

Lucio Colletti

**Bernstein and the Marxism
of the Second International**

An essay from the collection entitled

*From Rousseau to Lenin :
Studies in Ideology and Society*

pp. 45-108.

Translated by John Merrington
and Judith White

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First published as *Ideologia e Società* by
Editori Laterza, Rome, Italy
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Monthly Review Press
New York and London
1974

*Prepared © for the Internet by David J. Romagnolo,
[djir@marx2mao.org](mailto:djr@marx2mao.org) (April 2002)*

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**Bernstein and the Marxism of
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ENGELS'S 'POLITICAL TESTAMENT'

In the introduction he wrote for the first reprinting of *The Class Struggles in France*, in March 1895 -- only a few months before his death -- Engels observes that the chief error made by Marx and himself at the time of the 1848 revolution was that they had treated the European situation as ripe for socialist transformation:

History has proved us, and all those who thought like us, wrong. It has made clear that the state of economic development on the continent at that time was not by a long way ripe for the elimination of capitalist production; it has proved this by the economic revolution, which, since 1848, has seized the whole of the continent . . . and has made Germany positively an industrial country of the first rank.^[1]

According to Engels, this error of judgement concerning the real level of capitalist development in 1848 was to a considerable extent matched by a mistaken *political* conception that he and Marx had derived from preceding revolutionary experience, and particularly that of France: the idea of revolution as the action of a *minority*. 'It was . . . natural and unavoidable that our conceptions of the nature and course of the "social" revolution proclaimed in Paris in February 1848, of the revolution of the proletariat, should be strongly coloured by memories of the prototypes of 1789 and 1830.' While 'all revolutions up to the present day have resulted in the displacement of one definite class rule by another', 'all ruling classes up to now have been only small minorities in relation to the ruled mass of the people'; hence, 'the common form of all these revolutions was that they were minority revolutions. Even when the majority took part, it did so -- whether wittingly or not -- only in the service of the minority; but

¹ Marx and Engels, *Selected Works* in one volume, London, 1968, p. 656. All the following quotations are from Engels's introduction (pp. 651-68), dated London, 6 March 1895.

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because of this, or simply because of the passive, unresisting attitude of the majority, this minority acquired the appearance of being the representative of the whole people.'

The undue extension of this character of preceding revolutions to 'the struggle of the proletariat for its emancipation' had now been sharply contradicted by history. History 'has done even more: it has not merely dispelled the erroneous notions we then held; it has also completely transformed the conditions under which the proletariat has to fight. The mode of struggle of 1848 is today obsolete in every respect, and this is a point which deserves closer examination on the present occasion.'

The conclusion Engels drew from this analysis was that, given the scale of modern standing armies (besides, of course, the character of socialist transformation itself), 'the time of surprise attacks, of revolutions carried out by small conscious minorities at the head of the unconscious masses', is irrevocably past. 'Where it is a question of a complete transformation of the social organisation, the masses themselves must also be in it, must themselves already have grasped what is at stake, what they are going in for, body and soul. The history of the last fifty years has taught us that. But in order that the masses may understand what is to be done, long persistent work is required and it is just this work which we are now pursuing and with a success which drives the enemy to despair.'

The necessity for this long, patient work, -- 'slow propaganda work and parliamentary activity' -- is recognized as 'the immediate task of the party' not only in Germany but also in France and other 'Latin countries', where, 'it is realized more and more that the old tactics must be revised'. But, 'whatever may happen in other countries', this was the path that German Social Democracy, as the vanguard of the international movement, must continue to pursue.

The two million voters whom it sends to the ballot box, together with the young men and women who stand behind them as non-voters, form the most numerous, most compact mass, the decisive 'shock force' of the international proletarian army. This mass already supplies over a fourth of the votes cast; and as by-elections to the Reichstag, the Diet elections in individual states, the municipal council and trades court elections demonstrate, it increases incessantly. Its growth proceeds as spontaneously, as steadily, as irresistibly, and at the same time as tranquilly as a natural process. All government intervention has proved powerless against it. We can count even today on two and a quarter million voters. If it continues in this fashion, by the end of the century we shall conquer the greater part of the middle strata of society, petty bourgeois and small

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peasants, and grow into the decisive power in the land, before which all other powers will have to bow, whether they like it or not. To keep this growth going without interruption until it of itself gets beyond the control of the prevailing governmental system, that is our main task.

This confident vision of the direction of events and the rapidity with which the goal could be attained ('by the end of the century' or within five years if the process were not interrupted by tactical errors), enabled Engels to re-emphasize the central theme of his text: namely, the necessity and timeliness of the 'turn' which German Social Democracy had made and which was now on the agenda in other countries as well. This 'revision' of the old tactics was now essential, since today 'there is only one means by which the steady rise of the socialist fighting forces in Germany could be temporarily halted, and even thrown back for some time: a clash on a big scale with the military, a blood-letting like that of 1871 in Paris'. This too would be overcome in the long run, but, it could not but 'impede' the 'normal development'.

On the other hand, the new tactics alone could further and ensure the progressive and irresistible development towards socialism which capitalist development itself, now at the peak of its maturity, demanded: the tactics of the 'intelligent utilization' the German workers had been able to make of universal suffrage, and to which they owed the astonishing growth of the party, documented by the statistics of its electoral support, which Engels quoted:

Thanks to the intelligent use which the German workers made of the universal suffrage . . . the astonishing growth of the party is made plain to all the world by incontestable figures: 1871, 102,000; 1874, 352,000; 1877, 493,000 Social Democratic votes. Then came recognition of this advance by high authority in the shape of the Anti-Socialist Law; the party was temporarily broken up, the number of votes dropped to 312,000 in 1881. But that was quickly overcome, and then . . . rapid expansion really began: 1884, 550,000; 1887, 763,000; 1890, 1,427,000 votes. Thereupon the hand of the State was paralysed. The Anti-Socialist Law disappeared; socialist votes rose to 1,787,000, over a quarter of all the votes cast. The government and the ruling classes had exhausted all their expedients -- uselessly, purposelessly, unsuccessfully. . . . The state was at the end of its tether, the workers only at the beginning of theirs.

By this use of the franchise, the German workers had not only built 'the strongest, most disciplined and rapidly growing Socialist Party'. They had also supplied 'their comrades in all countries with a new weapon, and one of the sharpest' in showing them how to use universal

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suffrage. The franchise had been 'in the words of the French Marxist programme, *transformé, de moyen de duperie qu'il a été jusqu'ici, en instrument d'émancipation* -- transformed by them from a means of deception, which it was before, into an instrument of emancipation'. It was precisely this 'successful utilization of universal suffrage' that constituted the 'new method of struggle' already adopted, which the proletariat should seek to use also in the future. It was already crystal-clear that the '*bourgeoisie* and the Government' had come to be 'much more afraid of the legal than the illegal action of the workers' party, of the results of elections than those of rebellions'.

Engels concluded:

The irony of world history turns everything upside down. We the 'revolutionists', the 'overthrowers', we are thriving far better on legal methods than on illegal methods and overthrow. The parties of order, as they call themselves, are perishing under the legal conditions created by themselves. They cry despairingly with Odilon Barrot: *la légalité nous tue*, legality is the death of us; whereas we, under this legality, get firm muscles and rosy cheeks and look like life eternal.

THE SUBSTANCE OF BERNSTEIN'S CRITIQUE

This text of Engels, which became, through his subsequent death, a political testament, dated from 1895. A year later, Bernstein began to publish the series of articles in *Die Neue Zeit* called *Problems of Socialism*. These were interrupted and begun afresh several times between 1896 and 1898 in response to the polemical reactions they raised; they finally appeared in March 1899, recast and amplified by the author, under the title: *The Premises of Socialism and the Tasks of Social Democracy*.^[2] Bernstein's approach to his theme immediately recalls the questions Engels had raised in his 'Introduction': the erroneous judgement of Marx and himself concerning the temporality of social and political developments; the mistaken conception of revolution as a 'revolution of the minority',

² E. Bernstein, *Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie*, Stuttgart, 1899, published in English under the title *Evolutionary Socialism*. The major rejoinders to Bernstein's book were those of Kautsky, *Bernstein und das sozialdemokratische Programm*, Stuttgart, 1899, and Rosa Luxemburg, *Sozialreform oder Revolution?*, Leipzig, 1899, published in English as *Social Reform or Revolution?* London, 1966. Cf. also the articles Plekhanov wrote in criticism of *Problems of Socialism* and in response to Conrad Schmidt's reply in defence of Bernstein, in the Russian edition of his *Works*, Vol. XI.

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the need to 'revise' outdated insurrectionist tactics in favour of new tactics based on utilization of the franchise, already adopted by the German Social Democrats.

Engels had written of a revision of *tactics*; Bernstein objected that this tactical revision necessarily implied a revision of *strategy*, a revision of the premises of theoretical Marxism. The errors denounced by Engels were not merely a result of contingent factors; they derived from essential points of doctrine and until the latter were revised it would be impossible to avoid making these errors. Bernstein was not disputing the new tactics. The political practice of the party was correct. But in order to proceed unhesitatingly and without contradictions along the path indicated by the new tactics, it was, he claimed, essential to free the party from the utopian and insurrectionist phraseology cultivated by the old theory. 'The practice of the German party has frequently, indeed almost always, been opportunist in character.' Despite this, or precisely because of this, 'its policy has in every case proved more correct than its phraseology. Hence I have no wish to reform the actual policy of the party . . .; what I am striving for, and as a theoretician must strive for, is a unity between theory and reality, between phraseology and action.'^[3] This statement is from a letter to Bebel, written in October 1898. In February 1899, Bernstein wrote to Victor Adler as follows: 'The doctrine [i.e. Marxism] is not sufficiently realistic for me; it has, so to speak, lagged behind the practical development of the movement. It may possibly still be all right for Russia . . . but in Germany we have outgrown its old form.'^[4]

There was then, according to Bernstein, a contradiction between the theoretical premises of socialism and the practice of Social Democracy -- hence the title of his book. The task he proposed was that of examining the theory, now outdated and utopian, and bringing it into line with the practical politics of the party. In short, the aim was to contest the necessary relation between Marxism and the workers' movement. Socialism must liberate itself from the

encumbrance of the old theory. 'The defect of Marxism' lay in its 'excessive abstraction' and the 'theoretical phraseology' which resulted. 'Do not forget,' he wrote to Bebel, 'that *Capital*, with all its scientificity, was in the last analysis a tendentious work and remained incomplete; it did so, in my opinion, precisely because the conflict between scientificity and tendency made Marx's task more and

³ V. Adler, *Briefwechsel mit August Bebel und Karl Kautsky*, Vienna, 1954, p. 259. Bernstein's letter to Bebel is dated 20 October 1898.

⁴ *ibid.*, p. 289.

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more difficult. Seen from this standpoint, the destiny of this great work is almost symbolic and constitutes, in any event, an eloquent warning.^[5]

The errors denounced by Engels were not, therefore, accidental but sprang from the theory itself. The incorrect estimation of the temporality of capitalist development resulted from a dialectical apriorism of the Hegelian type, from the fatalism and determinism of the materialist conception of history. It was, in short, the error of the 'theory of breakdown' (*Zusammenbruchstheorie*), the constant expectation of the inevitable and imminent 'catastrophe', to which, according to Marxism, the capitalist system was condemned by its very nature. The incorrect notion in 1848 of a seizure of power by 'revolution' or through a 'political catastrophe' and hence the overthrow of the state, also arose from an aprioristic and tendentious cast in Marx's argument, an argument shared in this case, in Bernstein's view, completely with Blanquism.

In short, an apriorism deriving from the conception of historical development in terms of dialectical antithesis, and a tendentious spirit or, as one might put it today, an 'ideological' intention, induced Marx to do violence to the evidence of scientific analysis. To this basic error Bernstein ascribed the theory of the polarization of society into two classes: the idea of the growing immiseration and proletarianization of the middle strata; and finally, the concept of the progressive worsening of economic crises and the consequent growth of revolutionary tension.

The proof of the apriori character of all these theses lay, according to Bernstein, in the fact that they had been invalidated by the course of history. Things had not proceeded in the way Marx had hoped and predicted. There was no concentration of production and no elimination of small- by large-scale enterprises; while this concentration had taken place extremely slowly in commerce and industry, in agriculture the elimination of small units had not merely failed to occur -- the opposite was the case. No worsening and intensification of crises; not only had these become more rare and less acute, but with the formation of cartels and trusts capitalism now had at its disposal more means of self-regulation. Finally, no polarization of society into two extreme classes; on the contrary, the absence of any *proletarianization* of the middle strata and the improvement of living conditions of the working classes had attenuated, rather than exacerbated, the class struggle. 'The aggravation of social relations,' Bernstein wrote, 'has not occurred in the manner described in the *Manifesto*. To attempt to conceal this fact is not only useless but mad. The

⁵ *ibid.*, p. 261.

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number of property owners has grown, not diminished. The enormous growth in social wealth has not been accompanied by an ever-narrowing circle of great capitalist magnates, but by an

ever-growing number of capitalists at every level. The character of the middle strata has changed, but they have not vanished from the social hierarchy.' Finally, he added: 'from a political point of view, in all the advanced countries, we observe the privileges of the capitalist *bourgeoisie* steadily giving way to democratic institutions. Under the influence of this, and driven by the ever more powerful pressure of the workers' movement, there has been a reaction of society against the exploitative tendencies of capital, which, even if it is still uncertain and hesitant, is there nonetheless, and invests wider and wider sectors of economic life.' In short, 'factory legislation', the 'democratization of communal administration', and 'universal suffrage' tend to erode the very basis of class struggle. This only confirms and proves once more that where parliamentary democracy is dominant, the state can no longer be seen as an organ of class rule. 'The more the political institutions of modern nations become democratized, the more the occasions and necessity for great political crises are removed.' Hence the working class should not strive to seize power by revolution, but should rather seek to reform the State, remodelling it in a more and more democratic mould. To conclude: there is a contradiction between political democracy and capitalist exploitation. The development of the former, that is of political equality, must necessarily gradually reduce and overcome economic inequalities and hence class differences.

Obviously, in his last text, Engels had not intended to say anything like this. Besides, Bernstein himself, while underlining the importance of the 'political testament', recognized that Engels himself could scarcely have been expected to undertake this 'necessary revision of the theory'. Nevertheless, at the moment when he began his series of articles in *Die Neue Zeit*, Bernstein enjoyed considerable prestige within German Social Democracy, not only because of his direction of the Party organ at Zurich for several years during the period of the exceptional laws; and not only because of his collaboration with Kautsky in the preparation of the Erfurt programme;^[6] but also and above all because he had lived for years in England close to Engels as both his disciple and friend. Kautsky recalled later: 'From 1883 Engels considered Bernstein and myself as the most trusted representatives of Marxist theory.'^[7] When Engels died in August

⁶ K. Kautsky, *Das Erfurter Programm*, Stuttgart, 1892, p. viii.

⁷ F. Engels, *Briefwechsel mit Karl Kautsky*, Vienna, 1955, p. 90.

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1895 it seems that of the two Bernstein was especially favoured; it was to him as executor that Engels entrusted the 'literary legacy' of Marx and himself.

Clearly, it would be futile to attempt to construe these elements as implying Engels and Bernstein had a common outlook. Though Bernstein insinuated on occasion that his 'internal struggle' and 'new viewpoint' were no secret to Engels, it cannot be doubted, as Kautsky wrote, that 'if Engels had suspected the change in Ede's [Bernstein's] outlook . . . he would certainly not have entrusted him with his literary legacy'.^[8] However, even if we lay aside these secondary considerations, their close relationship at least serves, in my view, to underline two important facts: not only that 'revisionism' was born in the heart of the Marxism of the Second International, and advanced from there, but also that Bernstein's polemic is incomprehensible if we fail to grasp the particular character of *that* Marxism from which it originated and in relation to which it always remained, in a real sense, complementary.

THE 'BREAKDOWN THEORY'

The pivot upon which the whole of Bernstein's argument turns is his critique of the 'theory of breakdown'. In his book, *Bernstein and the Social-Democratic Programme*, which appeared in

the same year, 1899, Kautsky correctly pointed out that 'Marx and Engels never produced a special "theory of breakdown" and that this term originates from Bernstein himself, just as the term "theory of immiseration" owes its existence to the adversaries of Marxism'.^[9] But what Bernstein understood by this theory was in substance nothing other than the content of the famous paragraph in *Capital* on the 'historical tendency of capitalist accumulation'.

In Marx's account, the imperative laws of competition determine the progressive expropriation of smaller capitalists by larger and hence an ever more accentuated 'centralization of capital'. This process, periodically accelerated by economic crisis, reveals the inherent limit of the capitalist regime: the contradiction between the social character of production and the private form of appropriation. On the one hand, these 'develop, on an ever-extending scale, the cooperative form of the labour process . . . the transformation of the instruments of labour into instru-

⁸ Letter from Kautsky to V. Adler, 21 March 1899, in Adler, op. cit., p. 303.

⁹ Kautsky, *Bernstein und das sozialdemokratische Programm*, op. cit., p. 42.

ments of labour only usable in common, the economizing of all means of production by their use as the means of production of combined, socialized labour'. On the other hand, 'along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grow the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself'.

