

MARX'S CAPITAL AND CAPITALISM TODAY

Volume One



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Preface

Marxist economic theory has enjoyed a renaissance in the last decade. The extent and vigour of contemporary debates and discussions has not been equalled since the turn of the century. Unfortunately it is also true that despite this investment of effort the questions elaborated at the beginning of this century and the answers then given to them continue to dominate contemporary work. For example, discussions of those transformations in capitalist social relations which are signalled by the concepts of 'monopoly' and 'finance' capital have not in substance advanced beyond the work of Hilferding, Bukharin, and Lenin. And need for advance there certainly is. This is not merely because capitalist social formations and their interrelations on a world scale have changed radically in the interval, but also because these conceptions were in many respects inadequate at the time of their formulation. The most systematic of these works, Hilferding's *Das Finanz Kapital*, published in 1910, by and large develops and synthesises the positions on money, banking capital, credit, the effects of the concentration and centralisation of capital advanced in *Capital* and presents on this basis a conception of monopolised production dominated by 'finance capital'. This conception is elaborated on the basis of, and is closely tied to, the classic forms of industrial cartelisation and the control by banking capital then prevailing in Germany. Bukharin and Lenin followed him in this and developed on the basis of this conception of the monopoly stage of capitalism a theory of the inter-imperialist struggle of the Great Powers. Imperialism is conceived as the terminal phase of capitalism and the outcome of the evolution of tendencies immanent in its basic structure. It is now widely accepted (for a variety of reasons) that this theory of imperialism is no longer tenable.

It is by no means accepted, however, that the theory of monopoly capital on which it is based or some modern revision of that theory is also untenable. It is certainly not realised that Marxism currently has no adequate theory of modern monetary forms, of financial capitalist institutions and their differing modes of articulation into the financial systems of capitalist national economies, and of the forms of organisation of large-scale industrial capitalist enterprises and the types of economic calculation they undertake. These deficiencies are real and salient ones. They cannot be gainsaid by dismissing them as quite secondary to the determination of capitalist relations in production and exploitation. That sort of response and the theoretical stance which makes it possible comprise one of the main reasons for the weakness of Marxist economic theory when confronted with new forms of contemporary capitalist relationships which do have important effects. The deficiencies we have mentioned in large measure explain the failure of Marxist theory to come to terms with the changes that have taken place in capitalist social formations since the turn of the century. This failure is revealed by the sterility and dogmatism of the responses of most Marxist economic theorists to the current depression, by a sigh of relief at what is conceived as the return of the devil we know, and by, in all too many cases, an earnest searching for signs of the re-emergence of terminal tendencies too long deferred.

It is not merely that later generations of Marxists have failed to build on the achievements of *Capital*. This is all too clearly what Hilferding did, and therein lies his main limitation. *Capital* does not provide us with the basis for the kind of work we need to undertake. In key areas of theory it is either inadequate in what it does say or it enforces silence through the intervention of the questions and concepts which it brings to the fore. The theorisation in *Capital* of, for example, money, credit, capitalist organisation, and calculation are all seriously inadequate. It is not simply that the difficulties in *Capital* are confined to what might be considered as certain relatively specialised bodies of theory. In fact the difficulties involved in these bodies of theory stem in the main from the effects of their articulation on the basis of concepts and problems which are central to the discourse of *Capital*.

Much of the sterility of modern Marxist economic theory is an effect of the point of departure to which it attempts to be all too loyal, *Capital* (that this 'loyalty' is often a travesty is another

matter). Many of the central concepts and problems in *Capital*, far from constituting a point of departure, are actually *obstacles* to the new kinds of theoretical work socialists need to undertake if they are to come to terms with modern capitalism. We will outline here three areas of concepts which have had crippling effects on Marxist analysis and which are discussed in this book:

1 The category of 'value' and the forms of analysis of capitalist accumulation connected with it. This type of analysis effectively limits any conception of circulation based on credit money, limits the role of finance capital to the redistribution of the surplus value already produced and silences the discussion of the range of determinants of industrial capitalist profits.

