

# Karl Marx is Coming Back!

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**Abstract.** This paper is devoted to mark the 150th anniversary of the publication of Volume I of Karl Marx's Capital in September 1867. The aim of this paper is not analytical one—on the contrary. We would like to review existing positions among contemporary Marxists; to review contemporary Marxist's literature; to review tendencies in different interpretations of Marx's writings; to present some myths, misleading, misinterpretations and sometimes an obvious lie as concerns his economic writings. It is the main question about the irrelevance, inconsistency, and obsolescence of Marx. We put the question: have the economic writings of Karl Marx real meaning for today? Enrique Dussel, Argentinean philosopher, claims that we are witnesses of beginning of the second century of Marx (1983–2083). So, is Karl Marx really coming back? However, we live, to use catch phrase Antonio Gramsci, when “the old is dying and the new cannot be born.” We can rely on Marxist concepts as starting points for understanding the world today because they provide the best way to explain what is going on. The significance of Marx's theory is that it so clearly spelled out the dynamic of capital accumulation that, much more than one might think plausible, his analysis provides key economic concepts from which to understand major features of the world economy today.

**Keywords:** Karl Marx; Capital; Marx's theory of value; Marx's theory of money; Marx's theory of crisis.

# Карл Маркс возвращается!

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**Аннотация.** Статья посвящена отмечаемой в сентябре 2017 г. 150-й годовщине выхода в свет первого тома «Капитала» Карла Маркса. Целью этой статьи не является аналитический разбор экономических трудов Маркса. Напротив. Наша цель — обзор различных позиций, доминирующих среди марксистов; презентация современной марксистской литературы; обзор тенденции различных интерпретации трудов Маркса; презентация некоторых мифов, заблуждений, неправильной интерпретации и иногда прямо лжи относительно трудов Маркса. Основным вопросом является упрек в адрес Маркса о бесполезности, противоречивости и неактуальности. Поэтому ставим вопрос: имеют ли сегодня экономические труды Маркса реальное значение? Аргентинский философ Энрике Дуссель считает, что мы являемся свидетелями начала второго столетия Маркса (1983–2083). Так ли это, что Маркс возвращается? Однако мы живем во время, когда, говоря словами Антонио Грамши, старое уже погибает, а новое еще не может родиться. И все-таки мы можем полагаться на марксистские концепции в качестве отправной точки для понимания мира сегодня, потому что они обеспечивают лучший способ объяснить, что происходит. Важность теории Маркса заключается в том, что в ней четко прописана динамика накопления капитала, что, в гораздо большей степени, чем можно было бы ожидать, его анализ содержит ключевые категории, из которых можно понять основные особенности современной мировой экономики.

**Ключевые слова:** Карл Маркс; Капитал; теория стоимости Маркса; теория денег Маркса; теория кризиса Маркса.

## INTRODUCTION

*“In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are of use.*

*The force of abstraction must replace both.”*

Karl Marx

150 years ago, Karl Marx published the first volume of his life work, *Capital: A Critique of Political Economy*, in **September 1867**. Together with *Volumes II, III* and *The Theories of Surplus Value*, published after Marx's death, this writings remains the most profound and challenging study of the logic of the capitalist system that still dominates our lives. However, it is obvious question: have the whole work of Karl Marx real meaning for today? Can we explore the relevance of *Capital* and Marx's manuscripts to issues such as crisis, imperialism, social reproduction, class struggles, and communism? There is urgent need to clarify what *Capital* means today.

What can we still learn from Karl Marx at all? We may to ask whether Karl Marx might have been right after all. Much has been written since *Capital* was first published, and evens more after the demise of the Soviet Union and the consequent triumph of neoliberalism, about the *irrelevance, inconsistency, and obsolescence* of Marx.

It is of great interest to appreciate the relevance of Marxist economic theory in explaining the current state of global capitalism. When Karl Marx wrote *Capital* it was the crowning achievement of a lifetime spent in political and theoretical struggle. 150 years after the first appearance of *Capital* Volume I, that system is grappling with the effects of one of the greatest crises in its history and the resulting political instability. Many have turned to Marx's *Capital* seeking to understand the present conjuncture. However, Marx never finished this work, and the recent publication of his manuscripts has revealed both the immensity and the complexity of his project.

*Capital* must rank as one of the best known but least read works ever published. Indeed, most of us will have gleaned what we know about *Capital* through commentators or interpreters. And there lies the problem. Marx's explanation of capitalist development is so far removed from conventional accounts of how our society functions, that it is particularly difficult to appreciate.

In America and Britain, philosophy departments prefer to teach about the thinkers who have proceeded from the viewpoint of the isolated contemplating individual rather than those philosophers who take a broader more objective perspective. Therefore, Descartes, Kant and Leibnitz are paid far more attention than Spinoza or Hegel. There are many works, which try to discover relation between Marx and Hegel, especially dialectics of *motion* and *development*.

The viewpoint of the standalone self-determined individual is the default setting for anyone considering their place in capitalist world. This means any analysis that is not based on this *subjectivist* attitude will seem counter-intuitive. To understand Marx is to think *historically* and in that much-abused word, *dialectically*. One cannot hope to grasp the meaning of Marx by applying rules of formal logic such as the law of the excluded middle.

*Dialectical thinking* instead recognizes that development is the process of both unbecoming (moving away from one state) and becoming (towards a different state). So that at any time any object may both be one thing and contain within itself the *possibility* of becoming other than what it is.

To look at society as a historically-produced entity with its own laws of development and to capture them in *concepts* which we can understand, is a formidable task. To say Marx was a genius for even trying to do this is uncontroversial. Nobody has even come close to matching the scope and detail of his explanation of how capitalist society works.

The first century following Marx's death (1883–1983) transpired first under Engels' authority, then under the hegemony of the 2nd International (Kautsky, Lenin, Rosa Luxemburg, etc.). The Leninist period of the 2nd International was brief, and it quickly fell under the domination of Stalinism. The second century of Marx (1983–2083) has begun with “perestroika”, with the collapse of existing socialism in Eastern Europe and Russia, and with the massive publication of hitherto unknown manuscripts. **Marx, in his second century will be something very different from his first century.** He will be a Marx whose critical thought will be in the hands of Humanity—critical of capitalism and, in a positive way (opening its democratic and creative era), of existing socialism. **We are perhaps nearer to Marx than ever.**

It is a question, then, of a **complete rereading of Marx**, with new eyes: as a Latin American, from

the growing poverty of the peripheral world, the underdeveloped and exploited of capitalism at the end of the 20th century. Marx is, in the periphery, today, more pertinent than in the England of the mid-19th century.

We are witnessing a deep crisis of the Western capitalist civilization—overlapping environmental, energy-, and economic crises, social exclusion, poverty and famines. The roots of these as well as other evils should be sought in an economic system whose basic aim is production for profit, and that therefore requires human and environmental exploitation, rather than the production for the satisfaction of everybody's needs in harmony with each other and thus with nature. The thinker, whose work offers the sharpest tools for an analysis of the root causes of these and other social ills, is undoubtedly Marx. Marx's work offers a solid and still relevant foundation upon which to further develop a multi-faceted theory highly significant to understand the contemporary world, both its present condition and its possible future scenario.

So, this Marx will not only be the 'Marx of perestroika', but the Marx of the entire second century (1983–2083), of the philosopher and economist, who critically deconstructs capitalist economics and reconstructs it anthropologically and ethically, in a democratic vision in which the responsible and participating individual is fully realized in the community and in solidarity. What is crucial is to describe the critical framework "from which" Marx criticized capitalism, since it is from that framework that one may criticize as well all possible future economic systems.

## WHY ECONOMY?

Marx describes his move into economic study in preface to his 1859 *A Contribution to the Critique of Political Economy*: "Although I studied jurisprudence, I pursued it as a subject subordinated to philosophy and history. In the year 1842–43, as editor of the *Rheinische Zeitung*, I first found myself in the embarrassing position of having to discuss what is known as material interests" he then claims: "I eagerly grasped the opportunity to withdraw from the public stage to my study."

At the end of 1843 Marx began his studies of economics that continued until 1849. He received helpful direction during his withdraw from the public stage from reading Engels' *Outlines of a Critique of Political Economy* published in *Deutsch-Französische*

*Jahrbücher* on February 1844. Marx describes Engels' "brilliant essay on the critique of economic categories" and even cites Engels' document numerous times in his first volume of *Capital*. This early work by Engels contains the undeveloped founding work which points his and Marx's early aims of discovering and teaching the determination of the categories of a society founded on private free-enterprise. Divisions of labor in social reproduction present classifiable positions as "bearers [Träger] of class-relations and interests" and reduced to their most extreme forms are "personifications of class-relations and interests" and nothing more.

In Preface of *A Contribution to the Critique of Political Economy* Marx wrote that the first work which he undertook to dispel the doubts assailing him was a critical re-examination of the Hegelian philosophy of right; the introduction to this work being published in the *Deutsch-Französische Jahrbücher* issued in Paris in 1844. This inquiry led him to the conclusion that neither legal relations nor political forms could be comprehended whether by themselves or on the basis of a so-called general development of the human mind, but that on the contrary they originate in the material conditions of life, the totality of which Hegel, following the example of English and French thinkers of the eighteenth century, embraces within the term "civil society"; **that the anatomy of this civil society, however, has to be sought in political economy.** The general conclusion at which he arrived and which, once reached, became the **guiding principle** of his studies.

Marx's economic thinking first textually appears, briefly, for the purpose of self-clarification, in **nine notebooks** dating from 1843 to 1845 from Marx's new home in Paris in his late twenties, around the same time when he publishes his introduction to his unpublished Critique of Hegel's Philosophy of Right in *Deutsch-Französische Jahrbücher* in February of 1844.

In February of 1845, Marx was deported from France and starts a joint work with Engels, never finished, to be titled *The German Ideology*, first worked on in Brussels. Here Marx writes an outline for the first chapter as *eleven theses on Ludwig Feuerbach*.

What is noticeable in Marx's '43-'45 period, when it comes to the economic categories, Marx will mostly rely and comment on economists such as Smith, Ricardo, and James Mill having economic categories

secondary supporting points to categories defining humanity and corresponding ethics of the “essence” of humankind. The economic categories Marx grapples with, and the depth that he gives them however, changes come 1847.

Marx will eventually attempt to transform these early Paris manuscripts into something more, signing a contract in February of 1845 for book titled *A Critique of Politics and of Political Economy*. In the same February of 1845, that Marx signs his contract both he and Engels publish their first joint work *The Holy Family*, a critical contribution to the theoretics of the young Hegelians and early communist thinking. Marx will get his first chance to publish material on economics for public eyes in *The Holy Family*. Although limited, he writes a section in the fourth chapter criticizing Proudhon on categories that he will do so more consistently later such as value, determination, and measure, but in way of course, more in line with Marx in the early and mid-1840s.

The emphasis of this time is not working out the economic categories as a point, but still Marx recognizes them and implements them into what he is trying to say. His goal is not to work out the movements of economic categories but critique the bourgeois form of the categories. Although in September of 1846, around five months after Marx and Engels mainly ended work on *The German Ideology*, Marx is told that his book contract from last year has been canceled due to his politics.

Come early 1847, in a flash, Marx produces what will become his first book, also containing his first statements more explicitly on economic categories. Marx's first book is however, a long polemic of Proudhon's 1846 *The System of Economic Contradictions: The Philosophy of Poverty* which Marx would counter-title: *The Poverty of Philosophy*. Marx begins writing in January 1847, he was finished come April; the book was published in Paris and Brussels in June of the same year.

Within the same year of writing and publishing *Poverty of Philosophy*, Marx produces an even more concentrated and independent, yet short, economic work appearing in text as lecture notes for what will be later titled: *Wage-Labour and Capital*, set to be delivered December of 1847. This will be the first time Marx will concretely and consistently make an economic work. The lecture was given the same month Marx and Engels were commissioned by the League of Communists to write the Manifesto of

the Communist Party, which would appear February of 1848.

Marx left for London in 1849. There, every day beginning in 1851, in the library of the British Museum, he undertook a huge task of reading, of which he left us testimony in the more than 100 “Notebooks” that will be more than 40 volumes in section IV of the MEGA 2. Up to now, we have volumes of “**Exzerpte und Notizen**” from IV/7 (September 1849–February 1851) to IV/31 (second half of 1877–1883). You can find the detailed information at [http://mega.bbaw.de/struktur/abteilung\\_ii](http://mega.bbaw.de/struktur/abteilung_ii).

