of species, and when on this basis he had revolutionised the science of biology, the bourgeois economists acclaimed his theories as a final proof that the poverty of the workers was a law of nature (DN 208).

According to Malthus, the wages which the manufacturer pays to his workers must conform to the law of supply and demand, which represents 'the ratio of population to capital'. It is his duty to run his business so as to extract the highest profit, for in this way he contributes to the wealth of the nation and provides employment for the labouring poor. The function of the state is to safeguard the rights of property and so ensure the due observance of all contracts, between one employer and another and between employer and employed. It was recognised that these conditions bore hardly on those who had no property, and among the radicals there were some who looked forward to the time when all the king's subjects might enjoy political rights. Others, less optimistic, agreed with Burke that the workers must not be encouraged to expect too much :

Good order is the foundation of all good things. To be enabled to acquire, the people, without being subservient, must be tractable and obedient. The magistrate must have his reverence, the laws their authority. The body of the people must not find the principles of natural subordination by art rooted out of their minds. They must respect that property of which they cannot partake. They must labour to obtain what by labour can be obtained; and when they find, as they commonly do, the success disproportioned to the endeavour, they must be taught their consolation in the final proportions of eternal justice. (E. Burke, *Reflections on the Revolution in France*, 4 ed., p.359.)

The world of industrial relations, as conceived by the Victorian bourgeoisie, was thus described by Marx:

The sphere . . . , within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity—say, labour-power—are constrained only by their own free will. They contract as free agents, and the agreement they come to is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation to each other is the selfishness, the gain, and the private interests of each. Each looks to himself only, and no one troubles himself about the rest; and just because they do so, so do they all, in accordance with the pre-established harmony of things, or under

the auspices of an all-shrewd providence, work together for their mutual advantage, for the common weal, and for the interest of all. (C 1.176.)

Here is a portrait, drawn by one who knew them well, of these Victorian gentlemen, whose industry and enterprise made Britain the 'workshop of the world':

> I have never seen a class so deeply demoralised, so incurably debased by selfishness, so corroded within, so incapable of progress, as the English bourgeoisie; and I mean by this especially the bourgeoisie proper, particularly the Liberal, Corn Law repealing bourgeoisie. For it, nothing exists in this world except for the sake of money, itself not excluded. It knows no bliss save that of rapid gain, no pain save that of losing gold. In the presence of this avarice and lust of gain, it is impossible for a single human sentiment or opinion to remain untainted. True, these English bourgeois are good husbands and family men, and have all sorts of other private virtues, and appear in ordinary intercourse as decent and respectable as all other bourgeois; even in business they are better to deal with than the Germans; they do not higgle and haggle so much as our own pettyfogging merchants; but how does this help matters? Ultimately, it is self-interest, and especially money gain, which alone determines them. I once went into Manchester with such a bourgeois, and spoke to him of the bad, unwholesome method of building, the frightful condition of the working people's quarters, and asserted that I had never seen so ill-built a city. The man listened quietly to the end, and said at the corner where we parted: 'And yet there is a great deal of money made here; good morning, sir!' (MEB 311.)

Such plain speaking would be deprecated in Liberal

circles today, but there are still captains of industry who, with their world tumbling about their ears, continue to proclaim, Malthus-like, their faith in the profit motive :

> Profits are the only source from which the wealth of the nation can be increased, and are the bulwark behind the continuity of employment of every one of us. (*The Times*, 73-4-25.)

4. *Bourgeois Democracy*

The form of state characteristic of capitalist society is bourgeois parliamentary democracy. The bourgeois-democratic principle of 'one man one vote' is the political expression of the legal fiction of equality based on private property :

> An abstract or formal posing of the problem of equality . . . is in the very nature of bourgeois democracy. Under the guise of the equality of the individual in general, bourgeois democracy proclaims the formal or legal equality of the property-owner and the proletarian, the exploiter and the exploited, thereby grossly deceiving the oppressed classes. (LCW 31.145.)

Bourgeois democracy is described by Lenin as a 'dictatorship of the bourgeoisie masked by parliamentary forms' (LCW 30.100). In order to understand the Marxist concept of the relation between democracy and dictatorship, it will be helpful to review the British parliamentary system as it evolved in the era of industrial capitalism.

Before the Reform Bill of 1832, the government of the country—that is, the control of the armed forces, the maintenance of law and order, and the financial administration—was vested in a parliament in which only a small minority of the population—the landlords, mer-

chants and financiers—were represented. The masses of the people were excluded from the franchise on the ground that they were fit only to be governed, not to govern, as in the remarks quoted above from Edmund Burke, who belonged to the ruling class of that day. This was an *open* dictatorship of the bourgeoisie.

As a result of the Reform Bill of 1832, which was passed under pressure from the new industrial bourgeoisie, supported by the working class, the electoral system was reorganised so as to give the industrialists a share of political power proportionate to their economic strength, but the franchise was still restricted by a property qualification, which excluded the working class. The agitation for reform was then taken up by the Chartists, who, supported by mass meetings all over the country, submitted to parliament a petition calling for equal electoral districts, abolition of the property qualification for members of parliament, universal manhood suffrage, annual parliaments, vote by ballot, and payment for members of parliament. If these demands had been granted, the workers, who constituted the vast majority of the population, would have been able to take power; but they were resisted for that reason by the bourgeoisie. The Government called in the army and the police, and the Chartist movement was crushed. Even the bourgeois radicals, who were in favour of parliamentary reforms, shrank from the idea of their being used as an instrument of working-class power.

In the period following the defeat of the Chartist movement, the British ruling class pursued a step-by-step policy of parliamentary reform, leading to the British political system as we know it today. In this system all the Chartist demands have, in effect, been met; and yet state power remains firmly in the hands of the bourgeoisie. How has this been brought about?

Drawing on the super-profits of imperialism, the ruling

class has made substantial concessions to the workers, dividing them against one another, skilled against unskilled, white against coloured, and bringing them all under the influence of bourgeois ideas :

> Remember the example of such countries as England, where the class struggle of the proletariat against the bourgeoisie has been going on everywhere and at all times, and yet the proletariat has remained disunited, its elected representatives have been bought up by the bourgeoisie, its class-consciousness has been corrupted by the ideologists of capital, its strength has been dissipated through the desertion of the masses of the workers by the labour aristocracy. (LCW 10.60.)

The main channels through which bourgeois ideology has been propagated among the workers are the Labour Party and the trade union bureaucracy. The 'democratic socialism' of Labour Party spokesmen, implying that socialism can be won through parliamentary reforms, is bourgeois democracy under another name. The Labour Party has thus become a mainstay of capitalism; for, so long as the country is governed by one or other of two parties, both pledged to work within the system, the ruling class is secure. This becomes clear when we consider another aspect of the system.

In the years 1823–30 the criminal code was revised, and a new police force was created, replacing the medieval night-watchmen. In 1870–71 the army and the civil service were reorganised in such a way as to place the executive arm of the state machine—that is, the police, the armed forces, the judiciary and the bureaucracy—under the control of the new bourgeoisie. Since then there has been a continuous increase in the power of the executive at the expense of Parliament, whose functions are purely legislative and deliberative. In theory, the sovereignty of Parliament, elected by the people, is

supreme : in practice, it is severely limited. The election pledges on the strength of which a party wins its majority are not binding either on the deputies or on the government, and there is no provision for the recall of deputies. Within Parliament, the real power rests, not with the deputies, but with the Cabinet, whose members depend for advice on senior civil service officials, trained and trusted servants of the ruling class, not subject to election at all. And even within the Cabinet itself there is a small group of leading members—the inner Cabinet —who in times of crisis take vital decisions in consultation with the bankers and other monopoly capitalists. This is where state power really lies. In this way, supported by the mass media, which are designed to befuddle the minds of the people by trivialising and sensationalising all serious issues, our rulers are able to maintain their dictatorship behind a facade of government by consent. Naturally, so long as the people remain docile, they prefer to rule in this way; but, as soon as there arises a popular movement strong enough to challenge their economic privileges, then, raising a hue and cry about the threat to 'law and order', they abolish their parliamentary liberties and install an open dictatorship.

