END NOTES 2

MISERY AND THE VALUE FORM

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CRISIS IN THE CLASS RELATION

YES! THERE WILL BE GROWTH IN THE SPRING!

The history of capitalist society is the history of the reproduction of the capitalist class relation. It is that of the reproduction of capital as capital, and – its necessary concomitant – of the working class as working class. If we assume the reproduction of this relation is not inevitable, what is the possibility of its *non*-reproduction?

For a brief moment the recent crisis perhaps seemed to present us with a glimpse of such non-reproduction: the phenomenon of bank runs returned to the capitalist core, a wave of fuel and food price riots swept numerous countries, stock markets slid and corporations filed for bankruptcy, the Icelandic economy collapsed, the world as a whole entered a crisis widely announced as the worst since the Great Depression, Greece was lit up with insurrection, and forms of class struggle that have not been seen for decades reappeared in the UK. For a few months empty words were thrown around about a return of Marx and mainstream economists became catastrophists, before talk of "green shoots" returned and the usual idea began to set in that this crisis was, at most, a particularly severe glitch in the normal functioning of the capitalist economy, caused by some arbitrary, non-systemic factor. In such a situation, rather than a posing of the possible non-reproduction of the capitalist class relation, it is perhaps more plausible to interpret crisis as an aspect of the *self-regulation* of the capitalist world economy; at most a particularly extreme "shake-out" of some excesses or irrationalities in an otherwise healthy, fully functional system.

But there is no healthy equilibrium state, no "normal", fully functional condition at the core of capitalist society. Crisis is the *modus vivendi* of the capitalist class relation, the life-process of this contradiction. Insofar as the accumulation of capital is always a fraught,

problematic process; insofar as, even in its victories over the proletariat, capital still approaches impasses of over-accumulation; insofar as the dance of the capitalist class relation cannot take place without both of its reluctant partners, crisis is always here. In the capitalist mode of production labour is the source of value, yet with the progress of accumulation necessary labour is a tendentially diminishing magnitude. Crisis is always with us because, for capital, *labour is a problem*.

Yet crisis is also a discrete *event*. The spectacular catastrophism that reigned in global stock markets around the fall of Lehman Brothers, the waves of mortgage foreclosures sweeping the US, the looming bankruptcy of entire states, the vast bailouts and forecasts of depression, the hailing of an end of the "neoliberal" era and the appearance – no matter how illusory – of ideas of a return to Keynes: all of these are the very real signs of a particular crisis in the capitalist class relation. The particular crisis betrays the general contradiction of this relation, as if suddenly the lid had been blown off of the machine, and all the crunching gears exposed. Like all crises, this represents the deeper shifting structure of the class relation: where an aspect of the reproduction of the relation runs up against its limits, a moment of systemic openness and a fleeting glimpse of the possibility of rupture appears. Then, where one gear had slipped from the flywheel, through some chaotic mechanics another re-engages at a now-altered momentum. The contradictory reproduction of the capitalist class relation continues for now, with some modifications; Chance the gardener's "green shoots" announce the end of winter, and crisis is naturalised once again not as chronic or permanent condition, but as the eternal recurrence of a natural cycle.

What is the character of the reproduction of the class relation now, and how is it transforming itself? What

intimations can we find in this of the possibility of its non-reproduction? What – that is to say – is the possibility now of a complete rupture with this self-reproduction? These are the questions to which a revolutionary theory must address itself. It is in the changing modalities of this reproduction that we can grasp the real history of capitalist society as something more than a contingent assemblage of facts, narratives or concepts, strategic victories, defeats or recuperations, because it is in its self-reproduction that the capitalist class relation constructs itself as a totality. For the same reason, it is in these modalities that we must look for the possibilities of an immanent destruction of that totality.