After Marx's 1847 establishment of his economic thought, according to him: “The publication of the *Neue Rheinische Zeitung* in 1848 and 1849 and subsequent events cut short my economic studies, which I could only resume in London in 1850.” This is also when Marx started to basically live in the British Museum Library.

Marx's *Wage-Labour and Capital* lecture manuscripts were later worked up to become a set of articles in *Neue Rheinische Zeitung* starting in April 1849. The series although, was never completed for various reasons, mainly the censorship of the paper. *Wage-Labour and Capital* would not be published until one year after Marx's death in 1883, published as they were written in 1849. Later however, an edited version was republished by Engels and given an introduction dated April 30, 1891.

It is right, then, to see 1847 with *Poverty of Philosophy* and *Wage-Labour* to 1849 with the revising of *Wage-Labour* for publication as the time of Marx's early serious economic thinking in text. Engels also says: “Marx, in the '40s, had not yet completed his criticism of political economy. This was not done until toward the end of the fifties.”

These 1850s manuscripts are to be edited by Marx into his first powerful and complex economic work: *A Contribution to the Critique of Political Economy*, published early 1859. The set of notebooks were later published titled: ***Grundrisse***, appearing long after Marx and Engels' death. Marx wrote his *Grundrisse* over the period **August 1857 to May 1858**. It remained virtually unknown for almost a century (with the exception of its *Introduction*). It was translated for the first time into English only in 1973.

There are two translations into English of the whole text of Marx's *Grundrisse*.

The first appeared in 1973, translated by **Martin Nicolaus**. His German source was the 1953 Dietz

edition (*Grundrisse der Kritik der politischen Ökonomie (Rohentwurf) 1857–58*, Berlin 1953). The title is *Grundrisse*, and the subtitle: *Foundations of the Critique of Political Economy (Rough Draft)*. After the “Introduction” and the main text, he adds the essay “Bastiat and Carey” (which in fact was written first).

The second translation appeared in the Marx-Engels *Collected Works* (MECW), in two volumes, Volume 28 in 1986 (translated by Ernst Wangermann) and Volume 29 in 1987 (translators: Victor Schnittke and Yuri Sdobnikov). The German source was the new MEGA edition of the text, but the editors cite it misleadingly. They give the sources of the matter presented in *Collected Works* 28–29 as “Marx-Engels Gesamtausgabe (MEGA) II, 1; II, 2, Berlin, 1976–1981.” (CW 28: xxvi). In fact the *Grundrisse* was put out in two parts: MEGA II, *Band 1, Teil 1* (1976) and *Band 1, Teil 2* (1981). MEGA II *Band 2* (1980) is the post-*Grundrisse* volume (1858–1861) containing the other texts and text of *A Contribution to the Critique of Political Economy* (1959) translated in *Collected Works* Volume 29. Manuscripts in German were edited as:

II/1 M: *Ökonomische Manuskripte 1857/58. (Grundrisse der Kritik der politischen Ökonomie) 2.*, unveränd. Aufl. 2006. 29\* + 1.182 S. | 27 Abb. | ISBN978-3-05-004245-9. [1. Aufl. Teil 1: 1976, Teil 2: 1981.]

II/2 M: *Ökonomische Manuskripte und Schriften, 1858–1861. (Zur Kritik der politischen Ökonomie u.a.)* 1980. 32\* + 507 S. | 19 Abb. | ISBN978-3-05-003368-6.

*Collected Works* Volume 28 contains “Bastiat and Carey,” the “Introduction,” and the first installment of the main text, titled “*Outlines of the Critique of Political Economy (Rough Draft of 1857–58)*.” Volume 29 contains the second installment of the main text; additionally it includes the following relevant material: “*Index to the 7 Notebooks*” (June 1858), “*References to my own Notebooks*” (1861), and “*Draft Plan of the Chapter on Capital*” (1860). Nicolaus does not give these indexes separately but makes use of them in his editorial apparatus. In the same volume is “*A Contribution to the Critique of Political Economy*” of 1859, together with its “*Urtext*” (the only English translation of the latter).

Although many scholars habitually use the Nicolaus translation, in my opinion it has been superseded by the newer translation in *Collected Works* 28 and 29. The reasons for this judgement are:

1. The 1953 German text used by Nicolaus has been superseded by that in the new MEGA (1976–81) used for the *Collected Works*.

2. Nicolaus mistranslates the central term ‘*Verwertung*’ as ‘realization’ what is wrong. The *Collected Works* correctly renders this ‘*valorisation*’, which is now the general usage (despite its being somewhat ‘technical’), having appeared in the 1976 translation of *Capital*. Unless it can be shown that the *Collected Works* translation is definitely inferior in other respects this consideration is decisive.

3. The Nicolaus edition has no Index. The *Collected Works* edition has full notes and large Indexes.

Those with a special interest in the “Introduction” should seek out the one by **Terrell Carver** (translated from the 1953 German edition) in his “*Karl Marx: Texts on Method*” (Oxford: Basil Blackwell, 1975). This is because he supplies extensive editorial matter: his own Introduction gives a detailed history of Marx’s changing plans and projects prior to the *Grundrisse*; he also provides substantial notes and commentary on the text itself; for example, he ably defends his choice of ‘individuated individual’ to translate ‘*vereinzelter Einzelne*’ instead of ‘isolated individual’ as is usual. Unfortunately, he gives ‘bourgeois society’ where it is better to use ‘civil society’.

Marx’s 1859 Critique will unfortunately receive less attention as it is highly terse. Marx’s ‘59 Critique contains key writings on Marx’s categories in the mode of production in the preface. In the preface, Marx exposes his early plan for his multivolume series on bourgeois society along with brief autobiographical statements already quoted above. Marx makes brief comments on Hegel similar to what will be found in the also-famous post-face to the second edition of *Capital*. Although aside from this preface, Marx’s 1859 text is strictly an economic text. Page after page, word after word, is meant to describe economic categories with little exception, mostly contained to the beginning. The text is really more like an early version of the first three chapters of *Capital* volume one and an edited form of the economics in Marx’s 1850s notebooks preparing himself for this work.

Publication of Marx’s all original manuscripts is part of the monumental MEGA project, the comprehensive 114-volume collected works of Marx and Engels (in German). Each of these volumes also includes MEGA editors’ companion volume, called the *Apparat* (“Apparatus”), which presents a wealth of detailed information about the history of the

**Marx and Engels Collected Works copyright**

In April 2014 Lawrence & Wishart asked the Marxist Internet Archive (MIA at <https://www.marxists.org/>) to respect his copyright and take its unlicensed version of the Marx and Engels Collected Works (MECW) off its website. It was only in April 2014 that Lawrence & Wishart realized the extent of MIA's copyright breach, which is why they took action then and asking the MIA to take down the L&W copyrighted material. So, you can't download MECW from <https://www.marxists.org/>.

Grundrisse translated by Martin Nicolaus from you can download from <https://www.marxists.org/archive/marx/works/download/pdf/grundrisse.pdf>. Here are also available from this site Capital vol. 1, vol. 2, vol. 3 and vol. IV (Theories of Surplus Value), Contribution to the Critique of Political Economy (1859), Economic and Philosophical Manuscripts of 1844 (see: <https://www.marxists.org/archive/marx/works/download/index.htm>).

Grundrisse:

1939–41 First German edition of Marx–Engels Institute, Moscow

1953 Second German edition of Dietz-Verlag, East Berlin

1973 English translation by Martin Nicolaus

2010 Second English translation

Some books on Grundrisse:

Carver, Terrell (Ed.). (1975). *Karl Marx: Texts on Method*. Oxford: Basil Blackwell.

Bottomore, Tom, (Ed.). (1998). *A Dictionary of Marxist Thought*. Oxford: Blackwell.

Harvey, David. (2006). *The Limits of Capital*. London: Verso.

Lallier, Adalbert G. (1989). *The Economics of Marx's Grundrisse: An Annotated Summary*. New York: St. Martin's Press.

Mandel, Ernest. (2015). *The Formation of the Economic Thought of Karl Marx: 1843 to Capital*. London: Verso.

Mandel, Ernest. (1970). *Marxist Economic Theory*. New York: Monthly Review Press.

Negri, Antonio. (1989). *Marx Beyond Marx: Lessons on the Grundrisse*. Brooklyn: Autonomedia.

Postone, Moishe. (1993). *Time, Labor, and Social Domination: A Reinterpretation of Marx's Critical Theory*. Cambridge [England]: Cambridge University Press.

Uchida, Hiroshi. (2015). *Marx's Grundrisse and Hegel's Logic*. Terrell Carber (Ed.). London: Routledge.

Bellofiore, Riccardo, Starosta, Guido, & Thomas, Peter D. (Eds.). (2013). In *Marx's Laboratory: Critical Interpretations of the Grundrisse*. Historical Materialism Book Series, vol. 48. Leiden • Boston: Brill.

manuscript being published, editorial decisions and variations to these decisions, further explanatory notes. The MEGA website is: <http://mega.bbaw.de/>.

## AN INEXHAUSTIBLE SOURCE OF KNOWLEDGE

*“All science would be superfluous if the outward appearance and the essence of things directly coincided.”*

Karl Marx

Marx's *Capital* still represents the most comprehensive critique yet developed of capitalism and the mystified categories through which as a system it is understood. It has been discovered that

Marx wrote four drafts of *Capital*, not just two (the *Grundrisse* and *Capital*), as was commonly thought. In between these two, Marx wrote two other fairly complete drafts of all three volumes of *Capital*—one in the **Manuscripts of 1861–63** and another in the **Manuscripts of 1864–65**. The second draft in the Manuscripts of 1861–63 is especially interesting. It includes, in addition to the well-known *Theories of Surplus Value*, a second draft (after the *Grundrisse*) of Volume 1 (Parts 2–4), and a first draft of most of Volume 3. The Manuscripts of 1861–63 were published for the first time in their entirety in German in the Marx-Engels Gesamtausgabe, abbreviated as MEGA, in 1876–82. The English translation was published in 1988–94 by International Publishers, as Vol-

umes 30 to 34 of the 50-volume Marx-Engels Collected Works. These manuscripts are very rich and illuminating, and provide many insights into the logical structure of the three volumes of *Capital*, and especially about how Volume 3 fits into this *overall structure*. They are much clearer and better organized than the *Grundrisse*, and they contain more clarifying comments on Marx's logical method than the final 'popularized' editions.

**Enrique Dussel** has written a path-breaking book in Spanish about Marx's Manuscripts of 1861–63 entitled *Hacia un Marx Descondido: Un Comentario de las Manuscritos del 61–63*, which was published in 1988. A translation of that book was edited in 2001 as *Towards an Unknown Marx: A Commentary on the Manuscripts of 1861–1863*.

**Complete rereading** of Marx, as proposed by Enrique Dussel, means the reading chronologically, "archeologically", Marx's economic works: from the least to the most remote drafts from the viewpoint of the publication of *Capital*. Complete rereading has the intention to discover *diachronically* the construction of the categories in Marx's theory.

The fruit of such rereading by Dussel himself has been the three volumes that he has published on this subject:

Dussel, Enrique. (1985). *La producción teórica de Marx, un comentario a los «Grundrisse»*. Mexico: Siglo XXI (in Spanish). (Dussel, Enrique. (2009). *La Production Théorique Marx. Un commentaire des Grundrisse*. Paris: L'Harmattan (in French)). Second edition in Spanish in 1991.

Dussel, Enrique. (1988). *Hacia un Marx desconocido, un comentario de los Manuscritos del 1861–63*, Mexico: Siglo XXI (in Spanish). (Dussel, Enrique. (2001). *Towards an Unknown Marx. A commentary on the Manuscripts of 1861–63*. Edited with an introduction by Fred Moseley. London and New York: Routledge (in English))

Dussel, Enrique. (1990). *El último Marx (1863–1882), y la liberación latinoamericana*. Mexico: Siglo XXI (in Spanish). (Dussel, Enrique. (2009). *L'Ultimo Marx*. Roma: Manifestolibri (in Italian))

Dussel's trilogy on Marx's economic manuscripts grew out of a comprehensive reading from start to finish of all of Marx's economic manuscripts in the original German. Since some of these manuscripts had not yet at that time been published even in German, Dussel traveled to Berlin and Amsterdam to read Marx's original manuscripts — **in Marx's awful handwriting!** We do not know of anyone else

who has conducted such a thorough and systematic reading of all of Marx's economic manuscripts.