> Take the fundamental laws of modern states, take their administration, take freedom of assembly, freedom of the press, or the 'equality of all citizens before the law', and you will see at every turn evidence of the hypocrisy of bourgeois democracy, with which every honest, class-conscious worker is familiar. There is not a single state, however democratic, which has no loopholes or reservations in the constitution guaranteeing to the bourgeoisie the possibility of despatching troops against the workers, of proclaiming martial law, and so forth, in case of a 'violation of public order'—

actually, in case the exploited class 'violates' its slave status and tries to behave unslavishly. (LCW 28.244.)

In the colonies the monopoly capitalists have always ruled, so long as they could, by open force, without any pretence of democracy, on the pretext that the colonial peoples are not yet 'fit for self-government'. Later, when the growth of the national movement compels them to make concessions, they grant nominal independence to the national bourgeoisie, which then, with their assistance and under their control, establishes its own dictatorship.

From this it must not be inferred that bourgeois democracy was not worth struggling for. Not only does it mark an advance on feudal absolutism, but it is only by exercising their democratic rights to the full that the workers are enabled to see through the duplicity of bourgeois parliamentarism and so to realise the need for further struggle :

> Bourgeois democracy, although a great historical advance in comparison with medievalism, always remains, and under capitalism is bound to remain, restricted, truncated, false, hypocritical, a paradise for the rich and a snare and delusion for the exploited, the poor. (LCW 28.243.)

> The bourgeoisie in the old parliamentary countries has mastered superbly the art of hypocrisy and of fooling the people in a thousand ways, passing off bourgeois parlimentarism as 'democracy in general' or 'pure democracy', and so on, and cunningly concealing the million threads which bind parliament to the stock exchange and the capitalists, utilising a venal, mercenary press and exercising the power of money, the power of capital, in every way. (LCW 29.561.)

To decide once every few years which member of

the ruling class is to repress and crush the people through parliament—this is the real essence of bourgeois parliamentarism, not only in parliamentary-constitutional monarchies, but also in the most democratic republics. (LCW 25.422.)

> Even in the most democratic bourgeois state the oppressed people encounter at every step the crying contradiction between the *formal* equality proclaimed by the 'democracy' of the capitalists and the thousands of *real* limitations and subterfuges which turn the proletarians into *wage-slaves.* It is precisely this contradiction that is opening the eyes of the people to the rottenness, mendacity and hypocrisy of capitalism. It is this contradiction that the agitators and propagandists of socialism are constantly exposing to the people, in order to prepare them for revolution. (LCW 28.246.)

The superior standard of living enjoyed by the industrial workers of the West was won on the basis of colonialism and imperialism. But that basis is now crumbling. As the areas open to imperialist exploitation contract, so the exploitation of the metropolitan workers is intensified, and bourgeois democracy is revealed as a cover for capitalist dictatorship.

CHAPTER VII

All for Each and Each for All

1. *Peasant Revolts*

A Spanish tribe, which had not yet fallen into the clutches of Roman tax-collectors, was thus described by a writer of the first century B.C. :

> They redivide the land every year, each receiving a portion of the fruits, which are common property. Appropriation is punished by death. (Diodorus 5.34.)

This was a primitive village community, still untouched by commodity production. Communities of this type have survived, more or less modified, at all stages of class society, including some backward regions even in our own day (ME 1.109n.). Such was the Russian *mir* (ME 2.393–95), which, along with other remnants of feudalism, was finally dissolved after the October Revolution. In feudal Europe they formed the basis of the open-field system, in which the arable was cultivated in strips and the pasture was open to all.

The persistence of so primitive an institution is due to the conservatism of the countryside as compared with the towns. Just because of their backwardness, the peasantry have everywhere preserved customs and beliefs inherited from pre-class society. This explains why, in condemning usury and profit-making, the leaders of the medieval Church paid lip-service to the rights of common property: 'He who buys something in order to sell it

unchanged at a profit is of the buyers and sellers who are cast out of God's temple.' They held that private property itself was unjust: 'The use of all things in the world', they declared, 'ought to be common.' If it was not common, that was due to human frailty. Man had fallen from grace. This, however, did not satisfy the peasantry: 'We are men made in Christ's likeness, yet we are treated like beasts.' From time to time, in Europe as in China and India, the feudal system was shaken by peasant revolts, which were savagely suppressed: 'Serfs you are, and serfs you shall remain!'

The aim of the peasant rebels was to restore that state of pristine innocence in which, they believed, mankind had once lived in peace and brotherhood, free from class distinctions: 'When Adam delved and Eve span, who was then the gentleman?' Looking to the past rather than the future, they expressed their aspirations in religious forms. Their insurrections did much to weaken the feudal system, and so prepared the way for the bourgeois revolution, but the leadership of that revolution did not rest with them. Despite these limitations, some of their leaders, notably Thomas Muenzer in Germany and Gerrard Winstanley in England, were able to foresee dimly the nature of that further revolution, still in the distant future, which would bring exploitation to an end. Muenzer (1488–1525) declared that God's kingdom was to be established on earth, not in heaven, and that it would be founded on common property and social equality. Winstanley was the leader of the Diggers, a small band of dispossessed peasants, who in the spring of 1649 dug up the waste land on St. George's Hill in Surrey with the intention of starting a communist colony. The attempt was, of course, a failure—one of many such failures through which the proletariat was eventually to find the path to revolution; but even so Winstanley had an intuitive grasp of the labour theory of value:

> No man can be rich but he must be rich either by his own labours or by the labours of other men helping him. If a man have no help from his neighbours, he shall never gather an estate of hundreds and thousands a year. If other men help him to work, then are those riches his neighbours' as well as his own. But all rich men live at ease, feeding and clothing themselves by the labours of other men, not by their own; which is their shame and not their nobility, for it is a more blessed thing to give than to receive. But rich men receive all they have from the labourer's hand, and when they give, they give away other men's labours, not their own. (Quoted in C. Hill, *The English Revolution*, p. 99.)

Just as the industrial proletariat is drawn mainly from the dispossessed peasantry, and finds in the poor peasants its most reliable allies, so these revolutionary aspirations of the peasantry, inherited from primitive communism, are taken over by the industrial workers, transformed into scientific socialism, and realised through the dictatorship of the proletariat.

2. *Democracy and Dictatorship*

The state is the instrument through which the ruling class maintains its rule over the subject class or classes. As such, it rests on force : it is, in other words, a dictatorship. This is true of the state in all its forms, autocratic or democratic.

Ancient democracy was a dictatorship of the slave-owners. The slaves, who formed the majority of the population, had no rights at all; and even the political equality enjoyed by the slave-owners was formal rather than actual, since no account was taken of the economic inequalities between rich and poor.

The same is true of modern bourgeois democracy. Here, equal rights have been extended to the whole population; but, being merely political, they serve only to conceal the economic reality of capitalist exploitation. Moreover, even this limited measure of democracy was only rendered possible by the plunder of the colonies, whose inhabitants had no rights at all.

Thus, proletarian democracy is the first and only form of state in which dictatorship is exercised, not by the minority over the majority, but by the majority over the minority. It is, therefore, the highest form of democracy :

> The workers and peasants constitute the vast majority of the population. And does not 'democracy' mean carrying out the will of the majority? How then can one be a democrat and yet be *opposed* to the 'dictatorship of the proletariat and the peasantry?' (LCW 24.329.)

Not only so, but the dictatorship of the proletariat is a new *kind* of democracy, in which, having abolished private property, the workers and peasants are directly and actively involved in the *economic* control of their own affairs :

> Capitalism cannot be vanquished without taking over the banks, without repealing private ownership of the means of production. These revolutionary measures, however, cannot be implemented without organising the entire people for the democratic administration of the means of production captured from the bourgeoisie, without enlisting the entire mass of the working people, the proletarians, semi-proletarians and small peasants, for the democratic organisation of their ranks, their forces, their participation in state affairs. (LCW 23.25.)

It is not enough to preach democracy, not enough

to proclaim it and decree it, not enough to entrust its implementation to the people's 'representatives' in representative institutions. Democracy must be *built* at once, from below, through the initiative of the masses themselves, through their effective participation in *all* fields of state activity, without 'supervision' from above, without the bureaucracy. (LCW 24.169.)