THE REPRODUCTION OF THE RELATION

> [T]he result of the capitalist process of production is not just commodities and surplus value; it is the reproduction of this relation *itself* [...] Capital and wage labour only express two factors of the same relation.[1]

1 Marx, *61-63 Manuscripts* (MECW 30) pp. 113-5.

If there is a defining characteristic of capital which singles it out from a mere sum of money, or some unspecified mass of materials with which one might make money, it is that it *expands*: it is money which becomes more money, value that *self-valorises.* In order to persist as capital, capital must perpetually increase its quantity. In this sense, it has a clearly "teleological" character: it has a clear goal – its own expansion – and it pursues this goal relentlessly. Since, on the systemic level, such expansion clearly cannot be maintained through the mere *reallocation* of value from one capital to another, in order for valorisation to take place there must be some possibility of *producing* new value. This possibility is labour-power.

Since workers do not necessarily need to spend the entirety of the working day producing enough to be able to reproduce themselves as workers for the next day, a surplus can exist between the amount of labour actually performed by workers, and the social average of labour that is expended in producing the goods with which these workers reproduce themselves. A distinction between labour and labour-power thus arises, and it is reasonable to say that the entire edifice of capitalist society is erected on the basis of this distinction.

Whilst of course workers must be compelled to work this surplus, this compulsion is a systemic one. What, for the worker, is merely the number of working hours necessary to earn the wage requisite for reproducing her life at a given level, is for capital both an outlay in wages and the possibility of profit beyond the mere value of these wages. Whilst the position of the worker with regards to property means that her formal freedom is at the same time coupled with systemic coercion, both parties in this arrangement remain consenting "bourgeois subjects," freely taking themselves to market. This meeting on the labour-market between capital and labour has – of course – certain inherent frictions, and like all good traders, both parties will always be looking for ways to obtain more for less. Workers drag themselves reluctantly to work, steal back as much time as possible, and sometimes strike for higher wages, whilst capital imposes the working day as rigorously as possible and will always be searching to expand the surplus portion of the labour that takes place in its production process.

This day-to-day meeting of capital and labour is not merely a contingent fact. If it were, then the persistence over time of capitalist society would be nothing short of miraculous. It is not *a fact* because it is a process in which we are all ceaselessly involved, and it is not *contingent* because – in its repetition – we

can trace a certain systematicity to the way in which this meeting comes about.[2] Workers do not merely happen to meet capital on the labour market with only their labour-power to sell, and capital does not merely happen to confront these workers as amassed means of production, possessed as private property. Rather, workers as sellers of labour-power and capital as amassed means of production are both produced as such by a determinate process. This process is the process of production itself: as well as producing value and distinct use-values, the production process at the same time is the process of production of the capitalist class relation.

If we consider not the start of the production process but its result, the successful capitalist has appropriated surplus-value from the workers, realised it in exchange, and can now employ this value in the next cycle of the production process; whereas the worker, being paid for her labour-power only, leaves the production process only with a wage to cover the cost of her reproduction for the next cycle of production. Both parties thus return, at the end of the process of production, to the structural locations from which they entered it. The worker has little choice but to sell her labour-power again, since she has not amassed anything of her own in the course of the production process, and the capitalist is impelled by the expansive logic of capital to employ her once more. Once the capitalist process of production has begun, its continuity is – at least in this sense – *automatic*. There is a *necessity* to the continuing reproduction of the capitalist class relation which follows from the character of the capitalist process of production itself.[3] Since the process of production is nothing but this class relation *in actu*, we may say that the reproduction of the capitalist class relation follows necessarily from the character of this relation itself.

2 'By repetition that which at first appeared merely a matter of chance and contingency becomes a real and ratified existence.' Hegel, *The Philosophy of History* (The Colonial Press 1900), p. 313.

3 This is not the same as *inevitability*. That something is necessary does not tell us whether it will occur or not. Though the self-reproduction of the capitalist class relation has an automatic character and thus a certain 'necessity', this does not make this continuing reproduction inevitable any more than the continuing operation of a combustion engine is the inevitable result of its construction.

THE TOTALITY

The self-founding of the capitalist class relation is also that of the *totality* of capitalist social relations. With this process of self-reproduction, it is not only workers and capital that are reproduced, but also the state and all its organs, the family structure and the system of gender relations, the constitution of the individual as a subject with a specific *internality* opposed to the world of production and so on. It is only through the repetition of their reproduction – pivoting upon that of the capitalist class relation – that these many moments come to bear any systematicity, and thus to constitute a totality.