Dussel's trilogy will turn out to be one of the most important works in the history of Marxian scholarship. The uniqueness of Dussel's contribution is that he brings a very high level of philosophical understanding to bear on Marx's economic manuscripts, especially on the logical method employed by Marx in the construction of his economic theory, how Marx's thinking (and his concepts) developed through the various manuscripts, the continuing influence of Hegel, etc. Indeed, it is necessary to understand the development of Marx's system, as speaking on what is actually meant by Marx can depend on what year it is written in. So, we also include brief biographical overview of Marx's writings.

Dussel's method of exposition is to present a comprehensive and detailed introduction to Marx's manuscripts in his (Marx's) own words, emphasizing various themes. Dussel's exposition follows Marx's manuscripts chronically, section by section, including initial intuitions, detours, and digressions (some of which turn out to be quite significant), and highlights Marx's discoveries and theoretical advances, as well as his confusions and difficulties. In this way, Dussel explains how Marx's thinking developed and was clarified on a number of key issues while working on the various drafts of *Capital*. The result is an extremely valuable "reader's guide" to Marx's manuscripts, that greatly facilitates our understanding of their meaning and significance.

There are other attempts to present Marx's economic writings crossing over all three volumes of *Capital*. For example:

Smith, Kenneth. (2012). *A Guide to Marx's Capital*, Volume 1–3. Anthem Press.

Heinrich, Michael. (2012). *An Introduction to the Three Volumes of Karl Marx's Capital*. New York: Monthly Review Press. (Translated from German by Alexander Locascio, originally published as *Kritik der politischen Ökonomie: Eine Einführung* by Schmetterling Verlag GmbH, Stuttgart, Germany in 2004)

Harvey, David. (2010). *A Companion to Marx's Capital*. Volume 1. London: Verso.

Harvey, David. (2013). *A Companion to Marx's Capital*. Volume 2. London: Verso.

Fine, Ben & Saad-Filho, Alfredo. (2010). *Marx's 'Capital'*. Fifth edition. London: Pluto Press.

Choonara, Joseph. (2009). *Unraveling Capitalism: A Guide to Marxist Political Economy*. London: Bookmarks.

**Enrique Dussel (Enrique Domingo Dussel Ambrosini)** is one of the most interesting Marxist philosophers in the world today. He was born December 24, 1934 in the town of La Paz, in the region of Mendoza, Argentina. He first came to Mexico in 1975 as a political exile and is currently a Mexican citizen, Professor in the Department of Philosophy at the Iztapalapa campus of the Universidad Autónoma Metropolitana (Autonomous Metropolitan University, UAM) and also teaches courses at the Universidad Nacional Autónoma de México (National Autonomous University of Mexico, UNAM). He has an undergraduate degree in Philosophy (from the Universidad Nacional de Cuyo/National University of Cuyo in Mendoza, Argentina), a Doctorate from the Complutense University of Madrid, a Doctorate in History from the Sorbonne in Paris, and an undergraduate degree in Theology obtained through studies in Paris and Münster. He has been awarded Doctorates Honoris Causa from the University of Friburg in Switzerland, the University of San Andrés in Bolivia, the University of Buenos Aires in Argentina, the University of Santo Tomás de Aquino in Colombia, and the National University of General San Martín in Argentina. He is the founder with others of the movement referred to as the Philosophy of Liberation, and his work is concentrated in the field of Ethics and Political Philosophy.

Dussel has written over 40 books (in Spanish), some of which have been translated into English and several other languages (German, French, and Italian): *The Philosophy of Liberation* (1980, 1985), *Ethics and Community* (1988, 1993), *The Invention of the Americas* (1995), *The Underside of Modernity* (1996), *Politics of Liberation. A critical world history* (2011).

In the early 1970s Dussel became influenced by *dependency theory* and the writings of **Emmanuel Levinas**, both of which were to become major influences on his thinking. He is one of the primary figures along with others such as **Rodolfo Kusch**, **Arturo Roig**, and **Leopoldo Zea**, in the philosophical movement referred to as the *Philosophy of Liberation*.

For details see: [http://enriquedussel.com/Home\\_en.html](http://enriquedussel.com/Home_en.html)

Callinicos, Alex. (2014). *Deciphering Capital: Marx's Capital and its Destiny*. London: Bookmarks.

## FURTHER DEVELOPMENTS

### *The Manuscripts of 1861–63*

We should see the *Contribution to the Critique of Political Economy* (Marx 1859) as the beginning of the *Manuscripts of 1861–63*. In effect, Marx first wrote the chapter on the commodity, and then the one on money, but he hesitated and promised to write a future “Chapter 3” on capital. It is the first definitive draft of what later became Part 1 of Volume 1 of *Capital*. It is interesting because one can see the development with regard to the *Grundrisse* and also the immaturity with regard to the later drafts of 1867 and 1873. It is worth noting that for ten years (from 1857 to 1867), Marx did not return to this subject of Part 1 of Volume 1. Marx’s draft of **Part 1 for the 1867** edition shows a lack of theoretical advance on this subject during that

period. For this reason, the later 1873 edition of *Chapter 1* includes many variations, and some important ones.

What is certain is that, in **August of 1861** (with a two year pause at that time), Marx once again took up his pen to undertake, in a single stretch, a theoretically very creative period—from August 1861 until April 1867, now without any important breaks, though with some minor ones owing to the illnesses that continually besieged the Marx of London. He will write 23 notebooks (that we will call the *Manuscripts of 1861–63*), published as a whole for the first time, and without Engels’ or Kautsky’s modifications. This is a huge amount of material that not yet attracted sufficient attention of Marxian scholars.

The *Manuscript of 1861–63* was published for the first time in its entirety in German in the MEGA in 1976–82. The English translation was published in 1988–94 by International Publishers, as Volumes 30 to 34 of the 50-volume *Marx-Engels Collected Works*. The manuscript is the **second**



**draft** of *Capital*, and is the manuscript in which Marx developed for the first time his theory of the distribution of the total surplus-value that would later be presented in Volume 3 of *Capital*. About two-thirds of this manuscript is what we know as the *Theories of Surplus-Value*, much of which is about the distribution of surplus-value. The other third of the manuscript has been published for the first time in the new MEGA edition, and includes a second draft of Volume 1 of *Capital* (which is very interesting and important), and, what is most relevant to this volume, approximately 250 pages about material related to Parts 1, 3, and 4 of Volume 3.

The structure of the *Manuscripts of 1861–63* can be divided, to simplify, into three parts: the first, from notebook I to V, is a quasi-definitive text and hitherto unknown **second draft of Volume 1** of *Capital*—on the transformation of money into capital (Part 2) and on absolute and relative surplus value (Parts 3 and 4). Once Marx clarified these problems—that is, having definitively constituted what was essential to those categories—he could now confront the history of economics to ask himself what economists have said on the subject, and by confrontation, to observe if his categorical framework ‘resists’ criticism. It is not a history—and therefore has nothing to do with a “Book IV” of *Capital*—and neither is the history the most important part. What is truly interesting is the **development of Marx’s categorical framework**.

The most important thing for the reader of the Marx’s manuscripts, especially of *Theories of Super Value*, is not only to see what he critiques, but rather in what sense he begins to ‘develop’ new categories. The creation of new categories is not foreseen in Marx’s plan—given that it is only a formal historical framework. One must see not only *what* is criticized, but *how* it is criticized, with what categories it is criticized, which new categories appear. That is, one needs an epistemological “attention” that is, in the first place, “terminological”. In this case, “words” count (and the translations into English sometimes betray Marx). It is a question then of “pursuing” not only the words, but also their semantic “contents”. Frequently the word is the same, but not its content (its concept); other times the words change (for example “*cost price*” and “*price of production*”), but the concept is identical. These fluctuations, variations, transformations, indicate an “immature” state in the “constitution” or “construction” of some categories.

When Marx has finished “constructing” a term, he gave a definite name for the concept.

From November of 1862 to January of 1863 he finished constructing, in definitive fashion, the category of *price of production*. We thus became aware that this is the second draft of *Capital*.

The manuscript finishes on questions of Volumes II and III (mercantile capital, profit, etc.), and also those pertaining to Volume I, where for the first time he clears up the question of the “*real subsumption*” of living labor.

Volume 34 of the *Collected Works* of Marx and Engels contains the conclusion of Marx’s Economic Manuscript of 1861–63 (Notebooks XX–XXIII, pp. 1251–1472 of the manuscript). The manuscript as a whole is the second rough draft of *Capital* and makes up volumes 30 to 34 of the present edition. This volume also includes Marx’s manuscript “Chapter Six. Results of the Direct Production Process” and other fragments of the Economic Manuscript of 1863–64, the only extant remnants of the third rough draft of Book I of *Capital*. All these manuscripts are presented in accordance with their new publication in the languages of the original in *Karl Marx/Friedrich Engels. Gesamtausgabe (MEGA)*. Zweite Abteilung. Bd. 3. Berlin, 1976–1982 and Bd. 4.1. Berlin, 1988.

### *The Manuscripts of 1863–65*

In July of 1863 Marx completed the indicated above manuscripts, and that same month he began the *Manuscripts of 1863–65* more than 1220 handwritten folios, including the famous “*Unpublished Chapter VI*” (published in English as an appendix to the Vintage Books edition of Volume 1 of *Capital* and entitled “*Results of the Immediate Process of Production*”). **It is the only time in Marx’s entire life that he completely wrote all three volumes of Capital**. It is, moreover, the only complete text (although in certain parts only a sketch) of volumes II and III. It should be kept in mind that this draft of Volume I, except for a few scattered pages and the so-called “*Unpublished Chapter VI*”, **has been lost**. I believe that it was so similar to the text of the “*Fourth Draft*” that Marx destroyed it as he finished modifying or copying it.

However, in the London summer of 1864, until December of that year, Marx again began the **draft of Volume III**. The texts display a great similarity to the thematic of Volume I, that is, the passage of surplus value (deep, essential level, simple) to profit

(its form of phenomenal appearance, superficial, complex). These are magnificent texts, of great Hegelian precision—Marx is ‘Hegelianized’ more and more until 1880—in complete control of his phenomenology, of the levels of abstraction, of the “systematic” dialectic of the categories, that is: of a fully “scientific” “exposition”—if by “science” one understands the passage from the phenomenal, from the visible to consciousness, to the essence, to the invisible. This is the “Principal Manuscript” (or “Manuscript I”) of **Volume III**, published for the first time in the MEGA in 1992.

Around **December of 1864**, or **January of 1865** at the latest, Marx interrupted the draft of Volume III, and wrote a **draft of Volume II** (Manuscript I) in one stretch. Marx included at the end, in the 5th paragraph of Chapter 3, the problem of “**Accumulation with money**,” a question not included in the subsequent editions of Engels (Engels ignored this manuscript, not knowing that it was the only complete one). The whole problematic of Volume II can now be truly dealt with, and for the first time in the history of Marxism.

Marx’s “Book III” manuscript was heavily edited by Engels for the first German edition of Volume 3 in **1894** (after working on the project off and on for 11 years). It has been a long-standing question in Marxian scholarship concerning how much did Engels change Marx’s manuscript and are there significant differences between the two.

In German new edition (MEGA 2) of Marx’s *Economic Manuscripts* for 1863–1865 were edited as follows:

II/4.1 M: *Ökonomische Manuskripte 1863–1867. Teil 1. (Manuskripte 1864/65 zum 1. und 2. Buch des „Kapital“, Vortrag „Value, price and profit“)* 2. unveränd. Aufl. 2011 40\* + 770 S. |26 Abb. | ISBN978–3–05–004227–5. [1. Aufl. 1988.]

(II/4.1 M: *Economic Manuscripts 1863–1867. Part 1. (Manuscript 1864/65 for volumes 1 and 2 of Capital and text “Value, price and profit”.* 2011. Reprint of 1988 edition)).

II/4.2 M: *Ökonomische Manuskripte 1863–1867. Teil 2. (Manuskript 1863/65 zum 3. Buch des „Kapital“)* 2. unveränd. Aufl. 2012. 26\* + 1.445 S. |17 Abb. | ISBN978–3–05–005119–2. [1. Aufl. 1993.]

(II/4.2 M: *Economic Manuscripts 1863–1867. Part 2. Manuscript 1864/65 for volume 3 of Capital.* 2012. Reprint of 1993 edition)).