Under the dictatorship of the proletariat, the principle of parliamentary representation is maintained, but in a new form, in which legislative and executive functions are combined and the deputies are subject to recall at the will of the electors. These features first appeared in the Paris Commune, and were later embodied in the Soviet Constitution :

The Soviet Constitution ensures for the working people immeasurably greater opportunities than are provided by bourgeois democracy and parliamentarism to *elect and recall* deputies in a way that is easiest and most accessible for workers and peasants. It also eliminates the negative aspects of parliamentarism, which have been evident since the Paris Commune, particularly the division between *legislative* and *executive* power, and the alienation of parliament from the masses, and so forth. (LCW 29.126.)

Eventually, when all classes and all class divisions have disappeared, the state, as the organ of class rule, will have outlived its function and so will gradually 'wither away'. The contradiction between democracy and dictatorship will then be resolved by the disappearance, not only of dictatorship, but of democracy itself; for with the attainment of complete emancipation from class inequalities of all kinds, the assertion of democratic rights will no longer be necessary :

Only in communist society, when the resistance of the capitalists has been completely crushed, when the capitalists have disappeared, when there are no classes —that is, when there is no distinction between the members of society as regards their relation to the social means of production—only then 'the state—ceases to exist' and 'it *becomes possible to speak of freedom*'. Only then will a truly complete democracy become possible and be realised, a democracy without any exceptions whatever. And only then will democracy begin to *wither away*, owing to the simple fact that, freed from capitalist slavery, from the untold horrors, savageries, absurdities and infamies of capitalist exploitation, people will gradually become *accustomed* to observing the elementary rules of social intercourse—rules that have been known for centuries and repeated for thousands of years in all copy-book maxims. They will become accustomed to observing them without force, without coercion, without the *special apparatus* for coercion called the state. . . .

And so in capitalist society we have a democracy which is curtailed, wretched, false, a democracy only for the rich, for the minority. The dictatorship of the proletariat, the period of the transition to communism, will for the first time create democracy for the people, for the majority, along with the necessary suppression of the exploiters, of the minority. Communism alone is capable of providing really complete democracy, and the more complete it is, the sooner it will become unnecessary and wither away of its own accord. (LCW 25.462–63.)

3. *From Formal to Actual Equality*

The bourgeois conception of freedom had its roots in the struggle for the free development of commodity

production; and it still bears the mark of its origin. When bourgeois propagandists speak of 'free enterprise', a 'free society', and 'the free world', the concept of freedom is tacitly identified with the freedom to maintain private property and private profit. For the workers, however, this is the negation of freedom, and accordingly it will be abolished :

> The abolition of this state of things is called by the bourgeois abolition of individuality and freedom! And rightly so. The abolition of bourgeois individuality, bourgeois independence and bourgeois freedom is undoubtedly aimed at.
>
> By freedom is meant, under the present bourgeois conditions of production, free trade, free selling and buying. But, if selling and buying disappear, free selling and buying disappear also. This talk about free selling and buying, and all the other 'brave words' of our bourgeoisie about freedom in general, have a meaning, if any, only in contrast to restricted selling and buying, to the fettered traders of the middle ages, but have no meaning when opposed to the communistic abolition of buying and selling, of the bourgeois conditions of production, and of the bourgeoisie itself. ME 1.122.)

In the preceding chapters it has been shown that, with the growth of commodity production, the unity which had existed in primitive society between production and consumption was destroyed, with the result that the productive process passed out of man's control. In communist society that lost unity will be restored through the gradual abolition of commodity production. In the intermediate stage of socialism, which marks the transition from capitalism to communism, the products of labour are still exchanged, but only within certain limits, which preclude the appropriation of surplus

value, and so the exchange approximates more and more closely to a simple exchange of equal values. Further, in consequence of these economic changes, the social relations between individuals are gradually reorganised on the basis of true equality. This has been shown by Marx in his analysis of the process by which wage-labour is transformed and eventually abolished after the socialist revolution in the transition to communism.

Marx begins by defining the various purposes for which some portion of the total product of co-operative labour must be deducted before the remainder can be distributed among the individual producers for consumption :

> Let us take first of all the words 'proceeds of labour' in the sense of the product of labour; then the co-operative proceeds of labour are the *total social product*.
>
> From this must now be deducted :
>
> First, cover for replacement of the means of production used up.
>
> Secondly, additional portion for expansion of production.
>
> Thirdly, reserve or insurance funds to provide against accidents, dislocations caused by natural calamities, etc. . . .
>
> There remains the other part of the total product, intended to serve as means of consumption.
>
> Before this is divided among the individuals, there has to be deducted again, from it :
>
> First, the general costs of administration not belonging to production. This part will from the outset be very considerably restricted in comparison with present-day society, and it diminishes in proportion as the new society develops.
>
> Secondly, that which is intended for the common

satisfaction of needs, such as schools, health services etc. From the outset this part grows considerably in comparison with present-day society, and it grows in proportion as the new society develops.

Thirdly, funds for those unable to work, etc., in short, what is included under so-called official poor relief today.

Only now do we come . . . to that part of the means of consumption which is divided among the individual producers of the co-operative society. (ME 3.16.)

This is the socialist principle, 'from each according to his ability, to each according to his work'. That part of the social product which is available for general distribution is divided among the individual producers in portions equal to the amount of labour they have performed :

Here obviously the same principle prevails as that which regulates the exchange of commodities, so far as this is an exchange of equal values. Content and form are changed, because under the altered circumstances no one can give anything except his labour, and because, on the other hand, nothing can pass into the ownership of individuals except individual means of consumption. But, so far as the distribution of the latter among the individual producers is concerned, the same principle prevails as in the exchange of commodity equivalents : a given amount of labour in one form is exchanged for an equal amount of labour in another form. (ME 3.18.)

It follows that the social equality attainable at this stage, although it marks an immense advance on bourgeois equality, still suffers from limitations inherited from capitalist society :

In spite of this advance, this *equal right* is still constantly stigmatised by a bourgeois limitation. The

right of the producers is *proportional* to the labour they supply; the equality consists in the fact that measurement is made with an *equal standard*, labour.

But one man is superior to another physically or mentally, and so supplies more labour in the same time, or can labour for a longer time; and labour, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This equal right is an unequal right for unequal labour. It recognises no class differences, because everyone is only a worker like everyone else; but it tacitly recognises unequal individual endowment, and thus productive capacity, as natural privileges. *It is therefore a right of inequality, in its content, like every right.* Right by its very nature can consist only in the application of an equal standard; but unequal individuals (and they would not be different individuals if they were not unequal) are measurable only by an equal standard in so far as they are brought under an equal point of view, are taken from one *definite* side only—for instance, in the present case, are regarded *only as workers*, and nothing more is seen in them, everything else being ignored. Further, one worker is married, another not; one has more children than another, and so on and so forth. Thus, with an equal performance of labour, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects right, instead of being equal, would have to be unequal.

But these defects are inevitable in the first phase of communist society, as it is when it has just emerged after prolonged birth pangs from capitalist society. Right can never be higher than the economic structure

of society and its cultural development conditioned thereby. (ME 3.18.)

Among the social inequalities left over as a legacy from class society is the inferior position of women. In primitive society, there was no exploitation of one sex by the other; but, with the growth of private property, which accumulated in the hands of the men, the status of women declined (ME 3.233). In all stages of class society the working woman is doubly exploited, both as a worker and as a woman (LCW 32.161). Even after the proletarian revolution, which abolishes economic and legal inequalities between men and women, there still remains the need for the ideological remoulding of both sexes, but more particularly of the men (LCW 32.162). Only when the women participating in political activity are as numerous at all levels as the men will full equality be restored.

In conclusion, Marx outlined the conditions in which the inequalities inherited from class society would be finally eliminated in 'the higher phase of communist society', that is, in what we now call communism, as opposed to socialism :

> In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and therewith also the antithesis between mental and maunal labour, has vanished; after labour has become not only a means of life but life's prime need; after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners : 'From each according to his ability, to each according to his needs.' (ME 3.19.)

Thus, the transition from socialism to communism requires a sufficient development of the productive forces and of the individual producers to provide material abundance for all and to ensure man's final emancipation from the ideological limitations of class society.

The essential difference between bourgeois and proletarian equality may be stated as follows.

