

AUTHOR'S SPECIAL INTRODUCTION

Today's Epigones Who Try to Truncate Marx's *Capital*¹

by Raya Dunayevskaya, author of
Philosophy and Revolution: From Hegel to Sartre,
and from Marx to Mao and Marxism and Freedom,
From 1776 Until Today

Accumulate, accumulate! That is the Moses and the prophets! . . . Accumulation for the sake of accumulation, production for the sake of production: this was the formula in which classical economics expressed the historical mission of the bourgeoisie in the period of its domination. Not for one instant did it deceive itself over the nature of wealth's birth-pangs.

Marx, *Capital*

If Marx did not leave behind him a "Logic" (with a capital letter), he did leave the logic of Capital . . . the history of capitalism and the analysis of the concepts summing it up.

Lenin

It has often been claimed — and not without a certain justification — that the famous chapter in Hegel's Logic treating of Being, Non-Being, and Becoming contains the whole of his philosophy. It might be claimed with perhaps equal justification that the chapter dealing with the fetish character of the commodity contains within itself the whole of historical materialism . . .²

Lukacs

1 The Pelican Marx Library edition of Vol. I of Marx's *Capital* (Penguin Books, London, 1976) includes as "Appendix" the first English translation of the famous "Sixth Chapter" of *Capital* from the Marx-Engels Archives, Vol. II (VII).

2 *History and Class Consciousness*, p. 170. See my article "Lukacs' Philosophic Dimension" in *News & Letters*, Feb. and March, 1973. See also Lucien Goldmann's speech, "The Dialectic Today," given at the 1970 Korcula, Yugoslavia Summer School (published posthumously in the collection of essays *Cultural Creation in Modern Society*, Telos Press, 1976). The speech acknowledges the correct chronological as well as philosophic "recovery" of Hegelian categories in Marxism and their actualization in the period 1917-23, by correctly stating that first came Lenin's *Philosophic Notebooks*, second came Lukacs' *History and Class Consciousness*, third was Gramsci. All others — from Plekhanov to Kautsky, from Mehring to even Lenin prior to 1914 — were simply acting as positivists whose "academic science" was materialism. Goldmann adds that it was not accidental, because 1917 actualized the dialectic, and 1923, with the defeat of the German revolution, signalled the end of the dialectical renaissance.

MARX'S GREATEST theoretical work, *Capital*, has once again marched onto the present historic stage even among bourgeois ideologues, since there is no other way to understand today's global economic crisis. Thus, *Business Week* (6-23-75) suddenly started quoting what Marx was saying on the decline in the rate of profit as endemic to capitalism. It even produced official graphs from the Federal Reserve Board, the Department of Commerce, Data Resources, Inc., as well as its own data, all of which goes to show that the post-World War II boom has ended in a slump in the rate of profit. They have stopped laughing long enough at Marx's alleged "false economic theories" to show that, not just in theory, but in fact, Marx's analysis of "the law of motion of capitalism" to its collapse, "insofar as a decline in the rate of profit" is concerned, is reality.

While, with the "economic upturn" in 1975, the authors hoped it was only a "passing phenomenon," by the end of 1976 (12-27-76), *Business Week* didn't sound quite so optimistic. Thus, while it still gloated over the 30 percent increase in net profits, it could not skip over the following determinates:

(1) the low rate of growth; (2) the hardly moveable high rate of unemployment of 7 percent officially, which does not change the truth that this is "average," but among Black youth it is at the fantastic rate of 34.1 percent; (3) the volatile undercurrent of dissatisfaction in the relationship between the underdeveloped countries and the industrialized lands to whom they are indebted at an impossible-to-meet \$60 billion; (4) hard-core inflation of 6 percent as against the 1-2 percent inflation characteristic of most of the 1960s. Moreover, this "hardcore inflation" is actually *not* what it is, but what it is hoped it will be brought down to; and (5) the unevenness of growth within the country, which shows that so basic an industry as steel has undergone a 17 percent drop in growth. At the same time, so bleak is the international outlook that *Business Week*, in summing up the outlook, cannot exclude even depression: "If Washington fails, fears of new world depression will intensify."

The capitalists may not be ready to "agree" with Marx, that the supreme commodity, labor-power, is the only source of all value and surplus value, but they do see that there is such a decline in the rate of profit compared to what they consider necessary to keep investing for expanded production, that they are holding off — so much so that now their ideologists are saying low investment is by no means a temporary factor that the capitalists would "overcome" with the next boom. *There is to be no next boom.* It is this which makes them look both at the actual structural changes — overwhelming preponderance of constant capital (machinery) over variable capital (living labor employed) — as well as the world production and its interrelations.

Thus, the "miracle" of post-World War II West Germany has stopped, as has the "miracle" of Japan. The *Financial Post*³ ran a special piece on "West Germany: The Troubled Giant" pointing to the fact that there is a visible crack in the "social peace" (though the government got organized labor not to demand "extraordinary" wage increases). Not only that, but the nuclear issue, besides encountering U.S. opposition to West Germany's nuclear reactor sales to Brazil, produced at home such massive anti-nuclear demonstrations that even the German courts had to ban further nuclear power stations "until the issue of waste disposal had been resolved." Meanwhile, actual capital investment in real, rather than inflated, prices has fallen for three years in a row — and unemployment keeps increasing.