II/4.3 M: *Ökonomische Manuskripte 1863–1868. Teil 3. (Manuskripte 1867/68 zum 2. und 3. Buch des*

„Kapital“) 2012 | XII + 1.065 S. |22 Abb. | ISBN978–3–05–003866–7.

(II/4.3 M: *Economic Manuscripts 1863–1868. Part 3. Manuscript 1867/67 for volumes 2 and 3 of Capital.* 2012).

The Part 3 (II/4.3) comprises for the first time the last fifteen manuscripts of 1867/68 in which Marx try to definitely work the unanswered questions in his “main manuscript” for the third book of 1864/65. Manuscripts were written between the autumn of 1867 and autumn/winter of 1868.

When Engels started this very difficult project, he appears to have had very little knowledge and overall understanding of Marx’s Book III. Engels’ scant knowledge of Book III is evidenced by a series of letters between Marx and Engels in April **1868**. Engels asked Marx how he explained merchant profit and how the general rate of profit is determined with merchant capital. In order to answer this question, Marx replied with a long and detailed summary of Book III. Unfortunately, Engels’ question and Marx’s long answer indicates how little Engels understood about Book III at the time. Marx appears to be explaining all this to Engels for the first time. Marx starts off: “It is proper that you should know the method by which the rate of profit is developed... In Book III we then come to the conversion of surplus-value into its different forms and separate component parts.”

The main general difference between Marx’s manuscript and Engels’ Volume 3 is that Engels’ editing made Marx’s manuscript appear to be much better organized and more complete and finished than it actually was, especially Chapter Five and also Chapter One. However, Engels’ improved organization did not change the overall logical structure of Marx’s manuscript (the order of the chapters/parts is exactly the same) and does not necessarily change Marx’s emphasis or the meaning of specific passages.

The first important misleading change that Engels made was the *title* of the book! Marx’s title of the **Manuscript of 1863–65** was *Die Gestaltungen des Gesamtprozesses (The Forms of the Processes as a Whole)*. We know from the contents of the book that the “*forms*” presented in this book are **particular forms of appearance of capital and surplus-value**—profit, average profit, commercial capital and commercial profit, interest-bearing capital and interest, and landed capital and rent. A better title for Volume 3 would be: *The Forms of Appearance of*

*Capital and Surplus-Value*. That is what Volume 3 is primarily about.

Unfortunately, Engels deleted *Gestaltungen* from the title, and changed the title to *Gesamtprozess der kapitalistischen Produktion* (*The Process of Capitalist Production as a Whole*). This title misses the main point of Marx's manuscript (which Engels maybe did not fully understand, as discussed above). Book III is indeed about capitalist production as a whole, in the sense of the unity of the process of production (Book I) and the process of circulation (Book II). But more precisely, Book III is about the *particular forms of appearance of capital and surplus-value* (profit, average profit, etc.) that develop out of the processes as a whole already theorized.

However, it seems that this title also does not fit the contents of the book any better than Engels' title. *Gestaltungen* is missing again, and ***Gestaltungen*** is the key word of the title, because the contents of the book are the forms of capital and surplus-value. By the way, *Gestaltungen* was translated by David Fernbach in the Vintage edition of Volume 3 as "Configurations". However, this translation does not capture the concept of *form*, which is very important in Marx's theory and in Book III in particular. Book III is about ***forms*** — the particular forms of appearance of capital and surplus-value.

The English edition volume 37 edited by Lawrence & Wishart and Electric Book in 2010 is based on the 1958 publication of *Capital* by the Foreign Languages Publishing House, Moscow, in which extensive use was made of the English translation by Ernest Untermann (printed by Charles H. Kerr & Co., Chicago, 1909).

By the way, *Gestaltungen* was translated by David Fernbach in the Vintage Books edition of Volume 3 also as "Configurations". However, this translation does not capture the concept of *form*, which is very important in Marx's theory and in Book III in particular. Book III is about ***forms***—the particular forms of appearance of capital and surplus-value.

For further detailed comparisons between Marx's manuscript and Engels' edited Volume 3, see, for example:

In special issue "Marx, Engels, and the Text of Book 3 of Capital" of *International Journal of Political Economy*, 32, 1, 2002 were published:

Guest Editor's Introduction by Regina Roth and Fred Moseley.

Müller Manfred, Jürgen Jungnickel, Barbara Lietz, Christel Sander and Artur Schnickmann. General

Commentary to Marx's Manuscript of *Capital*, Book 3 (1864/65), (pp. 14–34).

Vollgraf, Carl Erich, Jürgen Jungnickel and Stephen Naron. Marx in Marx's Words?: On Engels's Edition of the Main Manuscript of Book 3 of *Capital*, (35–78).

Vitalii Vygodskii and Stephen Naron. Discussion: What Was It Actually That Engels Published in the Years 1885 and 1894? On the Article by Carl-Erich Vollgraf and Jürgen Jungnickel Entitled "Marx in Marx's Words?" (pp. 79–82).

*Note.* Jungnickel was an editor of Volume 4.2 and Vollgraf is also a MEGA editor. For an exhaustive comparison (in German) of all the changes Engels made, see also the Apparat to Volume 15 (Engels 1894 Volume 3).

and others sources:

Heinrich, Michael. (1996). Engels' Edition of the Third Volume of Capital and Marx's Original Manuscript. *Science & Society*, 60, 4: 452–466.

Roth, Regina. (2002). The Author Marx and His Editor Engels: Different Views on Volume 3 of *Capital*, *Rethinking Marxism*, 14, 2: 59–72.

Roth, Regina. (2009). Karl Marx's Original Manuscripts in the Marx-Engels-Gesamtausgabe (MEGA): Another View *Capital*. In *Re-reading Marx: New Perspectives after the Critical Edition*, edited by R. Bellofiore and R. Fineschi. London: Palgrave.

In the **middle of 1865**, after having finished the draft of **Volume II**, Marx returned to Volume III, and at the same time that he delivered his address on "***Wages, Price and Profit***", where the subjects he had left to write can be observed, when he says: "Rent, interest and industrial profit are different names for different parts of the surplus value of the commodity." The book ends in the seventh chapter on "interest", that is on the question of "fetishism"—where he repeats many of the reflections carried out at the end of the *Theories of Surplus Value of 1863*.

In **December of 1865**, Marx had the three books of his work before his eyes, "like an organic whole". It is the first part of four parts of his planned treatise on capital (the remaining ones: competition, credit, and stock capital), which is the first of six planned treatises (the remaining ones: rent, wages, the State, international relations, the world market). All of this—against Rosdolsky—continues to be the fundamental "Plan" of his entire work. Capital is only the beginning.

In 2015 was published for the first time in English Marx's Economic ***Manuscript of 1864–1865***, translated by Ben Fowkes and edited with an Intro-

duction by Fred Moseley in *Historical Materialism Book Series*, vol. 100, Brill. The publication of an English translation of Marx's original manuscript was an important event in Marxian scholarship. English speaking Marxist scholars can finally compare Engels' Volume 3 with Marx's original manuscript and evaluate for themselves the significance of the differences. The translator Ben Fowkes has very helpfully distinguished in the text between parts of Marx's manuscript that are included in Engels' Volume 3 (marked off by < and >) and parts of Marx's manuscript not included (by default marked off by > and <) (see Translator's Note #2). Fowkes has also prepared a useful Appendix that lists all the pages in Marx's text that were *not* included in Engels' Volume 3.

### ***The final draft of Capital (1866–1880)***

From the exposition of the final draft of volume I at the International in 1865 (Speech by Marx to the First International Working Men's Association, June 1865), Marx was convinced that everything he had written in 1859 had been completely forgotten. It was necessary to write an "introductory" chapter on the commodity and money—the subject had not been addressed in the last 8 years, but in any case, he left this introductory chapter for the end, for **1867**. And this is not unimportant. *Capital*, its dialectical, logical, essential, discourse begins with the "*transformation of money into capital*." On this will rest the fundamental aspect of Dussel's pretension to a total reinterpretation of the dialectical discourse of Marx. Marx began the all drafts with the "chapter on capital" (a "chapter" that became a section, a book, three books, and finally, four books in three volumes).

Upon completing the manuscript, Marx must have written **Chapter 1** (Marx 1867) (later to become **Part 1**). Upon finishing it, and after reading the text, Ludwig Kugelmann suggested that Marx elaborate the question of the *form of value*, so Marx added an appendix ("**Form of Value**"), which clarified the question of the "*relative*" and "*equivalent*" forms of exchange value. In the letter to Kugelmann of October, 25 1866 Marx wrote: "It was, in my opinion, necessary to begin again *ab ovo* in the first book, i.e., to summarize the book of mine published by Duncker [*A Contribution to the Critique of Political Economy*] in *one* chapter on commodities and money.

I judged this to be necessary, not merely for the sake of completeness, but because even intelligent people did not properly understand the question, in other words, there must have been defects in the first presentation, especially in the *analysis of commodities*." (MECW, vol. 42, pp. 327–329). In footnote 9 of Chapter 1, Marx noted that "when we employ the word value with no other additional determination, we refer always to exchange value". This footnote disappeared in **1872**, because Marx, for the first time in his life (at the very earliest in 1872) distinguished between "value" and "exchange-value."

Short chronology of Marx's work on volume I of *Capital* we can describe as follows:

1. From January 1866 to beginning of 1867: Chapters 2 through 6.
2. Later: Chapter 1.
3. From April to July 1867: Appendix on the "*Form of Value*".
4. 17 July 1867: the "*Prologue*" to the first edition.
5. From December 1871 to January 1872: a few pages for corrections to the second edition.
6. From 1871 to 1873: second edition and *Postface*.
7. Until 1875: correction to the French edition (important for the discussion with the "*populists*")

After the publication of Volume I, Marx worked relatively little on the manuscripts of Volumes II and III. On the other hand, he immersed himself in an enormous investigation of the agrarian problem in Russia and many other subjects related to these subjects. What is certain is that Marx, challenged by the young *Russian populists*, especially by **Danielson**, had to take a fundamentally new directions in his investigations.

We had thus closed the circle and we could now consider the "*fourth draft*" of *Capital* (**Marx 1867**), that Marx took up in **January of 1866**, the work with which the entire Marxian tradition had begun reading Marx. We had, for the first time, a complete vision of Marx's manuscripts. We could, only now, attempt a proper interpretation—one that did not necessarily depend on the other existing interpretations.

We have now arrived at the end of the description, purely external, of the "four drafts" of *Capital*. The "corpus" of the text is at our disposal. We will have to explore it slowly in the first years of this second century of Marx (that began in 1983). For the first time we have before our eyes the totality of the materials necessary for understanding what Marx "attempted" theoretically to express.

## MARX AND HEGEL

The relation between Hegel's philosophy and Marx's theory has long been an important question in Marxian scholarship, and a controversial one, because both authors are so wide-ranging and controversial in themselves, which makes the relation between them even more complicated.

In recent decades, there has been some new thinking about the relation between Hegel's logic and Marx's Capital which goes loosely by the name 'New Dialectics', exemplified by the work of Chris Arthur, Tony Smith, Geert Reuten and Roberto Fineschi. The New Dialectics is different from the old Marxian dialectics (or Diamat), which was concerned primarily with the influence of Hegel on Marx's theory of history, and the eventual triumph of socialism. The New Dialectics, by contrast, is concerned mainly with the influence of Hegel's logic on Marx's theory in Capital of capitalism, as a given historically specific society; hence it is also called 'systematic dialectics' (as opposed to 'historical dialectics'). Different authors have different interpretations of Hegel's logic and systematic dialectics, but they all agree that Hegel's logic is important for understanding Marx's theory in Capital.

On the opposite side, Eugene von Böhm-Bawerk in his book "*Karl Marx and the Close of His System*" (T.F. Unwin, London, 1898) wrote: "Herein lies, I believe, the Alpha and Omega of all that is fallacious, contradictory, and vague in the treatment of his subject by Marx. His system is not in close touch with facts. Marx has not deduced from facts the fundamental principles of his system, either by means of a sound empiricism, or a solid economic-psychological analysis, but he founds it on no firmer ground than a formal dialectic. This is the radical fault of the Marxist system at its birth; from it all the rest necessarily springs."