Bourgeois equality is basically the equality of the market, the right of commodity-owners to exchange commodities, including labour-power, on equal terms. This is a necessary condition for the development of capitalist production and therefore for the very existence of the bourgeoisie: 'The first birthright of capital is the equal exploitation of labour-power by all capitalists' (C 1.292). In reality, therefore, since the relation between capital and labour is inherently unequal, bourgeois equality resolves itself into the equal rights enjoyed by the capitalists among themselves; and, as the competition between them becomes more intense—as 'one capitalist kills many'—even these rights are in practice curtailed, until eventually they are reduced to the right of the multinational tycoons to pillage the 'free world'.

For the proletariat, on the other hand, 'the demand for equality consists in its being a demand for the abolition of classes' (LCW 31.145, cf. 393, AD 120). In place of the capitalist system, in which everything is for sale and individuality is destroyed, the proletariat is building a new society, in which there will be no buying and selling and no exploitation:

> In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all. (ME 1.127.)

CHAPTER VIII

Production for Use

1. *Socialist Industrialisation*

In the foregoing chapters it has been argued that commodity production, that is, the production of goods for exchange, based on multiple divisions of labour and private ownership of the means of production, has been the decisive factor in the evolution of civilised society, ancient and modern, in all its aspects. In ancient and medieval society, based on slavery or serfdom, its development was restricted by the relatively low level of the productive forces, but in modern capitalist society, based on wage-labour, it has come to its full growth and established its supremacy over older modes of production all over the world.

In his *Critique of the Gotha Programme*, from which we quoted in the last chapter, Marx argued that in the coming transition from capitalism to communism all the characteristic features of civilised society, as we know it, are destined to disappear, making way for a new form of society, based on common ownership and production for use, on the abolition of classes and divisions of labour, and on the reunion of town and country and of mental and manual labour. These are the basic tenets of scientific socialism. The question arises, to what extent have they been confirmed by the actual experience of socialist construction? That question will be discussed later. In the present chapter we shall examine the Chinese

people's commune, as it has evolved since the revolution of 1949. This is a socialist unit of a new type, which embodies in its structure successive stages in the transition from private to collective ownership and is still developing.

It was the universal opinion among bourgeois experts in 1949 that, since the country was dependent on imported food, the new Chinese government would be unable to survive except by coming to terms with the U.S.A. This opinion, which has been contradicted so sharply by the event, reflects the inability of bourgeois economists to understand the interdependence of economics and politics. The economic life of backward countries is dominated by a surplus of labour and a shortage of capital. The capitalist solution of this problem is to introduce foreign capital, but, far from providing a solution, this only aggravates the problem, and therefore these economists regard it as insoluble. But capital is accumulated value, and value is created by labour. Therefore, if only the surplus labour could be deployed so as to make good the shortage of capital, the contradiction would be resolved. This can be done, but only on one condition, which is political, not economic. Those who provide the labour must be convinced that the value which they are asked to create will belong to them and not to any capitalist, native or foreign. In other words, the contradiction is resolved under the dictatorship of the proletariat. Having seized power, the workers and peasants bring the entire process of production and consumption under their unified control.

Turning back to Marx's observations on the transition between capitalism and communism, we find that they need to be amplified at two important points. In the first place, he did not allow for the emergence of collective ownership as an intermediate stage between private and state ownership in the socialisation of agriculture. This

point (which was foreseen by Engels, writing after Marx's death) will be discussed in the next chapter. In the second place, in his remarks on the income and expenditure of a socialist state, he did not take account of the needs of national defence. It must be remembered that he expected the first proletarian revolution to be carried through simultaneously in the advanced countries of the West (ME 1.91). In the event, it took place in Russia, the most backward country in Europe; then it spread to China, which was even more backward than Russia; and in both it met with armed opposition from the West. The builders of socialism in Russia and China had to start, not from an advanced capitalist economy, but in far more difficult conditions, due to their own economic backwardness and the hostility of the capitalist world.

In approaching this task, the Chinese Communist Party has drawn on the experience, positive and negative, of the Soviet Union, and also on its own experience in administering the areas liberated before 1949. Thanks to these advantages and to its close ties with the masses, it has been able to avoid certain mistakes.

There can be no socialism without heavy industry, which provides the machinery required for the development of light industry and the mechanisation of agriculture. At the same time, every economic system depends on agriculture for providing the entire population with the basic means of subsistence, and, as industry expands, so the demand for agricultural products increases. Hence heavy industry and agriculture must be developed in such a way as to become mutually supporting. This can be done with light industry as the link. The development of heavy industry requires the investment of large sums on a long-term basis. Light industry requires less capital and brings a quicker return. Therefore, light industry can be developed as a means of accumulating the

capital required for the development of heavy industry. It can also be used to assist agriculture both by creating a demand for industrial crops and by supplying the agricultural population with consumer goods. Thus, while heavy industry remains the core of socialist construction, it is helped, and not hindered, by the parallel development of light industry and agriculture:

> As agriculture and light industry develop, heavy industry, assured of its market and funds, will grow faster. Hence, what may seem to be a slower pace of industrialisation will actually not be so slow, and indeed may even be faster. (MFE 130.)

In the years immediately following liberation, agriculture was almost the sole source of capital accumulation, because at that time there was scarcely any modern industry at all. Since then the output of grain has more than doubled, while the output of steel has risen from 158,000 tons in 1949 to 23,000,000 tons in 1972. Thanks to the increase in the volume of agricultural production, it has been possible to reduce the rate of the state tax on grain, which now averages about six per cent. The remainder of the surplus produced by the peasants is purchased from them by the state.

If these economic tasks are translated into political terms, it becomes clear that they could only be carried out on the basis of the worker-peasant alliance. It was the close unity between these two classes, under the leadership of the proletariat, that rendered possible the combination of agriculture and industry in the people's commune.

2. *Agricultural Co-operation*

The land reform had been carried out in the liberated areas before 1949, and was extended to the rest of the

country in the years 1949–52. The land was divided among the peasantry on the principle that it should belong to those who tilled it. This marked the completion of the bourgeois-democratic revolution in the countryside. The question then arose, was agriculture to be collectivised on a capitalist or a socialist basis? It was argued by Liu Shao-chi, with the support of the rich and upper-middle peasants, that collectivisation was impossible without mechanisation, and must therefore wait until industry was ready to supply the necessary machines. In the meantime, agriculture was to be developed on a capitalist basis, with a free market for farm produce and the right to employ wage-labour and to buy and sell land. To this policy, however, the poor peasants, who formed the majority of the rural population, were firmly opposed; and accordingly, with their support, Mao Tse-tung put forward the line of step-by-step advance to socialism, beginning with collectivisation and deferring mechanisation till a later stage. This line was designed to ensure the active co-operation of the peasants by giving them the opportunity of confirming its correctness from their own experience :

> Chairman Mao has taught us : 'The method we are using in the socialist transformation of agriculture is one of 'step-by-step advance'. The advantage of this method is that 'it is possible for the peasants to raise their socialist consciousness gradually through their personal experience and gradually to change their mode of life, thus lessening any feeling of abrupt change'. (PR 70–7.5.)

The stages of collectivisation were four : (1) the mutual-aid team, based on private ownership, but containing some rudiments of socialism; (2) the elementary co-operative, which was semi-socialist, though retaining some elements of private ownership : (3) the advanced

co-operative, which was fully collective; and (4) the people's commune, in which full collectivisation is combined with a substantial measure of mechanisation. The last stage marks the completion of the socialist revolution in the countryside. As we shall see later, there still survives an element of private ownership, but so small as to be no more than a vestige from the past.

The mutual-aid team was accepted all the more readily, because the custom of mutual assistance in various forms was a very ancient one (PR 63–44.8), being derived from the solidarity of the primitive clan. The clan basis of village life—organised before liberation under the landlord's control—was still a living reality (MSW 1.93); and therefore, after expelling the landlords, it was an easy step for the villagers, under the leadership of the peasants' association, to reorganise themselves as a mutual-aid team. Each family had its own holding and its own draft animals and implements; but they cultivated their holdings collectively, and this enabled them to increase their output. They paid a tax in kind to the state and sold to the state any surplus left over after meeting their own needs. In time they introduced some simple divisions of labour and accumulated small amounts of collective property. In this way there arose a contradiction between collective labour and individual management.