Marx concludes:

The monopoly of capital itself becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.^[10]

It is true that Bernstein did not accept this account of the 'historical tendency of capitalist accumulation', which he regarded as a 'purely speculative anticipation'. Not by chance is the major thrust of his book directed at denying or strictly circumscribing what is today regarded, even by non-Marxist economists, as the most verified of all Marx's predictions; the capitalist concentration and centralization he forecast. Here we need refer only to the judgement of the eminent American economist, V. Leontiev, who rejects many aspects of Marx's theory. Discussing Marx's 'brilliant analysis of the long-run tendencies of the capitalist system', he observes:

The record is indeed impressive: increasing concentration of wealth, rapid elimination of small and medium-sized enterprises, progressive limitation of competition, incessant technological progress accompanied by the ever-growing importance of fixed capital, and, last but not least, the undiminishing amplitude of recurrent business cycles -- an unsurpassed series of prognostications fulfilled, against which modern economic theory with all its refinements has little to show indeed.^[11]

In this sense, Rosa Luxemburg was right to point out that 'what Bernstein questions is not the rapidity of the development of capitalist society, but

¹⁰ Marx, *Capital*, Vol. I, p. 763.

¹¹ Proceedings of the Fiftieth Annual Meeting of the American Economic Association, 1937 (*American Economic Review Supplement*, March 1938, pp. 5, 9).

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the march of this development itself and consequently, the very possibility of a change to socialism'. He 'not merely rejects a certain form of the collapse. He rejects the very possibility of collapse'.^[12] Or, better still, he denied not only the 'breakdown' (which we shall see, is not one of Marx's ideas), but also -- quite apart from any notion of automatic 'breakdown', such as Luxemburg's own thesis that the system 'moves towards a point where it will be unbalanced when it will simply become impossible'^[13] the vital nucleus of Marxism itself: namely, the idea that the capitalist order is a *historical* phenomenon, a *transitory* and non-natural order, which, through its own internal and objective contradictions inevitably nurtures within itself the forces that impel it towards a different organization of society.

There is no doubt that Bernstein expressly rejected all this. The best proof, if proof were needed, is his concern to demonstrate the possibility of the 'self-regulation' of capitalism. Cartels, credit, the improved system of communications, the rise of the working class, insofar as they act to eliminate or at least mitigate the internal contradictions of the capitalist economy, hindering their development and aggravation, ensure for the system the possibility of unlimited survival. In other words, for Marx's basic conception according to which the advent of socialism has its *preconditions* and *objective* roots within the process of capitalist production itself, Bernstein substituted a socialism based upon an *ethical ideal*, the goal of a civilized humanity free to choose its own future in conformity with the highest principles of morality and justice. As Rosa Luxemburg acidly commented: 'What we are offered here is an exposition of the socialist programme based upon "pure reason". We have here, in simpler language, an idealist exposition of socialism. The objective necessity of socialism, as the result of the material development of society, falls to the ground.'^[14]

However, granted this, it is also necessary to point out that the way in which Marx's own theory was expounded by the Marxism of that period transformed what Marx himself had declared a *historical tendency* into an 'inevitable *law of nature*'. A violent crisis would sooner or later produce conditions of acute poverty which would turn people's minds against the system, convincing them of the impossibility of continuing under the existing order. This extreme and fateful economic crisis would then

¹² Luxemburg, *Social Reform or Revolution?*, op. cit., pp. 10-11.

¹³ *ibid.*, p. 10. This thesis was later developed by Luxemburg in *The Accumulation of Capital*.

¹⁴ *ibid.*, p. 12.

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expand into a generalized crisis of society, only concluded by the advent to power of the proletariat. Such, according to Bernstein, was the dominant conception within Social Democracy. The conviction had become deeply rooted, he wrote, that 'this path of development was an *inevitable natural law* and that a generalized economic crisis was the necessary crucible for the emergence of a socialist society'.

The attribution to German Social Democracy of this thesis of an imminent and inevitable 'breakdown' (*Zusammenbruch*) of bourgeois society under the fatal impact of 'purely economic causes' was energetically attacked by Kautsky in his thorough reply to *The Premises of Socialism and the Tasks of Social Democracy*. He wrote: 'In the official declarations of German Social Democracy, Bernstein will seek in vain any affirmation that could be construed in the sense of the "theory of breakdown" he imputes to it. In the passage of the Erfurt Programme dealing with crises, there is no mention of "breakdown"'.^[15] Yet Bernstein's accusation was not altogether wide of the mark: this can be shown not only by some of the reactions it aroused in

Marxist circles (Cunow for example), reaffirming that Marx and Engels did indeed believe in a catastrophic breakdown of capitalism,^[16] but also by the Erfurt Programme itself, drawn up by Kautsky in 1891-2. In the Erfurt Programme, the conversion or transformation of the 'historical tendency' Marx had discussed into the terms of a *naturalistic* and fatal necessity is quite evident.

Kautsky wrote in his commentary to the programme:

We consider the breakdown (*Zusammenbruch*) of existing society as inevitable, since we know that economic development creates with a natural necessity conditions which force the exploited to strive against private property; that it increases the number and power of the exploited while it reduces the number and power of the exploiters, whose interest is to maintain the existing order; that it leads, finally, to unbearable conditions for the mass of the population, which leave it only a choice between passive degeneration and the active overthrow of the existing system of ownership.

And he added:

Capitalist society has failed; its dissolution is only a question of time; irresistible economic development leads with natural necessity to the bankruptcy of the

¹⁵ Kautsky, *Bernstein und das sozialdemokratische Programm*, op. cit., p. 43.

¹⁶ For a reconstruction of the 'breakdown controversy' see P. M. Sweezy, *The Theory of Capitalist Development*, New York, 1968, pp. 190 ff.

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capitalist mode of production. The erection of a new form of society in place of the existing one is no longer something merely desirable; it has become something inevitable.^[17]

This theme of the approaching breakdown of capitalism and the imminent passage to socialism constitutes an essential guide-line in the *Bernstein-Debatte*. This was not only for the theoretical or doctrinaire reasons already mentioned, to which we shall have occasion to return; but also because, in the various forms this theme assumed around the turn of the century, we can trace the reverberation of a real historical process, which must at least be mentioned at this point.

THE 'GREAT DEPRESSION'

For economists, the last quarter of the nineteenth century has for some time now come to assume the significance of a crucial phase in the history of capitalism. The period is marked by a long-drawn-out economic crisis, which has become known as the 'Great Depression', lasting from 1873 to 1895, though punctuated by two moments of recovery.^[18] During this crisis, which began with a violent slump but soon adopted a milder, but exhaustingly lengthy movement (which helped many contemporaries to fail to identify it as a real crisis in the classical sense of the term), all the fundamental categories of Marx's analysis came fully into play: the tendency for the rate of profit to fall due to the increased 'organic composition' of capital; stagnation and partial saturation of outlets for investment; unimpeded action of competition, which, apart from affecting profit margins, resulted in a spectacular fall in prices.

In his edition of the third volume of *Capital*, Engels inserted a lengthy note into Marx's discussion of joint-stock companies, in which he referred to the Depression then taking place in the following terms:

The daily growing speed with which production may be enlarged in all fields of large-scale industry today, is offset by the ever-greater slowness with which the market for these increased products expands. What the former turns out in months, can scarcely be absorbed by the latter in years. . . . The results are a general chronic over-

production, depressed prices, falling and even wholly

¹⁷ Kautsky, *Das Erfurter Programm*, op. cit, pp. 106, 136.

¹⁸ M. Dobb, *Studies in the Development of Capitalism*, London, 1947, pp. 300 ff. For bibliographical references and quantitative information (arranged by topics: employment, investment, prices, etc.) see S. G. E. Lythe, *British Economic History Since 1760*, London, 1950.

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disappearing profits; in short, the old boasted freedom of competition has reached the end of its tether and must itself announce its obvious, scandalous bankruptcy.^[19]

The insistence in this text on the 'ever-greater slowness' with which the market expands refers in particular to an essential feature of this period, to which Engels frequently drew attention: the end of the British industrial monopoly of the world and the beginning of international struggle for markets -- not, of course, for the export of commodities, but for the export of capital. It was indeed precisely during the Great Depression period that German and American industry, which embarked on the process of centralization earlier and more fully than British industry, began to contest British economic world supremacy.^[20]

This end to the 'British industrial monopoly' acquired great significance in Engels's thinking in his last years. He refers to it in his Preface of 1892 to the *Condition of the Working Class in England*: the breakdown of this monopoly, he wrote, must entail the loss of the 'privileged position' of the British working class and hence 'there will be socialism again' in Britain. It would seem that the effects of the depression and the 'bankruptcy' of free competition reinforced to some extent in Engels -- and even more clearly in the case of his disciples -- the sensation that the system was rapidly moving towards the final settlement of accounts.

Kautsky later recalled:

At the time of my third stay in London (1885), Engels unceasingly affirmed that the British workers' rejection of socialism was connected with the monopoly position of British industry over the world market, which allowed the capitalists to concede extraordinary favours to the Trade Unions. But now, with the rise of powerful industries in other countries, this monopoly would end; with its demise the opposition between organized labour and capital would become more acute even in Britain.

¹⁹ Marx, *Capital*, Vol. III, p. 428.

²⁰ G. M. Trevelyan, *English Social History*, London, 1946, p. 557. 'The Franco-Prussian war of 1870 was the first shock. And during the three following decades America and Germany rose as manufacturing powers rival to our own. The immensely greater natural resources of America, the scientific and technical education provided by the far-sighted governments in Germany, told more and more every year. To meet this new situation, our island liberty, Free Trade and individualist self-help might not alone be enough. Some sense of this led to improved technical education over here. It led, also, to greater interest in our own 'lands beyond the sea', the Imperialist movement of the nineties; and it induced a more friendly and respectful attitude to America . . . and "the Colonies", as Canada and Australasia were still called.'

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And Kautsky added:

Indeed, we expected much more from the crisis at that time. . . . Not only the revival of the socialist movement in Britain, but the breakdown (*Zusammenbruch*) of capitalism throughout the world. This hope proved illusory. Capitalism survived the crisis, despite its considerable extension in space and time and its inordinate intensity. A new phase of capitalist prosperity ensued. But what emerged was an entirely altered capitalism. The older form of capitalism had been eclipsed.^[21]

This is perhaps the crucial point. The long crisis passed and capitalism survived. Indeed it

overcame the crisis by transforming itself. Learning from the drastic effects of competition on prices and profit margins, capitalism reacted by decisively adopting the path of monopolistic development.^[22] Capitalism entered the Great Depression in the classical nineteenth-century form of a competitive economy; it emerged at the end of the century with a radically altered physiognomy. The old banner of *laissez-faire* was rolled up. Unlimited competition was restricted; faith in the providential self-regulating virtues of the system gave way to agreements on prices and production quotas. Until the 1870s free competition went almost uncontested; by the end of the century, cartels had already become one of the bases of economic life. The great business upswing after 1895 and the new crisis of 1900-3 took place, for the first time, at least in the mining and iron-and-steel industries, entirely under the sign of monopolistic cartelization.

Free trade gave way steadily to protectionism: but with the difference that, while the initial task of protectionism had been that of safeguarding growing national industries from the unequal competition of more advanced industrial countries, its function was now altered, indeed inverted. It was transformed, 'from a means of defence against the conquest of the home market by foreign industry' into 'a means of conquering overseas markets on behalf of home industries; . . . from a defensive weapon of the weak' into 'an offensive weapon of the strong'.^[23]

Similarly profound mutations occurred in the field of colonial policy.

²¹ F. Engels' *Briefwechsel mit K Kautsky*, op. cit., pp. 174-5. Kautsky's Commentary on the letters dates from 1935.

²² W. W. Rostow, 'Investment and the Great Depression' in *Economic History Review*, May 1938, p. 158 (cited by Dobb, op. cit., p. 312), observes that capitalists 'began to search for an escape (from narrower profit-margins) in the ensured foreign markets of positive imperialism, in tariffs, monopolies, employers' associations'.

²³ R. Hilferding, *Das Finanzkapital*, Berlin, 1955, p. 460.

In the classic period of free trade, the colonial system had fallen into such discredit that, as Lenin remarked, even after 1860 'the leading British bourgeois politicians were opposed to colonial policy and were of the opinion that the liberation of the colonies, their complete separation from Britain, was inevitable and desirable'.^[24] From 1880 onwards, on the contrary, a new feeling awakened for the economic value of colonies. Hobson in his book on imperialism marks out the period from 1884 to 1900 as that of the maximum territorial expansion of the major European powers. Africa, only a tenth of whose total area had been annexed by 1876, was by 1900 nine-tenths under foreign rule.

The effects of this deep and substantial change in capitalist development were a decisive factor in the 'crisis of Marxism' which erupted at the turn of the century. The system, which seemed to have entered a period of prolonged coma since the 1870s, beyond which -- imminent and palpable -- seemed to be visible the collapse of bourgeois society and the advent of socialism, now enjoyed a sudden upswing; the result was a profound shift in the European and world picture, destroying the expectations of an imminent 'breakdown' of the old society which had seemed to rest upon unbreakable and inevitable 'natural necessity'. As Labriola wrote, on the outbreak of the *Bernstein-Debatte* :

Behind all the din of battle, in fact, there lies a deep and crucial question. The ardent, energetic and precocious hopes of several years ago -- the prediction of the details, the over-precise itineraries -- have now come up against the more complex resistance of economic relations and the ingenuity of political contrivances.^[25]

A new epoch of capitalist prosperity began. Capitalism sprang from its ashes, its physiognomy profoundly altered. And even if the Great Depression came to be characterized by later economists as 'forming a watershed between two stages of capitalism: the earlier vigorous, prosperous and flushed with adventurous optimism; the latter more troubled, more hesitant, and

some would say, already bearing the marks of senility and decay,'^[26] the dominant impression for many contemporaries was that of entering into a *new* epoch, governed by only partially explored mechanisms, bristling with unforeseen problems.

²⁴ Lenin, *Imperialism, the Highest Stage of Capitalism* in *Selected Works*, op. cit., Vol. 1, p. 737.

²⁵ Letter from Labriola to Lagardelle, 15 April 1899, in Antonio Labriola, *Saggi sul Materialismo storico*, Rome, 1964, p. 302.

²⁶ Dobb, op. cit., p. 300.

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Labriola was not alone in sensing this. In the issue of *Die Neue Zeit* in which, for the first time, he stated explicitly his disagreement with Bernstein, Kautsky observed that the political and economic changes of the past twenty years had revealed characteristics which were still hidden at the time of the *Manifesto* and *Capital*. 'A re-examination, a revision of our positions had therefore become necessary.' Even if he did not share the method, or results, which had hitherto emerged from Bernstein's articles, at least he granted them the merit of having posed the problem.^[27]

The state of unease and uncertainty in the face of the newly emerging situation was all the more acute for the incautious, credulous optimism of several years before. For the older generation it was complicated by the disarray caused by the recent loss of Engels's guidance. 'All this is only part of the difficulties which have burdened us through the death of Engels', Adler wrote to Bebel: 'the Old Man would also have made the "revision" easier, to the extent that it is needed'.^[28] Shortly after, in a letter to Kautsky, he added: 'You [Bernstein and Kautsky himself] should both have done this work, which was or rather still is needed, to bring the party up from the 1847 viewpoint to that of 1900'.^[29]

In the course of a few years, then, the economic and social situation emerged in a new light; what had shortly before seemed the immediate prelude to the 'final crisis' now unexpectedly assumed the profile of a new epoch. As always, at moments of crossing a critical watershed, minor differences between closely related positions are enough to reveal globally different outlooks. In 1895, in the Introduction to the new edition of *The Class Struggles in France*, Engels optimistically saw capitalism moving ineluctably towards its rapid decline 'by the end of the century', while the rise of Social Democracy to power seemed to proceed 'as spontaneously, as steadily, as irresistibly and at the same time as tranquilly as a natural process'. Everything, in short, seemed to conspire towards the

²⁷ cf. L. Amodio in Rosa Luxemburg, *Scritti scelti*, Milan, 1963, p. 137. This feeling explains the favourable, even sympathetic reception accorded to Bernstein's articles in *Die Neue Zeit*. Even in November 1898, after the Stockholm Congress in which Bernstein's theses were rejected by the German Social Democratic Party, Labriola, for example, showed a sympathetic consideration for them (cf. G. Procacci, 'Antonio Labriola e la revisione del marxismo attraverso l'epistolario con Bernstein e con Kautsky' in *Annali dell' Istituto G. G. Feltrinelli*, 1960, Milan, 1961, p. 268). Besides, as V. Gerratana has shown in his introduction to Labriola, *Del Materialismo storico*, Rome, 1964, p. 11, n. 1, even Lenin at first did not realize the significance of Bernstein's articles (cf. Lenin, *Collected Works*, Vol. 34, pp. 35-6 [*Transcriber's Note*: See Lenin's letter of 27 April 1899 "[To A. N. Potresov](#)". -- DJR]).

²⁸ V. Adler, op. cit., p. 268.

²⁹ *ibid.*, p. 352.

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imminent ruin of the existing order, even the 'legality' the *bourgeoisie* had provided for itself. In 1896, on the other hand, we are confronted by Bernstein's doubts, 'disappointment' and confusion; by now he could only see the 'tactics', the everyday routine of the 'movement', and no longer saw the meaning of the 'final goal' (*das Endziel*).