2 The conception of the capitalist mode of production as a general entity and one involving necessary 'laws of motion' of general application. This conception has hegemonised discussion of capitalist social formations. The specific structures of capitalist national economies are suppressed as objects of theorisation, being considered as exemplars of *capitalism-as-generality* and of its 'laws'. This conception of 'laws of motion' has channelled questions about change and development in capitalist social formations into two directions, the postulation of a general 'monopoly stage' of capitalism, and the search for 'crises' and other terminal phenomena as necessary general effects of the capitalist mode of production. Both of these directions seem to us to be valueless in considering the types of questions about capitalist social formations which would be of use in formulating a socialist strategic programme.

3 The mode of discussion of economic agents. Agents are conceived as 'personifications' of economic functions to which are given definite interests and outlooks. This conception of 'personification' makes it necessary for economic agents to be confined to human individuals, it also makes possible a conception of social relations as relations *between human subjects* (even when these relations take on a fetish form). This conception makes it impossible to conceive of economic agents which are not directly represented by human subjects, and of forms of economic calculation which are not given by the structure and which differ between enterprises. This conception of agents as human subjects and social relations as relations between such subjects makes possible a sociologistic conception of classes of economic agents in which they form groups of individuals with definite interests; these

groups and interests are then represented in politics and ideology.

This book began in work which was an attempt to use Marxist theory to construct a concept of the capitalist mode of production dominated by 'monopoly' and 'finance' capital. It rapidly became clear in the course of this work that these concepts were anything but adequate and that *Capital* itself presented real problems if we were to come to terms with a range of questions about economic forms prevailing in contemporary capitalist social formations which we had formulated. This book is the product of a seminar which the authors have conducted for the past two years. This seminar has taken the form of two separate but related tasks, the criticism and modification of *Capital*, and the analysis of contemporary capitalist relations, particularly money and state monetary policy, banking and credit, and financial institutions and systems. The initial results of this seminar are collected in the two volumes of this book. We will briefly outline the content of the two volumes here.

The first volume is directly concerned with the three areas of problems in *Capital* outlined above. It is divided into three parts. The first involves a critique of the category of 'value' and the way that the category hegemonises Marxist discussions of the distribution of the product among the agents and of the nature and determinants of the profits of capitalist enterprises. The second is a critique of Marx's conception of economic 'laws of motion' and the theoretical consequences this has. The third part is a discussion of classes and economic agents which builds on the critique of the theory of surplus value in Part I and the critique of the representation of the process to the economic subject or agent in Part II. This volume is therefore confined in the main to a few key problems and concepts in the discourse of *Capital*. It is mainly concerned with the status of these concepts and the pertinence of those questions. It considers this by examining how it is that certain concepts appear in discourse and what their consequences are on that discourse. We are not concerned to review and directly to intervene in the various technical debates which have arisen on the basis of and around such concepts as 'value' or the 'law of tendency of the rate of profit to decline'. This is because we are challenging the theoretical ground of those debates. This book cannot be considered merely as a work of Marxist 'economics', that is, a definite contribution within a given field of problems. It is

primarily a work on Marxist *theory*, an attempt to analyse and to redefine that field of problems itself.

The second volume continues the critique of *Capital* and also attempts to theorise certain capitalist economic forms. It is concerned with three main issues. The first is a critical discussion of the theory of money in *Capital* and also an examination of the conditions of existence and consequences of credit-money systems. The second is an analysis of the different forms of financial capitalist institutions (banks, finance companies, insurance companies, etc.), an attempt to explain why these different forms exist, and an examination of the consequences of modern interlinked financial systems, in particular the question of credit creation. The third is a critique of Marx's conception of capitalists' calculation in *Capital*, an attempt to consider modern forms of capitalist calculation employed by enterprises and their differential effects (on investment strategies, rates of profit, etc.).

These two volumes are considered by us as the start of work on these questions. We do not pretend to offer a comprehensive analysis of the discourse of *Capital* nor an overall investigation of modern capitalist economies. The implications and consequences of the criticisms we have made and the attempts at alternative theorisation are no doubt diverse, and we cannot at present hope to elaborate and come to terms with all of them. That is a task for our future work and the basis for the continuation of this discourse. Given our rejection of the rationalist conception of theoretical discourse as a logical unity (see Hindess and Hirst, 1977), the effect of its basic governing concepts, we could not pretend to be the possessors of the consequences of our work. It follows that these two volumes cannot be summed up in an authoritative introduction which sets its imprimatur on the rest of the text.