The transition from the mutual-aid team to the elementary co-operative took place in the years 1953–55. There was no change in the system of ownership, but the whole area was now cultivated under unified management. After paying the agricultural tax, the net income was divided into two parts. Each family received a land payment proportionate to the size of its holding, and the rest—the greater part—was distributed as wages. Each member's wage was determined by the quantity and quality of the work done, in accordance with the socialist

principle 'from each according to his ability, to each according to his work'. Output increased, because with unified management it became possible to organise the farm work more effectively. In this way there arose a contradiction between unified management and multiple ownership.

The transition from the elementary to the advanced co-operative was effected in 1956. Land payments were abolished. The ownership of land was now completely collective. The draft animals, implements and all other major means of production were converted into collective property. This was done by setting a portion of their value against the cost of shares in the co-operative, and repaying the remainder by instalments. The income was divided as follows. After handing over what was due by tax or sale to the state, and defraying the costs of production and management, a portion was set aside as a contribution to a reserve fund and a public welfare fund. The remainder was then distributed as wages. The reserve fund was used for reinvestment and for emergencies, the public welfare fund for assisting the aged and infirm and giving help to large families short of farm hands.

Meanwhile the productive forces were developing so rapidly that within the space of a few years even the advanced co-operative became inadequate. These co-operatives had been units of agricultural production administered by the local government of the area to which they belonged. The need arose for a larger and more comprehensive unit, capable of developing large-scale agriculture and combining agriculture with industry.

3. *The People's Commune*

The people's communes came into being during the

great upsurge of peasant activity that swept the country in 1958. They were formed by the amalgamation of neighbouring co-operatives in order to undertake large-scale projects such as flood control, water conservancy, afforestation, fisheries, and transport. In addition, many communes set up their own factories for making tractors, chemical fertilisers, and other means of production. The development of local industry served several purposes—to provide employment for the farm-workers during the slack season; to absorb labour displaced by mechanisation; and to make the rural areas more self-sufficient, less dependent on the central government. This last point has a special importance for national defence. Every commune has its own people's militia, trained in guerrilla warfare by resident units of the People's Liberation Army; and at the same time the P.L.A. unit provides a skilled labour force ready to participate in all branches of production.

There are over 70,000 communes, covering the whole of rural China. They vary greatly in size, physical conditions and economic level; but their structure is in general the same. Each commune consists of so many production brigades, and each production brigade of so many production teams. Thus, to cite a typical instance, a medium-sized commune in the province of Shensi was formed by the amalgamation of 23 advanced co-operatives. It contains 23 production brigades and 81 production teams, with a total population of 21,000 persons, divided into 4,100 households.

The production team has its own land, draft animals and implements. It has the use of small machines and repair shops owned by the brigade and of larger machines owned by the commune. It elects its own leaders, keeps its own accounts, and organises its own distribution. The members divide their income annually. First, they set aside the sums required to defray the costs

of production and management, to pay the state tax, and to deliver the surplus grain which it has been agreed to sell to the state. (The state tax is subject to readjustment from time to time, and may be reduced in the event of crop failures due to natural causes.) The net income is then divided as follows. One portion goes to the reserve and development fund, another to the welfare fund, and the remainder—70–75 per cent—is distributed as wages. When the team meets to fix wage rates, each member in turn puts forward his evaluation of his own work. This is then discussed with him by the others, with attention to both quantity and quality, and finally assessed at so many 'work points'. The differential is not large and is tending to diminish. The administrative workers are paid at the same rates. They are all obliged to do some manual work, and their wages are calculated on the basis of the work points they have earned when working in the fields. In addition to his wages in cash, each member receives a free supply of grain, vegetables, salt and firewood.

Each family has its own house, which is rent-free but may not be sold or leased to others. It is also permitted to cultivate a small allotment as a spare-time occupation. These plots are used for growing vegetables or breeding pigs or poultry. The produce is mostly for domestic consumption, although, if there is a surplus, it may be sold at state-controlled prices. The plots are held on condition that priority is given to work in the collective. They are strictly limited in size according to the size of the family, and make up altogether not more than six or seven per cent of the area under cultivation. There are other side-line occupations, such as carpentry and weaving, which may be pursued under similar conditions.

These private plots serve a useful purpose in enabling the peasants to supplement their incomes from the collective; but there are already signs that their importance

is diminishing. In some communes, the plots belonging to each production team have been concentrated in one area so that they may be cultivated jointly. This is the first step towards collectivisation.

Production is planned by the commune revolutionary committee, whose members are elected, subject to instant recall, and directly responsible to the people. The plan for each commune is part of the plan for the province, and that in turn is part of the state plan for the country as a whole. The prices of agricultural produce are agreed in advance between the commune and the state, and adjusted when necessary in favour of the commune. Thus, if there is a glut, the state buys the crop at the agreed price and sells it at a lower price. In this way the producers are protected against fluctuations of supply and demand. Part of the surplus may also be sold to other communes, but there is no market in which goods can be sold at speculative prices and no scope for commercial competition between communes or for private profiteering of any kind. In return, the state provides the commune with machinery and manufactured consumer goods. It is state policy to supply agricultural machinery below the cost of production in order to reduce the gap in productivity between agriculture and industry.

In addition to its function as a productive unit, the commune is responsible for transport, communications, and a wide range of commercial, educational, medical and other services, including shops, credit and savings banks, schools, clinics, and old people's homes. All these are owned by the commune. The administrative staff and office employees receive no privileges, and, as a check on the growth of bureaucracy, they are required to spend part of their time working in the factory or the fields. The commune is also responsible for organising the

local militia, and elects a deputy to the provincial people's congress.

When important decisions affecting the whole commune are to be taken, the commune revolutionary committee publicises the proposals for discussion in the production teams. Each production brigade then calls a representative congress, at which, after further discussion, resolutions are passed. These are transmitted to the commune revolutionary committee, which convenes a representative congress of the whole commune, and there the final decisions are taken.

Thus, the Chinese people's commune is far more than a productive unit. It is a basic organ of state power. As such, it is an instrument of proletarian dictatorship, ready to defend the revolution against all enemies, internal or external; and at the same time it is genuinely democratic, since it brings all spheres of economic and social life under unified popular control.

If the function of the people's commune is to effect the transition from small-scale to large-scale agriculture, why, it may be asked, is it based on so small a unit as the production team? The answer is that it is through the production team, as it has evolved out of the mutual-aid team, that the peasants have been introduced step by step to the advantages of large-scale production. Thus, meeting together as members of the production team, they decide on their own initiative to set aside a portion of their income as a contribution to the welfare fund. They do this knowing that it will be used to ensure that the aged and infirm will always be provided for. Accordingly, when they meet as members of the commune to discuss proposals for some hydro-electric scheme, which when completed will irrigate the whole valley, they support it in the confident belief that it will bring lasting benefits, if not to them, to their children. This is socialist democracy, in which, as Lenin said, the whole

people is organised for the 'democratic administration of the means of production' (LCW 23.25).

What these changes mean for the poor and lower middle peasants, especially the older generation, who remember the old China, will be appreciated best by those who are acquainted with the realities of peasant life, in China or elsewhere. They have not been carried through without opposition. On the contrary, they are still being resisted by remnants of the old society:

> The overthrown landlords and rich peasants are still living in the rural areas; in our society bourgeois influences and the forces of habit of the old society still exist; the well-to-do middle peasants have a spontaneous tendency towards capitalism; and there are new-born bourgeois elements. All these are mortal enemies of socialism. Therefore, it is unavoidable in the countryside to have struggle between the socialist road and the capitalist road and between the proletariat and the bourgeoisie. During the movement for agricultural collectivisation in China, and after its realisation, this struggle varied in intensity but never ceased for a moment. It grew sharper whenever the revolution took a step forward, whenever we were hit hard by natural calamities or came up against other difficulties, or wherever the localities went wrong in their work. The landlords and rich peasants would manoeuvre and pull strings from behind the scenes, and some of the well-to-do middle peasants, who had the worst capitalist inclinations, would come out into the open, clamouring to withdraw from the co-operative and work their land on their own. They would go in for speculation and cornering on the local rural markets, and for hiring farm hands and setting themselves up as money-lenders—all in an attempt to smash the collective economy. They would adopt the

tactics of worming their way into leading positions and bribing cadres in order to usurp the leadership of the collective economy and adulterate its character. Such a sharp class struggle inevitably reflects itself inside the Party. At such a time, unstable Party members, ideologically unprepared for the socialist revolution, would waver on the question of agricultural collectivisation. . . .