It is a trivial truth that the social structures which constitute this totality cannot persist without the founding of society in production. Taken in only its *immediate* material aspect production presents itself as a quasi-natural basis for the reproduction of "society". Yet in the capitalist mode of production it is value – not the general production of human life through any "human metabolism with nature" – that is the direct object of production, and it is first and foremost not "society", but the *capitalist class relation* that is reproduced. "Society" as such – or the social formation – is the appearance in the abstract of the totality of relations that are reproduced through the self-reproduction of the capitalist class relation. A theory which sets out from the self-reproduction of the social totality in the abstract can only express the existence of this totality tautologically: the persistence of the parts is functionally necessary for the persistence of the whole, and the persistence of the whole is nothing but the persistence of these functional parts. The Althusserian notion of "structural causality" takes this tautology for a metaphysical principle – a mistake inseparable from the functionalist tendency within Althusserian Marxism.[4]

4 See, for example Louis Althusser, Etienne Balibar, et al., *Reading 'Capital'* (New Left Books 1970), p. 189: 'the effects are not outside the structure, are not a pre-existing object, element or space in which the structure comes to *imprint its mark*: on the contrary [...] the structure is immanent in its effects, a cause immanent in its effects in the Spinozist sense of the term, [...] the structure, which is merely a specific combination of its peculiar elements, is nothing outside its effects.'

But an assertion of the contingency or open-endedness of class struggle, or a "Copernican turn" to the working class as subject of such struggle, is not an adequate alternative to a functionalism or naturalism of social reproduction. In its systematic self-reproduction the class relation is specifically not a contingent affair, and as the concomitant pole to capital in a relation of mutual reproduction, the working class *as such* cannot be the focus of revolutionary theory. The totality, of course, has many levels of concreteness, and is cut through with complex and contingent factors that cannot all be adequately accounted for through some simple liturgy of class relations. But as the locus of capitalist production, as the point from which it sets out, and to which it always returns, as the moment of the self-founding of the mode of production, the reproduction of the capitalist class relation has a centrality for any theory of revolution.

THE HORIZON

> [F]or any era, to be present means having horizons. To pass is to lose those horizons.[5]

5 Jean Paul Sartre, 'War Diary', *New Left Review* 59 (2009).

To pose the question of revolution is to put at stake the continuing existence of this capitalist class relation itself. Revolution cannot be the mere expropriation of capital, the seizing of the means of production by or on behalf of the working class. It must be the direct destruction of the self-reproducing *relation* in which workers *as workers* – and capital as self-valorising value – are and come to be. The revolution will be communist, or it will not be. We call the revolution thus conceived "communisation."

The immanent self-perpetuation of the capitalist class relation presents itself as an *eternalization*: in its self-founding the class relation appears infinite, without a *beyond*. Since this relation projects itself onto an infinite future, revolutionary theory necessarily concerns

itself with rupture, with an interruption in the very temporality of the relation. But self-reproduction is not a simple tendency towards equilibrium, or the dynamic preservation of an essentially static state. To posit the self-reproduction of this relation is not to take a starting point which can only ever demonstrate the functional closure of the system, and against which we must assert the radical open-endedness of class struggle, or a vision of revolution as radically exterior, messianic or transcendent. An organic metaphor is perhaps more appropriate than a cybernetic or mechanical one: an organism is inherently homeostatic, but it necessarily changes throughout its life span, it still must die, and its tendency towards death cannot be understood as exterior to its very living. Yet the capitalist class relation does not merely reproduce itself with a unity of function that must, like all good things, one day come to an end. Rather, as a class relation – a relation of exploitation – it is inherently antagonistic. Insofar as each has a directionality to its assertion against the other, the logical culmination of which would be final victory, both poles in the relation can project themselves as its ultimate truth, its final victor. Both capital and the proletariat can legitimately lay claim to being the essence at the heart of capitalist society, but such claims will always be contradictory, since neither pole in this relation is anything without the other.