As for Great Britain and Italy, no significant recovery has yet begun. With oil revenue expectations, prospects may not be as grim for Britain as for Italy, but unemployment there has now officially reached 1.4 million — highest since the Depression. Prime Minister Callaghan immediately admitted that he could see only more unemployment in the immediate future, as public spending cuts demanded by the International Monetary Fund take effect. In Italy, inflation is currently running at 20 percent, and oil price increases have so devastated the economy, that no growth at all is forecast for 1977. Other forecasts — in Europe, and in the underdeveloped world — are either only marginally better, or worse.

By 1977, it was not only an academic — the serious bourgeois economist, Simon Kuznets — who, ever since the end of World War II, maintained that the "emergence of the violent Nazi regime in one of the most economically developed countries of the world raises grave questions about the institutional basis of modern economic growth — if it is susceptible to such a barbaric deformation as a result of transient difficulties."⁴ It was a high Western government leader, none less than the President of France, Giscard d'Estaing, in 1977 who questioned the survival of the capitalistic system. Solzhenitsyn-inspired, retrogressionist intellectuals complain that capitalism has seen the emergence of a "strange siren whose body is capital and whose head is Marxist."⁵

³ *Financial Post*, Special Report: "West Germany: The Troubled Giant," by Peter Foster (Toronto, 9-17-77).

⁴ Simon Kuznets, *Postwar Economic Growth*. See also his *Capital in the American Economy*.

⁵ *The Barbarism with a Human Face* calling itself "The New Philosophy" by its guru, Bernard-Henri Levy, hails from the same famous university that produced Althusser in the early 1960s, and in the mid-1970s had produced this Solzhenitsyn-inspired elitism with the ex-Althusserite, André Glucksmann, who now calls Solzhenitsyn "the Shakespeare of our time." Their works have not yet appeared in English, but a preview of them can be read in *The Manchester Guardian* (6-26-77), "Despairing Voice of France's Lost Generation," by Walter Schwarz. As against this critique, the "Le Monde" section of *The Manchester Guardian* (7-10-77) published a panegyric by Philippe Sollers.

But U.S. governmental statistics show good cause for those capitalistic headaches: the biggest increase in poverty since 1959 occurred in 1975 and has persisted. No less than a rise of 10 percent in the number of poor, totaling now 25.9 millions, are below poverty level. That means that no less than 12 percent of all Americans had an income of less than \$5,500 annually for a family of four.

That this — the fifth post-World War II recession — is so hard to come out of, has brought the capitalists themselves face-to-face with the reality that the overriding fact of present-day capitalist economy is the decline in the rate of profit as well as poverty, unemployment and stagnation.

IT IS THE AGE of state-capitalism as a *world phenomenon*. This development has no more solved its deep economic crisis than when full state-capitalism came to a single nation, Russia, China, etc. As for inflation, it is true that the deep recession, which was triggered by the quadrupled oil prices after the 1973 Arab-Israeli war, was by no means the only reason for the double-digit inflation, any more than that "sickness in the economy" could be ascribed, as Big Capital wishes to ascribe it, to workers' wages. The overwhelming reality is this: Just as monopoly growth inhibited national economic growth, so the oil cartel has actually lowered world economic growth.

As opposed to the 1950s and early 1960s, when Western Europe held attractions for capitalism with its cheaper labor and latest technology, in the 1970s U.S. capital has added a new incentive for world capital: a safe haven for its investments, now that European capital has decided the U.S. proletariat is not as revolutionary as the European workers. As against the oil monopolists who are spending their billions on buying Western technology and military hardware, and whose actual investments in the U.S. are not directed to the capital goods market, West German, French and British capital *is*. However, so deep is the economic crisis in the U.S. and in the world that such European investment in the U.S. is likewise only a palliative, even as the massive super-profitable investments upholding apartheid South Africa⁶ cannot sub-

6 A single glance at U.S. investments in South Africa shows them to be both massive and growing. Where, a decade ago, U.S. companies had \$600 million invested in that apartheid land, it has skyrocketed to no less than \$1.46 billion in 1974 (the last year for which data is available). Further projects are being built by Kennecott Copper and Caltex Petroleum (owned jointly by Standard Oil of California and Texaco, Inc.). Moreover, some Canadian-sounding names are mainly American-owned, as witness Quebec Iron & Titanium, two-thirds owned by Kennecott and one-third by Gulf and Western Industries, which has a 39 percent interest in a proposed \$290 million mining and smelting complex. As one State Department official explained, "the large and growing role" (no less than 15 percent of total foreign investment in South Africa is U.S.!) of U.S. investments is because "businessmen don't have to fear their operations in South Africa are going to be nationalized..."

stitute for the insufficient investment capital and plant expansion in the U.S.

Thus, Lawrence A. Veit, International Economist and Deputy Manager at Brown Brothers, Harriman & Co. (not to mention his previous position as economist at the State and Treasury Departments), openly speaks of a "premature cyclical downturn"⁷ rather than what Ernest Mandel calls "the generalized economic recession coming to an end in 1975."⁸ Further, Veit points not only to the economic problems, but "the changing attitudes to work itself among the younger generation." Here it can already be seen that *serious* bourgeois analysts do see that the question of Alienated Labor is not "just theory." It is concrete. It is urgent. It affects the "premature cyclical downturn."