It is the Party's class line in the rural areas to rely on the poor and lower-middle peasants and unite with over ninety per cent of the rural population. Those who were poor peasants, including hired farm hands, at the time of the land-reform, constitute today sixty or seventy per cent of the rural population; they are the proletarians and semi-proletarians of the countryside and are the sworn enemies of all exploiting systems and classes. . . . Although the poor and lower-middle peasants of the land reform period have been enjoying considerable improvements in their livelihood for the last ten years or so, they owe this common prosperity to their collective economy. They know what it was like to be exploited, and they appreciate the benefits of collectivisation. Therefore, the former poor and lower-middle peasants, with the exception of a handful of degenerates who have forgotten about the bitter past, remain to this day the really reliable force in the countryside. The proletariat and its vanguard must rely resolutely on this really reliable force, for only thus can they hope to win over potential allies, mainly by uniting with the middle peasants. Only thus can they isolate the enemies of the proletariat and the people, and repulse the attacks of the landlords and rich peasants as well as the new-born bourgeois elements and the spontaneous forces of capitalist development. (PR 63–44.11–12.)

In this policy of reliance on the poor peasants, unity with the middle peasants, and struggle against the rich peasants and landlords, the Chinese Communist Party has followed Lenin's line on the worker-peasant alliance (LCW 29.116).

4. *The Two Lines*

In conclusion, a few words must be said to point the contrast with the Soviet collective farms. The collectivisation of agriculture in the Soviet Union was carried out under Stalin's leadership, and he too followed the Leninist line; but it was done in the face of great difficulties, due mainly to the pressure of capitalist encirclement. The result was that the worker-peasant alliance was not consolidated so firmly as in China. This strengthened the position of the bourgeoisie. After Stalin's death, the dictatorship of the proletariat, on which the worker-peasant alliance depends, was formally abandoned. During the ensuing years there were shortfalls in all the main branches of agricultural production, attributed by the Party to technical and administrative defects. These defects, manifested in a vast outgrowth of bureaucracy, are real enough, but they are only symptoms. Under the present leadership, the bourgeois line has prevailed over the proletarian line; the initiative in the class struggle has passed from the proletariat to the bourgeoisie. Consequently, the collective farms have lost their socialist orientation.

The Soviet collective farm is a unit of agricultural production, nothing more. The production team is merely a section of the labour force; it is not an accounting unit. The chairman is a state official, responsible for enforcing labour discipline, and receives a salary far in excess of the wages paid to the working members. The private plots are large, and the produce is sold on the

free market. The government has endeavoured to improve the situation by investing more money in mechanisation, training more specialists, extending the scope of material incentives; but in the absence of a correct political line, such measures only strengthen the forces of capitalist restoration. Lenin taught that 'politics cannot but have precedence over economics—to argue otherwise is to forget the ABC of Marxism' (LCW 32.83). The present Soviet leaders have abandoned Lenin's teaching; and, so far from achieving a balanced development of agriculture and industry, they are now importing large quantities of grain and inviting foreign capitalists to invest in Soviet industry on a massive scale.

CHAPTER IX

The Transition to Communism

1. *Socialist Ownership*

There are two forms of socialist ownership : state ownership, also known as ownership by the whole people or all-people's ownership, and collective or co-operative ownership. The need for this distinction was foreseen by Engels :

> When we are in possession of state power, we shall not even think of forcibly expropriating the small peasants . . . , as we shall have to do with the big landowners. Our task in relation to the small peasant consists, in the first place, in effecting a transition from his private enterprise and private possession to co-operative enterprise and co-operative possession, only not by force, but by dint of example and the offer of social assistance for this purpose. (ME 3.470.)

Thus, the function of collective ownership is to provide a bridge between private and state ownership.

In this way it becomes possible to resolve the contradiction, inherited from the old society, between the two classes united in the worker-peasant alliance. The proletarian has never had any interest in private ownership; he has been associated from the beginning with the development of large-scale industry; and therefore, having seized state power, he is fully prepared subjectively for state ownership. The peasant, on the other hand, is a

small proprietor, still attached to a pre-capitalist mode of production; he has still to learn that small-scale production has no future; and therefore, though he has supported the proletariat in the struggle against the landlords, he has done so with the aim of preserving his status as a small proprietor. Consequently, if his alliance with the proletariat is to be maintained and consolidated, he must be given the opportunity of making a step-by-step advance from private to state ownership :

> The transition from small-proprietor co-operatives to socialism is a transition from small- to large-scale production; that is, it is more complicated, but, if successful, is capable of embracing broader masses of the population and pulling up the deeper, more tenacious roots of the old, pre-socialist, even pre-capitalist, relations, which stubbornly resist all 'innovations'. . . . The co-operative policy, if successful, will result in raising the small economy and in facilitating its transition, within an indefinite period, to large-scale production on the basis of voluntary association. (LCW 32.348.)

With the full development of collective ownership in agriculture and of state ownership in industry, the socialisation of the means of production may be regarded as complete. Later, with the industrialisation of agriculture and the proletarianisation of the peasantry, collective ownership will merge into state ownership, or ownership by the whole people, which is the higher form :

> Both collective ownership and ownership by the whole people are socialist ownership; but the latter is more advanced than the former, because the state, representing the whole people, can directly make a unified and rational distribution of the means of pro-

duction and the products of enterprises owned by the whole people according to the requirements of the national economy as a whole, while this cannot be done by enterprises run under collective ownership, including the existing people's communes.

(PR 58–43.12.)

How will the merger be effected? That will depend on the further evolution of the communes, which is likely to be a lengthy process, but already there are some indications pointing to a higher stage.

In the first place, the balance which exists within the commune between the three levels of ownership is likely to shift gradually in favour of the highest level:

At the present time, most people's communes have the three-level ownership which enables the communes, the production brigades, and the production teams to play their role to the full. This has made it possible to find a proper solution to the problem of giving unified leadership within the framework of the commune and of bringing into full play the initiative of the units which directly organise production. It is envisaged that a relatively long time will elapse before the rising level of agricultural productive forces and the further development of the economy at commune and brigade level will have created suitable conditions for making the production brigade rather than the production team the basic accounting unit. After a further period the commune will be made the basic accounting unit. (PR 64–15.20.)

In the second place, the continuous expansion of large-scale production will make it necessary for adjacent communes to organise themselves on a federal basis:

To gradually promote the transition from collective ownership to ownership by the whole people, every

county should set up its federation of communes. In coming years, and on the basis of the energetic development of production and raising of the people's political understanding, such federations should take suitable steps gradually to increase the proportion of their means of production that is owned by the whole people and the portion of their products that is subject to unified distribution by the state, and, when conditions mature, should change collective ownership into ownership by the whole people. If timely steps are not taken to promote and complete this change, and if the existing collective ownership is kept intact indefinitely, with the result that commune members confine their attention to the relatively narrow scope of the interests of their collective, the continuous development of the social productive forces and the continuous raising of the people's political understanding will be impeded. This is not appropriate. However, it must be pointed out that collective ownership still plays a positive role in developing production in the people's communes. How soon the transition from collective ownership to ownership by the whole people will be effected will be determined by the objective factors—the level of development of production and the level of the people's political understanding—and not by mere wishful thinking that it can be done at any time we want it. Thus, the transition will be realised by stages and by groups on a national scale after a considerable time. (PR 58–43.12.)

The developments reviewed so far all fall within the stage of socialism. Do they reveal any indications that throw light on the future transition to communism? The first question to be asked in this connection is, what happens under socialism to commodity production?