Marx's dialectic method is not only different from the Hegelian, but is its direct opposite. To Hegel, the life process of the human brain, i.e., the process of thinking, which, under the name of "the Idea," he even transforms into an independent subject, is the demiurgos of the real world, and the real world is only the external, phenomenal form of "the Idea." For Marx, on the contrary, the ideal is nothing else than the material world *reflected* by the human mind and translated into forms of thought.

The mystifying side of Hegelian dialectic Marx criticized at a time when Hegel was still the fashion.

The mystification which dialectic suffers in Hegel's hands, by no means prevents him from being the first to present its general form of working in a comprehensive and conscious manner. With him it is standing on its head. It must be turned right side up again, if you would discover the *rational kernel* within the *mystical shell*.

According to Marx's own words, of course the method of presentation must differ in form from that of inquiry. The latter has to appropriate the material in detail, to analyze its different *forms of development*, to trace out their *inner connexion*. Only after this work is done, can the actual movement be adequately described. If this is done successfully, if the life of the subject-matter is ideally reflected as in a mirror, then it may appear as if we had before us a mere a priori construction.

### *The force of abstraction*

To understand the crisis-ridden nature of capitalist system, one needs to develop Marx's own method of enquiry and materialistic basis of his method, that is, to rescue it from the innumerable attempts to see Marx through a Hegelian lens. Here, the starting point is the conceptualisation, through the application of a clear and workable notion of dialectics as a method of social research, of social phenomena as the unity-in-determination of social relations and social processes. This method rests on three fundamental principles: *that social phenomena are always both potential and realised, both determinant and determined, and subject to constant movement and change*. On this basis, the capitalist economy is seen as being powered by two opposite rationalities: one is the expression of capitalism's tendency towards its own *supersession* and the other is the expression of the counter-tendency towards *reproduction*, even if through crises as potential moments of supersession. The dialectical method reveals the dynamics of capitalism that is gave us the answers for the questions: **what, how and why?** Why and how capitalism attempts to supersede itself while reproducing itself.

Social analysis on the basis of the above-mentioned three principles of dialectics cannot avoid the question of the use of a *dialectical logic* as opposed to *formal logic*. It needs to consider the basic features of formal logic and its relation to dialectical logic. On this basis, we can distinguish between

*formal-logical contradictions* (mistakes) and *dialectical contradictions*, those which arise from the contradiction between the realised and the potential aspects of *reality*.

“Materialistic basis of my method,” according to Marx’s own words, means that the starting point, as it occurs in Marx, is *empirical observation*. Empirical observation is, of course, filtered through a previous interpretative (theoretical) framework. Phenomena are the basic unit of social reality and as such the starting point of the enquiry. The analogy with Marx’s method in *Capital* should be clear. Marx starts the enquiry into economic life with a *class-determined* analysis of commodities conceived as the unity in contradiction of *use-value* and *exchange-value*. It means that *phenomena* is seen as the **unity-in-contradiction of relations and processes**.

Thus, reality has a double dimension, what has become **realised** and what is only **potentially existent** and might become realised at a future date. In Marx, the existence of, and the relations between, the realised and the potential are fundamental, even if usually disregarded by Marxist commentators. To discover **law of motion** as a realization of possibility (*Möglichkeit*) (or *potentia*, as Marx like to say) was the main task of Marx’s economic writings. For example, “Now the further development (*Entwicklung*) of the potential crisis (*potentia Crisis*) has to be traced—the real (real) crisis can only be deduced from the real movement of capitalist production, competition and credit [...]. Marx uses repeatedly the concepts of “possibility,” “contingency” and “condition.” So, we are exactly situated in a central point of the Hegelian ontology: in the passage from the Essence as a mere “possibility” (abstract potency) to the “reality” of Being (*Dasein*) as real.

For those who are interested in knowing more, we can recommend some resources as follows:

Moseley, Fred and Tony Smith (Eds.). (2014). *Marx’s Capital and Hegel’s Logic: A Reexamination. Historical Materialism Book Series*, vol. 64. Leiden • Boston: Brill. Here are some details:

**Introduction** by Fred Moseley and Tony Smith

### **PART 1. Idealism and Materialism**

1 Hegel, Marx and the Comprehension of Capitalism by *Tony Smith*

2 Capital Breeds: Interest-Bearing Capital as Purely Abstract Form by *Mark Meaney*

3 Dialectics on Its Feet, or the Form of the Consciousness of the Working Class as Historical Subject by *Juan Iñigo Carrera*

4 Which ‘Rational Kernel’? Which ‘Mystical Shell’? A Contribution to the Debate on the Connection between Hegel’s Logic and Marx’s Capital by *Gastón Caligaris* and *Guido Starosta*

### **PART 2. Hegel’s Concept and Marx’s Capital**

5 The Universal and the Particulars in Hegel’s Logic and Marx’s Capital by *Fred Moseley*

6 On Hegel’s Methodological Legacy in Marx by *Roberto Fineschi*

7 Lost in Translation: Once Again on the Marx – Hegel Connection by *Riccardo Bellofiore*

8 The Secret of Capital’s Self-Valorisation ‘Laid Bare’: How Hegel Helped Marx to Overturn Ricardo’s Theory of Profit by *Patrick Murray*

9 ‘The Circular Course of Our Representation’: ‘Schein’, ‘Grund’ and ‘Erscheinung’ in Marx’s Economic Works by *Igor Hanzel*

### **PART 3. Different Views of the Dialectic**

10. An Outline of the Systematic-Dialectical Method: Scientific and Political Significance by *Geert Reuten*

11 Marx, Hegel and the Value-Form by *Christopher J. Arthur*

12 Dialectics of Labour and Value-Form in Marx’s Capital: A Reconstruction by *Mario L. Robles-Báez*  
See also:

Dunayevskaya, Raya. (2001). *The Power of Negativity: Selected Writings on the Dialectic in Hegel and Marx*. (Edited and introduced by Peter Hudis and Kevin B. Anderson). Lexington Books.

Meaney, Mark E. (2002). *Capital as Organic Unity: The Role of Hegel’s Science of Logic in Marx’s Grundrisse. Philosophical Studies in Contemporary Culture*, vol. 9. Dordrecht • Boston • London: Kluwer Academic Publishers.

Saad Filho, Alfredo. (1997). Re-reading both Hegel and Marx: The ‘new dialectics’ and the method of Capital. *Revista de Economia Política*, vol. 17, nº 1 (65), janeiro-março/97.

## **MYTHS AND MENDACITY**

*The economists have changed Marx, in various ways; the point is to interpret him—correctly.*

Andrew Kliman

There exists the more than century-old **myth of internal inconsistency**. Since internally inconsistent arguments cannot possibly be right, efforts to return to and further develop Marx’s critique of political economy, in its original form, cannot

succeed so long as this myth persists. The myth serves as the principal justification for the suppression and 'correction' of Marx's theories of value, money, profit, and economic crisis. It also facilitates the splintering of what was, originally, a **political-economic-philosophical totality** into a variety of mutually indifferent Marxian projects.

The so-called inconsistency/contradiction arises from trying to turn Marxism into bourgeois economics, in particular through a completely inappropriate and absurd use of reproduction schemes to 'solve' for equilibrium market prices using matrix algebra. That was far from being Marx's approach, and also does not make any sense.

On the website named "**Marx Myths & Legends**" (<http://marxmyths.org/index.php>) you can find many papers of Christopher J. Arthur, Terrell Carver, Paresh Chattopadhyay, Harry Cleaver, Hal Draper, John Holloway, Z.A. Jordan, Joseph McCarney, Humphrey McQueen, Maximilien Rubel, Cyril Smith, Peter Stillman, Francis Wheen, Lawrence Wilde. See also Marxists Internet Archive at <https://www.marxists.org/subject/index.htm>.

### Concept of value

It is argued by many critics that Marx's **value theory** is in whole, incorrect or even false. If Marx's argument can be proved to be self-contradictory then it can and has often been dismissed as *irrelevant*. However, it is the myth that Marx' value theory has been proven internally inconsistent.

The presentation of *Capital* is based on a series of conscious abstractions (or deliberate simplifying assumptions) in which much of the complexity of the real world is stripped away to what is most essential for capitalism's functioning. The justification for these abstractions is that they make intelligible what would otherwise be overwhelmingly complicated. This abstraction is an aid to understanding for the reader. As we move through the three volumes of *Capital*, these simplifying assumptions are gradually abandoned once the most essentially important elements are explained in their interrelationships.

It is at these levels of abstract presentation that those who accuse Marx of inconsistency find fault. If Marx's system can be shown to fall down at this simplified level of presentation then the more complex picture which it is built up from cannot hope to stand either.

Thus the purpose is to give a reading of the argument in Marx's *Capital* that shows it to be a coherent whole. It may be done by trying to establish Marx's theory as true (correctly explaining the real workings of capitalism) or rather by establishing the more modest task of showing it as coherent, that it makes sense on its own terms.

However, a major problem is that many who have claimed to be working in the tradition of Marx have done great violence to the legacy of his thought. The significance of this is that when interpreted according to his own assumptions rather than those incorrectly attributed to him by both his critics and 'defenders' (who then feel that he needs correction), Marx's central argument stands as entirely consistent.

Anyone who is even vaguely familiar with Marx will be aware of his *premise of a theory of value*. It can be demonstrate that the many people who have tried to correct Marx's system of argument fail to use this premise. There are the varieties of ways in which those who say that Marx's argument is inconsistent are in fact not basing their own arguments on his premise but instead are smuggling in their own differing assumptions.

These assumptions violate Marx's principle that **socially necessary labour time** is the only source of a commodity's value and that surplus labour (labour performed by the worker that is not paid for by the capitalist) is the sole source of surplus value and profit. This contrasts with recent ideas such as *total factor productivity*, which hold **that living labour is not the only source of new value**.

For example, **Steve Keen** say in the article "Use-Value, Exchange-Value, and the Demise of Marx's Labor Theory of Value," published in *Journal of the History of Economic Thought* (15, Spring 1993, 107–21), that he "... have shown that the use-value is an essential component of his analysis of the commodity, and that when properly applied, that analysis invalidates the labor theory of value." He repeated his accuse in the book "Debunking Economics: *The Naked Emperor Dethroned?*" (Revised, Expanded and Integrated Edition) published in 2011 by Zed Books Ltd.

Two works of **Isaak Illich Rubin** (1927, 1928), became a foundation stone of the "value-form" approach to Marxist theory, exemplified by Hans-Georg Backhaus, Chris Arthur, Geert Reuten, and the "Konstanz–Sydney" group (Michael Eldred, Mike Roth, Lucia Kleiber, and Volkbert Roth). In

this interpretation of Marx, “it is the development of the forms of exchange that is seen as the prime determinant of the capitalist economy rather than the content regulated by it.” Capitalism is here understood as a method of regulating human labor by giving it the social form of an exchangeable commodity (the ‘value-form’), rather than a disguised or mystified system that is otherwise similar in content to other class-based societies. According to Christopher J. Arthur, the rediscovery of Rubin’s “masterly exegesis” was “the most important single influence on the value form approach to Capital.”

We propose for further readings following papers:

Westra, Richard and Alan Zuege (Eds.). (2003). *Value and the World Economy Today: Production, Finance and Globalization*. Palgrave Macmillan. Here are some details:

#### **Part I A Retrospective on the Value Debate**

1 Value Theory and the Study of Contemporary Capitalism: A Continuing Commitment by *Ben Fine*

#### **Part II Money, Finance and Competition**

2 The Rationality and Irrationality of Money by *Simon Clarke*

3 Value, Finance and Social Classes by *Suzanne de Brunhoff*

4 Bridging Differences: Value Theory, International Finance and the Construction of Global Capital by *Dick Bryan*

#### **Part III Production, Crisis and Globalization**

5 Globalization: The Retreat of Capital to the ‘Interstices’ of the World? by *Richard Westra*

6 When Things Go Wrong: The Political Economy of Market Breakdown by *Alan Freeman*

7 Value Production and Economic Crisis: A Temporal Analysis by *Andrew J. Kliman*

8 Production and Management: Marx’s Dual Theory of Labor by *Gérard Duménil and Dominique Lévy*

9 Marxian Theory of the Decline of the Rate of Profit in the Postwar US Economy by *Fred Moseley*

#### **Part IV Revisiting the Theory of Value**

10 Some Critical Reflections on Marx’s Theory of Value by *Ajit Sinha*

11 What Do We Learn from Value Theory? By *Thomas T. Sekine*

12 Marx’s Value Theory and Subjectivity by *Robert Albritton*

Freeman, Alan. (2010). Trends in Value Theory since 1881. MPRA Paper No. 48646. Posted 27 July 2013 at <https://mpra.ub.uni-muenchen.de/48646/>.