Since each pole of this relation can claim contradictorily to be its truth, and since it is a *dynamic* relation with a directionality at its heart ensuing from the future-orientedness of capital's valorisation process, the class relation always bears within it an immanent temporal horizon. It does not simply eternalize itself as a monolithic, closed totality. Rather, as a relation of struggle it carries as its own horizon a vision of the future as projected resolution to this antagonism. The final victory of the working class, the permanent establishment of liberal

capitalism, looming barbarism, or ecological apocalypse: the class struggle always has a singular horizon, and depending on the dynamic of the class relation at any given moment, this horizon has a variant quality. Within this horizon, a supersession appears which may be more or less contradictory. If the overcoming of the capitalist class relation on the basis of the simple victory of one or the other of its poles is impossible – for each pole is nothing without the other – then, insofar as the affirmation of the working class *as working class* was their content, the revolutions of the 20th Century can be said to have posed an *impossible* overcoming of the capitalist class relation. In contrast, the revolution as communisation appears only in the struggle which carries *the direct non-reproduction of the class relation* in its immanent horizon.

It is only through its systematic reproduction that this relation presents itself as a *unity* rather than as an *ad hoc* arrangement, and – if by history we understand more than the impossible description of a formless flux – it is only *as* such a unity that it is capable of having a history. Just as the basis of the accumulation of capital is internal to the capitalist class relation, so – on the social level – are its *effects*. Falling profitability directly affects the ability not just of capital to reproduce itself, but also of the working class. Incessant technical reorganisation of the labour process brings radically varied patterns of experience to the lives of workers. Reorganisation of gender roles away from the single wage family through the increasing employment of women brings a different shape to the family and the experience of "personal life" outside of the production process. The expansion of the credit system enables capital to move globally with an increasing fluidity that alters the roles of states in the world system, and undermines national-level bargaining on the part of the working class. The tendency of labour-saving innovations to expel workers from the production

process and generate a surplus population, where this population is able potentially to join the labour market, puts a downward pressure on wages and job security, and where it cannot join the labour market, vast slums are thrown up to house a human surplus whose reproduction is increasingly precarious and contingent. All of these tendencies are immanent to the capitalist class relation. The history of the development of the capitalist mode of production is that of the unfolding, within the capitalist class relation, of these tendencies, and thus the internal alteration of the quality of this relation itself.

The horizon of supersession which the class relation carries within it has a variant quality: its character at any given moment is inextricable from the historical modification of the class relation. What is invariant is that there is such a horizon at all. The changing character of this horizon is the primary basis and object for revolutionary theory. In posing the question of the revolutionary overcoming of the capitalist class relation, we traverse the theoretical terrain of this horizon as it presents itself now, to us. This is a stratified terrain with its own geology of sediments, irruptions, and fault lines. We trace the line of this horizon as it exists – approaching as close as possible to the conceptualisation of our exit from this landscape – and as it once was, differentiating the landscape which faces us from those of the past. Communist theory is the theory of the immanent horizon of the class struggle. In tracing this horizon, and in conceptualising its passing-over, we render the class struggle in its historicity a determinate object of theory and take it up in its finitude. In putting the class relation itself at stake through positing its ultimate supersession we can view this relation for what it is. We can grasp its truth not through the projection of a spurious neutrality, but through the opposite: through assuming the partisan standpoint of its overcoming, an overcoming that exists not merely in "theory" but in the immanent dynamic of the class relation itself.

> To the degree that labour time – the mere quantity of labour – is posited by capital as the sole determinant [of value], to that degree does direct labour and its quantity disappear as the determinant principle of production – of the creation of use values – and is reduced both quantitatively, to a smaller proportion, and qualitatively, as an, of course, indispensable but subordinate moment [...] Capital thus works towards its own dissolution as the form dominating production.[6]

6 Marx, *Grundrisse* (MECW 29), pp. 85-6 (Nicolaus translation).

If the capitalist class relation is a contradictory one in which reproduction is never a simple matter of the preservation of a stable state, this is because – as we indicated above – *labour is a problem for capital.* As the sole source of surplus value, surplus labour is always something which capital requires more of in its constant drive to accumulate. In increasing the productivity of labour, capital benefits by increasing the ratio of surplus to necessary labour, yet at the same time it thereby diminishes the role of labour as the "determinant principle of production." This ultimately means that fewer workers are required to produce the same mass of commodities, and with this reduction comes a reduction in the possibilities for valorisation. From this simple contradiction we can derive some of the fundamental tendencies within the reproduction of this relation, and it is in this simple contradiction that we can see how capital "works towards its own dissolution."