2. *Controlled Commodity Production*

Resting as it does on private ownership of the means of production, commodity production must necessarily change its character when private ownership is replaced by socialist ownership. The most important change is that labour-power ceases to be a commodity. This is the feature that distinguishes the capitalist form of commodity production from all earlier forms, and now it disappears. It follows that there is no longer any scope for the appropriation of surplus value. Indeed, the very concept of surplus value, in so far as it depends on the distinction between necessary and surplus labour, or paid and unpaid labour, loses its meaning. The value which the workers create by their labour belongs now in its entirety to them, and it is for them to decide how much of it they will spend on the means of consumption and how much they will reinvest in production or set aside for other purposes.

It does not follow, however, that the law of value has become obsolete. Under socialism, as distinct from communism, labour is not yet sufficiently productive to create abundance for all, and therefore it is necessary that the worker should receive from society no more than the equivalent of what he has produced. This is what is meant by the formula that he is paid 'according to his work'. His work represents a certain amount of labour expended in production; his wages represent an equal amount of labour to be expended in consumption. The two amounts can only be equated by reference to some common measure, and this is provided by the law of value. The products of labour continue to circulate as commodities, and they are exchanged with one another in accordance with the law of value. The law is also used in the production of goods that do not circulate as commodities—for example, manufacturing machinery

produced by one state-owned factory for another. For the sake of strict accounting and economy in management, it is still expedient that such goods should be costed according to the law of value. In special circumstances, of course, it may be decided that a particular product shall be sold above or below its value. In other words, the law of value is now under control, but it has not ceased to operate. This is how the matter is explained by Stalin :

> It is sometimes asked whether the law of value exists and operates in our country under the socialist system. Yes, it does exist and operate. Wherever commodities and commodity production exist, there the law of value must also exist. In our country, the sphere of operation of the law of value extends, first of all, to the exchange of commodities through purchase and sale —the exchange, briefly, of articles of personal consumption. Here, in this sphere, the law of value preserves—within certain limits, of course—the function of a regulator.
>
> But the operation of the law of value is not confined to the sphere of commodity circulation. It also extends to production. True, the law of value has no regulating function in our socialist production, but nevertheless it influences production, and this fact cannot be ignored when directing production. (EPS 23.)

There are, of course, many other features of capitalist commodity production which disappear in a socialist economy. Such are the vast expenditure on advertising and other forms of sales promotion, designed not merely to keep the consumer informed about the goods available but to mislead him with false information; and the practice of 'built-in obsolescence', that is, of producing consumer goods (such as electric light bulbs and motorcars) in such a manner as to restrict their durability, and

so to maintain a rapid turnover. Such dishonest practices, which pass as 'good business' in capitalist society, have no place in a socialist economy, in which, with the continuous rise in living standards, the demand for consumer goods is normally greater than the supply. And lastly, since the entire process of production, distribution and consumption is now under control, the possibility of economic crises, such as those which convulse capitalist society, has been eliminated.

Socialism, too, of course, has its internal contradictions, but these are non-antagonistic, so long as they are handled correctly. Here again, however, in the planning of production, it is necessary to take account of the law of value. To illustrate this point, let us return to the problems arising from the disparity between industry and agriculture.

Broadly speaking, the prices at which the communes sell their grain to the state determine the money income of the peasants; and conversely, the prices at which the state sells the grain, measured against wage rates, determine the real income of the industrial workers. The exchanges are effected in accordance with the law of value; but, if the law were allowed to operate freely, the peasants would be at a permanent disadvantage, because, in the absence of mechanisation, agriculture is less productive than industry, and therefore wages are lower. In order to resolve this contradiction, the state regulates prices in such a way that the communes are able to sell their grain above its value or alternatively to buy machinery below its value. The aim is to increase the funds available for mechanisation and so in time to eliminate the disparity between industry and agriculture. When that gap has been closed, the distinction between the proletariat and the peasantry will disappear.

Similar contradictions arise within each sector—for example, between grain production and meat production,

or between different branches of industry—and others again from unpredictable factors, such as natural disasters, wars, and threats of war. In the correct handling of all these lies the secret of successful socialist planning:

> A constant process of readjustment through state planning is needed to deal with the contradiction between production and the needs of society, which will long remain as an objective reality. Every year our country draws up an economic plan in order to establish a proper ratio between accumulation and consumption and achieve a balance between production and needs. Balance is nothing but a temporary, relative unity of opposites. By the end of each year, this balance, taken as a whole, is upset by the struggle of opposites; the unity undergoes a change, balance becomes imbalance, unity becomes disunity, and once again it is necessary to work out a balance and unity for the next year. Herein lies the superiority of our planned economy. As a matter of fact, this balance, this unity is partially upset every month, or every quarter, and partial readjustments are called for. Sometimes contradictions arise and the balance is upset because our subjective arrangements do not correspond to objective reality; this is what we call making a mistake. The ceaseless emergence and ceaseless resolution of contradictions is the dialectical law of the development of things. (MFE 95.)

With the further development of the socialist system, the transition to communism will begin. The productive forces will have developed to the point at which, thanks to the abundance of wealth, the socialist principle, 'to each according to his work' becomes obsolete and is replaced by the communist principle, 'to each according to his needs'. When that point has been reached, the law of

value will cease to operate, and the products of man's labour will no longer take the form of exchange-values, but only of use-values, to be measured directly by the amount of labour-time expended on them :

> In the second phase of communist society, the amount of labour expended on the production of goods will be measured, not in a roundabout way, not through value and its forms, as in the case under commodity production, but directly and immediately by the amount of time, the number of hours, expended in the production of goods. As to the distribution of labour, its distribution among the branches of production will be regulated, not by the law of value, which will have ceased to function by that time, but by the growth of society's demand for goods. (EPS 26.)

When the products of labour have ceased to circulate as commodities, money too will disappear (LCW 29.115).

3. *Town and Country*

The growth of commodity production has been accompanied everywhere by the development of an antagonistic contradiction between town and country :

> The foundation of every division of labour that is well developed and brought about by the exchange of commodities, is the separation of town and country. It may be said that the whole economic history of society is bound up with the movement of this antithesis. (C 1.352.)

> The greatest division of material and mental labour is the separation of town and country. The antagonism between town and country begins with the transition from barbarism to civilisation, from tribe to state, from locality to nation, and runs through the whole

history of civilisation down to the present day.... (GI 64.)

In modern society, the division between industry and agriculture, which follows from the separation of town and country, becomes an obstacle to the further development of the productive forces :

> The dispersal of the agricultural population throughout the country, together with the crowding of the industrial population in the big towns, is a state adequate only to an undeveloped stage of agriculture, an obstacle to all further development, which is making itself very perceptible even now. (ME 1.93.)

It is also socially and physically injurious :

> The antagonism between town and country can only exist within the framework of private property. It is the most crass expression of the subjection of the individual under the division of labour, under a definite activity forced upon him—a subjection which makes one man a restricted town animal and the other a restricted country animal, and daily creates anew the conflict between their interests. (GI 64.)

Among its physical effects, due to the chaotic nature of capitalist expansion, are the various forms of industrial pollution in the urban areas and the wanton spoliation of the countryside. Recognised as a world-wide problem at the present day, these effects were noted by Engels nearly a century ago :

> Only a society which makes possible the harmonious co-operation of its productive forces on the basis of one vast plan can allow industry to settle in whatever form of distribution over the whole country is best adapted to its own development and the continued development of the other elements of production.

Accordingly, the abolition of the antithesis between town and country is not merely possible. It has become a direct necessity of industrial production itself, as also of agricultural production and moreover of public health. The present poisoning of the air, water and land can only be put an end to by the fusion of town and country; and only this fusion will change the situation of the masses now languishing in the towns, and enable their excrement to be used for the production of plants instead of the production of disease. (AD 325, cf. LCW 5.154.)

The contradiction between town and country still remains in socialist society, but with the abolition of private ownership it has ceased to be antagonistic, and with the planned development of industry and agriculture it is gradually resolved. In China today there are already observable tendencies pointing in this direction.

On the one hand, just as the people's communes are setting up their own factories, combining agriculture with industry in the rural areas, so the big cities are surrounding themselves with communes producing food for the city population, thus combining industry with agriculture in the urban areas:

Suburban agriculture serves the city directly because it ensures the city's supply of grain, vegetables and non-staple foods and creates conditions for industrial development. The city's industry provides technical forces and material equipment for suburban agriculture to bring about mechanisation, extensive building of water conservancy works, electrification, and widespread use of farm chemicals. Through such mutual support and promotion industry and agriculture will make common advances. (PR 71–10.9.)

