CAPITALISM, ITS REAL BARRIER & CRISIS

Production of goods and services as simple commodities (exchanged only for satisfaction of needs, $C_1 – M – C_2$ where $C_1 = C_2$ in terms of value) began well before capitalist era. However, simple commodity production turned onto full-fledged commodity production (produced by wage-labour and sold in terms of money for profit, $M – C - M'$ where $M' > M$) and commodity production became generalized only in capitalism.

"In themselves money and commodities are no more capital than are the means of production and of subsistence. They want transforming into capital. But this transformation itself can only take place under certain circumstances in this, viz., that two very different kinds of commodity-possessors must come face to face into contact; on the one hand the owners of money, means of production and means of subsistence, who are eager to increase the sum of values they possess, by buying other people's labour power; on the other hand, free labourers, the sellers of their own labour power, and therefore the sellers of labour. Free labourers, in the double sense that neither they themselves form a part and parcel of the means of production, as in the case of slaves, bondsmen, &c., nor do the means of production belong to them, as in the case of peasant-proprietors; they are therefore free from, unencumbered by, any means of production of their own. With this polarization of the market of commodities, the fundamental conditions of capitalist production are given. The capitalist system presupposes the complete separation of labourers from all property in the means by which they can realize their labour. As soon as capitalist production is once on its legs, it not only maintains this separation, but reproduces it on a continually extending scale." (Marx, *Capital*, Vol. I, Progress Publishers, Moscow 1974, p. 668)

Capital has not invented surplus labour; it is only by turning labourers into wage-workers and their means into capital, by transforming their labour-powers into values and their surplus labour into surplus value, commodity production enforces "itself upon the whole society", to "develop all its latent potentialities", to become "the typical form of production", thereby turning the law of value into *society's fundamental law*. In the words of Engels, "The "exchange of labour for labour on the principle of equal valuation", … that is to say, the mutual exchangeability of products of equal social labour, hence the *law of value*, is *the fundamental law* of precisely commodity production, hence also of its highest form, capitalist production." (*Anti-Dühring*, Progress Publishers, Moscow 1969, p. 370, emphasis added)

With the progress of value's conquest of the economy and society, through its sway over relations of production, erstwhile predominantly direct patriarchal idyllic relations were by and large done away with. Marx analyses: As soon as this mode of production stands on its feet, the further socialization of labour and further expropriation of private proprietors take a new form – the expropriation of many capitalists by few. "That which is to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the *immanent* laws of the capitalistic production itself, by the concentration of capital. One

capitalist always kills many. Hand in hand with this centralization … develop, on an ever extending scale, the co-operative form of the labour-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economizing of all means of production in their use as the means of production of combined, socialized labour, the entanglement of all peoples in the net of the world market and with this the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation, but with this too grows the revolt of the working class … The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with it an under it. Concentration of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. The integument is burst asunder. The expropriators are expropriated." (Marx, *Capital*, Vol. I, Progress Publishers, Moscow 1974, pp.714-15)

"The *real barrier* of capitalist production is *capital itself*. It is that capital and its self-expansion appear as the starting and the closing point, the motive and purpose of production; that production is only production for *capital* and not vice versa, the means of production are not mere means for constant expansion of the living process of the *society* of producers. The limits within which the preservation and self-expansion of the value of capital resting on the expropriation and pauperization of the great mass of producers can alone move – these limits come continually into conflict with the methods of production employed by capital for its purpose, which drive towards unlimited expansion of production as an end in itself, towards unconditional development of the social productivity of labour. The means – unconditional development of the productive forces of society – comes continually into conflict with the limited purpose, the self-expansion of the existing capital. The capitalist mode of production is, for this reason, a historical means of developing the material forces of production and creating an appropriate world-market and is, at the same time, continual conflict between this its historical task and its own corresponding relations of production." (Marx, *Capital*, Vol. III, Progress Publishers, Moscow 1974, p. 250)