Both perceived the same phenomena, both recorded the birth of cartels and trusts. But in their arguments, these same phenomena acquired radically opposed significances. In the long note, already discussed, which Engels inserted in Marx's treatment of joint-stock companies in the third volume of *Capital*, he wrote of 'new forms of industrial enterprises . . . representing the second and third degree of stock companies'. In each country, he wrote, 'the big industrialists of a certain branch [join] together in a cartel for the regulation of production. A committee fixes the quantity to be produced by each establishment and is the final authority for distributing the incoming orders. Occasionally, even international cartels were established, as between English and German iron industries.'³⁰ For Engels this monopolistic cartelization and resultant 'regulation' of production was the final process of involution, the imminent extinction of the system, the 'bankruptcy' of free competition as the basic principle of the capitalist system. Bernstein, on the contrary, as Kautsky acutely observed,³¹ overlooked cartels when they spoke in confirmation of the real occurrence of capitalist concentration, and hence 'to Marx's advantage', only referring to them where they could serve as evidence 'against' Marx. In his view, cartels and the slight degree of 'regulation' of production they allowed signified the opposite: the advent of a *new*, so to speak, regenerated capitalism which had learned to correct its old faults (anarchy) by 'regulating itself' and hence was capable of indefinite survival.

This difference of viewpoints stems essentially from a different perception of the historical moment. In this respect, in his awareness that times were changing, it must be conceded that Bernstein was in advance of Engels, Kautsky and all the rest. His advantage and strength lay in his consciousness that he was facing a new historical situation. His actual attempt to cast light on the phenomena of the most recent capitalist development was irrelevant from a scientific standpoint, but this foresight explains why it is that, despite the archaism of so much of his argument, he nonetheless appears in some respects -- in his prompt intuition of the new course of development, obviously, rather than in the

³⁰ Marx, *Capital*, Vol. III, p. 428.

³¹ Kautsky, *Bernstein und das sozialdemokratische Programm*, op. cit., p. 80.

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interpretation he gave of it -- nearer to the generation of a Lenin and a Hilferding than to that of a Kautsky and a Plekhanov. Stock companies, the development of cartels and trusts, the separation of 'ownership' and 'control', the growing 'socialization of production', the 'democratization of capital', etc., all themes which are central to Bernstein's argument, are also the themes of Hilferding's *Finance Capital* and Lenin's *Imperialism*. That is why the most effective answers to Bernstein can be found in these texts.

TELEOLOGY AND CAUSATION

However, the experience of the Great Depression and the consequent 'turn' in capitalist development were not the only factors underlying the 'breakdown' controversy. It is also essential, even for a summary reconstruction of the historical moment when Bernstein's book was published, to include another crucial component: the character of the Marxism of the Second International; the way it received and interpreted Marx's work; the influence exercised by Engels's writings;³² the contamination and subordination of this Marxism *vis-à-vis* the dominant cultural developments of the period.

³² As far as I know, an exhaustive investigation of the influence of Engels's writings on the formation of the principal exponents of Marxism in the Second International still remains to be carried out. It will suffice here to note that the complete identification of Marx's thought with that of Engels (in the uncritical form in which they are still received) begins to take shape precisely in this period (it was later made peremptory and absolute by Lenin and Russian Marxism). Engels's influence, as confirmed by all direct testimony, seems to have been due to several

factors. Firstly, most of Engels's theoretical texts (written either in the last years of Marx's life or after his death) coincided with the formation of Kautsky's and Plekhanov's generation with whom Engels had common cultural interests (Darwinism, ethnological discoveries -- in short, the whole cultural atmosphere of the period). Secondly, this influence (which was reinforced by close personal relations), quite apart from the wider diffusion and greater simplicity and expository clarity of Engels's writings -- often emphasized by Kautsky, Plekhanov and all the others, cf. K. Kautsky, *F. Engels: Sein Leben, Sein Werke, seine Schriften*, Berlin, 1908, p. 27 -- seems to be linked to the place given in Engels's work to philosophical-cosmological developments, 'the philosophy of nature', in other words, the 'extension' of historical materialism into 'dialectical materialism': as is well known, the latter term owes its origin to Engels himself. This aspect of Engels's work had a determinant weight also for the succeeding generation: Max Adler, for example, claimed (*Engels als Denker*, Berlin, 1925, pp. 65 ff.) that Engels's merit lay precisely in having liberated Marxism from the 'special economic-social form' it assumes in Marx's own detailed work, broadening its scope to the dimensions of eine *Weltauffassung*.

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Bernstein's view on this question was that the theory of 'breakdown' descended directly from the 'fatalism' and 'determinism' of the materialist conception of history. The expectation of an imminent and inevitable catastrophe of *bourgeois* society, brought about by 'purely economic' causes, reproduced, according to Bernstein, the inherent limits of any materialist explanation, in which matter and the movements of matter were the cause of everything. 'To be a materialist means, first and foremost, to reduce every event to the necessary movements of matter.' Secondly, 'the movement of matter takes place, according to the materialist doctrine, in a necessary sequence like a mechanical process'. Since this movement is also that which must determine 'the formation of ideas and the orientation of the will', it follows that the historical and human world is represented as a chain of predetermined and inevitable events; in this sense the materialist, Bernstein concluded, is 'a Calvinist without God'.

It is, of course, true that the Marxists of the period sharply denied the accusation of 'fatalism'. Kautsky replied that historical materialism had, on the contrary, never dreamed of forgetting the essential importance of human intervention in history. The overthrow of capitalist society was never entrusted by Marx solely to the effect of 'purely economic' causes. In the very paragraph on 'the historical tendency of capitalist accumulation', besides the aggravation of economic contradictions, Marx had also underlined another factor: the 'maturity' and education of the working class, the high level of consciousness attained, its capacity for organization and discipline.^[33] Plekhanov's response, as we shall see, did not greatly differ from Kautsky's, though it was philosophically more systematic, and notably more virulent in its polemic; besides, Plekhanov had himself published, in 1898, *The Role of the Individual in History*. However, the anti-Bernstein positions of that period (as, indeed, much of present-day Marxism, which would blush even to imagine itself 'determinist') were characterized by a presupposition they shared with Bernstein himself: a vulgar^[34] and naïve conception of the 'economy'.

Here, too, Bernstein's argument rests upon yet another famous 'self-criticism' by Engels, dating from 1890:

³³ Kautsky, *Bernstein und das sozialdemokratische Programm*, op. cit., p. 46.

³⁴ For documentary evidence of this 'vulgarity' see the initial chapters of O. Lange, *Political Economy*, Warsaw, 1963, which refer, moreover, to Marxist authors and texts of the Second International.

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According to the materialist conception of history, the ultimately determining element in history is the production and reproduction of real life. More than this neither Marx nor I have ever asserted. Hence if somebody twists this into saying that the economic element is the only determining one, he transforms that proposition into a meaningless, abstract, senseless phrase.^[35]

Engels continued:

Marx and I are ourselves partly to blame for the fact that the younger people sometimes lay more stress on the economic side than is due to it. We had to emphasize the main principle *vis-à-vis* our adversaries, who denied it, and we had not always the time, the place or the opportunity to give their due to the other elements involved in the interaction.^[36]

These self-critical observations of Engels were regarded by Bernstein as a substantial innovation compared to the original 'determinism' of the materialist conception of history, as formulated by Marx in the 'Preface' to *A Contribution to the Critique of Political Economy* of 1859. It is notable that a similar judgement (though without the critical reference to the 1859 text) has for some time been prevalent in contemporary Marxism. There is the same emphasis on the value of Engels's solution to the problem -- for example in his letter to Starkenburg of 1894:

Political, religious, juridical, philosophical, literary, artistic, etc. development is based on economic development. But all these react upon one another and also upon the economic basis. It is not that the economic situation is *cause, solely active*, while everything else is only passive effect. There is, rather, interaction on the basis of economic necessity, which ultimately always asserts itself.^[37]

Bernstein's comment on this passage by Engels emphasized that it did more harm than good to historical materialism arrogantly to reject as eclecticism the decisive accentuation of 'other factors' which are not

³⁵ Letter from Engels to J. Bloch, 21 September 1890, in Marx and Engels, *Selected Correspondence*, Moscow, 1963, p. 498.

³⁶ *ibid.*, p. 500. It should be pointed out that these 'self-critical' statements by Engels (which, incidentally, seriously perplexed writers as diverse as Plekhanov and Max Adler) are not easy to interpret. Taken literally, they would seem to signify that there is, in Marx's work, an over-emphasis on the 'economic factor'. But Engels himself, later in the letter, excludes this interpretation ('But when it came to presenting a section of history, that is to making a practical application, it was a different matter and there no error was possible'). The fault to which he refers would seem then to apply to general pronouncements on historical materialism. Yet it is notable how rare such pronouncements are in Marx's work and how they (in *Theses on Feuerbach*, Part One of *The German Ideology*, etc.), except perhaps in one case (cf. note 38), are unscathed by this type of criticism.

³⁷ *ibid.*, p. 549.

'purely economic', and to restrict the field to production techniques (*Produktionstechnik*). Eclecticism, he added in polemic against Plekhanov's *Monism*, is often precisely a natural reaction against the doctrinaire impulse to deduce everything from one sole principle.

Nonetheless, despite their differences, what Bernstein shared with Plekhanov, and what Engels's 'self-criticism' could not correct but only confirm, was the profound adulteration of the concept of the 'economy' or, better still, of 'social relations of production', precisely the core and foundation of Marx's entire work. The so-called 'economic sphere' which in Marx had embraced both the production of *things* and the production (objectification) of *ideas*; production and intersubjective communication; material production and the production of social relations (for Marx, the relation between man and nature was also a relationship between man and man, and vice versa) -- was now seen as *one isolated factor*, separated from the other 'moments' and thereby emptied of any effective socio-historical content, representing, on the contrary, an antecedent sphere, prior to any human mediation.^[38] *Social* production is thus transformed into 'production *techniques*'; the object of political economy becomes the object of technology. Since this 'technique', which is 'material production' in the strict sense of the term, is separated from that other simultaneous production achieved by men, the production of their *relations* (without which, for Marx, the former would not exist), the *materialist* conception of history tends to become a *technological* conception of history. If so those critics of Marxism, like Professor Robbins, for

³⁸ This, in my view, is the danger that arises from the theory of 'factors', suggested by Engels in his letters. Precisely to the extent that he emphasizes the decisive role, not only of the 'economic base' but also of the 'superstructure', his account encourages the interpretation of the 'economic base' as a 'purely material' or 'technical-economic' domain, not including social relations and hence inter-subjective communication. Even though one should be cautious on this point, it is notable in this connection that Woltmann, for example, believes he has located a difference between the social concept of the 'economy' characteristic of Marx and the naturalistic concept of Engels, Kautsky and Cunow (cf. Kautsky, *Bernstein und das sozialdemokratische Programm*, op. cit., p. 47). The distinction between 'structure' and 'superstructure' rarely occurs in Marx and is little more than a metaphor for him; in later Marxism it has acquired an inordinate importance. On the other hand, it is also true that at least part of the blame for these later developments must fall to Marx's famous 'Preface' to *A Contribution to the Critique of Political Economy* (1859), in which formulations like: 'The mode of production of material life conditions the social, political and intellectual life process in general' would suggest, if taken literally, a 'material production' which is not at the same time a 'social process'.

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whom historical materialism signifies the idea that 'the material technique of production conditions the form of all social institutions and that all changes in social institutions are the result of changes in productive techniques' -- the idea, in short, that 'History is the epiphenomenon of technical change' -- are right.^[39]

The main consequence of this 'factorial' approach, which runs more or less openly through all the Marxism of the period as the common basis for arguments as diverse as those of Bernstein and Plekhanov, is the divorce of 'production' and 'society', of *materialism* and *history*, the separation of man's relation with nature from the simultaneous relations between men. In short, the result is an incapacity to see that without human or social mediation, the very existence of labour and productive activity is inconceivable. Marx had written:

In production, men not only act on nature but also on one another. They produce only by co-operation in a certain way and by mutually exchanging their activities. In order to produce, they enter into definite relations with one another and only within these relations does their action on nature, does production, take place.^[40]

The intertwining of these two processes is the key to *historical* materialism. Traditional materialism, which sees men as products of their environment, forgets, according to Marx,^[41] that men in turn change their circumstances and that 'it is essential to educate the educator himself'. It forgets that it is not enough to consider practical-material circumstances as the *cause* and man as their *effect* -- the inverse must also be taken into account. Just as man, the effect, is also the cause of his cause, so the latter is also the effect of its own effect.

In other words, as a product of objective material causation, man is also and simultaneously the beginning of a new causal process, opposite to the first, in which the point of departure is no longer the natural environment but the concept, the *idea of man*, his mental project. This second process -- whose *prius* is the *idea* and in which therefore the cause is not an object but a *concept*, the object being the goal or point of arrival -- is the so-called *final causality*, the finalism or teleological process as opposed to the *efficient causality* or material causality in the case of the first process. 'An

³⁹ L. Robbins, *An Essay on the Nature and Significance of Economic Science*, London, 1948, p. 43.

⁴⁰ *Wage Labour and Capital*, in Marx and Engels, *Selected Works*, op. cit., p. 81.

⁴¹ Third Thesis on Feuerbach.

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end,' according to Kant, 'is the object of a concept so far as this concept is regarded as the cause of the object (the real ground of its possibility); and the causality of a concept in respect of its

object is finality (*forma finalis*).^[42] Finalism, therefore, inverts the sequence of efficient causality. In the latter case, the cause precedes and determines the effect; in the former, the effect is an *end*, an intentional goal, and therefore it determines the efficient cause, which in turn becomes simply a *means* to accomplish it.

Now the simultaneity of these two processes, each of which is the inversion of the other, but which together form the *umwälzende* or *revolutionäre Praxis* referred to in the *Theses on Feuerbach*, is the secret of and key to *historical materialism* in its double aspect, of causation (materialism) and finality (history). But it also permits an explanation of that sensitive point in Marx's work: his concept of 'production' or 'labour' as at once production of *things* and production (objectification) of *ideas*, as production and intersubjective communication, as material production and production of social relations.

In a celebrated passage in *Capital* Marx writes:

A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality. At the end of every labour-process we get a result that already existed in the imagination of the labourer at its commencement. He not only effects a change of form in the material on which he works, but also realizes a purpose of his own that gives the law to his *modus operandi*, and to which he must subordinate his will.^[43]

The product of labour, then, is the objectification or externalization of the *idea* of the labourer: it is the *external*, real becoming of the concept or programme with which the labourer sets about his task. This means that labour is a *finalistic* activity; that production is not only a relation between man and nature but also a relation between men, that is a *language* ^[44] or manifestation of man to man. On the other hand, insofar as it is necessary for the *realization* of the idea or labour project that it takes into account the specific nature of the materials employed, the labour process reveals as well as finalism, *efficient causation*. Indeed, to objectify the idea, 'the

⁴² I. Kant, *The Critique of Judgement*, trans. J. C. Meredith, Oxford, 1952, Part 1, p. 61.

⁴³ Marx, *Capital*, Vol. I p. 178.

⁴⁴ In *The German Ideology* (London, 1965, p. 37), production is defined as 'The language of real life'.

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ideal motive which is the inherent stimulus and precondition of production', in the product, and thereby to transform nature according to our plans and designs, it is necessary that the idea both determines the object and is determined by it. According to Bacon's celebrated aphorism, to command nature we must also obey her; to make the object conform to us, it is indispensable that we conform ourselves to it. 'Production,' says Marx, 'accordingly produces not only an object for the subject, but also a subject for the object.' The 'ideal impulse' which acts as 'an internal image, a need, a motive, a purpose' is not only cause but effect; for indeed, 'It is itself as an impulse mediated by the object. The need felt for the object is induced by the perception of the object.'^[45]

This is not the place to examine how this relation finality/causation is the same as the relation deduction/induction and how the Marxist concept of the 'social relations of production' therefore implicitly contains a logic of scientific enquiry. It is more appropriate here, returning to Bernstein and the controversy he raised over the 'determinism' of the materialist conception of history, to show instead how all the Marxist tendencies within the Second International came up against the difficulty of grasping the reciprocal interrelation of finality and causation outlined above.

'Man's activity,' Plekhanov wrote in one of his articles against Bernstein and his critique of materialism, 'can be considered from two different standpoints.' Firstly, 'it appears as the cause of a given social phenomenon, insofar as man himself knows he is such a cause, 'insofar as he supposes that it depends on him to provoke such social phenomena.' Secondly, 'the man who appears to be the cause of a given social phenomenon can and must in turn be considered a consequence of those social phenomena which have contributed to the formation of his character and the direction of his will. Considered as a consequence, social man can no longer be considered a free agent; the circumstances which have determined his actions do not depend upon his will. Hence his activity now appears as an activity subordinated to the law of necessity.'^[45]

The argument could not be clearer: man, who in his own consciousness imagines himself to be the cause, is in reality the effect and nothing but the effect. Plekhanov, in other words, fails to link together finalism and

⁴⁵ Marx, '1857 Introduction' to *A Contribution to the Critique of Political Economy*, op. cit., p. 197

⁴⁶ G. Plekhanov, *Works* (Russian edition), Vol. XI, p. 77. 'Cant against Kant, or Mr. Bernstein's spiritual testament'.

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causation. The concept of *umwälzende Praxis*, that is of productive activity which subverts and subordinates to itself the conditions from which it stems, or that of the 'educator who must himself be educated', remain undecipherable formulae for Plekhanov. Hence the only way he can combine the two elements is by recognizing only necessity or material causation as *real*, and assigning to freedom or finalism only the role of registering necessary and inevitable order. Freedom, for Plekhanov, repeating Engels and through Engels Hegel, is the 'recognition of necessity'.^[47] Freedom, in other words, is the consciousness of being determined.