On the other hand, just as the people's communes, which are already organs of state power, are expected to develop economically in the direction of state ownership, so too, it is anticipated, the cities, where state ownership already prevails, will develop socially on the pattern of the people's communes :

> In the future, urban people's communes, in a form suited to the specific features of cities, will also become instruments for the transformation of old cities and the construction of new socialist cities; they will become the unified organisers of production, exchange and distribution, and of the livelihood and well-being of the people; they will become social organisations combining industry, agriculture, trade, education and military affairs; organisations in which government administration and commune management are integrated. (PR 58–43.10.)

Meanwhile, outside the big cities, new industrial centres are springing up in the interior of the country on the initiative of the local population. These new enterprises, covering a wide range of light and medium-sized industry, are being established under collective ownership at various levels—the province, the county, the district, the municipality; they receive state support, if necessary, and in some cases, if they outgrow local resources, they may be transferred to state ownership; but, having been created by the people on their own initiative, they are planned and developed with full regard to the well-being of those who own them and work in them. Like the communes, they are an impressive example of what is being achieved by the masses of the people in shaping their own future.

In all these developments the general trend is, in the first place, towards the disappearance of the antithesis between town and country, leading to the fusion of

agriculture with industry and of the peasantry with the proletariat, and, in the second place, towards the transformation of collective ownership into ownership by the whole people, with the people's commune forming the nucleus of the new communist society, in which the state will disappear:

> Marxist-Leninist theory and the initial experience of the people's communes in our country enable us to foresee that the people's communes will quicken the tempo of our socialist construction and constitute the best form for realising in our country the following two transitions: first, the transition from collective ownership to ownership by the whole people in the countryside; and secondly, the transition from socialist to communist society.
>
> It can also be foreseen that in the future communist society the people's commune will remain the basic unit of our social structure. (PR 58–43.11.)

In its approach to the prospect of the transition to communism, the Chinese Communist Party shows the same flexibility as it did in its leadership of the socialist revolution, being guided in both cases by the Marxist-Leninist theory of uninterrupted revolution by stages:

> On the question of the transition from socialism to communism, we must not mark time at the socialist stage, but neither should we drop into the utopian dream of skipping the socialist stage and jumping over to the communist stage. We are advocates of the Marxist-Leninist theory of uninterrupted revolution; we hold that no Great Wall exists, or can be allowed to exist, between the democratic revolution and the socialist revolution and between socialism and communism. We are at the same time advocates of the Marxist-Leninist theory of the development of the

revolution by stages; we hold that different stages of development reflect qualitative changes, and that these stages, different in quality, should not be confused. (PR 58–43.13.)

4. *Mental and Manual Labour*

The antithesis between mental and manual labour is inherent in the structure of class society, which rests on the division between a leisured class and a labouring class :

> It is clear that, so long as human labour was so little productive that it provided but a small surplus over and above the necessary means of subsistence, any increase of the productive forces, extension of trade, development of the state and law, or beginning of art and science, was only possible by means of a greater division of labour. And the necessary basis for this was the great division of labour between the masses discharging simple manual labour and the privileged few directing labour, conducting trade and public affairs, and at a later stage occupying themselves with art and science. (AD 202.)

This antithesis has reached its extreme point in the capitalist mode of production :

> The separation of the intellectual powers of production from the manual labour, and the conversion of those powers into the might of capital over labour, is, as we have already shown, finally completed by modern industry erected on the foundation of machinery. (C 1.423.)

Accordingly, just as the transition from socialism to communism involves the disappearance of class divisions,

so too it brings about the reunion of mental and manual labour.

The reunion of mental and manual labour will only be completed with the disappearance of class divisions in the transition from socialism to communism; but in China today important advances in that direction are already being made at the ideological level. On the one hand, the national bourgeoisie, the bourgeois intellectuals, and the urban petty bourgeoisie are being encouraged to take part in manual labour with a view to overcoming their class prejudices and moving closer to the proletariat; on the other, the proletariat and the peasantry are taking over the cultural heritage of class society and adapting it to their needs, using it to remould the whole of society and remoulding themselves in the process. On both sides the movement is conducted by the conscious application of Marxism-Leninism, in which theory is united with practice.

The national bourgeoisie has been won over to socialism in the same way as the peasantry. Through the system of joint factory ownership, intermediate between private and state ownership, the transition has been effected gradually and is now virtually complete. These former factory-owners have ceased to be exploiters, but in common with other members of the expropriated classes they have still to learn that exploitation is immoral. Accordingly, they are now engaged in a process of ideological remoulding, which includes participation in manual labour. The factory-manager, the civil servant, the army general, the doctor, the teacher, the artist, the actor—all these are encouraged to devote a regular portion of their working time to manual tasks at their place of work or to working on the factory floor or in the fields. This gives them the first opportunity they have ever had of meeting the masses of the people on equal terms, learning to understand, to respect, and to assimilate,

the new proletarian morality, which teaches that happiness is to be found, not in competition, not in the pursuit of private gain or personal prestige, but in working together for the common good. Participation in manual labour is voluntary except for Party officials and government employees, for whom it is compulsory, being regarded as a salutary reminder that they hold their positions only as servants of the people.

Meanwhile, the workers and peasants are also engaged in remoulding themselves, only in them, since they already know from their own experience what it is to be exploited, the process takes a different form:

> In the building of a socialist society everybody needs remoulding—the exploiters and also the working people. Who says the working class does not need it? Of course, the remoulding of the exploiters is qualitatively different from that of the working people, and the two must not be confused. The working class remoulds the whole of society in class struggle and in the struggle against nature, and at the same time remoulds itself. It must ceaselessly learn in the course of its work and overcome its shortcomings step by step, and must never stop doing so. (MFE 105.)

In many factories it is now a regular practice to allow the manual workers time off from the shop floor in order to participate in management; and everywhere, in the factories and in the communes, they are continuously engaged in summing up their practical experience of the struggle to increase production with the conscious aim of deepening their knowledge of the world about them and thereby extending their control over it. Having grasped the Marxist theory of knowledge, they are now, in their millions, applying it in their daily work in the factories and in the fields as an instrument of dialectical analysis. They are already reaping a rich reward in the

shape of numerous innovations in the technique of engineering, plant-breeding, and other branches of production. Meanwhile, a new educational system is being constructed, in which the work of the schools and universities is integrated with productive labour so as to train a new generation of workers, who will unite manual skill with scientific knowledge in the service of the people. In this mass movement for the reunion of mental and manual labour, which is something without precedent in history, the Chinese people are preparing the way forward to communism :

> The struggle of the proletariat and the revolutionary people to change the world comprises the fulfilment of the following tasks : to change the objective world and at the same time their own subjective world—to change their cognitive ability and change the relations between the subjective and the objective world. . . . The people of China and the rest of the world are either going through, or will go through, such a process. (MSW 1.308.)

With the abolition of classes and of commodity production, with the full realisation of democracy and the withering away of the state, man will sweep away the selfishness, corruption and brutality of the old society—what Marx called 'the muck of ages' (GI 86)—and so will at last become fully human :

> The seizure of the means of production by society puts an end to commodity production and therewith to the domination of the product over the producer. Anarchy in social production is replaced by conscious organisation on a planned basis. The struggle for individual existence comes to an end, and at this point, in a certain sense, man finally cuts himself off from the animal world, leaves behind him the

conditions of animal existence, and enters conditions which are really human. The conditions of existence forming his environment, which hitherto have dominated him, pass at this point under his dominion and control. Now for the first time he becomes the real, conscious master of nature, because and so far as he has become master of his own social organisation. The laws of his social activity, which have hitherto confronted him as eternal, dominating laws of nature, will then be applied by him with complete understanding and hence will be dominated by him. His social organisation, which has hitherto stood in opposition to him as if arbitrarily decreed by nature and history, will then become his own voluntary act. The objective, external forces which have hitherto dominated history will then pass under the control of man himself. It is only from this point that man will with full consciousness fashion his own history; it is only from this point that the social causes set in motion by man will have, predominantly and in constantly increasing measure, the effects willed by man. It is man's leap from the realm of necessity into the realm of freedom. (AD 311.)

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