The deep recession, in the U.S. and globally, is by no means over, though some who consider themselves Marxists like Mandel think that it has come "to an end in 1975." The false consciousness that has permeated even economists who are revolutionaries emanates from the fact that capitalism has, in the post-World War II period, come up with ways of keeping the economy going, stopping short of the type of Great Depression, 1929-32 (actually until 1939), that led to World War II. Since this time it would lead to World War III, it is "unthinkable," because it would, of necessity, be a nuclear war that would end civilization as we have known it.⁹

Under these circumstances, consider the irony of a famous Trotskyist economist, Ernest Mandel, who holds that the present deep recession "has come to an end."¹⁰ Under the guise of praising "the validity of parts of Marx's *Capital* [which] extend also into the future," Mandel hangs upon Marx's shoulders his (*Mandel's*) analysis of state-capitalist monstrosities as "not yet fully-fledged classless, that is socialist, societies: the USSR and the People's Republics of Eastern Europe, China, North Vietnam, North Korea and Cuba."¹¹

7 *Foreign Affairs*, January, 1977, "A Troubled World Economy."

8 Ernest Mandel, "A Hesitant, Uneven and Inflationary Upturn," *Intercontinental Press*, 11-29-76.

9 Even that "unthinkable" war is now flirted with by the U.S. rulers with the latest horrifying approval by the Carter Administration of the neutron bomb. As I wrote in the 1977-78 Perspectives Thesis: Nothing in Hitler's Germany, from the "secret weapon" with which Hitler threatened world destruction, to the actual genocide he practiced within his domain, is any match for the *actual* military technology now in the hands of the superpowers, U.S. especially. What dehumanized creature could compete with the super-scientist-military-industrial, complex of State Planners which dares describe a bomb as "clean" because, though this neutron bomb can mass kill by radiation, it leaves property intact! (See "Time Is Running Out," *News & Letters*, Aug.-Sept. 1977.)

10 *Intercontinental Press*, 11-29-76.

11 Ernest Mandel's Introduction to the Pelican Marx Library edition of Vol. I of Marx's *Capital*, p. 16. All other references to the Introduction and to Vol. I will include the pagination directly in my text.

That this can pass muster with Penguin Books "in association with *New Left Review*" which is the editor of their Pelican Marx Library speaks volumes for the sad state of today's scholarship. Whether, in this case, the choice of Mandel has come about by virtue of his name as author of *Marxist Economic Theory*, or otherwise, is their problem, not ours. Elsewhere I had already criticized that work. There ¹² I have shown that, while bourgeois ideologues were enamored with Mandel's statement that he had "strictly abstained from quoting the sacred texts," it was not true, as *The Economist* claimed, that it was because Mandel replaced "Marx's Victorian facts and statistics by contemporary empirical material." Rather, it was because Mandel tailended the Keynesian theory of "effective demand." Here what concerns us is not so much Mandel's "Marxist analysis of contemporary material" as Mandel's utter perversion of nothing short of Marx's monumental work, *Capital*.

Capitalism's ways of containing its economic crises within recession level, rather than uncontrollable Depression, is judged by Mandel to be a "stabilizer," even though it is precisely that type of concept that led to the collapse of the established Marxist (Second) International with the outbreak of the First World War. Where that shocking event had Lenin return to Marx's origins in Hegel, and the dialectic of transformation into opposite, today's Marxists plunge not only into the latest series of economic "facts" sans any dialectical rudder, but also to a violation of the dialectical structure of Marx's *Capital* itself. That, too, is not "just theory," but that which gives, or could give when not violated, action its direction.

It becomes necessary, therefore, not to limit oneself to the economic-political data of the year, but have that data be a new beginning for the battle of ideas which refuses to be shifted back and forth empirically between the theoretical and the practical and vice versa, both reduced to the immediate level. Bereft of Hegelian-Marxist¹³ dialectics, not to mention the *strict relationship* of workers' revolt against the "Accumulate, accumulate!" exploitative relationship, one can hardly escape trying to hem in the analysis of today's crises within the bounds of bourgeois — private and state — ideology, and thus inflict structuralism and the latest twist in pragmatism on Marx's greatest *original* work, *Capital*.

¹² See "True Rebirth' or Wholesale Revision of Marxism?", *News & Letters*, May and June-July, 1970.

¹³ I hyphenate Hegelian-Marxian, not to state my own view and thus taunt the vulgar materialist-scientists like Althusser and Mandel, but because in the very section of Marx's own Postface to the second edition of *Capital*, to which Mandel refers to "prove" that Marx was a materialist, not "idealist," dialectician, Marx writes: "The mystification which the dialectic suffers in Hegel's hands by no means prevents him from being the first to present its general forms of motion in a comprehensive and conscious manner" (p. 103). And within the text itself, as we know, Marx further stresses that Hegelian dialectics is the "source of all dialectics."

IN OUR DAY, we have the situation where a new French translation of *Capital* is introduced by that official Communist-structuralist, Louis Althusser, who stooped to pseudo-psychoanalysis to express his venom against Marx's *Critique of the Hegelian Dialectic* as "the prodigious 'abreaction' indispensable to the liquidation of his [Marx's] 'disordered' consciousness."¹⁴ And, for the English world, the beautiful new translation of *Capital* is, as we saw, burdened with an introduction by the Trotskyist epigone, Ernest Mandel, who spreads himself over some 75 pages of "Introduction."