We have not the space here to show how this reference to Hegel concerning the relation between necessity and freedom, like all the other Hegelian propositions shared by the 'dialectical materialism' of Engels and Plekhanov, is based on a somewhat arbitrary 'reading' of the texts of the great German philosopher.^[48] The identity of freedom and necessity or, which is the same thing, the *identity* of thought and being,^[49] are recurring *motifs* only in Engels's later philosophical works; they are absolutely foreign to the thought of Marx. Moreover, the real paternity of this identification is made all too transparent, somewhat ingenuously, by Plekhanov himself, when he appeals in support of the identity of freedom and necessity not only to Hegel, but to the end of the fourth section of Schelling's *System of Transcendental Idealism*.^[50] However, it is more relevant to underline here the gulf of principle that separated the 'orthodox' Marxism of the Second International from Marx's original problematic.

Man is considered as a mere link in the material, objective chain, a

⁴⁷ G. Plekhanov, *Essais sur l'histoire du matérialisme*, Paris, 1957, p. 123.

⁴⁸ For this relation to Hegel, see especially Plekhanov's article 'Zu Hegel's sechzigstem Todestag' in *Die Neue Zeit*, 1891-2, Vol. I, pp. 198 ff., 236 ff, 273 ff. ⁴⁹ Plekhanov, *The Fundamental Problems of Marxism*, op. cit., p. 95.

⁵⁰ F. W. J. Schelling, *System des transzendentalen Idealismus*, Tübingen, 1800. This reference to Schelling recurs in almost all of Plekhanov's philosophical works. The passages on which Plekhanov modelled his own thought on the subject are particularly the following: 'The intelligence is only free as an internal appearance, and we therefore are and always believe inwardly, that we are free, although the appearance of our freedom, or our freedom, insofar as it is transferred to the objective world, is subject to the laws of nature, like anything else' (p. 438). 'Every action, whether it is the action of an *individual*, or the action of the whole species, as action must be thought of as free, but as objective achievement it must be thought of as subject to the laws of nature. Hence subjectively, to internal appearances, we act, but objectively we never act, another acts as if through us' (p. 442).

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being whose action is 'determined' by a superior, transcendent force -- Plekhanov called it 'Matter' but he could also have called it the 'Absolute' or the 'ruse of Reason' -- which acts through human action itself, insofar as the intentions men might consciously (and hence deludedly) pursue give rise to different results. The novelty and specificity of the historico-human world -- contained in the complex Marxist concept of 'production' as both production of human *relations* and production of *things*, as production of the self and reproduction of the 'other' -- is, therefore, totally lost and forgotten. As a result, the conception obtained can only be a rather ingenuous metaphysics and evolutionary-historical cosmology, a philosophy of providence, which can quite justly be accused of fatalism.

Plekhanov wrote:

Several writers, Stammer for instance, claim that if the triumph of Socialism is a historical necessity, then the practical activity of the Social Democrats is completely superfluous. After all, why work for a phenomenon to occur which must take place in any case? But this is nothing but a ridiculous, shabby sophism. Social Democracy considers historical development from the standpoint of necessity, and its own activity as a necessary link in the chain of those necessary conditions which, combined, make the triumph of socialism inevitable. A necessary link cannot be superfluous. If it were suppressed, it would shatter the whole chain of events.^[51]

The primary result of this outlook is precisely to submerge, or better surpass, the specific level of historical-materialist analysis, Marx's socio-economic problematic, in a cosmology and cosmogony which is called 'materialist' but is nothing but a philosophical fiction. Everything becomes the dialectical evolution of Matter. And this evolution is realized, at every level, by generic, omnipresent 'laws' which govern not only mechanical movement and natural development, but also human society and thought.^[52] Marx's 'economic base' thus becomes Matter. This matter is not specified or determinate; it is simultaneously everything and nothing, a mere metaphysical hypostasis and hence anti-materialist by its very nature. It reveals its theological credentials when, in Plekhanov's ingenuous prose, it emerges as the latest version of the *deus absconditus*: In the life of peoples there exists a something, an X, an unknown quantity, to which the peoples' "energy", and that of the different social classes existing within them, owes its *origin, direction* and *transformations*.

⁵¹ Plekhanov, *Works*, op. cit., VoL XI, p. 88 n.

⁵² Engels, *Anti-Dühring*, op. cit., pp. 166-67, and *Dialectics of Nature*, op. cit., p. 67.

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In other words, something clearly underlies this "energy" itself; it is our task to determine the nature of this unknown factor.^[53]

Attention is resolutely directed away from history, from the analysis of socio-economic formations, to be concentrated instead upon the study of its chosen object, namely, the primeval Matter from which everything is descended, the great *factio* of this popular religiosity. 'It is an eternal cycle in which matter moves . . . wherein nothing is eternal but eternally changing, eternally moving matter and the laws according to which it moves and changes.' And, since everything changes and nothing dies, 'we have the certainty that matter remains eternally the same in all its transformations, that none of its attributes can ever be lost, and, therefore, also that with the same iron necessity that it will exterminate on the earth its highest creation, the thinking mind, it must somewhere else and at another time again produce it.'^[54]

The identity of thought and being is thus transferred into the heart of Matter itself. There is no longer a theory of thought as the thought of the natural being 'man' -- of his social character -

- and hence, no longer a theory of thought in its unity-distinction with *language* and that practical-experimental activity, production and labour. The theory of thought by-passes man altogether; the treatment of thought is once again the treatment of the Absolute as the primitive identity of thought and being. Epistemology and gnoseology are annulled by a simplistic recourse to 'evolution': 'the products of the human mind', Engels writes, 'are themselves products of nature in the last analysis; they do not constitute a break in the preceding natural chain, but correspond to it.' A Hegel in 'popular format' takes Marx's place. And behind Hegel appears Schelling; and behind Schelling, Spinoza. Plekhanov, who encouraged the most vulgar forms of materialism, repeating in all tranquillity that thought is a secretion of the brain;^[55] Plekhanov, who thought that materialist gnoseology was already fully present in Helvetius and Holbach; Plekhanov was one of those who regarded Marx as a mere extension and explication of Spinoza:

I am fully convinced that Marx and Engels, after the *materialist* turn in their development, never abandoned the standpoint of Spinoza. This conviction of mine is based in part on the personal testimony of Engels. In 1889, while I was in Paris for the International Exhibition, I took the opportunity of going to

⁵³ Plekhanov, *Essais sur l'histoire du matérialisme*, op. cit., p. 138.

⁵⁴ Engels, *Dialectics of Nature*, op. cit., p. 39.

⁵⁴ Plekhanov, *Works*, op. cit., Vol. XVIII, p. 310.

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London to meet Engels in person. I had the pleasure of spending almost a week in long discussions with him on various practical and theoretical subjects. At one point our discussion turned to philosophy. Engels strongly criticized what Stern rather imprecisely calls the 'materialism in the philosophy of nature'. 'So for you,' I asked him, 'old Spinoza was right when he said that thought and extension were nothing but two attributes of one and the same substance?' 'Of course,' Engels replied, 'old Spinoza was absolutely right.'^[56]

JUDGEMENTS OF FACT AND JUDGEMENTS OF VALUE

While Plekhanov reduced Marx to Spinoza, Kautsky reduced him to Darwin. According to Kautsky, man lives in two worlds, the world of the past and the world of the future.^[57] The former is the world of experience, scientific knowledge, determinism and necessity; the latter, that of freedom and action. The opposition between these two worlds is removed with the removal of the distinction between 'nature' and 'society'. Whatever its specificity, the historical human world is only a 'moment' in an evolutionary series. The world of freedom and moral law is only one fragment (*Stückchen*) of the world of the senses.^[58]

Kautsky wanted to guarantee the distinction between freedom and necessity, while at the same time avoiding dualism. He even understood the difficulty of enlightenment, empiricism and sensualism, which, in reducing moral life to simple instinct, failed to account for the peculiarity of the 'will'; for, unlike instinct, the latter implies choice, deliberation and hence responsibility. Nonetheless, Kautsky could not avoid the conclusion of compressing the historical-social world into the framework of cosmic-natural evolution, to such an extent that they were no longer distinguishable. Moral choice itself was reduced in the process to a mere instinct (*ein tierischer Trieb*) and the 'ethical law' to a natural impulse equivalent to the instinct of procreation.^[59]

⁵⁶ G. Plekhanov, *Bernstein and Materialism*, *Works*, op. cit., Vol. XI, p. 21. See also *The Fundamental Problems of Marxism*, op. cit., p. 30, where, after asserting that Feuerbach represented 'Spinozism disencumbered of its theological setting', Plekhanov goes on: 'it was the viewpoint of this kind of spinozism . . . that Marx and Engels adopted when they broke with idealism'.

⁵⁷ Kautsky, *Ethik und materialistische Geschichtsauffassung*, op. cit., p. 36.

⁵⁸ *ibid.*, p. 39.

⁵⁹ *ibid.*, pp. 63 and 67. For a critique of this Neo-Kantian work of Kautsky's from a Neo-Kantian position, cf. O.

Bauer, 'Marxismus und Ethik', in *Die Neue Zeit*, 1906 Vol. II, pp. 485-99. For Kautsky's rejoinder see 'Leben, Wissenschaft und Ethik', *Die Neue Zeit*, 1906, Vol. II, pp. 516-29.

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The naïvely monist and metaphysical nature of these 'orthodox' Marxist constructions of the Second International allows us in turn to understand the kind of antitheses to which they gave rise, and which were their natural and complementary counterpart. Like Plekhanov, Bernstein proceeded from a naturalistic concept of the 'economy'. He referred to the economy as an 'instinct' or natural force (*ökonomische Naturkraft*) analogous to the physical forces. However, for Plekhanov this world of objective causal concatenation was all-embracing; for Bernstein, above and beyond it lay the 'moral ideal', Kant's 'ought' now entrusted with the realization of socialism.^[60] The society of the future was no longer the inevitable result of objective evolution but rather an ideal goal freely chosen by the human will.

Iron necessity thus evokes its abstract opposite, Freedom; determinism absolute indeterminacy; the closed chain of 'being' the open and in definite perspective of the 'ought to be'. Since each of these opposed principles has the power to destroy the other, while depending on it for its own existence, both positions constantly reproduced each other, even within the work of the same theorist. For example, in *Ethics and the Materialist Conception of History*, Kautsky imperiously denounces the ethical socialism of the neo-Kantians and reduces moral decisions to simple 'instinct', and then unexpectedly concludes by appealing to a 'moral ideal' which even the class struggle cannot do without, and which, through its opposition to all that exists in present society, and hence also through the *negativity* of its content, is nothing but the *formalism* of the will invoked by the neo-Kantians.

Even Social Democracy as the organization of the proletariat in its class *struggle* cannot do without the ethical ideal, without ethical indignation against exploitation and class rule. But this ideal has nothing to do with *scientific* socialism, which is the scientific study of the laws of the evolution and motion of the social organism. . . . It is, of course, true that in socialism the investigator is always also a militant and man cannot be artificially cut into two parts with nothing to do with each other. Even in a Marx the influence of a moral ideal sometimes breaks through in his scientific research. But he rightly sought to avoid this as far as possible. For in science the moral ideal is a source of error. Science is always only concerned with the knowledge of the necessary.^[61]

⁶⁰ For this integration of historical materialism with Kantian ethics, see also K. Vorländer, *Marx und Kant*, Vienna, 1904. The ideas expressed in this lecture were taken up again and developed further by Vorländer in *K. Marx, sein Leben und sein Werk*, Leipzig, 1929.

⁶¹ Kautsky, op. cit., p. 141.

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The counterposing of causality and finalism reappears here in the form of an opposition between *factual and value judgements*, between science and ideology."^[62] Science 'observes'; it has no options to suggest for human action. Between the objective and impartial factual observations of science and the finalities of the will, there is a radical distinction. From the *indicative* premises of science one cannot draw conclusions which are determinant of, and binding for, action.

Hilferding wrote in the preface to *Finance Capital* :

It has been said that politics is a normative doctrine ultimately determined by value judgements; since such value judgements do not belong within the sphere of science, the discussion of politics falls outside the limits of scientific treatment. Clearly, it is not possible here to go into the epistemological debate about the relation between the science of norms and the science of laws, between teleology and causality. . . . Suffice it to say that for Marxism the object of political investigation can only be the discovery of causal connections. . . . According to the Marxist viewpoint, the task of a scientific politics is to discover the determination of the will of classes; hence a

politics is scientific when it describes causal connections. As in the case of theory, Marxist politics is exempt from 'value judgements'.

And he concluded:

It is therefore incorrect, though widely diffused both *intra* and *extra muros*, simply to identify Marxism and socialism. Considered logically, as a scientific system alone, apart, that is, from the viewpoint of its historical affectivity, Marxism is only a theory of the laws of motion of society. . . . To recognize the validity of Marxism (which implies the recognition of the necessity of socialism) is by no means a task for value judgements, let alone a pointer to a practical line of conduct. It is one thing to recognize a necessity, but quite another to place oneself at the service of that necessity.^[63]

The divorce between science and revolution, between knowledge and transformation of the world could not be more complete. In this divorce, moreover, lay the subordinate nature of the Marxism of the Second International, divided between positivist scientism and neo-Kantianism, and yet internally consistent within this opposition. Deterministic objectivisms could not include the ideological moment, the revolutionary political

⁶² For a brilliant reconstruction of these alternatives in the Marxism of the Second International, see the essay by L. Goldmann, 'Y a-t-il une sociologie marxiste?' in *Les Temps Modernes*, No. 140, October 1957.

⁶³ Hilferding, *op. cit.* Cf. E. Thier, 'Etappen der Marxinterpretation', in *Marxismusstudien*, Tübingen, 1954, pp. 15 ff.

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programme.^[54] On the other hand, excluded from science, ideology was readmitted in a world of 'ethical freedom', alongside the world of 'natural necessity', thereby reproducing the Kantian dualism of *Mussen* and *Sollen*, 'is' and 'ought'.

It is true that in Hilferding, as in Max Adler and the Austro-Marxist school in general, this line of thought was developed with a subtlety of argument that one would seek in vain in the philosophical writings of Kautsky and Plekhanov. And yet the conviction that there can be a body of scientific knowledge acquired independently of any *evaluation*, clearly reveals the naïve positivism underlying this line of thought and its inability to recognize that the role of finalism in scientific research is, at least, *in one aspect*, the very role of *deduction*. Finalism, in Kant's definition, is the causality of a concept in relation to its object; it is the process whose *a priori* is an idea. Now the impossibility of eliminating this process from scientific enquiry is the impossibility for science to do away with ideal *anticipation* and hypothesis. Theory must be *a priori*, for without ideas there can be no observation; we only see what our pre-conceived ideas prepare us or predispose us to see. As Myrdal has observed: 'Theory . . . must always be *a priori* to the empirical observations of the facts', since, 'facts come to mean something only as ascertained and organized in the frame of a theory.'^[65] 'We need to pose questions before responses can be obtained. And the questions are expressions of our own interest in the world; they are ultimately evaluations.'^[66] This is equivalent to Kant's observation that 'when Galileo experimented with balls of a definite weight on the inclined plane, when Torricelli . . . [etc.] and Stahl . . . [etc.], they learned that reason only perceives that which it produces after its own design; that it must not be content to follow, as it were, in the leading-strings of nature but must

⁶⁴ In a marginal note to *The German Ideology*, *op. cit.*, p. 52, Marx noted that 'so called *objective* historiography just consists in treating the historical conditions independent of activity. Reactionary character.'

⁶⁵ G. Myrdal, *Economic Theory and Underdeveloped Regions*, London, 1963, p. 160; see the short but important chapter 12 entitled 'The Logical Crux of All Science'.

⁶⁶ G. Myrdal, *The Political Element in the Development of Economic Theory*, London, 1953, p. VII, with the important self-criticism of the initial assumption on which the book was originally based: 'Throughout the book there lurks the idea that when all metaphysical elements are radically cut away, a healthy body of positive economic theory will remain, which is altogether independent of valuations [. . .]. This implicit belief in the existence of a body of scientific knowledge acquired independently of all valuations is, as I now see it, naïve

empiricism' (p. 101).

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proceed in advance . . . and compel nature to reply to its questions'.^[67] This implies that what at first appears to be simple observation, a *statement of fact*, is in effect deduction, the objectification of our ideas, i.e. a projection into the world of our evaluations and pre-conceptions.

On the other hand -- and here finalism in turn is reconverted into causality, deduction into induction -- the inevitable preconceptions of science are distinguished from the prejudgements of metaphysics (the hypotheses of the former from the hypostases of the latter) in that 'if theory is *a priori* it is on the other hand a first principle of science that the facts are sovereign'. This means that 'when observations of facts do not agree with a theory, i.e. when they do not make sense in the frame of the theory utilized in carrying out the research, the theory has to be discarded and replaced by a better one, which promises a better fit'. In other words, to be truthful, theory must acquire its *source* and *origin* in and from reality, it must be accompanied by 'basic empirical research' which must be 'prior to the construction of the abstract theory' and is 'needed for assuring its realism and relevance'.^[68]

To summarize: value judgements are inevitably present in scientific research itself, but as judgements whose ultimate significance depends on the degree to which they stand up to historical-practical verification or experiment, and hence on their capacity to be converted ultimately into factual judgements. This is precisely the link between science and politics, between knowledge and transformation of the world, that Marx accomplished in the historical-moral field. ('Marx', it has been observed '*inextricably* united in his work statements of fact and value judgements'.)^[69] This in turn allows us to understand that what Bernstein and so many others saw as a defect or weakness of *Capital* -- the co-presence within it of science and ideology -- on the contrary represents its most profound originality and its strongest element.

THE LABOUR THEORY OF VALUE

The inadequacy and simplification of the concept of 'economy', which, as we have seen, is an element more or less common to all the tendencies of Marxism in the Second International, helps to explain the foundation, during the same period, of an interpretation of the *labour theory of value* from which even later Marxism has been unable to free itself. This

⁶⁷ I. Kant, *Critique of Pure Reason*, London, 1964, p. 10.