Freeman, Alan, Andrew Kliman, and Julian Wells (Eds.). (2004). *The New Value Controversy and the*

*Foundations of Economics*. Cheltenham, UK: Edward Elgar.

Rubin, Isaak Illich. (1928). *Essays on Marx’s Theory of Value*. Published by Black and Red, Detroit in 1972; translated by Miloš Samardžija and Fredy Perlman from the 3rd edition, Moscow: Gosudarstvennoe Izdatel’stvo, 1928.

Rubin, Isaak Illich. (1927). *Abstract Labour and Value in Marx’s System*. First published: *Pod Znamenem Marksizma*. Published in English in *Capital and Class*, 5, Summer 1978; translated by Kathleen Gilbert from the German, I.I. Rubin, S.A. Bessonov et al: *Dialektik der Kategorien: Debatte in der UdSSR (1927–29)* (VSA, West Berlin, 1975)

Fullbrook, Edward. (2002). An Intersubjective Theory of Value. In “Intersubjectivity in Economics: *Agents and Structures*, edited by Edward Fullbrook. London and New York: Routledge.

#### **Concept of money**

The **theory of money** that Marx developed to go along with his theory of capitalism has long been neglected or subject to criticism. However, there are several reasons to revisit this theory at present: because it may require updating; to see whether it is a historically useful way of analyzing 19th-century capitalism; to determine whether it remains relevant for analysis of 20th-century capitalism; and/or to compare it with some other, possibly less satisfactory, modern theories of money. These varying approaches are related to one another but are not the same. However, the **theory of money** that Marx developed is not about **how to make money by making nothing**.

Many of the authors who use Marx as a reference have dismissed the conception of money he presented right at the beginning of *Capital*, either because they disagreed with his theory of value or because in their opinion this theory did not apply to money. Critical analyses of capitalism have rarely delved into the role played by money as such, preferring to focus on finance whilst disconnecting this particular sphere from the monetary conditions in which it is enshrouded. Hence, there is need to recall a few aspects of Marx’s theory of money that are integrated into his analysis of commodities circulation and the access of workers to wage goods.

It is well-known that Marx criticized the dominant **quantitative theory of money**, which de-



terminated the value of money in reference to the quantity of money in circulation, with the *price of money* being defined as the inverse of the general price level,  $1/P$ . By the way, after Marx, **Keynes** criticized the “tautological” nature of this quantitative conception; but after having first tried to find a substitute for it during his attempts to develop a *monetary standard of prices*, he ultimately gave up, stating in 1936 that the main attribute of money was its “liquidity” in comparison with other financial assets.

Marx thought that money does not have a price. It generates the *monetary price of commodities*, meaning that it cannot give a price to itself. Hence his central proposition that “commodities enter into circulation with a price and money with a value.” To demonstrate that these two aspects are inseparable, one has to agree that money is more than a mere unit of accounting (although it is this as well) and that goods’ monetary price comprise one condition of their *social valuation* by those who exchange them.

Money in its commodity form (gold) possesses several functions and several forms. Marx highlighted its commodity valuation measurement function, indicating all the while that the *value of gold*, itself a product of labour, could also vary. As a commodity, gold also possesses its own unstable value, “but it is the only commodity that can serve as a standard so nearly approaching an invariable one.”

Marx distinguishes between money as a *measurement of value* and money as a *price standard*. He did this by introducing the gold standard’s *institutional aspect*, whereby the State ensures that a currency circulating across its territory can be converted into gold, meaning into predefined weight gold. The gold standard’s institutional regime also turned money into a unit of price accounting within any given national territory. This implied both forced intervention by the State and specific monetary institutions too.

Today, within countries, currencies are the national units of account, without any reference to gold since 1971. For international transactions, they are convertible into one another, by means of different regimes of rates of exchange. Marx’s theory of money looks to be obsolete. If it still suggests analytical elements for understanding contemporary money, we have to look at the meaning of the “dollar standard” and the constraint of *money as means of payment*.

At a theoretical level, **utility value** began to replace *labour value* as far back as the 1870’s, even as the gold standard regime was starting its international career. The financial sphere also started to develop considerably between 1870 and 1914, something analyzed by **R. Hilferding**, who ultimately abandoned the idea of a labour value of money. This was also a period marked by the development of national price index statistics and tabular standards. Earlier concerns about *monetary price standards* were replaced by a new focus on the levels of and variations in prices that are denominated in national units of accounting defined by the States themselves.

Post-World War I theoretical work focused mainly on *exchange rates* between European national currencies that were no longer convertible into gold; and on the inflation crisis besetting Germany. Year 1917 had seen the birth of the national currencies’ “*Purchasing Power Parity*” theory, which compares currencies’ ability to buy a good trading freely internationally. This notion remains in regular use today, much the same way as Milton Friedman’s post-World War II monetarism transplanted the old quantitative theory of money onto the **neoclassical theory of utility value**.

More detailed discussion you can find in:

Moseley, Fred. (2015). *Money and Totality: Marx’s Logical Method and the End of the ‘Transformation Problem’*. Historical Materialism Book Series, vol. 104. Leiden • Boston: Brill.

Moseley, Fred (Ed.). (2005). *Marx’s Theory of Money: Modern Appraisals*. Houndmills, Basingstoke • New York: Palgrave Macmillan.

Introduction by Fred Moseley

### **Part I Marx’s Basic Theory of Money**

1. The Commodity Nature of Money in Marx’s Theory by *Claus Germer*

2. Marx’s Theory of Money in Historical Perspective by *Duncan Foley*

3. Money as Displaced Social Form: Why Value cannot be Independent of Price by *Patrick Murray*

4. Marx’s Objections to Credit Theories of Money by *Anitra Nelson*

5. Money as Constituent of Value by *Geert Reuten*

### **Part II Extensions and Reconstructions of Marx’s Theory of Money**

6. The Universal Equivalent as Monopolist of the Ability to Buy by *Costas Lapavistas*

7. Value and Money by *Christopher J. Arthur*

8. The Monetary Aspects of the Capitalist Process in the Marxian System: An Investigation from the

Point of View of the Theory of the Monetary Circuit  
by *Riccardo Bellofiore*

FMT, LTFRP, LTP, MELT, SSSI, TSSI and others

In Marxist literature, we can find many abbreviations as FMT for Fundamental Marxian Theorem, LTFRP for Law of the Tendential Fall in the Rate of Profit, LTP for Labor Theory of Price, MELT for Monetary Expression of Labor-Time, SSSI for Simultaneous Single-System Interpretation, TSSI for Temporal Single-System Interpretation and so on.

*The value theory controversy.* Marx's theories need not be interpreted in a way that renders them internally inconsistent. An alternative interpretation developed during the last quarter-century — the **temporal single-system interpretation (TSSI)**— eliminates all of the apparent inconsistencies. The very existence of the TSSI carries with it two important consequences. The allegations of inconsistency are unproved. Second, they are implausible. When one interpretation makes the text make sense, while others fail to do so because they create avoidable inconsistencies within the text, it is not plausible that the latter interpretations are correct. Thus the charges of inconsistency, founded on these interpretations, are implausible as well. TSSI is simply an interpretation of two quite limited aspects of Marx's value theory. It focuses on the 'quantitative' dimension of Marx's value theory.

In recent years, Marx's critics have found it increasingly difficult to defend the allegations of inconsistency against the TSSI critique. Thus they generally try to avoid this issue altogether. Instead, they now prefer to debate the pros and cons of Marx's work and of alternative approaches to Marxian economic analysis.

Many people who have encountered the internal inconsistency charges have lacked the background in mathematics and economics needed to evaluate the charges for themselves, or even to fully understand the issues. This problem has been aggravated — intentionally or not — by the excessively abstruse, jargon-filled, and mathematical manner in which Marx's critics have typically presented their case. In light of these obstacles to understanding, many non-specialists have simply chosen to take the experts' conclusions on faith. Others have turned their backs on debates that they experience as technical and trifling. Unfortunately, this latter response also allows the experts' conclusions to go unchallenged.

On the standard interpretation, Marx had a simultaneist and dual-system theory:

inputs and outputs are valued **simultaneously**, so input and output prices are necessarily equal, and there are **two** separate systems of values and prices.

According to the temporal single-system interpretation (TSSI) of Marx's theory, however:

valuation is temporal, so input and output prices can differ, and

values and prices, though quite distinct, are determined *interdependently*.

Once these two simple modifications are made, all of the alleged inconsistencies in the *quantitative* dimension of Marx's value theory are eliminated.

Dozens of accounts have told us that rigorous mathematical demonstrations — often coming from the Marxist camp itself — have proved that Marx's theories of value, profit, and economic crisis are riddled with logical inconsistencies and errors, and that these proofs have withstood the test of time. It is therefore necessary either to reject or correct his work. Those who refuse to accept that such inconsistency has been proved have "done much damage to the intellectual credentials of Marxian political economy." (Howard and King, 1992: xiii)

It is important not to confuse logical validity with truth. Logically valid arguments can have false conclusions (if they begin from false premises). Critics of the TSSI often seem to be confused about this. Proponents of TSSI interpretation simply say the claims that his value theory is necessarily wrong, because it is logically invalid, are false.

The main reason why the question of internal inconsistency is so important is precisely that Marx's value theory would be necessarily wrong if it were internally inconsistent. Internally inconsistent theories may be appealing, intuitively plausible and even obvious, and consistent with all available empirical evidence — but they cannot be right. It is necessary to reject them or correct them. Thus, the alleged proofs of inconsistency trump all other considerations, **disqualifying Marx's theory at the starting gate**. Indeed, if Marx's theory of value is false the whole Marx's economic manuscripts are monkey work!

The reclamation of *Capital* from the myth of inconsistency is therefore an absolutely necessary and vital precondition to any efforts to reclaim it in more ambitious ways. It is of course possible to reclaim particular aspects of the work that are (largely) unrelated to its value theory without dis-

proving the allegations of inconsistency. But that is something different from reclaiming Capital itself, as a totality. **Raya Dunayevskaya** puts forth the perspective of a return to Marx's Marxism as a totality (see: <https://www.marxists.org/archive/dunayevskaya/> or <http://rayadunayevskaya.org/>).

Another reason why I consider the question of internal inconsistency so important is that the whole of the century-long controversy over Marx's value theory has fundamentally been about this one question. Only incidentally and derivatively has it been a debate about the meaning and significance of his work. His critics' primary, conscious, and avowed aims have been to discredit the logic of his arguments — thereby disqualifying his theory, in its original form, from further consideration — and then to correct his supposed logical errors. The different schools that have arisen in and around Marxian economics since the 1970s (**Sraffianism**, the **New Interpretation**, **Value-Form Analysis**, and so on) are in essence just different ways of correcting or circumventing these supposed errors and working out the consequences.

### **Transformation problem**

Of all the fashionable 'corrections' of Marx's Capital, none has been performed so often as the transformation of values into prices. From Bortkiewicz to Samuelson, bourgeois 'science' has felt itself impelled to improve, correct or revise Marx on this question. With Sweezy's introduction of the Bortkiewicz 'correction' of Marx to the English speaking world in 1946, another round of 'solutions' began. Although many differ in form from the Bortkiewicz/Sweezy contribution, and some avoid the more obvious errors, they treat the problem in a more or less similar way.

The long and continuing controversy over Marx's analysis of the 'transformation problem' has not paid sufficient attention to the logical method employed by Marx in the three volumes of *Capital*. The most common interpretation of the transformation problem is based not only on the work of **Bortkiewicz**, **Sweezy**, but also of **Seton**, **Morishima**, **Medio**, **Steedman** and others. This interpretation of Marx's theory is referred by many authors as the "**neo-Ricardian**" interpretation. The logical method attributed to Marx's theory by this interpretation is essentially the same as the method of **linear production theory** (e.g., **Sraffa's theory**). However, the

logical method of linear production theory differs in fundamental respects from Marx's own method and thus that the conclusions reached by the "neo-Ricardian" interpretation of Marx's theory do not apply to Marx's theory, but instead apply only to linear production theory.