The fabled law of the tendential fall in the rate of profit expresses aspects of this simple contradiction. In its canonical formulation this law derives from the fact that in its competitive battle against other capitals, any capital will tend over time to increase the productivity of its workers through technical developments in the production process: its *technical* composition will tend to rise.

With productivity increases it takes less labour-time to produce the same commodity, and the individual capital thus gains an advantage over other capitals, but in time these same productivity gains become generalised, wiping out the initial gain, and leading to a lower value of the commodity, since its production now requires less socially necessary labour-time. Thus even at this abstract level we can locate a first appearance of this simple contradiction, for the drive to accumulate surplus value through the production of commodities – a surplus which is constituted from surplus labour – leads to a reduction in the labour-time, and thus the scope for surplus labour, involved in the production of the very same commodities.

This is, however, by itself not a loss for capital, since in increasing the productivity of labour it also lowers the cost of labour by cheapening the goods which workers consume. Wages can thus be relatively decreased, and the part of the working day spent producing surplus value for capital can be extended. If however we assume that, over time, such rising *technical* composition will lead, at the level of total social capital, to a rising *value* composition – a rising ratio of capital devoted to means of production (constant capital) in relation to that devoted to wages (variable capital)[7] – this means that a capital of which a growing proportion is devoted to means of production must valorise itself on the basis of a diminishing proportion of variable capital. Since the working day cannot be extended indefinitely (the day has only 24 hours, and the worker must spend some of these reproducing herself as a worker), and the part of the working day devoted to necessary labour can only be reduced towards zero, the amount of surplus value which capital can extract from an individual worker has definite limits. Thus eventually capital will be unable to extract enough surplus value to continue accumulation at the same scale. If the direct reduction – through productivity increases – in the labour-time necessary for the production of a given

7 A relation which Marx terms organic composition.

commodity represented a first appearance of the problem of labour for capital, we see here a further appearance of the same contradiction at a more concrete level.

All of this follows quite simply from a rising value composition of capital. For the sake of this argument, rising value composition is something *assumed* to follow from a rising technical composition. However, various factors complicate the relation between the technical and value composition, and allay the tendency for the rate of profit to fall as a result of the direct effect of the former on the latter. In particular, it must be noted that the same rising productivity of labour which would otherwise directly increase the ratio of constant to variable capital, at the same time decreases the value of means of production, thereby at least mitigating any tendency towards such an increase. Thus it is by no means self-evident that such a tendency will manifest itself in the actual unfolding of capitalist accumulation. However, if the theory of the tendency of the rate of profit to fall helps to highlight the extent to which labour is a problem for capital, Marx's theory of the "general law of accumulation" and of the constant generation of surplus populations, is both more revealing and more historically palpable in this respect.[8]

8 For an in-depth account of this tendency see the article 'Misery and Debt' below.

TENDENCIES OF THE CLASS RELATION: SURPLUS POPULATION

> The relative decline of necessary labour appears as a relative increase of superfluous labour capacities – i.e. as the positing of surplus population.[9]

9 Marx, *Grundrisse* (MECW 29), p. 528 (translation modified).

It is self-evident that capitalist production tends to massively increase the productivity of labour. We do not need to concern ourselves with the relation between the technical and value compositions of capital to establish this. This means quite simply that, over time, fewer workers are required to produce the same quantity of use values. There is thus a tendency within capitalist

accumulation to reduce the contribution of direct labour. If this tendency is not cancelled by any opposing tendency, and is left to play itself out historically, this will mean that more and more workers will be rendered superfluous to the production process. Viewed in terms of population, capital thus tends to produce a proletarian population that is *surplus* to the requirements of production: a *surplus population*. This is another mode of appearance of the basic problem of labour for capital.