⁶⁸ Myrdal, op. cit., pp. 160-3. ⁶⁹ Goldmann, op. cit.

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interpretation consisted in the reduction of Marx's theory of value to that of Ricardo, or even to the theory of value which developed in the course of the 'dissolution of the Ricardian school'. Its hallmark is the inability to grasp, or even to suspect, that Marx's theory of value is identical to his *theory of fetishism* and that it is precisely by virtue of this element (in which the crucial importance of the relation with Hegel is intuitively evident) that Marx's theory differs in principle from the whole of classical political economy.

'Political economy has indeed analysed, however incompletely, value and its magnitude and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour-time by the *magnitude of that*

value'.^[72]

The achievement and the limitation of classical political economy are indicated here with extraordinary clarity. First, the achievement: political economy, in spite of its incompleteness and its various inconsistencies, understood that the value of commodities is determined by the labour incorporated in them, or, in other words, that what appears as the 'value' of 'things' is in reality (here is 'the content hidden in the form') the 'human labour' necessary for their production. Second, the limitation: it never posed the problem of why that content assumes this particular form, why human labour takes on the form of *value of things*, or, in short, on the basis of what historical-social conditions the product of labour takes the form of a *commodity*. This problem could not be posed by political economy, since, Marx goes on to explain, the economists could not see that 'the value-form of the product of labour is not only the most abstract but is also the most universal form taken by the product in bourgeois production'. They wrongly held instead that the production of commodities, far from being a *historical* phenomenon, was a 'self-evident necessity imposed by nature'.^[71] They believed, in other words, that there could be no production in society without this production being *production of commodities*, that in all societies the product of human labour must necessarily assume this form.^[72]

The main consequence of this different approach is as follows. Classical political economy, taking the existence of the *commodity* as a 'natural'

⁷⁰ Marx, *Capital*, Vol. I, p. 80. ⁷¹ *ibid.*, p 81 and n.

⁷² This identification is already present in the first pages of *The Wealth of Nations*, where Smith identifies the 'division of labour' with 'exchange'. For this question, see Sweezy, *op. cit.*, pp. 73-4, and Rosa Luxemburg, *Einführung in die Nationalökonomie*, in *Ausgewählte Reden und Schriften*, Vol. I, Berlin, 1951, p. 675.

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and hence non-problematical fact, restricted itself to investigating the proportions in which commodities exchange for one another, concentrating their analysis on *exchange value* rather than *value* in the strict sense: 'The analysis of the magnitude of value almost completely absorbs the attention of Smith and Ricardo,' Marx wrote.^[73] For Marx, on the contrary, the essential problem, prior to that of exchange rates of commodities is to explain *why* the product of labour takes the form of the *commodity*, why 'human labour' appears as a 'value' of 'things'. Hence the decisive importance for him of his analysis of 'fetishism', 'alienation' or 'reification' (*Verdinglichung*): the process whereby, while *subjective* human or social labour is represented in the form of a quality intrinsic in *things*, these things themselves, endowed with their own *subjective, social* qualities, appear 'personified' or 'animated', as if they were independent subjects.

Marx writes:

Where labour is in common, relations between men in their social production are not represented as 'value' of 'things'. Exchanges of products as commodities is a certain method of exchanging labour, and of the dependence of the labour of each upon the labour of the others, a certain mode of social labour or social production. In the first part of my work I have explained that it is characteristic of labour based on private exchange that the social character of the labour is 'represented' as a 'property' of the things; and inversely, that a social relation appears as a relation of one thing to another (of products, values in use, commodities).^[74]

Marx explained the operation of this exchange of the subjective with the objective and vice versa -- in which the fetishism of commodities consists -- with his celebrated concept of '*abstract labour*' or '*average human labour*'. Abstract labour is what is equal and common to all concrete human labouring activities (carpentry, weaving, spinning, etc.) when their activities are considered apart from the real objects (or use-values) to which they are applied and in terms

of which they are diversified. If

⁷³ Marx, *Theories of Surplus Value*, Part II, London, 1969, p. 172: Ricardo 'does not even examine the form of value -- the particular form which labour assumes as the substance of value. He only examines the magnitude of value'; in consequence, 'Ricardo is rather to be reproached for very often losing sight of this "real" or "absolute value" and only retaining "relative" and "comparative value".' And in Part III (Marx-Engels, *Werke*, Vol. 26.3, p. 28): 'The error Ricardo makes is that he is only concerned with the *magnitude of value* . . .' Cf. also p. 135. Schumpeter, too (*History of Economic Analysis*, New York, 1954, pp. 596-7) sees this as the most important distinction between Ricardo's theory of value and Marx's theory of value.

⁷⁴ Marx, *Theories of Surplus Value*, Part III (op. cit., p. 127).

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one abstracts from the material to which labour is applied, one also abstracts, according to Marx, from the determination of productive activity, that is from the concrete character that differentiates the various forms of useful labour. Once this *abstraction* is made, all that remains of all the various sorts of labour is the fact that they are all *expenditures of human labour power*. 'Tailoring and weaving, though qualitatively different productive activities, are each a productive expenditure of human brains, nerves and muscles, and in this sense are human labour.'^[75] It is this equal or *abstract* human labour -- labour considered as the expenditure and objectification of undifferentiated human labour-power, independently of the concrete forms of activity in which it is realized -- that produces *value*. Value is 'a mere congelation of homogeneous human labour, of labour-power expended without regard to the form of its expenditure'. As products of *abstract labour*, all the products of concrete forms of labour lose their perceptible or real qualities and now represent only the fact that 'human labour-power has been expended in their production, that human labour is embodied in them; . . . as crystals of this social substance, common to them all, they are -- Values.'^[76]

The point to be emphasized here is that not only Marx's critics, but indeed his own disciples and followers -- and not only those of the Second International but also more recent ones, to this very day -- have all shown themselves incapable of understanding or realizing fully the significance of this concept. 'Abstract labour' seems at least to be a perfectly straightforward and clear notion. And yet neither Kautsky in his *Economic Doctrines of K. Marx* ^[77] nor Hilferding in his important reply to Böhm-Bawerk,^[78] nor Luxemburg in her ample *Introduction to Political Economy*,^[79] nor Lenin and *tutti quanti*, have ever really confronted this 'key' to the entire theory of value. Sweezy, who has gone further than most, writes: 'Abstract labour is abstract only in the quite straightforward sense that all special characteristics which differentiate one kind of labour from another are ignored. Abstract labour, in short, is, as Marx's usage quite clearly attests, equivalent to "labour in general"; it is what is common to all productive human activity.'^[80]

⁷⁵ Marx, *Capital*, Vol. I, p. 44.

⁷⁶ *ibid.*, p. 38.

⁷⁷ K. Kautsky, *Karl Marx's ökonomische Lehren*, Jena, 1887.

⁷⁸ R. Hilferding, *Böhm-Bawerks Marx-Kritik* (Offprint from *Marx Studien*, Vol. I), Vienna, 1904.

⁷⁹ Luxemburg, *Einführung in die Nationalökonomie*, op. cit., pp. 412-731.

⁸⁰ P. Sweezy, op. cit., p. 30.

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The meaning of this argument is clear. 'Abstract labour' is an abstraction, in the sense that it is a mental *generalization* of the multiplicity of useful, concrete kinds of labour: it is the general, *common* element of all these kinds of labour. This generalization, moreover, as Sweezy goes on to point out, corresponds to capitalist reality, in that in this kind of society labour is

shifted or diverted according to the direction of capital investments; hence a determinate portion of human labour is, in accordance with variations of demand, at one time supplied in one form, at another time in another form. This proves the secondary importance in this regime of the various specific kinds of labour, as against labour in general or in and for itself. In spite of Sweezy's plea that 'the reduction of all labour to a common denominator . . . is not an arbitrary abstraction, dictated in some way by the whim of the investigator' but 'rather, as Lukács correctly observes, an abstraction "which belongs to the essence of Capitalism",'^[81] despite this, in the absence of what seems to me the decisive point, 'abstract labour' remains, in the last analysis, essentially a *mental generalization*.

The defect of this interpretation of 'abstract labour' lies not only in the fact that -- if abstract labour is a mental generalization -- it is not clear why what this labour is supposed to produce is something real -- *value* ; but also in the fact that this opens the door to the transformation of value itself into an abstract generality or *idea* as well. For, in the sense that here only useful and concrete kinds of labour are regarded as real, whereas 'abstract' labour is seen as a merely *mental* fact, so too only the products of useful kinds of labour or *use-values* are real, whereas *value*, the merely general element *common* to them, is abstract.

The interpretation that Bernstein adopted was precisely this one. 'Value' is *ein Gedankenbild*, a mere thought-construct: it is in Marx's work a formal principle which serves to bring system and order to the complexity of the analysis, but itself has no real existence. 'Insofar as we take into consideration the individual commodity', Bernstein comments, 'value loses any concrete content and becomes a mere mental construction'. Hence it is clear that 'the moment that labour-value is only valid as a mental formula (*gedankliche Formel*) or scientific hypothesis, surplus value also becomes a pure formula, a formula based on a hypothesis'.^[82]

This interpretation had, of course, already been advanced before Bernstein by Werner Sombart and Conrad Schmidt, in time for Engels to confront it in his *Supplement* to Volume III of *Capital*.^[83] Value, according

⁸¹ *ibid.*, p. 31. ⁸² *op. cit.*, p. 22. ⁸³ Marx, *Capital*, Vol. III, pp. 871 ff.

to Sombart, is 'not an empirical, but a mental, a logical fact' while for Schmidt the law of value within the capitalist mode of production is a 'pure, although theoretically necessary fiction'.

It is striking that even at this point, decisive for the genesis of 'revisionism', Engels's response is both uncertain and substantially erroneous. Even if he makes some reservations towards Sombart and Schmidt, he ends up by accepting their essential thesis (that is, the unreal nature of the law of value when commodities are produced under *capitalist conditions*), and hence falls back to the position of Smith (already criticized in its time by Marx)^[84] which had relegated the action of the law of value to *precapitalist* historical conditions.

In other words, 'abstract labour' and 'value' -- the point on which everything hangs -- are understood simply as mental generalizations introduced by the scientist, in this case by Marx; ignoring the fact that, if this were effectively so, in introducing these generalizations Marx would have been committing a 'clumsy error' and the whole of Böhm-Bawerk's critique would indeed be correct. The central argument of Böhm-Bawerk's critique -- already present in *Geschichte und Kritik der Kapitalzinstheorien* (pp. 435ff.) and restated in 1896 in *Zum Abschluss des Marxchen Systems* (a text which may have influenced Bernstein) -- was that if 'value' is the generalization of 'use-values', it is then *use-value* 'in general' and not, as Marx had argued, a qualitatively distinct entity. Marx's error, according to Böhm-Bawerk, was the error of those who 'confuse abstraction from the *circumstance in general* (*von einem Umstande*

überhaupt), and abstraction from the *specific forms* in which this circumstance manifests itself;^[85] the error of those who believe that to abstract from the *differences* between one use-value and another is to abstract from use-values *in general*; for the real value is *use-value*, the true theory of value a theory of *value-utility*. According to Böhm-Bawerk, this 'wrong idea' he attributes to Marx means that instead of seeing in 'exchange value' a relation or a mere quantitative proportion between use-values, and hence, like any

⁸⁴ For this critique of Smith by Marx, see *Theories of Surplus Value*, Part I, London, n.d., pp. 71-2.

⁸⁵ E. Böhm-Bawerk, *Zum Abschluss des Marxschen Systems* (in a volume of writings in honour of Karl Knies), Vienna, 1896; English translation by Paul Sweezy: *Karl Marx and the Close of his System*, New York, 1949, pp. 73-4. Hilferding's reply to Böhm-Bawerk, which is the best Marxist critique of the theory of marginal utility, is nonetheless deficient on this question -- cf. Hilferding, *op. cit.*, p. 127: 'We have in fact nothing more than a disregard by Marx of the specific forms in which use-value manifests itself.'

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relation, an unreal value outside the entities related together, Marx invoked the existence behind exchange-value of an objective being 'value', without seeing that this 'entity' was only a 'scholastic-theological' product, a hypostasis arising from his defective logic.^[86]

The response that has traditionally been given to these objections by Marxists is well known. It consists, at most, in an appeal to the original conception of Ricardo who had, as can be seen from his last incomplete memoir, already before Marx distinguished between *Absolute Value and Exchangeable Value*. However, apart from Marx's remarks on the tendency of Ricardo's analysis to dwell more on 'exchange-value' than on 'value' itself, this response is further weakened by the fact that, confronted by the non-coincidence of 'values' and 'costs of production', this interpretation has continuously been forced to fall back on to Sombart-Schmidt positions or even Bernstein positions. For once it is accepted that value is not identified with the concrete exchange-values or competitive prices at which the capitalistically produced commodities are in fact sold, this interpretation retreats to a position of attributing to 'value' the significance, essentially, of an abstraction. Dobb's case is typical. After stating that 'value [is] only an abstract approximation to concrete exchange-values', that this 'has generally been held to be fatal to the theory, and was the onus of Böhm-Bawerk's criticism of Marx', he limits himself to concluding that 'all abstractions remain only approximations to reality . . . it is no criticism of a theory of value merely to say that this is so.'^[87]

THE THEORY OF VALUE AND FETISHISM

The decisive point which, I believe, remains misunderstood in all these interpretations is, as already indicated, the concept of 'abstract labour'; i.e. (a) how this abstraction of labour is produced, and (b) what it really means.

The first part of the question is relatively straightforward. According to Marx, the products of labour take the form of commodities when they are produced for exchange. And they are produced for exchange when they are products of autonomous, private labours carried out independently of one another. Like Robinson Crusoe, the producer of com-

⁸⁶ E. Böhm-Bawerk, *op. cit.*, pp. 68-9. The same critique is to be found in E. Calogero, *Il metodo dell' economia e il marxismo*, Bari, 1967, pp. 37 ff.

⁸⁷ M. Dobb, *Political Economy and Capitalism*, London, 1960, pp. 14-15.

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modities decides by himself how much and what to produce. But unlike Robinson Crusoe he lives in society and hence within a *social division of labour* in which his labour depends on that of others and vice versa. It follows that while Crusoe carried out *all* his indispensable labour *by himself* and relied only on his own labour for the satisfaction of his needs, the producer of commodities carries out only *one* determinate form of labour, the products of which are destined for others, just as the products of the other producers' different forms of labour go to him.

If this social division of labour were a conscious and planned distribution to all its members on the part of society of the various necessary types of labour and quantities to be produced, the products of individual labour would not take the form of *commodities*. For example, in a patriarchal peasant family there is a distribution of the work which the members themselves must carry out, but the products of this labour do not become commodities, nor do the members of the family nucleus buy or sell their products to each other.^[88] On the other hand, in conditions of commodity production, the work of individual producers is not labour carried out at the command or on behalf of society: rather it is *private, autonomous* labour, carried out by each producer independently of the next. Hence, lacking any conscious assignment or distribution on the part of society, individual labour is not *immediately* an articulation of social labour; it acquires its character as a part or *aliquot* of aggregate labour only through the *mediation* of exchange relations or the market.

Now Marx's essential thesis is that in order to *exchange* their products, men must *equalize them*, i.e. abstract from the physical-natural or use value aspect in which one product differs from another (corn from iron, iron from glass, etc.). In abstracting from the object or concrete material of their labour they also abstract *ipso facto* from that which serves to differentiate their labours. 'Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them and the concrete forms of that labour; there is nothing left but what is common to them all . . . human labour in the abstract.'^[89]

Hence in abstracting from the natural, sensory *objectivity* of their products, men also and simultaneously abstract from what differentiates their various *subjective* activities. 'The Labour . . . that forms the substance of value is homogeneous labour-power, expenditure of one uniform labour-power. The total labour-power of society which is embodied in

⁸⁸ cf. *Capital*, Vol. I, pp. 77-8. ⁸⁹ *ibid.*, p. 38.

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the sum total of the values of all commodities produced by that society counts here as one homogeneous mass of human labour-power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour power of society and takes effect as such.'^[90]

By now it should be clear that the process whereby 'abstract labour' is obtained, far from being a mere *mental* abstraction of the investigator's is one which takes place daily in the *reality of exchange itself*. ('When we bring the products of our labour into relation with each other as values, it is not because we see in these articles the *material receptacles* of homogeneous human labour. Quite the contrary: whenever by an exchange we equate *as values* our *different products*, by that very act we also equate, as human labour, the different kinds of labour expended upon them. We are not aware of this, nevertheless we do it.')[⁹¹]

It remains to deal with the second aspect of the problem, the real significance of this abstraction. The crucial point here is again quite simple. Unlike those interpreters who think it is obvious and non-problematical that in commodity production each individual labour-power is

considered as a 'human labour-power identical to all others' or as 'average social labour power', and hence have never asked themselves what this equalization of labour signifies -- unlike them, I believe that this is precisely where the significance of 'abstract labour' and the entire theory of value is to be found. For while the working capacities or labour-power of the various producers are in fact different and unequal, just as are the individuals to whom they belong and who '*would not be different individuals if they were not unequal*',^[92] in the reality of the world of commodities, on the other hand, individual labour powers are equalized precisely because they are treated as abstract or *separate* from the real empirical individuals to whom they belong. In other words, precisely insofar as they are regarded as a 'force' or entity 'in itself', i.e. separated from the individuals whose powers they are. 'Abstract labour', in short, is *alienated* labour, labour separated or estranged with respect to man himself.