Equally, there can be no definitive conclusion. However, as this book is written by socialists concerned to produce theory relevant to the struggle for socialism in this country, some concluding remarks on this score are politically necessary whatever their limitations. At the end of the second volume we attempt to draw out some of the political implications of our work. In particular we will consider the importance of the concept of capitalist national economies as objects of analysis and the ways in which the analysis of such forms can contribute to the political strategy of socialist forces and parties in the states in question.

Finally, we should explain that while this text is the product of

co-operative work its composition is the product of a division of labour. The effects of distinct portions of the text being composed by different individuals are various; the text is more repetitive than if it had been written by one hand, emphases and expository styles differ, and minor contradictions are inevitable. We consider this to be of secondary consequence and certainly not worth emphasising by signalling who drafted what. All four authors are responsible for the basic format and agree on the basic substance of the text.

An index will be included at the end of Volume Two. References to works cited in this volume are listed at the end of this volume.

Part I

Value

The chapters in this part are devoted to a critical discussion of the concept of 'value'. In the first chapter the pertinence of labour-time as a measure of the distribution of the social product in capitalism is challenged, and in particular the pertinence of the assessment of the labour contributions of agents to the product as a means of explaining its distribution among different categories of those agents. In the second and third chapters attempts by two leading Marxist thinkers, Rudolf Hilferding and I. I. Rubin, to defend Marx's theory of value against attacks, notably that of Böhm-Bawerk, will be considered. What makes their discussions of special interest is that they both locate the concept of 'value' as a central part of the Marxist theory of history and of the social totality, rather than confining themselves merely to technical economic debates. In consequence certain of the possible implications of the category 'value' for the Marxist theory of social relations can be drawn from their work, complementing and reinforcing our analysis of Marx's *Capital*. In a short appendix the status of the notion of reproduction as posed in *Capital* is considered.

A point of caution needs to be made here. Our discussion of the concept of 'value' and the notions of a 'law of value' in *Capital* is a critical one and does not attempt to reconstruct all references to 'value' in the exposition in *Capital*. Marx's use of this concept in *Capital* is often ambiguous, his various references to a 'law of value' involve different possible formulations of this 'law' and these references are frequently marginal to the main line of the argument. There is no simple, comprehensive and unambiguous treatment of 'value' or of the 'law of value' (the form of its

operation and its different modes of expression) in *Capital*. What we have done here is to criticise a definite conception of value and the law of value which is present in the discourse of *Capital* and to show how it is related to other central concepts in that discourse, notably 'surplus value' and 'exploitation'. This critique leads us to the conclusion that this concept and the concepts and problems dependent on it should be rejected. In consequence we regard a comprehensive review of Marx's references to value and the subsequent critical literature on this question redundant. The implications of abandoning the concepts 'value' and 'surplus value' for the analysis of classes are discussed at length in Part III of this volume.

One apparent notable omission needs to be explained at this point. Although the 'neo-Ricardian' critique of the Marxist theory of value and the resultant debate have occupied a prominent place in contemporary literature on this question no reference will be found to it in this part of the text. This literature is discussed in a separate chapter in Volume Two which is a critical review of theories of reproduction prices, and in particular of the work of Sraffa.

Chapter 1

Value, Exploitation, and Profit

Marx's 'theory of value' has generated a vast amount of debate amongst economists. This debate has centred on the technical possibility or the empirical validity of labour-time functioning as the measure of the proportions in which commodities exchange one with another. Thus, for example, it has been objected that this measure is in contradiction with the theory of prices of production and the formation of an average rate of profit in capitalism, and that commodities do not in fact exchange in ratios determined by their respective labour-times, that some have negative labour-times, etc. Defenders of *Capital* have replied to these critiques, in general concentrating on refuting the notion that Marx's theory of value is primarily a theory of exchange and of exchange-value, and insisting that the concept 'value' explains the way in which production-relations govern exchange-relations. Nevertheless, what is central in the theory of 'value' is the function of labour-time as a social standard of measurement.

What we will be concerned with in this chapter is not this debate but rather what it has ignored: *the theoretical pertinence and conditions of existence of the measure*. We will consider why it is that the measure takes this definite form, for what reasons this form is considered to be significant, and why the problem of measurement is considered as significant at all. Why is the labour-time used in the production of commodities (or non-commodity forms of the social product) of theoretical significance? Why should it be more important than, say, the weight of commodities? Why is the labour-time utilised in production employed not merely as the measure of the ratios in which commodities exchange but as a theoretical device to analyse