From the very beginning — in the first section Mandel dares entitle "The Purpose of *Capital*" — he does not merely peddle his view of Russia as "socialist," and does not only seek to disjoint the "scientific" from its revolutionary content, but unashamedly hooks these views to "the distinction" Marx drew between "utopian and scientific socialism," as if Marx would not have stopped short of tolerating forced labor camps!

That the two — the new edition of Marx's *Capital*, and analyses of today's global crises — do not hang apart, but are integrally related, is clear enough. What is clearer still is that Mandel is presenting, not Marx's views, but his own. No wonder he also sees "stabilizers" in private capitalism's development, though, as revolutionary, he wishes that overthrown. Vulgarization of Marxism has its own dialectic. It is necessary, therefore, to disentangle Marx from Mandel, to remain rooted in Marx's philosophy of liberation as a *totality*, and to face with sober senses the alienated world reality that must be uprooted if we are to release the revolutions-to-be from the crisis-ridden state-capitalist age.

It is not a question of needing "to know" Marx's *Capital* "in order correctly" to be able to analyze today's global crises. Rather, it is that today's economic crises *compel* one not to separate economics from politics, and not only as the capitalists naturally do from their class point of view, but objectively as the antagonistic relationships *at the point of production* are seen to produce market crises created in production.

Thus, it is not just that the "investment drought" is a great deal more than just "hesitant." What is interesting in the *Foreign Affairs* analysis of "The Troubled World Economy" is that it recognizes that inseparable from that pivotal "investment drought," even when there is some growth, is the rise in energy cost which means that, along with the rising cost of automated equipment, too much value is invested, com-

¹⁴ For Marx, p. 35. Althusser's new Preface to the French edition of *Capital*, Vol. I., is reproduced in the British edition of *Lenin and Philosophy and Other Essays*, pp. 69-101. See also my "Critique of Althusser's Anti-Hegelianism," *News & Letters*, Oct. 1969.

pared to labor productivity, when so little living labor is being used in production. Therefore it is telling "the West" not to be overly happy with their "petro-recyclers," that is to say, Big Capital's way of getting those oil billions from the four-fold increase of prices back from the Middle East potentates, and into its own hands by selling machinery and military hardware.

The point is that the recession is so deep, so internal, as well as so linked with the *world* market, that the highly industrialized countries are not programming great expenditures for new plants and equipment. This is at a time when profits are high, and so shaky are European economies and so great the fear of revolutions (or at least "Communists in government"), that the U.S. has become a magnet for foreign capital investment even as Europe was that magnet for U.S. Big Capital's investment going abroad in the 1950s.

Finally, even bourgeois economists understand that the centerpiece, the nerve, the muscle as well as the soul of all capitalist production is labor — the extraction from living labor of all the unpaid hours of labor that is the surplus value, the profits — and that, therefore, neither the market, nor political manipulation by the state, nor control of that crucial commodity *at this moment* — oil — can go on endlessly without its relationship to the life-and-death commodity: labor power. *Foreign Affairs* concludes: "cartels don't have infinite lives . . . and thus will one day narrow the conditions between prices of energy and cost of production."

One would think that so erudite an economist as Mandel knows the relationship of value to price, and I do not doubt that *abstractly* he does. But watch what he does as he hits out at Marxists who have criticized him for attaching too much importance to the market. He lectures them thusly:

" . . . the capitalist mode is the production of commodities . . . this *production* in no way implies the automatic *sale* of the commodities produced . . . the sale of commodities at prices yielding the average rate of profit . . . in the final analysis."¹⁵

As if this vulgarization of Marx's analysis of the dialectical relationship between production and its reflection in the market crisis were not far enough a distance from Marxian "economics," Mandel reaches for Marx's most crucial analysis of the unemployed army as "*the absolute general law*" of capitalist production. Here is how he strips the "absolute general law" to fit, in answer to the monetarist Prof. Brunner's bourgeois defense of the need to lower inflation, even though its "price is unemployment":

15 *Intercontinental Press*, 11-29-76.

"There can be no better confirmation of the analysis of Karl Marx made in *Capital*, more than a century ago: in the long run capitalism cannot survive without an industrial reserve army . . ."

Though one acquainted with Mandel's economist specialization should be accustomed to the many ways he has of turning Marx upside down, this is enough to make one's hair stand on end. Far from saying that capitalism "cannot survive without an industrial reserve army," Marx says "*the absolute general law of capitalist accumulation*" — the unemployed army "and the dead weight of pauperism" — would bring capitalism down. The antagonistic character of capitalist accumulation sounds "the knell of capitalist private property. The expropriators are expropriated" (p. 929).

Now it isn't that Mandel doesn't "know" such ABCs of Marxism. It is that a pragmatist's ideology is as blinding as the "science" of today's myriad market transactions, and one extra moment's look at the market, away from irreconcilable class contradiction at the point of production, and the inescapable turns out to be the violation of the Marxism of Marx! It is high time to turn to Marx's methodology in his greatest theoretical work, *Capital*. It was no accident, whatever, why, *precisely why*, Marx refused to deal with the market until after — some 850 pages after — he dealt dialectically and from every possible angle with the process of production. It is time we took a deeper look at Mandel, away from the market, as "pure" theoretician and revolutionary.