'The labour-time expressed in exchange value is the labour-time of an individual', Marx wrote, 'but of an individual in no way differing from the next individual and from all other individuals insofar as they perform equal labour. . . . It is the labour time of an individual, *his* labour-time,

⁹⁰ *ibid.*, p. 39.

⁹¹ *ibid.*, p. 74.

⁹² Marx, '[Critique of the Gotha Programme](#)', in Marx and Engels, *Selected Works*, op. cit., p. 324.

but only as labour-time common to all; consequently it is quite immaterial whose individual labour-time it is.'^[93] Hence labour is considered here precisely as a process in itself, independent of the man who carries it out. We are not concerned with the particular man who performs the labour, nor with the particular labour he accomplishes, but with the labour power thus expended, leaving aside *which* particular individual it belongs to and to what particular labour it has been applied. In short, we are concerned here with human energy *as such*, labour power and nothing more, outside and independently of the man who expended it, as if the *real subject* indeed were not the man but labour-power itself, nothing being left to the man but to serve as a mere function or vehicle for the manifestations of the latter.^[94] Labour-power, in other words, which is a

⁹³ Marx, *Contribution to the Critique of Political Economy*, op. cit., p. 32.

⁹⁴ Some clarifications may help the reader to follow more easily the argument presented here. Where labour is in common (the simplest example is the primitive community) *social* labour is simply the sum of individual, concrete labours: it is their totality and does not exist separately from its parts. In commodity production, where social labour appears instead in the form of *equal* or *abstract* labour, it is not only calculated apart from the individual concrete labours, but acquires a distinct and independent existence. An individual labour of, say, ten hours may as social labour be worth five. For example: 'The introduction of power-looms into England' meant that 'the hand loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour's social labour and consequently fell to one-half its former value' (cf. *Capital*, Vol. I, p. 39). This *self-abstraction* of labour from the concrete labouring subject, this acquisition by it of independence from man, culminates in the form of the modern wage-labourer. The inversion whereby labour no longer appears as a manifestation of man but man as a manifestation of labour assumes here a real and palpable existence. The wage-earner is *owner* of his working capacity, his labour-power, i.e. of his physical and intellectual energies. These energies, which are in reality inseparable from the living personality, are *abstracted* (or separated) from man to such an extent that they become *commodities*, i.e. as a 'value' which has the man as its 'body' (or 'use-value'). The wage earner is merely the vehicle, the support of the commodity labour-power. The subject is this commodity, this private property; the man is the predicate. It is not that labour-power is a possession of the man's but rather that the man becomes a property or mode of being of 'private property'. 'For the man who is nothing more than a *labourer*', Marx writes, 'his human qualities exist, to the extent that he is a labourer, only insofar as they are for him *foreign* capital.' Indeed, insofar as it manages to realize itself on the market as a commodity (in purchase and sale), labour power becomes part of capital. This is the part that Marx defined as 'variable capital', as we know. The inversion to which we referred reappears here in a more precise form: as the 'value' of labour-power, which, in that as a 'value' it is itself part of capital, annexes the *use* of a working capacity, that is the labourer himself. In his labour, the man does not belong to himself, but to whoever has purchased his labour-power. His energies are no longer 'his own' but [*cont. onto p. 86. -- DJR*] 'someone else's'. The

productive capacity of his labour becomes the '*productive power of capital*'. This 'self-estrangement', or acquisition by labour of independence from man, culminates in modern industry, where it is not the labourer who 'applies the conditions of labour, but inversely, the conditions of labour which apply the labourer' (cf. also *Capital*, Vol. I, p. 422: 'In the factory we have a lifeless mechanism independent of the workman who becomes its mere living appendage. '); modern industry, which, for Marx, represents 'the essence of capitalist production or, if you will, wage labour, labour alienated from itself which confronts the wealth it creates as the wealth of a stranger its own productivity as the productivity of its product, its own enrichment as self-impoverishment, its social power as the power of society over it' (*Theorien über den Mehrwert*, Part III, op. cit., p. 255).

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property, a determinant or an attribute of man, becomes an independent subject, by representing itself as the 'value' of 'things'. The human individuals, on the other hand, who are the real subjects become determinations of their determination, i.e. articulations or appendages of their common, reified labour-power, 'Labour, thus measured by time, does not seem, indeed, to be the labour of different persons, but on the contrary the different working individuals seem to be mere organs *of this labour*'.^[95] In short: 'men are effaced by their labour . . . the pendulum of the clock has become as accurate a measure of the relative activity of two workers as it is of the speed of two locomotives.' Hence 'we should not say that one man's hour is worth another man's hour, but rather that one man during an hour is worth just as much as another man during an hour. Time is everything, man is nothing; he is at the most time's carcass.'^[96]

An analogy may be of help here. Hegel separated human thought from man, turning it into an 'independent subject' called 'the Idea'; for him it was no longer the thinking individual who thinks but the Idea or Logos which thinks itself through man. In this case, as Feuerbach pointed out, 'abstraction means placing man's essence outside himself, the essence of thought outside the act of thinking'. Hence 'speculative philosophy has theoretically fixed the separation of the essential qualities of man from man himself and thus ends by turning abstract qualities into divinities as if they were self-sufficient essences'.^[97] The effect of the world of commodities on real men has been similar. It has factually separated or *abstracted* from man his 'subjectivity', i.e. his 'physical and mental ener-

⁹⁵ Marx, *Contribution to the Critique of Political Economy*, op. cit., p. 30.

⁹⁶ Marx, *The Poverty of Philosophy*, New York, 1969, p. 54.

⁹⁷ L. Feuerbach, *Grundsätze der Philosophie der Zukunft (Principles of the Philosophy of the Future)*, in *Sämtliche Werke*, ed. W. Bolin and B. Jodl, Stuttgart, 1959, Vol. II, pp. 227 and 243.

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gies', his 'capacity' for work, and has transformed it into a separate essence. It has fixed human energy *as such* in the 'crystal' or 'congelation' of labour which is *value*, turning it into a distinct entity, an entity which is not only independent of man, but also dominates him.

As Marx writes:

There is a definite social relation between men, that assumes in their eyes the fantastic form of a relation between things. In order, therefore, to find an analogy we must have recourse to the mist-enveloped regions of the religious world. In that world the productions of the human brain appear as independent things endowed with life, and entering into relation both with one another and the human race. So it is in the world of commodities with the products of men's hands. This I call the Fetishism which attaches itself to the products of labour, so soon as they are produced as commodities, and which is therefore inseparable from the production of commodities.^[98]

To conclude, 'abstract labour' is not only that which is 'common' to all human productive activities, it is not only a mental generalization; rather, it is in itself a real activity, if of a kind opposed to all concrete, useful kinds of labour. More precisely, unlike all the others, it is an

activity which does not represent an *appropriation* of the objective, natural world so much as an *expropriation* of *human subjectivity*, a separation of labour 'capacity' or 'power' conceived as the totality of physical and intellectual attitudes, from man himself. This in turn implies that in a society in which individual activities have a *private* character, and in which therefore the interests of individuals are divided and counterposed, or, as we say, *in competition* with one another, the moment of *social unity* can only be realized in the form of an *abstract equalization*, ignoring the individuals themselves; hence, in this case, as a reification of labour-power -- a labour-power which is said to be *equal* or *social*, not because it genuinely belongs to *everyone* and hence mediates between the individuals, but because it belongs to *nobody* and is obtained by ignoring the real inequalities between the individuals. This is precisely what Marx is expressing when he writes that abstract labour is 'labour in which the individual characteristics of the workers are obliterated'; or that, when buyer and seller exchange their products and hence *equalize* their labour in the act of exchange, both 'enter into it only insofar as their individual labour is negated, that is to say, turned into money as *non-individual labour*';^[99] or, finally where he defines capital as an 'independent *social force* ' which,

⁹⁸ Marx, *Capital*, Vol. I, p. 72.

⁹⁹ Marx, *Contribution to the Critique of Political Economy*, op. cit., pp. 29, 95.

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because it has acquired its own autonomous existence, has become 'the power of a portion of society ' over the rest -- a power, therefore, maintaining and multiplying itself 'by means of its exchange for direct, living labour power '.^[100]

I cannot stop here to show how this conception of the theory of value constitutes the element of deepest continuity between the works of the young Marx and those of his maturity. Even in *The German Ideology*, Marx underlines the fact that, under modern conditions, the productive forces 'appear as a world for themselves, quite independent of and divorced from the individuals, alongside the individuals'. As a result, on the one hand 'we have a totality of productive forces, which have, as it were, taken on a material (objective) form and are for the individuals no longer the forces of the individuals, but of private property and hence of the individuals only insofar as they are owners of private property themselves'. On the other hand, 'standing over against these productive forces we have the majority of the individuals from whom these forces have been wrested away and who, robbed thus of all real life-content, have become abstract individuals'.

Nor can we deal here with the fact that our own interpretation of the theory of value which assimilates 'value' to Hegel's hypostasization processes, also links together the *equalization* which is the precondition of abstract labour' and the *purely* political equality realized in the modern representative state. (The collective interest, according to Marx in *The German Ideology*, 'takes an independent form as the *State* , divorced from the real interests of the individual and community', insofar as 'just because individuals seek only their particular interest which for them does not coincide with their communal interest -- in fact the general is the illusory form of communal life -- the latter will be imposed on them as an interest "alien" to them and "independent" of them, as in its turn a particular, peculiar "general" interest.' Hence 'the social power' transformed into the power of the state 'appears to these individuals . . . not as their own united power, but as an alien force existing outside them, of the origin and goal of which they are ignorant.')[101] We can, however, deal with one other point here: this confluence of the theory of value and the theory of fetishism or alienation in Marx represents not only his main difference of principle with the classical political economists, for whom the theory of alienation is absolutely inconceivable, it also constitutes the

¹⁰⁰ Marx, *Wage Labour and Capital*, in *Selected Works*, op. cit., p. 82.

¹⁰¹ Marx and Engels, *The German Ideology*, London, 1965, pp. 82, 45-6.

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viewpoint from which he explained the birth and destiny of political economy as a science. Firstly, its *birth* : the precondition for the emergence of economic reflection lay for Marx in the process whereby social relations became obscured and objectified in the eyes of men as a consequence of the *generalization*, with the emergence of modern bourgeois society, of the production of commodities and the fetishism inherent in it. ('The ancient social organisms of production are far more simple and transparent than the bourgeois organism'; even though commodity production occurs within them, it emerges as a secondary or marginal branch among kinds of production based on a natural economy -- based, that is, on the immediate consumption of products rather than their sale on the market.) Secondly, its later *destiny* : the task of political economy as a science consisted for Marx essentially -- if we can accept a neologism -- in the de-fetishization of the world of commodities, in the progressive comprehension that what represents itself as the 'value' of 'things' is in reality not a property of these things themselves, but reified human labour. This theme, according to Marx, runs through the entire history of economic theory from mercantilism to Smith: the gradual rediscovery, beneath the mask of fetishized objectivity, of the alienated human subject. In the 'Introduction' of 1857, he wrote: 'The Monetary system, for example, still regards wealth quite objectively as a thing existing independently in the shape of money. Compared with this standpoint, it was a substantial advance when the Manufacturing Mercantile System transferred the source of wealth from the object to the subjective activity -- mercantile or industrial labour -- but it still considered that only this circumscribed activity itself produced money.' He continues: 'In contrast to this system, the Physiocrats assume that a specific form of labour -- agriculture creates wealth, and they see the object no longer in the guise of money, but as a product in general, as the universal result of labour. In accordance with the still circumscribed activity, the product remains a naturally developed product, an agricultural product, a product of the land *par excellence* .' Finally, a tremendous step forwards was achieved by Smith in rejecting 'all restrictions with regard to the activity that produces wealth -- for him it was labour as such, neither manufacturing, nor commercial, nor agricultural labour, but all types of labour.'^[102]

We have already seen how, despite its real merits, classical political economy as well as *Vulgärökonomie*, remained in the end a prisoner of

¹⁰² Marx, '[1857 Introduction](#)' to *Contribution to the Critique of Political Economy*, op. cit., p. 209.

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fetishism,^[103] because of its inability to pose the problem of why the product of labour takes the form of the commodity and hence why human labour is presented as the 'value' of 'things'. This gives us the chance to raise a crucial point, which today has been entirely forgotten. Marx considered that with the end of commodity production, the *political economy* born with it would *also come to an end*. It is in this sense that his work is a *critique* of political economy itself, rather than the work of an economist in the strict sense.^[104] Hence the subtitle of *Capital*, the title of the *Contribution to the Critique* of 1859, not to mention the vast *brouillon* of 1858 which goes by the name of *Grundrisse der Kritik der politischen Ökonomie*.

'Value' is the product of human labour. 'Surplus value', which is produced by human wage labour, is subdivided into profit and rent (besides, of course, the restitution of the wage). To *political economy*, which fails to coordinate or reduce these categories to a unity, rent appears as the product of land as such, as some *rudis indigestaque moles* ; profit appears as a product of the notorious 'productivity of capital', that is of machines and raw materials as such; the wage

appears as the product of labour. Physical, natural categories (land, means of production) and economic-social categories (profit, rent, etc.) -- i.e. magnitudes which cannot be compared with one another -- are fetishistically confused and muddled together, as Marx points out in his famous chapter on 'The Trinity Formula'.^[105] In Marx's own critique of political economy, on the

¹⁰³ *Theorien über den Mehrwert*, Part III, op. cit., p. 255. 'In proportion as political economy developed -- and this development, at least in its basic principles, found its highest expression in Ricardo -- it represented labour as the only element of value. . . . But to the extent that labour is conceived as the only source of exchange-value, . . . 'capital' is conceived by the same economists and especially Ricardo (but even more by Torrens, Malthus, Bailey, etc., after him) as the regulator of production, the source of wealth and the goal of all production. . . . In this contradiction, political economy merely expressed the essence of capitalist production, or if you like of wage labour: labour alienated from itself, to which the wealth it creates is counterposed as the wealth of a stranger, its own productivity as the productivity of its product, its own enrichment as self-improvement, its social power as the power of society over it.'

¹⁰⁴ This theme of the end of political economy was taken up by Hilferding, *Böhm-Bawerk's Criticism of Marx*, op. cit., pp. 133-4; by Luxemburg, *Einführung*, op. cit., p. 491; and finally was central to the work of the Russian economist and member of the Trotskyist opposition, E. Preobrazhensky, *The New Economics*, Oxford, 1966. An extremely interesting discussion of these problems can be found in Karl Korsch, *Karl Marx*, London, 1938.

¹⁰⁵ Marx, *Capital*, Vol. III, chapter 48.

other hand, the whole picture is decisively altered. The mysterious trinity of Capital, Land and Labour is swept away. Since 'value' is now considered as the objectification of human labour-power, the critical scientific or anti-fetishistic discourse of *Capital* comes to coincide with the *self-consciousness of the working class* (a further proof of the unity of science and ideology). For just as wage labour, by recognizing the essence of 'value' and 'capital', sees that essence as an objectification of 'itself' (and hence reaches self-consciousness through this knowledge), the working class, by becoming conscious of itself, achieves -- for profit and rent are forms derived from surplus value -- the knowledge of the origin and basis of other classes and hence of society as a whole.^[106]

This point serves to indicate the profound difference between Marx and his Marxist but (more or less consciously) Ricardian interpreters. They failed to grasp the organic unity between the *theory of value* and the *theory of fetishism* and therefore could not avoid confusing two totally distinct things. On the one hand, in dividing its total labour force between different employments, society must take account of the labour-time involved in each of these employments.^[107] On the other hand, we have the specific way in which this law operates *under capitalism* where, in the absence of a conscious or planned division of social labour, the labour time required by the various productive activities is presented as an *intrinsic quality* in the products themselves, as the 'value' of a 'thing'. This confusion between the law of labour-time (which applies to all societies) and its fetishized realization in the world of capital and of commodities, or between the *principles of planning and the law of value* (to bring the confusion up to date), is the root of modern revisionism, as is all too evident

¹⁰⁶ This point was developed by Lukács in *History and Class Consciousness*, op. cit.

¹⁰⁷ Marx, *Grundrisse der Kritik der politischen Ökonomie*, Berlin, 1953, p. 98: 'In conditions of communal production the determination of time obviously remains essential. The less time it takes society to produce corn, cattle, etc., the more time it gains for other forms of production, material or spiritual. As in the case of a single individual, the universality of his development, of his pleasures, of his activity, depends upon the way he economizes his time. The economy of time, ultimately all economy is reduced to this. Society must distribute its time functionally so as to obtain a production in accordance with all its needs; so the individual must also divide his time correctly to acquire knowledge in the right proportions and to fulfil the various demands on his activity. In conditions of production in common the first economic law remains, therefore, the economy of time, the planned distribution of labour-time between the different branches of production. This law becomes even more important under these conditions. But all this is quite distinct from the measurement of exchange-values (labours or labour products) by "labour-time".'