The very process of value's coming into being and self-expansion is itself alienating and, hence competitive. The law of competition of alienated and self-expanding values in order to appropriate surplus value leads to progressively higher organic composition (c/v i.e., constant capital ÷ variable capital) of the social capital in its average i.e., a constant increase in the constant constituent at the expense of its variable, or reversely, a constant relative decrease in its variable *vis-à-vis* its constant, as well as the total capital sourcing the progressive development of the social productivity of labour. "The immediate result of this is that the rate of surplus value, at the same, or even a rising, degree of labour exploitation, is represented by a constantly falling general rate of profit." (ibid., pp. 212-13). "This is in every respect the most important law of modern political economy and the most essential for understanding the most difficult relations." (Marx, *Grundrisse*, Pelican, 1981, p. 48). This law, an expression of the self-contradictions of the law of value, reveals one of the consequences of the *activating cause* of the *crisis*. However, one

must keep in mind that the capitalist class has at its disposal the countervailing measures by way of raising productivity of labour – hence raising rate of exploitation which again leads back to the *activating cause* of a crisis that is the *disproportion* which occurs from time to time owing to the inherent *anarchy* of the system. In fact, there exists also the *necessary condition* for a crisis – the existence of *poverty and restricted consumption*, etc. Without these conditions and their mutual interaction, or in their dormant state, there could be no crisis. Analogically, consider an explosion in a coal mine. The *activating cause* can be a spark igniting an explosive gas pocket that must already remain present there – the *necessary condition*. Thus, an interaction between two conditions causes crises and wars – the violent destruction of capital by capital – "not by relations external to it but rather as a condition of its self-preservation," (ibid., pp.749-50) when it becomes obligatory that this relation has to be replaced by a higher stage of social production – socialism – democratically run universal ownership.

"The great beauty of capitalist Production consists in this - it not only constantly reproduces wage-worker as wage-worker, but produces always, in proportion to the accumulation of capital, a relative surplus population of wage-workers." (Marx, *Capital*, Vol. I, Progress Publishers, Moscow 1974, p. 720)

"Accumulation of wealth at one pole is ... at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital." (ibid., p. 640)

Greater the social wealth, the greater is "the industrial reserve army" as Engels called this process in 1845 in *The Conditions of the Working Class in England* (see *Anti-Dühring*, Progress Publishers, Moscow 1969, p. 325)

"But the greater this reserve army in proportion to the active labour army, the greater is the mass of consolidated surplus population whose misery is in inverse ratio to its torment labour. The more extensive, finally, the lazarus-layers of the working class, and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*" (Marx, op. cit., p. 603)

Herein lies the problem of realization of self-expanding values, that is capitalism's ability to self-develop, since realization requires that means of production, means of subsistence as well as labour-power *must* be transformed into capital through their transformation into commodities in terms of prices circulated through money. But neither can the relatively dwindling mass of variable capital realize the relatively mass of labour-powers, nor can the relatively dwindling mass of surplus values realize the additional mass of means of production and capitalists' consumption. This results in the epidemics of relative "over-production", "over-accumulation", "over-population", "under-consumption", "lack of market", etc. These are only all various facets of manifestation of the inherent limits and contradictions of this spontaneous, non-natural (i.e., historical or social) mode of production, the growing incompatibility of private appropriation and

social production. All these effects stem from the same fundamental law – the law of value.

Capital is value that expands. So long as value exists capital also exists. Hence, when value dies, capital dies, crisis dies, so dies the source of private property and private poverty, alienation, competition, anarchy and war. With the passing away of exchange value also pass away the ills of value-production.

"The essence of bourgeois society consists precisely in this, that a priori there is no conscious regulation of production. The rational and the naturally necessary asserts itself only as a blindly working average." (Marx's letter to Kugelman, July 11, 1868, *Selected Works*, Vol. 2, Progress Publishers, Moscow 1969, p.419)

"Active social forces work exactly like natural forces, blindly, forcibly, destructively", in spite of us, in opposition to us; they master us "so long as we do not understand, and reckon with them." (Engels, *Anti-Dühring*, Progress Publishers, Moscow 1969, p.331). But once their nature is understood, they can, in the hands of the producers working together, be transformed from master demons to willing servants.

[From: the journal *Introducing Communist Review*, Calcutta, 1989 – written and revised by **Binay Sarkar**]