This tendency is not an absolute one, and as in the case of the falling rate of profit there are countervailing factors. Capital may find new use values in the production of which workers can be employed, and with an increasing scale of production in any given line, productivity increases need not translate directly into an absolute decline in productive employment. Though of course environmental destruction presents itself as a very real problem of capitalist accumulation, the quantity of use values that can be consumed does not have clearly defined limits. It might thus reasonably be argued that, even if capital tends over time to reduce the number of workers required to produce any given quantity of use values, it can prevent this tendency from becoming a chronic problem by moving into the production of different use values – and, concomitantly, developing new needs for such use values – or expanding production of existing goods.

Of course, a number of factors complicate this. A given population can only consume so much of a particular type of commodity, and the productivity of labour is not simply a blank slate in the production of any new use value. Productivity-enhancing techniques will very often be generalised across different lines of production, meaning that production in new lines often quickly takes on the productivity gains developed elsewhere, as well as bringing about further advances which may

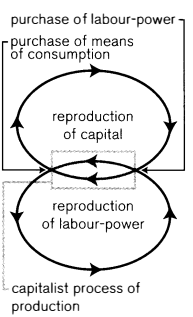
themselves be generalised. The ability of total social capital to overcome its own tendency to reduce the number of productively employed workers is thus dependent upon its ability to keep pace with a growing rate of social productivity gains.

Historically, this has not occurred. At the global level, the number of wage-labourers productively employed in first agriculture, and now in manufacturing too, have declined relative to world population. This is the real meaning of the "deindustrialisation" that has taken place in the last 30 years. Though it is of course easy to demonstrate that plenty of industrial production still *takes place*, and that this is not only in important exporter nations such as China, the share of workers actually employed in manufacture has now been declining for almost two decades at the global level.[10] As we explain in the article which follows, the result has been a rise in low wage (and formally subsumed) service work, and vast slums in what used to be known as the "third world".

If the reproduction of the capitalist mode of production takes place essentially through the double reproduction of workers as workers, and of capital as capital, each producing the other; if the two wheels of this *double moulinet* meet at the point of production through the mediation of the wage form; as capital tendentially renders the proletarian population superfluous to production, the integrity of the *double moulinet* is undermined.[11] Increasingly it is no longer a reciprocal and cyclical relation in which the proletariat reproduces capital, and capital reproduces the proletariat. Rather, the proletariat increasingly becomes *that which is produced by capital without producing capital*. As the population that is simply superfluous to capitalist production, yet one which has no autonomous mode of reproduction, the surplus population is reproduced as a *side-effect* of capitalist production. Since its self-reproduction is not mediated

10 *Table 4: Employment in Manufacturing* in Sukti Dasgupta and Ajit Singh 'Will Services be the New Engine of Indian Economic Growth?' *Development and Change* 36(6) (2005) p. 1041

11 The term '*double moulinet*' is the French translation of Marx's '*Zwickmühle*', a term which carries both the meaning of 'double bind' and, in its context in chapter 23 of *Capital*, of the grinding of two mill-stones representing the reproduction cycles of capital and labour-power:



through the exchange with capital of productive labour for the wage, it does not close the circuit with capital, and its existence thus appears as contingent or inessential relative to that of capital.[12] Such a consolidated surplus population represents the tendential disintegration of the *double moulinet* of capitalist reproduction.

> The very concept of the free labourer already implies that he is a pauper: a virtual pauper. [...] If the capitalist has no use for his surplus labour, he cannot perform his necessary labour; nor produce his means of subsistence. He cannot, in this case, obtain them by means of exchange. If he does obtain them, it can only be because alms accrue to him from the revenue.[13]

For Marx, to the extent that she has only her own labour-power to sell, and is not even guaranteed of being able to do this, the worker is a *virtual pauper*. For the consolidated surplus population whose reproduction has ceased to be mediated by the exchange of productive labour for the wage, this pauperisation has become *actual*. The labour-power that the class of "virtual paupers" must sell is itself, in the long run, that which reduces it to a class of actual paupers. The proletarianisation of the world's population thus does not take the simple form of the conversion of all people into productive workers, for even if they become productive for capital, these same workers ultimately produce their own superfluity to the process of production.