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in the present economic debates in the Soviet Union. In Italy, it is the basis for the recent theoretical positions, which I cannot accept, of two theorists, Galvano della Volpe and Giulio Pietranera, to whom in other respects I am much indebted. First, in the case of della Volpe: to Sweezy's wholly correct statement that 'value and planning are as opposed to each other, and for the same reasons, as capitalism and socialism', della Volpe objects that 'between value and planning there is only a difference of *degree*, that is of *development* : there is nothing negatively "opposed" or "contrary" in the two terms'.^[108] As for Pietranera, he follows Oscar Lange in referring to the 'market' and 'profit' in socialist society, not as survivals of bourgeois institutions that are inevitable in what is *par excellence* a *transitional* society but as 'rational criteria and indices of economic efficiency, and hence something *positive*, to be maintained in a planned socialist economy' -- in other words as institutions *socialist* by their very nature.^[109] This brings to mind a further, more recent error of Della Volpe. The latter presents (in the most recent edition of *Rousseau e Marx*) the state under socialism -- the state, mark you, i.e. the hypostasis of the 'general interest', which (as Marx says) has become independent and 'alien' from the generality of interests that compose it -- not as a *survival*, but as a state which is wholly new, socialist in its inner structure. (Compare Lenin's conception of the state in [State and Revolution](#) : the presence in socialism of 'bourgeois right in regard to the distribution of consumption goods inevitably presupposes the existence of the bourgeois state, for right is nothing without an apparatus capable of *enforcing* the observance of the standards of right'. It follows that 'there remains for a time not only bourgeois right but even the bourgeois state without the bourgeoisie!')[¹¹⁰]

EQUIVALENCE AND SURPLUS VALUE

If we now turn to Bernstein, we can see that the first and most important consequence of his interpretation of 'value' as a mere 'mental construction' is that -- since he is quite incapable of explaining value, and *a fortiori* surplus value as a result of capitalist *production* -- he is obliged to transfer its point of origin from the sphere of production to the sphere of circulation and exchange, as though surplus value originated, in other

¹⁰⁸ G. della Volpe, *Chiave della dialettica storica*, Rome, 1964, p. 32 n.

¹⁰⁹ G. Pietranera, *Capitalismo ed economia*, Turin, 1966, p. 236.

¹¹⁰ Lenin, *Selected Works*, op. cit., Vol. II, pp. 342-3.

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words, in a violation of *commutative* justice, i.e. in a violation of the law of exchange on the basis of equivalents. He thus reinstated the old mercantilist conception of 'profit upon alienation', i.e. of the origin of profit in the difference between selling and buying prices (indeed, this is why 'consumer cooperatives' assume such importance in Bernstein's thought).

This viewpoint, which restores the schema of 'utopian socialism', and in this case Proudhon's account of exploitation as *theft* and hence of the *contradiction* between exploitation and legality, constitutes the essential core of 'revisionism'. For Marx modern *social inequality* or capitalist exploitation occurs simultaneously with the fullest development of *juridical-political equality* ; here, on the contrary, juridical-political equality -- and hence the modern representative State -- becomes the instrument for the progressive elimination and dissolution of real inequalities, which seem arbitrarily produced rather than an organic consequence of the system as such.

The importance of this connection between equality and inequality in Marx's thought deserves emphasis here; besides its repercussions in political philosophy, which we shall examine, it also contained one of Marx's most important scientific achievements, his solution of the so-called 'paradox' of the law of value.

The law of value, according to Smith, is the law of the exchange of equivalents. It presupposes, besides the equal value of the commodities exchanged, the equality, as Marx pointed out, of the contracting parties in the act of exchange. In exchange the owners of commodities 'mutually recognize in each other the rights of *private proprietors*' establishing '*a juridical relation* which thus expresses itself in a contract, whether such contract be part of a developed legal system or not'.^[111] Now the 'paradox' is that the production of commodities (production for exchange) becomes dominant for the first time only under purely capitalist conditions; yet just when the law of value should find its fullest application it seems to be contradicted by the existence of surplus value and exploitation, in other words, the emergence of an *unequal* exchange.

Smith, of course, reacted to this 'paradox' by turning away from a labour theory of value *contained*, to a theory of value based on *command* of labour, thus relegating the validity of the law of value to precapitalist conditions. Ricardo, while he showed the difference between equal exchange of commodities for commodities, and the inequality characterizing the exchange of commodities for labour-power (specifically capitalist

¹¹¹ Marx, *Capital*, Vol. I, p. 84.

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exchange), failed to explain 'how this exception could be in accordance with the law of value'.^[112] Marx's theory explains the phenomenon of expropriation or of modern inequality precisely through the generalization of *property rights* or purely *juridical* equality.

Capitalism for Marx is the generalization of exchange; under capitalism all important social relations become exchange relations, starting with the productive relations themselves, which presuppose the buying and selling of labour-power. With this generalization of exchange a sphere of juridical equality is created, extended for the first time to all. The modern labourer is a holder of rights, a free person, and therefore is capable of entering into a contract, just as much as the employer of labour. 'Wage labour on a national scale, and hence also the capitalist mode of production, is not possible unless the labourer is personally free. It is based on the personal freedom of the labourer'.^[113] Both the seller and buyer of labour-power are juridically equal persons because they are private-proprietors, owners of commodities.

However, according to Marx, what makes this relation of equality *formal* and conceals the real inequality is the fact that the property at the disposal of the worker (his own labouring *capacity*) is only property in *appearance*. In reality, it is the opposite, a state of need, so that 'if his capacity for labour remains unsold, the labourer derives no benefit from it, but rather he will feel it to be a cruel, nature-imposed necessity that this capacity has cost for its production a definite amount of the means of subsistence and that it will continue to do so for its reproduction'.^[114]

In short, 'in the concept of the *free labourer*, it is already implicit', Marx writes, 'that he is a *pauper*, or virtually a pauper. According to his economic conditions he is *pure living working capacity*', which, since it is endowed with living requirements yet deprived of the means to satisfy them, is in itself not a *good* or form of *property*, but 'indigence from all points of view'.

^[115]

Hence the *generalization* of exchange -- the typical phenomenon of modern capitalism -- not only for the first time extends to all the sphere of juridical equality, making even the modern labourer into a *free person* ; it achieves this liberation in a dual way, since the extension of contractual relations to production through the buying and selling of labour power means on the one hand that the labourer is free in the sense that he is 'a

¹¹² Marx, *Theorien über den Mehrwert*, Part III, op. cit., p. 170.

¹¹³ *ibid.*, p. 424.

¹¹⁴ Marx, *Capital*, Vol. I, p. 173. ¹¹⁵ Marx, *Grundrisse*, op. cit., p. 497.

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free owner of his own working capacity and of his own person' and on the other that he is free in the sense of *expropriated* from the means of production, i.e. 'deprived of *everything* necessary for the realization of his labour-power'.^[116]

Now the application of equal rights or property rights to two persons, of whom only one is really a property owner, explains why this formal equality of rights is in reality the *law of the stronger*. This is Marx's point when he writes that 'the bourgeois economists have merely in view that production proceeds more smoothly with modern police than, e.g. under club law. They forget, however . . . that the law of the stronger, only in a different form, still survives even in their "constitutional State"'.^[117]

In conclusion: the law of value which is indeed a law of exchange of *equivalents*, as soon as it is realized and becomes *dominant*, reveals its true nature as the law of surplus value and capitalist appropriation.

The exchange of equivalents, the original operation with which we started, has now become turned round in such a way that there is only an *apparent* exchange. This is owing to the fact, first, that the capital which is exchanged for labour power is itself but a portion of *the product of others' labour appropriated without an equivalent* ; and secondly, that this capital must not only be replaced by its producer but replaced together with an *added surplus*. . . . At first the rights of property seemed to us to be based on a man's own labour. At least, some such assumption was necessary since only commodity owners with equal rights confronted each other, and the sole means by which a man could become possessed of the commodities of others was by alienating his own commodities; and these could be replaced by labour alone. Now, however, property turns out to be *the right* on the part of the capitalist to appropriate *the unpaid labour of others* or its product and to be the impossibility on the part of the labourer of appropriating his own product. The *separation of property from labour* has become the necessary consequence of a law that apparently originated in their identity.^[118]

Hence Marx's opposition to 'utopian socialism' or 'revisionism' *ante litteram*, which, he claimed, 'especially in its French version' (Proudhon) saw socialism 'as the realization of the ideas of *bourgeois* society enunciated by the French Revolution'; as though the full realization of the 'rights of man', the principles of 1789 -- or, as we would now say, the republican Constitution -- could dissolve the modern *social* inequalities which these

¹¹⁶ Marx, *Capital*, Vol. I, p. 169.

¹¹⁷ Marx, 'Introduction' to *Contribution to the Critique of Political Economy*, op. cit., p. 199.

¹¹⁸ Marx, *Capital*, Vol. I, pp. 583-4.

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legal and constitutional principles have claimed were the precondition for their own appearance, and which they have reinforced ever since. These socialists

affirm that exchange, exchange-value, etc. *originally* (in time) or in their *concept* (in their adequate form) are a

system of liberty and equality for all, but have since been adulterated by money, capital, etc. . . . The answer to them is that exchange-value, or more precisely the monetary system, is in fact the system of equality and liberty, and that what seems to them to distort the subsequent development of the system is distortions immanent to that system itself, precisely the realization of the *equality* and freedom which reveal themselves as inequality and despotism. . . . To want exchange-value not to develop into capital, or the labour, which produces exchange-value, not to become wage labour, is as pious as it is stupid. What distinguishes these gentlemen from the bourgeois apologists is, firstly, their awareness of the contradictions contained in the system; but secondly, the utopianism which prevents them from discerning the necessary distinction between the real and ideal forms of bourgeois society, and hence makes them want to undertake the vain task of trying to re-realize the ideal expression itself, while in fact this is only a reflected image of existing reality.^[119]

Legal reforms cannot, therefore, grasp or transform the fundamental mechanisms of the system. This is so because, as Rosa Luxemburg acutely pointed out in the polemic against Bernstein, what distinguishes bourgeois society from preceding class societies, ancient or feudal, is the fact that class domination does not rest on 'inherited' or *unequal* rights as previously, but on real economic relations mediated by *equality* of rights.

No law obliges the proletariat to submit itself to the yoke of capitalism. Poverty, the lack of means of production, obliges the proletariat to submit itself to capital. . . . And no law in the world can give to the proletariat the means of production while it remains in the framework of bourgeois society, for no laws, but economic development, has torn the means of production from the producers. . . . Neither is the exploitation *inside* the system of wage labour based on laws. The level of wages is not fixed by legislation but by economic factors. The phenomenon of capitalist exploitation does not rest on a legal disposition. . . . In short, the fundamental relation of domination of the capitalist class cannot be transformed by means of legislative reforms, on the basis of capitalist society because these relations have not been introduced by bourgeois laws, nor have they received the form of such laws.

In our legislative system, as Rosa Luxemburg points out, not one legal formulation of the present class domination can be found. 'How then

¹¹⁹ Marx, *Grundrisse*, op. cit., p. 160.

can one overcome wage slavery gradually, by legal means, when this has never been expressed in legislation?' That, she continues, is

why people who pronounce themselves in favour of the method of legislative reform *in place of and in contradistinction to* the conquest of political power and social revolution, do not really choose a more tranquil, calmer and slower road to the *same goal*, but a *different goal*. Instead of taking a stand for the establishment of a new society, they stand for surface modifications of the old society. If we follow the political conceptions of revisionism, we arrive at the same conclusion that is reached when we follow the economic theories. They aim not towards the realization of *socialism*, but the reform of *capitalism*, not the suppression of the system of wage labour but the 'diminution' of exploitation, that is the suppression of the *abuses* of capitalism instead of the suppression of capitalism itself.^[120]

'SOCIAL CAPITAL'

The insistence with which I have underlined the limits of the theoretical comprehension of Bernstein and the Marxism of the Second International should not allow us to forget, however, that these limits, and the regression in relation to Marx typical of so much of late nineteenth-century Marxism, only acquired their decisive importance in the context and under the impact of a new and complex historical situation, in which a series of phenomena -- occasionally anticipated by Marx, but only now macroscopically developed -- fundamentally transformed the traditional features of capitalist society.

The period of the transition of capitalism to the monopoly phase marked a colossal leap forward in the process of *socialization* of production, introducing the great modern 'masses' into

production and social life, where formerly they were dispersed in occupations surviving from previous modes of production. This '*socialization*' process, accelerated by the formation of 'joint-stock companies', meant not only an enormous growth in the scale of production and enterprise which could not have been achieved with individual capitals; it also meant the birth of the modern so-called 'social enterprise', insofar as it gave rise to the complex phenomenon of the dissolution of *private* capitalist industry on the basis of the capitalist system itself.

The capital, which in itself rests on a social mode of production and presupposes a social concentration of means of production and labour-power, is

¹²⁰ Rosa Luxemburg, *Social Reform or Revolution?*, op. cit., pp. 50-2.

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here [in the case of the joint-stock company] directly endowed with the form of social capital (capital of directly associated individuals) as distinct from private capital, and its undertakings assume the form of social undertakings as distinct from private undertakings. It is the abolition of capital as private property within the framework of capitalist production itself.^[121]

The main consequences of this phenomenon (beginning with the 'separation of ownership and control') were already grasped in their essential features by Marx himself, even though they were still in their initial phase when *Capital* was written. The development of *social capital*, he wrote, implies the

transformation of the actually functioning capitalist into a mere manager, administrator of other people's capital, and of the owner of capital into a mere owner, a mere money-capitalist. Even when the dividends which they receive include the interest and the profit of enterprise, i.e. the total profit . . . this total profit is henceforth received only in the form of interest, i.e. as mere compensation for owning capital that now is entirely divorced from the function in the actual process of production, just as . . . the manager is divorced from ownership of capital.^[122]

This in turn had two effects, which Marx did not fail to point out. Firstly, big capital exerted an action of 'peaceful expropriation' towards small capitals, whether already formed or in the process of formation, through the credit system and in particular through the joint-stock company. This created a situation in which the great majority of shareholders were deprived of control over their property in favour of a small minority of owners who came to wield a power that went far beyond the limits of their own actual property. Secondly, the progressive *depersonalization* of property, brought about by the development of the great modern 'limited liability' company, implied the emergence as *a subject of the object* of property itself, i.e. the complete emancipation of property from man himself, with the result that the firm seemed to acquire an independent life of its own as though it were nobody's property, transforming itself into an entity in itself with similar characteristics to those of the State.

This spread of joint-stock companies, of course, as Marx pointed out, encouraged speculation and adventurers, 'a new financial aristocracy, a new variety of parasites in the shape of promoters, speculators and simply nominal directors; a whole system of swindling and cheating by means of

¹²¹ Marx, *Capital*, Vol. III, p. 427. ¹²² *ibid.*, p. 427.

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corporation promotion, stock issuance, and stock speculation'. And yet this process was the chief support for Bernstein's thesis of a progressive 'democratization of capitalism'. In his view, modern *industrial concentration* is not accompanied, as Marx claimed, by a similar concentration of *property*; rather it leads, through joint-stock companies, to a *diffusion* of

property, a multiplication of the number of capitalists, a growth in the number of those who share in the benefits of the modern 'social enterprise'. Since the number of capitalists increases rather than diminishes, Marx's discussion of concentration and accumulation of wealth at one pole of society is contradicted and invalidated.

This theme has, of course, been taken up again relatively recently, thanks to two American neo-liberals, Berle and Means.^[123] Their thesis is that the large firms represent only a *technical*-industrial concentration, which does not imply a concentration of property, but rather its diffusion and decentralization. Hence joint-stock companies or corporations signify the 'end of capitalism', provided that (a) control of these 'quasi-public' enterprises is entrusted to disinterested technicians (Berle and Means look forward to the appearance of an 'impartial technocracy'); and (b) that share ownership is progressively extended to all layers of society.

However, this is not the place to do more than note this development. To return to Bernstein, the scientific ingenuity behind his thesis of the multiplication of capitalists is revealed by two criticisms levelled at him by Rosa Luxemburg. Firstly, 'by "capitalist" Bernstein does not mean a category of production but the right to property. To him, "capitalist" is not an economic but a fiscal unit. And "capital" for him is not a factor of production but simply a certain quantity of money.' Hence, she concludes, 'he moves the question of socialism from the domain of production into the domain of relations of fortune . . . between rich and poor'. Secondly, Bernstein's thesis of the progressive dissolution of big capital into myriads of small capitals, and more generally his propensity to emphasize counter-tendencies to concentration, besides being based on utopian fantasy is essentially *reactionary*. If true, it would lead to 'an arrested development of the capitalist system of production', its regression or involution to a pre-natal phase.^[124]

The same could be said for Bernstein's arguments about the persistence and increase in the number of small and medium enterprises. The

¹²³ A. Berle and G. Means, *The Modern Corporation and Private Property*, New York, 1934.

¹²⁴ Rosa Luxemburg, op. cit., pp. 31, 37.

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'almost unshakeable phalanx' of medium-sized firms is a sign for him that the development of big industry does not resolve itself into giant concentrations as Marx had prophesied. Schumpeter's judgement is conclusive enough on this point: 'Bernstein was an admirable man but he was no profound thinker and especially no theorist. In some points, especially as regards . . . the concentration of economic power, his argument was distinctly shallow.'^[125] Rosa Luxemburg's comment, however, is also pertinent: 'To see the progressive disappearance of the middle-sized firms as a necessary result of the development of large industry is to misunderstand sadly the nature of this process.' In relation to big industry the small firms 'initiate new methods of production in well-established branches of industry; they are also instrumental in the creation of new branches of production not yet exploited by big capital. . . . The struggle of the middle-sized enterprise against big capital cannot be conceived as a regularly proceeding battle in which the troops of the weaker side continue to melt away directly and quantitatively. It should be regarded as a periodic mowing down of the small enterprises, which rapidly grow up again, only to be mowed down once more by big industry.' This process does not necessarily mean 'an absolute diminution in the number of middle-sized enterprises . . . [but rather], first a progressive increase in the minimum amount of capital necessary for the functioning of enterprises in the older branches of production; second, the constant diminution of the interval of time during which the small capitalists conserve the opportunity to exploit the new branches of production'.^[126]

Besides, Bernstein's 'ingenuous' marshalling of statistical material to support his argument, both as regards the diffusion of small and medium firms and variations in the flow of income, is exhaustively documented in Kautsky's reply to Bernstein. (Little reference has been made here to this book, though -- especially in the central chapters -- it is one of Kautsky's best works, along with the *Agrarfrage*.) As for Bernstein's argument in support of the 'new middle classes' thesis, the best answer is to be found in Kautsky's book and in Hilferding's *Finance Capital*. Here we can only touch on the problem, important though it is in the period of imperialism, developing as a result of the abnormal growth of the distribution sector provoked by monopoly, besides the mushrooming of the bureaucratic military apparatus characteristic of the modern State.