As we showed before, Mandel, from the very first section of his Introduction to *Capital* — "The Purpose of *Capital*" — tries to hang on Marx a 20th-century epigone's contention that Russia is "socialist." By the end of that section, Mandel has separated Marx's "scientific . . . cornerstone" by still another restatement about capitalism creating "the economic, material and social preconditions for a society of associated producers" (p. 17). Such "rock-like foundation of scientific truth" left out but a single word — "*freely*" (my emphasis). *Freely* is the *specific* word, concept, living reality that was *the* determinate of Marx's "objective and strictly scientific way" not only of distinguishing his analyses from all others, but characterizing his *whole life*. Marx's own words read:

"Let us finally imagine, for a change, an association of free men, working with the means of production held in common . . . The veil is not removed from the countenance of the social life-process, i.e., the process of material production, until it becomes production by freely associated men, and stands under their conscious and planned control." (p. 171, p. 173)

Marx's sentence is from that greatest and most concise of all sections in *Capital*, on the dialectical method. Though dialectics is not only method, but the dialectics of liberation, the last section of Chapter 1 of

Capital — “The Fetishism of Commodities” — makes no entrance in Mandel’s section entitled “The Method of *Capital*.” In my text that follows from *Marxism and Freedom*, I have gone into great detail on the relationship of the historic experience of the Paris Commune to Marx’s dialectical concept of the “fetishism” of the commodity-form. Here it is sufficient to point to the fact that neither friends nor enemies, no matter how “new” and “independent” they thought their own philosophy to be, (as, for instance, Sartre’s Existentialism¹⁶), has denied the pivotal role of that section to any comprehension of Marx’s *Capital*, especially its dialectics.

Fetishism contained Marx’s very original dialectic, which, though rooted, as is all dialectics, in the Hegelian, has a live, concrete, revolutionary subject — the proletariat. This is not “a political conclusion” tacked onto economics. Rather, it is the “variable capital” in its live form of the wage worker who, at the point of production, is so infuriated at the attempt to transform him into “an appendage” to a machine, that he rises up — from strikes to outright revolutions — to uproot the old society and create totally new, truly human relations as *freely* associated men. Mandel, however, as we saw not only makes no mention of the section on Fetishism,¹⁷ but perverts the whole concept of freedom by reducing “*freely* associated men” to just “a society of associated producers.” And so proud is he of his interpretation that that phrase becomes, literally, the final word of the whole Introduction (p. 86).

Marx, on the other hand, after devoting a lifetime to completing Vol. I of *Capital* in 1867, did not feel satisfied with his concretization of “the fetishism” of the commodity-form. It was only after the Paris Commune, as he worked out the French edition of *Capital*, 1872-75, that he reworked the section yet once again, and called attention to it and other changes by asking all to read that edition as “it possesses a scientific value independent of the original and should be consulted even by readers familiar with the German” (p. 105).

AS FOR LENIN, it took nothing short of the outbreak of the First World War and the collapse of the Second International, and his own restudy of Hegel’s *Science of Logic* in that cataclysmic period, to write:

16 See Sartre’s *Search For A Method and Critique de la Raison Dialectique*. See also my critique “Jean-Paul Sartre: Outsider Looking In,” Chapter 6, *Philosophy and Revolution*, pp. 188-210.

17 By no accident whatever, Mandel’s half-sentence reference (p. 74) to the existence of the section on “Fetishism of Commodities” is in what could be called the sales section of his Introduction, “Marx’s Theory of Money.”

“It is impossible completely to understand Marx’s *Capital*, and especially its first chapter, without having thoroughly studied and understood the *whole* of Hegel’s *Logic*. Consequently, half a century later none of the Marxists understood Marx!”¹⁸

Evidently, Mandel thinks he has done Lenin one better when, in explaining dialectical method, he points to the fact that Marx’s dialectical method helps “pierce through new layers of mystery” not alone by contrasting appearance to essence, but in showing “why a given ‘essence’ appears in given concrete forms and not in others” (p. 20). Too bad it made Mandel think that he has pierced through that mystery, not by sticking with the *specificity of the commodity-form*, but by plunging into “sales,” to which he adds “real history.” What he fails to cite is that the *real history* of that first chapter, as well as its dialectics, is exactly what, in 1943, Stalin ordered excised in the “teaching” of *Capital*.¹⁹

On the contrary. Mandel skips over both the fact and the why of Stalin’s “academic” order in the midst of the holocaust and, instead, hails as a “rebirth of true Marxism” the 1954 codification of that very revision of the law of value in the *Textbook of Political Economy*. The Russians labored 10 years before they could write as if that had always been the interpretation of Marxian economics. Mandel begins there straightaway.

This is not because Mandel is the brilliant one. The Russians have a 20-year priority in that field. But the Communist state-capitalists *had to*, first — upon the direct orders of Stalin — make the admission that they were changing “the teaching” of Marxian political economy. They then *had to* make sure that the texts prior to 1943 did a “disappearing act” in order, from then on, to begin writing without further ado about the “orthodox” interpretation of the law of value. Above all, they had to work out the consequences of the break with the structure of *Capital* which reveals not only the exploitative nature but also the perversity of capitalism: The machine is master of man, which gives rise to the fetishistic appearance of commodities and presents the relations between men as if they were mere exchange of things.