The modern "neo-Ricardian" school is largely inspired by the work of the Italian-British economist and Ricardo scholar **Piero Saffra** (1898–1983). However, elements of the "neo-Ricardian" critique can be traced back to early 20th-century Russian economist **V.K. Dmitriev**. Other prominent economists and writers often associated with this school include the German Ladislaus von Bortkiewicz (1868–1931) and the British Ian Steedman.

The Japanese economist **Nobuo Okishio** (1927–2003), best known for the "**Okishio theorem**"—much more on this in the second part of this reply — evolved from marginalism to a form of "critical Marxism" that was strongly influenced by the "neo-Ricardian" school.

In the late 20th century, the most prominent "neo-Ricardian" was perhaps Britain's **Ian Steedman**. While Sraffa centered his fire on neoclassical marginalism, Steedman has aimed his at Marx. His best-known work is "*Marx after Sraffa*" (1977, New Left Books). The "neo-Ricardian" attack on Marx centers on the so-called *transformation problem* and the *Okishio theorem*.

As Steedman likes to put it, the rate of profit in terms of prices of production is not determined by the (labor) value rate of profit. Instead, Steedman holds that the (labor) value rate of profit and the rate of profit in terms of prices of production — prices that equalize the rate of profit among the different branches of production — are not the same. Therefore, the rate of profit is not determined by the value rate of profit but rather by the physical conditions of production and the real wage. Steedman therefore concluded that the whole Marx's concept of value is meaningless and should be abandoned.

The Okishio theorem allegedly disproves mathematically Marx's law of the tendency of the rate of profit to fall. However, the transformation problem is more fundamental than the Okishio theorem, since it involves the truth or fallacy of Marx's **law of value** itself.

The most influential attack on Marx's transformation procedure was mounted by Ladislaus von Bortkiewicz and was brought to the attention of a modern readership by Paul Sweezy. Indeed, ac-

According to the neo-Ricardian interpretation, Marx's analysis of the determination of prices of production is logically incomplete and contradictory because Marx failed to transform the amounts of constant capital and variable capital invested in each industry from value magnitudes to price magnitudes. This criticism began with works of Bortkiewicz. **Paul M. Sweezy** (1910–2004) repeated this criticism in his influential *Theory of Capitalist Development: Principles of Marxian Political Economy* (1942, First edition, London: Dennis Dobson Ltd.).

In the subsequent debate, it was concluded that it is possible to correct Marx's 'error' and to complete the transformation of the inputs of constant capital and variable capital from value magnitudes to price magnitudes. However, three important implications follow from this "neo-Ricardian" 'solution': (1) only one of Marx's two aggregate equalities can in general hold at the same time; (2) the 'price' rate of profit will not be equal to the 'value' rate of profit; and (3) the Volume 1 analysis of the value system is 'redundant' or an 'unnecessary detour' because the same prices and rate of profit can be derived directly from the given technical conditions of production and real wage.

The first important difference between the neo-Ricardian interpretation and Marx's theory has to do with the order of determination between aggregate economic magnitudes (such as total price or total profit) and the corresponding individual magnitudes. The neo-Ricardian interpretation generally ignores aggregate magnitudes, but it implicitly assumes that these aggregate magnitudes are determined subsequent to individual magnitudes as the sum of these individual magnitudes. I argue, to the contrary, that in Marx's theory, **aggregate magnitudes are determined prior to and independent of individual magnitudes**. Individual magnitudes are then determined at a later stage of the analysis, with the predetermined aggregate magnitudes taken as given.

A second important difference between the "neo-Ricardian" interpretation and Marx's method has to do with precisely what is taken as given, first of all in Marx's *theory of surplus-value* in Volume 1 and then in his *theory of prices of production* in Volume 3. The "neo-Ricardian" interpretation assumes that the fundamental givens in both of these stages of Marx's theory are the same as those in linear production theory: the physical quantities of the *technical conditions of production and the real*

*wage*. It is argued, to the contrary, that the fundamental givens in Marx's theory are *quantities of money, quantities of abstract labor, and the quantity of money that represents one hour of abstract labor*.

In recent years, a "New Solution" (also called "New Interpretation") to the transformation problem has emerged that occupies a sort of middle ground between the "neo-Ricardian" interpretation and the interpretation of TSSI. This new solution was originally presented independently by Duncan **Foley**, Gerard **Duménil**, and Alain **Lipietz** and has gained increasing attention and acceptance among Marxian and radical economists (although no doubt it is still a minority view).

For further reading see, for example:

Freeman, Alan & Carchedi, Guglielmo (Eds.). (1996). *Marx and Non-equilibrium Economics*. Cheltenham, UK: Edward Elgar.

Contents:

Foreword by A. Freeman & G. Carchedi

Introduction 1. The Psychopathology of Walrasian Marxism by A. Freeman

2. One System or Two? The Transformation of Values into Prices of Production versus the Transformation Problem by T. McGlone & A. Kliman

3. The Transformation of Values into Prices of Production: A Different Reading of Marx's Text by A. Ramos-Martinez & A. Rodriguez-Herrera

4. Money, the Postulates of Invariance and the Transformation of Marx into Ricardo by A. Rodriguez-Herrera

5. Time, Money, Equilibrium: Methodology and the Labour Theory of the Profit Rate by M.I. Naples

6. The Value of Money, the Value of Labour Power and the Net Product: An Appraisal of the 'New Approach' to the Transformation Problem by A. Saad-Filho

7. The Transformation Procedure: A Non-Equilibrium Approach by A. Carchedi & W. de Haan

8. Non-Equilibrium Market Prices by G. Carchedi

9. Demand, Supply and Market Prices by P. Giussani

10. A Value-Theoretic Critique of the Okishio Theorem by A. Kliman

11. Price, Value and Profit — A Continuous, General, Treatment by A. Freeman

Kliman, Andrew. (2007). *Reclaiming Marx's "Capital": A Refutation of the Myth of Inconsistency*. Raya Dunayevskaya Series in Marxism and Humanism. Lanham • Boulder • New York • Toronto • Plymouth: Lexington Books.

### Crisis theory

*“The contradictions inherent in the movement of capitalist society impress themselves upon the practical bourgeois most strikingly in the changes of the periodic cycle, through which modern industry runs, and whose crowning point is the universal crisis.”*

Karl Marx

The alternation of boom and slump, the coexistence of overwork and unemployment, of staggering wealth alongside devastating poverty, of concentrations of power alongside hopeless impotence is as much a feature of capitalism today as it was a century and more ago. The sense of a world beyond human control, of a world driven to destruction by alien forces, is stronger today than it has ever been. The gulf between the bland assurances of the bourgeois economist and the reality of life for the mass of the world’s population has never been wider.

The theory of crisis has played a central role in the Marxist tradition, but at the same time it has been one of the weakest and least developed areas of Marxist theorizing. The tendency to crisis provided the starting point for the early economic studies of Marx and Engels, and it was with the problem of crisis that Marx resumed his economic studies in 1857, but nowhere in his own work does Marx present a systematic and thoroughly worked-out exposition of a theory of crisis. At various times Marx appears to associate crises with the tendency for the rate of profit to fall, with tendencies to overproduction, underconsumption, disproportionality and over-accumulation with respect to labour, without ever clearly championing one or the other theory.

For Marx, the proximate cause of crises is the fall in the average rate of profit (ARP). An increasing number of studies have shown that this thesis not only is logically consistent but is also supported by a robust and growing empirical material. If *falling profitability* is the cause of the slump, the slump will end only if the economy’s profitability sets off on a path of sustained growth. On the opposite, many authors underline that Marx did not write a systematic treatise on capitalist crises. His major comments on the subject are spread around his major economic writings, as well as his articles for the New York Daily Tribune.

Within the Marxist tradition three quite distinct theories of crisis have been proposed, based on rather different specifications of the underlying contradiction. These are underconsumptionist theory, which dominated the Marxism of the Second International, disproportionality theories, which became popular in the early twentieth century, and theories which associate crises with the falling tendency of the rate of profit, which have come to dominate contemporary Marxism.

**Simon Clarke** in his book *“Marx’s Theory of Crisis”* (1994) provides a useful account of what socialists after Marx have had to say on the subject of crisis and the debates that have taken place amongst Marxists at different times when the system has seemed to defy the basic theory. Although Clarke sees himself as part of the Marxist tradition, there is not much left of Marxist theory once he has finished. His main theme is that much of what Marx had to say about crisis and the system was valid but that ultimately Marx did not have a single theory of crisis but at least three.

I recommend reader to read papers in special issue “Marx and the Crisis” in *International Journal of Political Economy*, vol. 40, No. 3, Fall 2011 with papers of Riccardo Bellofiore, Vladimiro Giacche, Guglielmo Forges Davanzati, Geert Reuten, Fred Moseley, Andrea Micocci.

**Steve Keen**, who by means is not Marxist, predicted the financial crisis as long ago as December 2005, and warned back in 1995 that a period of apparent stability could merely be “the calm before the storm.” His leading role as one of the tiny minority of economists to both foresee the crisis and warn of it was recognized by his peers when he received the Revere Award from the *Real-World Economics Review* for being the economist who most cogently warned of the crisis, and whose work is most likely to prevent future crises. He is the author of the book titled *“Can we avoid another financial crisis?”* published by Polity Press in 2017.

The idea that it is the level of credit and the pace of its rise that is the main criterion for gauging the likelihood of a slump in capitalist production also lies behind the view of another heterodox economist, **Michael Hudson** in his book *“Killing the Host: How Financial Parasites and Debt Bondage Destroy the Global Economy.”* Hudson’s main contention that the FIRE economy—finance, insurance, and real estate—cripples the “real” economy and is slowly reducing most of us to debt bondage. Hudson goes

further. For him, the old system of industrial capitalism—hiring labor, investing in plants and equipment and creating real wealth backed by tangible goods and services—has been eclipsed by the re-emerging dominance of a parasitic neo-feudal class. It is this elite, not industrial capitalists, who are the foundation of most of our economic woes. The 2008 crisis was not a typical boom and bust housing crash of capitalism but the logical conclusion of financial parasites slowly bleeding most of us dry.

Thus we have a model of capitalism where crises result from ‘imperfections’ in the capitalist model, either due to a lack of competition and the growth of financial rentiers (Hudson) or due to excessive credit (Keen). Moreover, crises are the result of a chronic lack of demand caused by squeezing down wages and raising the level of debt for households. The latter thesis is not new—as many mainstream economists have argued similarly (It is debt, stupid!) and it dominates as the cause of crises on the left. Obviously we can hear that recessions are not inevitable—they are not mysterious acts of nature that we must accept. Instead recessions are a product of a financial system that fosters too much household debt.

The key omission in this view of crises is any role for profit and profitability—which is after all the core of Marx’s analysis of capitalism—a mode of production for profit not need. Profit is missing from Keen’s analysis. Indeed, Keen considers Marx’s theory of value to be **wrong** or **illogical**, accepting the standard “neo-Ricardian” interpretation and Marx’s law of the tendency of the rate of profit to fall as being irrelevant to a theory of crises. **Hudson** has nothing to say about Marx’s key insights.

The argument that credit plays a key role in capitalism; and ‘excessive credit’ does so in crises was first explained by Marx. As Marx wrote in Volume 3 of Capital, “...in a system of production where the entire interconnection of reproduction process rests on credit, a crisis must inevitably break out if credit is suddenly withdrawn and only cash payment is accepted...at first glance, therefore the entire crisis presents itself as simply a credit and monetary crisis”. (p. 621) But that is at “first glance”. Behind the financial crisis lies the *law of profitability*: “...the real crisis can only be deduced from the real movement of capitalist production” (Theories of Super Value, vol. 2). The fundamental cause of the economic crisis in the economy was a significant long-term decline in the rate of profit. Capitalists responded to this profitability crisis by attempting to restore their

rate of profit by a variety of strategies, including wages and benefit cuts, inflation, speed-up on the job, and globalization.

Starting with **Henryk Grossman** (1881–1950) and continuing with the work of many scholars very recently, such as Tapia Granados, Michael Roberts, Guglielmo Carchedi, and others, they find that there is a **causal connection** between the movement of profitability, profits and slumps in investment and GDP.

We do not develop this theme further. The nature of the contemporary global political economy and the significance of the crisis are a matter of wide-ranging intellectual and political debate, which has contributed to a revival of interest in Marx’s critique of political economy. May be, it will be theme of our further paper.

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## HOW CAPITALISM SURVIVES AND HOW WILL CAPITALISM END?