¹²⁵ J. Schumpeter, *History of Economic Analysis*, London, 1967, p. 883.

¹²⁶ Rosa Luxemburg, op. cit., pp. 18-19.

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Here it only remains to turn to a consideration of the so-called theory of the 'absolute immiseration' or long-term impoverishment of the masses, which, since Bernstein, has been often attributed to Marx by a variety of commentators: notably, until a few years ago, by the most primitive exponents of 'dialectical materialism' in the Soviet Union.

Not only is such a theory absent in Marx, but it would have been *impossible* for him to have produced it, as is proved simply by one thing (among others): that Marx introduces an explicitly *historical-moral* component into the determination of the 'price of labour' (thus distinguishing himself from Ricardo). In determining the 'sum of means of subsistence' necessary for the maintenance of a worker 'in his normal state as a labouring individual', it is not enough, Marx argues, to consider only 'natural wants such as food, clothing, fuel and housing, "which "vary according to the climatic and other physical conditions of his country"'. It is also necessary to consider that the '*number and extent of so-called necessary wants*, as also the modes of satisfying them, are themselves *the product of historical development* and depend therefore to a great extent on the degree of civilization of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed'.^[127] This *historically relative* character of the determination of the 'price of labour' is explicitly stated: 'In contradistinction . . . to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element.' If we reflect on this we can understand that for Marx, above all others, it is impossible in principle to speak of a *long-term immiseration* of the workers, a worsening in *absolute* terms of their living standards in the centuries of capitalist development.

It is true that in the *Manifesto* and many other writings, Marx refers to a pauperization of the working class, its growing dependence for its subsistence on the will of others, that is of the capitalists; he writes of the 'immiseration', 'degeneration' and 'enslavement' of the workers and refers to the growing precariousness and insecurity of their labour: 'To the extent that capital is accumulated, the situation of the worker *whatever his retribution*, high or low, can only worsen' (my italics). But this conviction, to which Marx remained faithful all his life, can only mean one thing: capitalist development, contrary to illusions of 'betterment' nourished by reformists, is not destined to transform everyone into capitalists and property owners; nor will it abolish, by gradual reforms,

¹²⁷ Marx, *Capital*, Vol. I, p. 171.

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the basic social *inequality* between capital and labour but quite to the contrary tends constantly to reproduce it, and to reproduce it in an aggravated form. This is a theory, in other words, of *relative* immiseration or an increase in the imbalance or inequality of the workers' conditions *in relation* to the conditions of the class that owns the means of production.^[128]

As Marx wrote in 1849:

A noticeable increase in wages presupposes a rapid growth of productive capital . . . [which] brings about an equally rapid growth of wealth, luxury, social wants, social enjoyments. Thus, although the enjoyments of the worker have risen, the social satisfaction that they give has fallen in comparison with the increased enjoyments of the capitalist, which are inaccessible to the worker in comparison with the state of development of society in general. Our desires and pleasures spring from society; we measure them, therefore, by society and not by the objects that serve for their satisfaction, because they are of a social nature, they are of a relative nature.^[129]

Hence not only does Marx's theory not exclude increases in real wages, but this increase, whatever Bernstein and Joan Robinson may think, proves absolutely nothing which contradicts Marx's thought. Indeed, the theory of increasing exploitation holds good even in the case where wages have risen. And not only because the increase of the workers' enjoyment does not exclude that the 'social satisfaction' he obtains from it diminishes *proportionately*, but because we measure our needs and enjoyments not only by 'the material means for their satisfaction', but according to a social scale or social 'relation'. 'Just as little as better clothing, food and treatment and a larger peculium, do away with the exploitation of a slave, so little do they set aside that of the wage-worker.'^[130] This is, in fact, the decisive point in the entire Marxist theory of exploitation -- a point on which our own reading of the theory of value as a theory of alienation can help to throw light. It is the *dependence* which ties the workers to the will of the capitalist class, and not their absolute poverty, that represents 'the *differentia specifica* of capitalist production'.^[131] In other words, capitalist appropriation is not exclusively or primarily an appropriation of *things*, but rather an appropriation of subjectivity, of working energy itself, of the physical and intellectual powers of man.

¹²⁸ J. Gillman, *The Falling Rate of Profit*, London, 1957, pp. 145 ff.

¹²⁹ Marx, *Wage Labour and Capital*, in *Selected Works*, op. cit., pp. 84-5.

¹³⁰ Marx, *Capital*, Vol. I, p. 618.

¹³¹ *ibid.*

CAPITALISM AND THE CONSTITUTION

When Bernstein's book is considered as a whole, it can be seen that the point to which his argument constantly returns and from which all his theses stem is, on the one hand, the 'contradiction' between political equality and social inequality; and, on the other, the capacity of the parliamentary government or modern representative state progressively to iron out the tensions and conflicts arising from class differences, to the point where their very source is removed.

The appeal to the inalienable 'rights of man' proclaimed by the French Revolution; the emphasis on natural law underlying Bernstein's 'ethical' socialism; his exaltation of 'liberalism', which he sees as the soul of modern democracy, to the extent of reducing the latter to the 'political form' of liberalism (*die Demokratie ist nur die politische Form des Liberalismus*) -- all this does not require comment, given the eloquent clarity with which it is expressed. If time and space allowed, it would be obligatory to compare it with that remarkable document of ethico-political reflection, Marx's early text on *The Jewish Question*.

But to bring back our argument to the initial point, I shall rather emphasize that the development of this interclassist conception of the state in German Social Democracy was a gradual one, almost a slow historical accretion, interlinked with the practical political vicissitudes of the party. In 1890, with the fall of Bismarck, the anti-socialist law came to an end. The introduction of this law, which forced on German Social Democracy a quasi-illegal existence for twelve years, was not unconnected with difficulties consequent on the economic depression discussed above. According to Mehring, 'with the anti-socialist law, big industry, under the impact of the crash, made common cause with the reactionary classes. It obtained its industrial tariffs, while the bankrupt Junkers were artificially kept alive by agrarian tariffs and subsidies. These tariffs freed military absolutism from parliamentary control, still inconvenient in spite of the feebleness of the bourgeois parties in the *Reichstag* .' [132]

From this difficult period, however, which it had confronted with courage and determination, German Social Democracy emerged enormously strengthened. When the anti-socialist laws were passed, the party had 437,000 votes and the trade unions had 50,000 members; by the

¹³² F. Mehring, *Geschichte der deutschen Sozialdemokratie*, 8th and 9th editions, Stuttgart, 1919, Part II, Vol. 4, p. 338.

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time they came to an end, the party could boast 1,427,000 votes and the unions 200,000 members. 'In twelve years of struggle the Party had not only become larger and more powerful, but was also considerably enriched in its innermost essence. It had not only resisted and hit back, but also worked, learned; it had given proof not only of its strength but also of its spirit.' [133]

This quantitative growth and the return to legality, even in the limited terms allowed by German conditions, created a series of qualitatively new problems. Having reached the point of its fullest development, the party now had to confront the difficult and complex transition from a phase of simple propaganda to one of concrete political choices and constant co-ordinated and practical action. So long as the party was proscribed, it had no choice but to use parliament as a propaganda tribune for socialism. But now that Bismarck had been dismissed and there was a prospect of rapid and steady electoral growth, with a general climate which seemed favourable to social reforms, should this purely negative attitude be abandoned? Should the parliamentary delegates of the party become spokesmen for the demands of the trade-union movement, favour the adoption of those measures that seemed feasible and in some way insert themselves positively in the Reichstag debates, passing from non-cooperation to a constructive policy? [134]

This turn posed serious tactical and strategic problems. Was it right to seek collaboration or alliance with other political forces or was this not to run the risk that the party, still young and moreover swollen with recent recruits, would thereby lose its independence and identity? Then there was the question of the *Reich*, founded in 1870: should it be regarded as an enemy to fight, or accepted as a fact within which it was possible to work to obtain in the meanwhile the bourgeois-democratic reforms from which the German state was still so far removed?

At the Erfurt Congress (October 1891) the prevailing attitude seemed largely inspired by confidence and optimism. The party suffered, it is true, a minor rupture on the left, but this only underlined the firm determination of the majority to struggle forward in legality. The period which was now opening would see the party and the trade-union movement grow with gradual but irresistible force. In a reasonable period of time, the Social Democrats would conquer the majority of seats in the

¹³³ *ibid*, p. 326.

¹³⁴ For this section in general, see G. D. H. Cole, *A History of Socialist Thought*, Vol. III, The Second International, Part I, London, 1963, pp. 249 ff.

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Reichstag -- a majority that no government soldiery could ever disperse. At that point, backed by the maturity and consciousness attained by the masses, the party would undertake the socialist transformation of society, using parliament itself to this end. The fact that the party did not yet have this decisive influence in the Reichstag should not induce it to condemn the system outright. 'Parliament', said old Wilhelm Liebknecht at the Congress, 'is nothing more than representative of the people. If we have not yet achieved results in parliament, this is not because of a defect in the system but simply because we have not yet got the necessary backing in the country and among the people.'¹³⁵ 'The other road' which some urged, the 'shorter' or 'violent' road, was merely that of anarchy.

The passage from Engels cited at the beginning of this essay essentially reflects this strategic perspective. The right to vote is considered as a weapon which can, in a short space of time, carry the proletariat to power; the Paris Commune is regarded as a blood-letting not to be repeated. It must be made clear that this strategic vision is by no means yet 'revisionism'. But if it is not 'revisionism' it is nonetheless its unconscious preamble and preparation.

German Social Democracy chose the 'parliamentary road' at Erfurt, not because it had already abandoned the class conception of the State, but because its 'fatalistic' and 'providential' faith in the automatic progress of *economic evolution* gave it the certainty that its eventual rise to power would come about 'in a spontaneous, constant, and irresistible way, quite tranquilly, like a natural process'. On the other hand, the naturalistic objectivism which is the counterpart to this concept of 'economic evolution' had its counterpart in the dissolution of the Marxist theory of the State.

Let us examine this question more closely. The theory of the State in the Marxism of the Second International was the theory in Engels's *Origins of the Family, Private Property and the State* (1884). This text, like all the Marxist discussions of the State which followed, is characterized by a transposition of the *specific* features of the modern representative State to the State *in general*, whatever the historical epoch or economic social regime underlying it. Marx's well-known statement that in bourgeois society 'particular' or class interests take the illusory form of 'universal' or 'general' interests -- which is the very pivot of his entire analysis of the above-discussed modern relation between *political equality* and *social inequality* -- is represented by Engels as a characteristic of *all*

¹³⁵ Cited by Cole, op. cit., pp. 253 ff.

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types of class domination. As a result, it is impossible to relate this process of objective 'abstraction' or 'sublimation' to specifically *capitalist* economic-social conditions, and hence to explain it as an organic product of this *particular* type of society; it is seen instead as a *conscious* 'disguise' or fraud by the ruling classes, in much the same way as Voltaire imagined that religion owed its origin to the cunning of priests.

Two consequences flow from this inability really to relate the modern State to its specific economic foundation. Firstly, a *voluntarist* conception which sees the State, or at least the form it assumes, as an intentional product of the ruling class, an invention *ad hoc*. Secondly, insofar as the form of the State is seen as *indifferent* to the type of social relations over which it

presides, a conception which tends both to frantic subjectivism and to interclassism (following a route which has recently been traversed again). In the first case, the rise to power of a particular political personnel, rather than a modification of the roots on which the power structure rests, is seen as decisive and essential for socialism (hence regimes of the Rakosi type). In the second case, since power is understood as an identical instrument that can serve different, opposed interests according to the context, it is automatically voided of any class content (as in recent theories of the so-called 'State of the whole people').

As Lenin pointed out in *The State and Revolution* : 'Marx . . . taught that the proletariat cannot simply conquer State power *in the sense that the old apparatus passes into new hands* (our italics), but must smash, break this apparatus and replace it by a new one',^[136] i.e. by a State which begins slowly to 'wither away', making room for ever more extensive forms of direct *democracy*. This is a debatable position, of course, but one which has deep roots in Marx's thought. It seems to me, however, that it is a position already coming into crisis in Engels's 'political testament'. For here, just as 'legality' seems to revolt against the social and political forces which originally gave rise to it, the old State apparatus seems destined to welcome its inheritors to its breast, provided they know how 'to keep this [electoral] growth going, until it of itself gets beyond the control of the governmental system'.

¹³⁶ Lenin, *Selected Works*, op. cit., Vol. II, p. 354. In this connection it should be noted that Bernstein cites several times a statement of Marx's from the 1872 Preface to the *Manifesto*, that 'the working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes This means that the working class cannot restrict itself to taking power but must transform that power, 'smash ' the old structure and replace it by a new type of power. But Bernstein interprets it as a warning to the working class against too much revolutionary emphasis on the seizure of power.

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It is impossible to show here how this conception -- which, remarkably enough, is susceptible to two opposed interpretations: one sectarian and primitive, which considers *political equality* a mere 'trap'; and one 'revisionist', which sees the modern representative State as expressing the 'general interest' -- has exhaustively nourished the two opposed traditions of the workers' movement. To show how much more realistic and complex Marx's analysis is, I shall restrict myself to one of his most successful and compressed formulations, discussing *The Class Struggles in France* :

The comprehensive contradiction of this constitution, however, consists in the following: the classes whose social slavery the constitution is to perpetuate, proletariat, peasantry, petty bourgeoisie, it puts in possession of political power through universal suffrage. And from the class whose old social power it sanctions, the bourgeoisie, it withdraws the political guarantees of this power. It forces the political rule of the bourgeoisie into democratic conditions, which at every moment help the hostile classes to victory and jeopardize the very foundations of bourgeois society. From the ones it demands that they should not go forward from political to social emancipation; from the others that they should not go back from social to political restoration.^[137]

Unless I am mistaken, the first writer to 'rediscover' these lines and make them the central point of his own study of the relationship between liberal and socialist democracy was Otto Bauer, who, in a famous and in many respects important book published in 1936, *Zwischen zwei Weltkriegen?*,^[138] gave an interpretation of them very similar to Bernstein's theses -- an interpretation later taken over lock, stock and barrel by John Strachey in his book *Contemporary Capitalism*.^[139]

According to this interpretation, Marx's text confirms the central thesis of at least one tendency in present-day Social Democracy: the idea that in the great 'Western Democracies' the 'basic tendencies in the political and economic fields', as Strachey puts it, 'move in diametrically opposed directions'. While 'the diffusion of universal suffrage and its use has become ever more effective, the growing strength of trades unionism' over the last half-century 'has diffused

political power', placing it more and more in the hands of the working classes. In the very same period, by contrast, 'economic power has come to be concentrated in the hands of the largest oligopolies'.

It follows from this interpretation that in the 'great Western democ-

¹³⁷ Marx and Engels, *Selected Works* in two volumes, Moscow, 1962, Vol. I, p. 172.

¹³⁸ O. Bauer, *Zwischen zwei Weltkriegen?*, Bratislava, 1936, pp. 97 ff.

¹³⁹ J. Strachey, *Contemporary Capitalism*, London, 1956.

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racies', the situation is basically characterized by a 'contrast' between politics and economy, between the constitution or *Rechtsstaat* or parliamentary government (the political form more or less common to all these countries) and their economy which remains capitalist. There is no question, in other words, of seeking to establish a new democracy or new type of democracy; the existing one is the only one possible. The problem is rather to transfer democracy from the political plane, where it is already alive, to the economic plane (without, on the other hand, 'subverting' the system). In other words, to use the most common formula, to give 'content' to the existing 'liberties' which are only 'formal' (as if they had no content already).

Turning to the passage from Marx, this interpretation seems to me to miss all its complexity. Marx certainly recognizes that through universal suffrage the modern constitution places the working classes in a certain sense 'in possession of political power'. But he also points out that it perpetuates their '*social slavery*'. He recognizes that it withdraws from the bourgeoisie the 'political guarantees' of its power, but also states that it sanctions its 'old social power'. In short, for Social Democracy the contradiction is only *between* constitution and capitalism; for Marx it is within society, traversing the constitution as well. On the one hand, through universal suffrage, the constitution brings *everybody* into political life, thus recognizing for the first time the existence of a common or public interest, a 'general will' or sovereignty of the people. On the other hand, it can only turn this common interest into a *formal* one, real interests remaining 'particularistic' and opposed to one another by the class divisions of society. ('The constitutional State', Marx wrote, 'is a State in which the "State interest" as a real interest of the people exists *only formally*. The State interest formally has reality as an interest of the people but it can only express this reality in formal terms.') Hence in the modern State 'general affairs and occupying oneself with them are a monopoly, while by contrast monopolies are the real general affairs.'

To conclude: the constitution of the bourgeois democratic republic is the *résumé*, the compendium of the contradictions between the classes in capitalist society. But since from one class 'it demands that they should not go forward from political to social emancipation', and 'from the others that they should not go back from social to political restoration', the republic is, for Marx, by no means the resolution or supersession of the basic antagonisms. On the contrary, it provides the best *terrain* for them to unfold and reach maturity.

From Marx to Mao	Other Documents	Reading Guide
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