Then, and only then, could the Russian theoreticians, Stalinized and “deStalinized,” write as if the startling 1943 revision was “Marx-

18 Lenin, *Collected Works*, Vol. 38, p. 180.

19 This was first revealed in the article in *Pod Znamenem Marxizma (Under The Banner of Marxism)*, No. 7-8, 1943. However, the magazine did not reach this country until 1944, at which time I translated it into English and it was published in the *American Economic Review*, No. 3, 1944, under the title, “Teaching of Economics in the Soviet Union.” See also Will Lissner in the *New York Times*, Oct. 1, 1944. The controversy in this country, on the startling reversal in Marxian teachings, continued in the pages of the *American Economic Review* for an entire year. See especially Paul Baran’s “New Trends in Russian Economic Thinking,” December, 1944. My rebuttal, “Revision or Reaffirmation of Marxism,” *American Economic Review*, No. 3, appeared in September, 1945.

ism." It isn't that the erudite Mandel hadn't "read" the controversies. Rather, the loss of memory was planned for purposes of presenting a "true rebirth": "After Stalin's death, and especially after the effects of Khrushchev's reforms had been exhausted, Soviet economic thought underwent a true rebirth."²⁰

Mandel's "real history" turns out to be a complete jumble — "presuppositions," plus mixing up dead and living labor: "Commodity production as a basic and dominant feature of economic life *presupposes* capitalism, that is a society in which labor-power and instruments of labor have themselves become commodities" (p. 21, my emphasis). Turning Marx so far upside down that "instruments of labor" are on the same level as the *differentia specifica* of capitalism — labor power as a commodity — cannot but lead to his climactic separation of logic and history: "In that sense it is true that the analysis of Vol. I of *Capital* is logical (based upon dialectical logic) and not historical" (p. 21).

Now Marx *methodologically* left the genuine historic origins of capitalism to the end of the volume, so that its *tendency* — law of motion, not, as Mandel would have it, laws of motion — should not become a matter of diverting us from what is the result of strict, commodity-production capitalism, no matter how that "first dollar," so to speak, was obtained. Just as trying to take Chapter 1 out of its structural order (as Stalin felt compelled to do in 1943 *as he prepared to make sure that the workers in post-World War II Russia would work hard and harder*) was a total violation of the dialectical structure of Marx's *Capital*, so, too, is Mandel's mixing up the "real history" of the rise of capitalism instead of presenting it dialectically. Marx moved it to the end, *not* because there is a division between history and dialectics, but because dialectics contains both, and, *therefore*, the discernment of the law of motion of capitalist production, strict commodity production, could be grasped best when one limited oneself to capitalist production and capitalist production alone.

Marx never tired of repeating that his original contribution was the split in the category of labor — abstract and concrete labor; labor as activity and labor-power as commodity; labor as not only the source of all value which includes surplus value, but the subject who would uproot it. So "single purpose" a revolutionary theoretician was Marx in all his multitudinous and basic discoveries that, though he devoted some 850 pages (it is over 1,000 pages in the Pelican edition which includes the famous heretofore unpublished "Chapter 6" of the Archives) in Vol. I to that question, he no sooner started Vol. II than he repeated: "The peculiar characteristic is not that the commodity labor-power is saleable, but that labor-power appears in the shape of a commodity."²¹

20 Ernest Mandel, *Marxist Economic Theory*, p. 726.

21 *Capital*, Vol. II, p. 37.

Mandel, however, is convinced that — once he has "explained" what he calls "historic dimension"²² as being the opposite of the eternal; and contrasted appearance to essence where nevertheless appearance is significant; and then separated logical from historical where nevertheless "the logical analysis does reflect some basic trends of historical development after all" (p. 22) — he has thereby been faithful to Marx, as against those "from Bernstein to Popper" who called for the "removal of the dialectical scaffolding" as "mystical." Mandel thereupon plunges into "The Plan of *Capital*," as if that were only a matter of dates and pages, instead of the actual restructuring of *Capital* on the basis of what did come not only historically, but *from below*.

What Marx did, in restructuring *Capital*, was based on these struggles from below — the workers' struggle for the 8-hour day and the Civil War in France where the Paris Communards had "stormed the heavens." There was no State Plan, no State Property, no Party. The Commune's greatest achievement, he concluded, was "*us own working existence*" (my emphasis).

But what does Mandel choose to illustrate what a commodity is? Here is his definition: "If a pound of opium, a box of dum-dum bullets or a portrait of Hitler find customers on the market, the labor which has been spent on their output is socially necessary labor" (p. 43-44). Nothing could possibly be a more total absolute opposite of what Marx analyzed in socially necessary labor *time* which, in the case of capitalism, is "dead labor dominating living labor" and, in the case of socialism, is the "place for human self-development."

Mandel is oblivious to all this. Instead, he writes of "Marx's key discovery: theory of surplus value," as if that too involved mostly market, sales, money — the whole distributive sphere which Marx held would blind us not only to the primacy of relations of production, but make us, indeed, fall victim to the fetishism of commodities, which freely — *and only freely* — associated men can possibly strip off.