*“Before capitalism will go to hell, it will for the foreseeable future hang in limbo, dead or about to die from an overdose of itself but still very much around, as nobody will have the power to move its decaying body out of the way.”*

Wolfgang Streeck

In November, 2014 was conducted London version of the Historical Materialism conference, which for those who do not know is an annual gathering of mainly Marxist academics, students and activists organized by the *Historical Materialism Journal*. The theme was *How Capitalism Survives* and was apparently attended by over 750 scholars, academics and activists.

On the other hand, we have Wolfgang Streeck's new book titled *How Will Capitalism End? Essays on a Failing System*. He is also author of *Buying Time: The Delayed Crisis of Democratic Capitalism*. The provocative political thinker asks if it will be with a bang or a whimper.

After years of ill health, capitalism is now in a critical condition. Growth has given way to stagnation; inequality is leading to instability; and confidence in the money economy has all but evaporated. There is a widespread sense today that capitalism is in critical condition, more so than at any time since the end of the Second World War. Looking back, the *crash of 2008* was

**Wolfgang Streeck** (born 27 October 1946 in Lengerich) is a German economic sociologist and emeritus director of the Max Planck Institute for the Study of Societies in Cologne. Streeck was born “just outside Münster”, the son of refugees—ethnic Germans from Eastern Europe displaced by the end of the Second World War. His mother was a Sudeten German from Czechoslovakia. Streeck studied sociology at the Goethe University Frankfurt and pursued graduate studies in the same discipline at Columbia University between 1972 and 1974. In 1974 he became assistant professor in sociology at the University of Münster and in 1986 finished his habilitation in sociology at Bielefeld University. Between 1988 and 1995 he worked as professor of sociology and industrial relations at the University of Wisconsin–Madison, returning to Germany in 1995 to take up the post of director of the Max Planck Institute for the Study of Societies and working as professor of sociology at the University of Cologne. He retired from his directorship in 2014, becoming emeritus director.

Streeck’s research is focused on analyzing the political economy of capitalism, wherein he proposes to take on a dialectical approach to institutional analysis as opposed to the more rigid varieties of capitalism. He has written extensively on the political economy of Germany and more recently has involved himself in debates over the politics of austerity, the rise of what he terms the debt-state as a result of the neoliberal revolution of the 1980s and the future of the European Union.

For details see: <https://wolfgangstreeck.com/category/sprachen/english-sprachen/page/2/>

only the latest in a long sequence of political and economic disorders that began with the end of postwar prosperity in the mid-1970s. Successive crises have proved to be ever more severe, spreading more widely and rapidly through an increasingly interconnected global economy. Global inflation in the 1970s was followed by rising public debt in the 1980s, and fiscal consolidation in the 1990s was accompanied by a steep increase in private-sector indebtedness. For four decades now, disequilibrium has more or less been the normal condition of the ‘advanced’ industrial world, at both the national and the global levels. In fact, with time, the crises of postwar OECD capitalism have become so pervasive that they have increasingly been perceived as more than just economic in nature, resulting in a rediscovery of the older notion of a capitalist society — of capitalism as a social order and way of life, vitally dependent on the uninterrupted progress of *private capital accumulation*.

Crisis symptoms are many, but prominent among them are three long- term trends in the trajectories of rich, highly industrialized — or better, increasingly *deindustrialized* — capitalist countries. The first is a persistent *decline in the rate of economic growth*, recently aggravated by the events of 2008. The second, associated with the first, is an equally persistent *rise in*

*overall indebtedness* in leading capitalist states, where governments, private households and non-financial as well as financial firms have, over forty years, continued to pile up financial obligations. Third, *economic inequality*, of both income and wealth, has been on the ascent for several decades now, alongside rising debt and declining growth.

The acclaimed analyst of contemporary politics and economics Wolfgang Streeck argues that the world is about to change. The marriage between democracy and capitalism, ill-suited partners brought together in the shadow of World War Two, is coming to an end. The regulatory institutions that once restrained the financial sector’s excesses have collapsed and, after the final victory of capitalism at the end of the Cold War, there is no political agency capable of rolling back the liberalization of the markets. Ours has become a world defined by declining growth, oligarchic rule, a shrinking public sphere, institutional corruption and international anarchy, and no cure to these ills is at hand.

Streeck’s title question — though never answered — opens a window onto the conflict between capitalism and democracy in the neoliberal era. That such a conflict exists is no surprise in Brazil, and still hidden to many in the United States, but a rude and inescapable shock to those who grew up



with the comfortable illusions and utopian hopes of post-war Europe.

In *Socio-Economic Review* (2016, Vol. 14, No. 1, 163–183; <http://ser.oxfordjournals.org>) you can find very interesting discussion on the theme “Does capitalism have a future?” This discussion forum was based on the roundtable discussion at the 27th Annual Conference of the Society for Advancement of Socio-Economics (SASE, <https://sase.org/>) hosted at the London School of Economics. The discussion presents recent work on capitalism as an evolving historical formation by Wolfgang Streeck and Craig Calhoun, together with contributions by British journalist Polly Toynbee and SASE founder Amitai Etzioni. The SASE29th Annual Conference was held from 29th June to 1st July 2017 at the University of Lyon, France. The theme of the conference was “What’s Next? Disruptive/Collaborative Economy or Business as Usual?”

Indeed, the observation that capitalism in various forms has been around for several hundred years is commonly seen as an argument that it will go on forever: that it is an eternal, natural system for organising the economy. While economic crises are an undeniable reality and sometimes bring protests, there remains little understanding or acceptance of the Marxist conclusion that capitalist social relations are an increasingly dysfunctional, reactionary way in which to organise the affairs of humanity. So, it is an open question: changing the rules or changing the game?

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## Current Facts

Has Marx been reanimated once again? From mainstream media to academia, this question hangs in the air. The old ghosts of revolution ap-

pear to be shaking off their shackles and getting agitated. What is this spirit? Who are the militants haunting this ramshackle capitalism? Are these new spectres—stalking the streets of Syria, Tunisia and Egypt, Athens, Spain and Wall Street and beyond—direct descendants of socialist and communist ones? How does the past haunt the present? How might the present spook the future?

The Historical Materialism conferences are not a conventional academic conference but rather a space for discussion, debate and the launching of collective projects. We therefore discourage “cameo appearances” and encourage speakers to participate in the whole of the conference. More detailed information you can find at <http://www.historicalmaterialism.org>.

Fourteenth Annual Conference: **Revolutions against Capital, Capital against Revolutions?** (9th – 12th November 2017). Organised in collaboration with the Isaac and Tamara Deutscher Memorial Committee and Socialist Register.

Thirteenth Annual Conference, 10–13 November 2016: **Limits, Barriers and Borders**

Twelfth Annual Conference, 5th–9th November 2015: **Austerity and Socialist Strategy**.

The Old is Dying and the New Cannot Be Born: **States, Strategies, Socialisms**

Eleventh Annual Conference, 6th–10th November 2014: **How Capitalism Survives**

Tenth Annual Conference, 7th–11th November 2013: **Making the World Working Class**

Ninth Annual Conference, 8th–12th November 2012: **Weighs Like a Nightmare**

**Capital.150: Marx’s Capital Today**

The Department of European and International Studies and [thenextrecession.wordpress.com](http://thenextrecession.wordpress.com) blog are co-sponsoring a major international conference to mark the 150th anniversary of the publication of Volume I of Karl Marx’s *Capital* in September 1867. Conference was held from 19th to 20 September 2017 in London. Themes of the conference were, as follows:

### Crises

Guglielmo Carchedi — *The old is dying and the new cannot be born: the exhaustion of the present phase of capitalist development*

Rolf Hecker — *Marx’s critique of capitalism during the 1857 crisis*

Paul Mattick Jr. — *Crisis: abstraction and reality*

Ben Fine, discussant

**Imperialism**

Marcelo Dias Carcanholo, *Dependency, super-exploitation of labour and crisis — an interpretation from Marx*

Tony Norfield, *Das Kapital, finance, and imperialism*

Raquel Varela (& Marcelo Badaró Mattos), *Primitive accumulation in Das Kapital*

**Mapping the terrain of anti-capitalist struggles (6–8pm)**

David Harvey, *Perspectives from the Circulation of Capital*

Michael Roberts, *Perspectives from the Accumulation of Capital*

**The future of capital**

Alex Callinicos, *Continuing Capital in the face of the present*

Hannah Holleman, *Capital and socio-ecological revolution*

Fred Moseley, *The rate of profit and the future of US capitalism*

Eduardo Motta Albuquerque, *Technological revolutions and changes in the centre-periphery divide*

**Labour and beyond**

Tithi Bhattacharya, *Social reproduction theory: conceiving capital as social relation*

Michael Heinrich, *Communism in Marx's Capital*

Lucia Pradella, *Marx's Capital and the power of labour: imperialism, migration, and workers' struggles*

Beverly Silver, *Marx's general law of capital accumulation and the making and remaking of the global reserve army of labour*

From 24 to 26 May 2017 at York University (Toronto, Canada) was held International Conference: **Marx's Capital after 150 Years — Critique and Alternative to Capitalism**, with attendance of so controversial Marxists as, for example, Moishe Postone, Etienne Balibar, Leo Panitch, John Bellamy Foster, Richard Wolff, and Terrell Carver. Here are some details:

**Dissemination and Reception of Capital in the World: A Roundtable**

Marcello Musto (York University, Canada)

Michael Kraetke (Lancaster University, UK)

Tomash Dabrowski (Northwestern University, USA)

Babak Amini (London School of Economics, UK)

Seongjin Jeong (Gyeongsang National University, South Korea)

Ricardo Antunes (State University of Campinas, Brazil)

**The Politics of Capital**

Mauro Buccheri (York University, Canada), *The Persistence of Marx's Humanism: From the 'Economic and Philosophical Manuscripts of 1844' to 'Capital'*

George Comninel (York University, Canada), *The Political Theory of 'Capital': Fetishism of Commodities*

Ricardo Antunes (State University of Campinas, Brazil), *Circulation, Value, and the New Service Proletariat*

Terrell Carver (University of Bristol, UK), *Performativity, Parody and Post-Marxism: Reading 'Capital' all over Again*

**Beyond Labour and Capital**

Himani Bannerji (York University, Canada), *Reading 'Capital' for Understanding Violence Against Women in the Era of Neoliberalism*

Kevin Anderson (UC Santa Barbara, USA), *Multilinearity, Colonialism, and Race in 'Capital'*

Pietro Basso (Ca' Foscari University of Venice, Italy), *Had 'Capital' Been Written Today*

**New Critical Stances**

Leo Panitch (York University, Canada), *The Challenge of Transcending 'Capital'*

Moishe Postone (University of Chicago, USA), *The Current Crisis and the Anachronism of Value*

**Extending the Critique of Capital**

Saskia Sassen (Columbia University, USA), *When the Material Becomes Invisible: A Conversation with Marx's Materialities*

John Bellamy Foster (University of Oregon, USA), *Marx's 'Capital' and the Earth: The Ecological Critique of Political Economy*

Michael Kraetke (Lancaster University, UK), *Why and in What Respects is 'Capital' Incomplete?*

**Elements of Future Society**

Marcello Musto (York University, Canada), *After Capitalism*

Gary Teeple (Simon Fraser University, Canada), *The Neglected Chapters on Wages in 'Capital'*

Pareesh Chattopadhyay (University of Quebec, Canada), *Dialectic of Negativity and the Genesis of Socialism*

Alfonso Maurizio Iacono (University of Pisa, Italy), *The Ambivalence of Cooperation in Marx's 'Capital'*

Seongjin Jeong (Gyeongsang National University, South Korea), *Marx on Globalization*

**Capitalism, Past and Present**

Etienne Balibar (Paris West University Nanterre La Défense, France), *Marx's Capitalism and Ours*

Ursula Huws (University of Hertfordshire, UK), *The Household in Marx's 'Capital'*

Bertell Ollman (New York University, USA), *'Capital' vol. 1 in Light of Marx's Unpublished Works*

### **New Grounds of Critique**

Silvia Federici (Hofstra University, USA), *Marx, Gender and the Reproduction of the Working Class*

Bob Jessop (Lancaster University, UK), *Marx on the Analysis of Social Formations*

Richard Wolff (The New School, USA), *Marx's Economics and Social Movements for Worker Cooperatives*

### **Which Marx for Today?**

Immanuel Wallerstein (Yale University, USA), *The Contemporary Relevance of Marx*

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