Marx, however, was so determined to stress the freedom that he warned the Paris Communards that unless control is totally in their own hands, even cooperative labor can become a "sham and a snare." He returned to the subject in Vol. II of *Capital*:

22 "The historical principle" is exactly what the Russians used as the reason for cutting out Chapter 1 of *Capital*. As I wrote in my commentary then (1944): The ideas and methodology of the article are not accidental. They are the methodology of an "intelligentsia" concerned with the acquisition of "surplus products." What is important is that this departure from "past teaching of political economy" actually mirrors economic reality. The Soviet Union has entered the period of "applied economics." Instead of theory, the article presents an administrative formula for minimum costs and maximum production. It is the constitution of Russia's post-war economy.

“. . . we must not follow the manner copied by Proudhon from bourgeois economics, which looks upon this matter as though a society with a capitalist mode of production would lose its specific historical and economic characteristics by being taken as a unit. Not at all. We have in that case to deal with the aggregate capitalist.”²³

TODAY'S GLOBAL CRISES elicited from Mandel what is not obvious in his Introduction to Marx's *Capital*, but in fact underlies his total *misconception*, and that is the concept of an existing equilibrium — and in our crisis-ridden age, at that. Thus, as he got to the “Deeper Causes” in his analysis of “A Hesitant, Uneven, Inflationary Upturn,” he cited what in fact characterizes all his books and articles, and that is Kondratiev's “long wave theory.”

The fact that the editor — *New Left Review* — of this new edition of Marx's *Capital* can, in two succeeding issues of *New Left Review*, both praise Mandel's *Late Capitalism* and also catch the revisionism²⁴ both of Marxism and Trotskyism inherent in Mandel's adherence to Kondratiev's “long wave theory,” shows the confusion prevalent in all modern-day Marxist theoreticians who try to keep away from the theory of state-capitalism, leaving all their “newness” contained in the time-abstraction of “Late Capitalism” — not to mention academicians à la Daniel Bell who call it “post-industrial.” As if the transformation into opposite of Lenin's into Stalin's Russia were a mere *passing* “historical detour,” from which “dark interlude” it “slowly began to emerge in the 1950s” (p. 85), Mandel shows further how very “au courant” he really is by referring not only to James Burnham's *Managerial Revolution* of the early 1940s but also Galbraith's “technostructure” *New Industrial State* of the 1960s (p. 81), not to mention Paul Samuelson's concept of “mixed economy” — every thesis except the real issue which tore Trotskyism apart before World War II, and wreaked havoc within Stalinism in the post-World War II period and is continuing to this day in Eastern Europe.

What did split Trotskyism and what is at issue at this very moment, whether we look at the global crisis of “the West” or the whole world and its “restructuring,” especially the North-South dialogue, is the question of the class nature of Russia.²⁵ To treat the question seriously, we must

²³ *Capital*, Vol. II, p. 503.

²⁴ *New Left Review*, #99, Sept.-Oct. 1976, “The Theory of Long Waves: Kondratiev, Trotsky, Mandel,” by Richard B. Day: “No amount of subtlety can overcome the basic fact that, in Trotsky's view, long-waves — or long cycles — were incompatible with a Marxist periodization of the history of capitalism.”

²⁵ It isn't that Mandel doesn't know of the class nature of Russia that was designated as state-capitalism. Ernest Mandel happened to have been the person who debated me in 1947 when I presented the theory of state-capitalism, which I

neither stop at journalistic phrases, nor at Mao's late discovery *after* he broke with “deStalinized” Russia and first then began to designate Russia as “state-capitalist.” No, we must begin at the beginning, when Marx first projected, in the crucial, famous, irreversible French edition, 1872-75, the idea that the law of concentration and centralization of capital would reach its ultimate when “the entire social capital was united in the hands of either a single capitalist or a single capitalist company” (p. 779).

Now, though Mandel does even less about this addition to *Capital* than he did with fetishism, which he mentioned in a single phrase, the fact is that this is not all Marx said of the ultimate development of concentration and centralization of capital. Nor is it only that his closest collaborator, Frederick Engels, who edited Vols. II and III of *Capital*, added some statements about Marx's prediction of monopoly. The additions to the 1872-75 French publication were, in turn, followed by *Anti-Dühring* upon which Marx collaborated with Engels. It reads:

“The more productive forces it (the state) takes over, the more it becomes the collective body of capitalists, the more citizens it exploits . . . State ownership of the productive forces is not the solution of the conflict . . .”

Far from “ownership” alone determining the class relationship, Marx, from his first break with bourgeois society in 1843, through his leadership in the Workingmen's (First) International Association in 1864, to his death in 1883, never varied from “dead labor dominating living labor” as *the* determinant of capitalism.

As always, however, it is only when a concrete objective crisis makes philosophy a matter of concrete urgency for revolutionaries, that theory becomes “practical.” It was not only when the Second International collapsed along with private, competitive capitalism, that Lenin saw the dialectical transformation into opposite, the counter-revolution *within* revolution. He saw it in the workers' state itself. He worried about its *revolutionary* leadership — its main “theoretician,” Bukharin, and his mechanical materialism. Lenin suddenly feared that his co-leader was not “fully a Marxist” since he “did not fully understand the dialectic.”

It wasn't a question of the word, “state-capitalism.” Bukharin had used the expression “state-capitalism.” So did Leon Trotsky who, in 1919,

was the first to work out from original Russian sources on the basis of the first three Five Year Plans, when the Russians were still denying the operation of the law of value in their “socialist land.” (See “Analysis of the Russian Economy,” *New International*, December, 1942, January, 1943, February, 1943; and again in December, 1946 and January, 1947. After World War II, I analyzed the fourth Five Year Plan, “New Developments in Stalin's Russia,” in *Labor Action*, October, 1946.) Following that conference of the Fourth International, the French Trotskyist theoretical journal, of which Mandel was an editor, published my article on the Varga controversy (see *Quatrième Internationale*, Jan.-Feb. 1948.)

in the *First Manifesto of the Third International*, wrote:

"The state control of social life for which capitalism so strived, is become reality. There is no turning back either to free competition or to the domination of trusts . . . The question consists solely in this: who shall control state production in the future — the imperialist state, or the state of the victorious proletariat?"

Now it is true that Trotsky recognized this only theoretically, and, in fact, did not accept state-capitalism as the designation for Stalinist Russia, though he fought Stalinism and held that "The Revolution [Was] Betrayed." It is not true that Lenin didn't see both state-capitalism and its absolute opposite — the revolutionary, self-determining subject, the proletariat that was the whole, without which there was no new society. Which is why his *Will* was almost as adamant against the "administrative mentality" (Trotsky and Bukharin) as against the one whose removal he demanded — Stalin.

In any case, once World War II ended, and capitalism had also learned "to plan" and "to nationalize," Varga saw no signs of a general economic crisis coming any earlier than a decade hence, whereupon Stalin had the whole Institute of World Economics turn against him. Varga was made to repudiate his written view of the post-war economy as any new stage of world economy. Maria Natovna-Smit was left standing alone, defending the position that the stage of world economy was "state-capitalism" and quoting Lenin, who had seen its element in World War I:

"During the war, world capitalism took a step forward not only toward concentration in general, but also toward state-capitalism in even a greater degree than formerly."²⁶

Just as Stalin buried Lenin's first grappling with elements of state-capitalism, so the Trotskyist epigones evaded the whole theoretical question of state-capitalism in Russia, which had led to such deep splits in the Fourth International, that Mandel now (and not only in his journalistic writings but in his new book *Late Capitalism*) has "rehabilitated" Kondratiev and his long-term equilibrium analysis!

In Stalinist Russia, with its Draconian laws against labor, and dehumanized forced-labor camps, the 1943 revision in the law of value was followed by Zhdanov's 1947 revision in philosophy, which invented nothing short of "a new dialectical law" — "Criticism and Self-Criticism" — in place of the objectivity of the contradiction of class struggle and "negation of negation," that is to say, proletarian revolution. De-Stalin-

²⁶ Lenin, *Collected Works*, Vol. XXX, p. 300 (Russian edition). The Stenographic Report of that debate was published in English by Public Affairs Press, Washington, D.C., 1948.

ized Russia did nothing to change this wholesale revision of Marx's Historical-Dialectical Materialism.

Mandel's bringing in "history" now is indistinguishable from Stalinism's claim that the commodity-form and law of value have existed before capitalism and after, and are not "only" capitalistic. It is sad, indeed, to have to record also that Trotskyism, despite the fact that Trotsky had always fought Stalinism, thus not besmirching any concept of socialism, nowadays keeps its political battles so far afield from its economics and philosophy that its major leader, Mandel, can actually hail Russian post-war revisions as a "true rebirth" of Marxism.

The result is a violation of both Marxian theory and practice, not only "in general," but as it affects the view of the present global crises, not just on the question of analysis of any set of crises. The question goes far beyond any "rejiggering of the world's economic balance sheet" by playing around with the latest bag of tricks on bourgeois and developing countries, such as "indexing" the prices of raw materials.

The point is that, even if one didn't wish to accept our analysis of state-capitalism as *the* total contradiction, absolute antagonism in which is concentrated nothing short of revolution, *and counter-revolution*, one would have to admit that the totality of the contradictions compels a total philosophic outlook. Today's dialectics is not just philosophy, but dialectics of liberation, of self-emancipation by all forces of revolution — proletariat, Black, women, youth. The beginning and end of all revolves around labor. Therein is the genius of Marx, who, though he wrote during a "free enterprise, private property, competitive capitalistic era," saw that, instead of plan vs. market chaos being the absolute opposites, the chaos in the market was, in fact, the expression of the hierarchic, despotic plan of capital *at the point of production*. "Materialism" without dialectics is "idealism," bourgeois idealism of the state-capitalist age. As I pointed out in my critique of Mandel's *Marxist Economic Theory*:

No wonder that the bourgeois reviewers were so pleased with Mandel's view of the market mechanisms acting as "stabilizers." Mandel wanted to synthesize the overproduction, underconsumption disproportionality theories of crises with Marx's, which is related strictly to the law of value and surplus value. But as Marx said of Proudhon, "He wishes to be a synthesis, he is a composite error."²⁷

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Detroit, Michigan

²⁷ *Poverty of Philosophy*, p. 228.