As that part of the global population diminishes whose reproduction is mediated through the exchange of productive labour for the wage, the wage form as the key mediation in social reproduction may appear increasingly tenuous. With these shifting conditions, the horizon of the class relation, and the struggles in which this horizon presents itself, must inevitably change. In this context, the old projects of a programmatic workers' movement become

12 'Labour capacity can only perform its necessary labour if its surplus labour has value for capital, if it can be valorised by capital. If there are obstacles of one kind or another to its being valorised, labour capacity itself [...] appears to fall outside the conditions of the reproduction of its existence; it exists without the conditions of its existence, and is thus a mere encumbrance; it has needs and lacks the means of satisfying them.' Marx, *Grundrisse* (MECW 28), p. 528.

13 Ibid., p. 522-3. Marx continues: 'Only in the mode of production based on capital does pauperism appear as the result of labour itself, the result of the development of the productive power of labour.' Ibid.

obsolete: their world was one of an expanding industrial workforce in which the wage appeared as the fundamental link in the chain of social reproduction, at the centre of the *double moulinet* where capital and proletariat meet, and in which a certain mutuality of wage demands – an "if you want this of me, I demand this of you" – could dominate the horizon of class struggle. But with the growth of surplus populations, this very mutuality is put into question, and the wage form is thereby decentred as a locus of contestation. Tendentially, the proletariat does not confront capital at the centre of the *double moulinet*, but relates to it as an increasingly external force, whilst capital runs into its own problems of valorisation.

In such conditions the simple self-management of production by the proletariat no longer presents itself on the horizon of the class relation. As production occupies a diminishing proportion of the proletarian population – a proportion which is itself rendered increasingly precarious as it potentially competes on the labour market with a growing mass of surplus workers – and as this disintegration of the reproductive circuits of capital and proletariat gathers pace, the horizon of the overcoming of this relation perhaps appears apocalyptic: capital gradually deserts a world in crisis, bequeathing it to its superfluous offspring. But the crisis of the reproduction of the capitalist class relation is not something that will simply *happen to* the proletariat. With its own reproduction at stake, the proletariat cannot but struggle, and it is this reproduction itself that becomes the content of its struggles. As the wage form loses its centrality in mediating social reproduction, capitalist production itself appears increasingly superfluous to the proletariat: it is that which makes us proletarians, and then abandons us here. In such circumstances the horizon appears as one of communisation; of directly taking measures to halt the movement of the value form and reproduce ourselves without capital.

MISERY AND DEBT

On the Logic and History
of Surplus Populations and
Surplus Capital

We tend to interpret the present crisis through the cyclical theories of an older generation. While mainstream economists root around for the "green shoots" of recovery, critical critics ask only if it might take a little longer to "restore" growth. It's true that if we begin from theories of business cycles, or even long waves, it's easy to assume that booms follow busts like clockwork, that downturns always "prepare the way" for resurgent upswings. But how likely is it that, if and when this mess clears, we will see a new golden age of capitalism?[1]

We might begin by remembering that the miracle years of the previous golden age (roughly 1950-1973) depended not only on a world war and an enormous uptick in state spending, but also on an historically unprecedented transfer of population from agriculture to industry. Agricultural populations proved to be a potent weapon in the quest for "modernisation", since they provided a source of cheap labour for a new wave of industrialisation. In 1950, 23 percent of the German workforce was employed in agriculture, in France 31, in Italy 44 and in Japan 49 percent – by 2000, all had agricultural populations of under 5 percent.[2] In the 19th and early 20th centuries, capital dealt with mass unemployment, when it occurred, by expelling urban proletarians back to the land, as well as by exporting them to colonies. By eliminating the peasantry in the traditional core at the same time as it came up against the limits of colonial expansion, capital eliminated its own traditional mechanisms of recovery.

Meanwhile, the wave of industrialisation that absorbed those who had been pushed out of agriculture came up against its own limits in the 1970s. Since then, the major capitalist countries have seen an unprecedented decline in their levels of industrial employment. Over the past three decades, manufacturing employment fell 50 percent as a percentage of total employment in these

1 This article was co-written by *Endnotes* and Aaron Benanav.

2 FAOSTAT Statistical Database, Food and Agriculture Organization of the United Nations, http://www.fao.org/FAOSTAT (2009).

countries. Even newly "industrialising" countries like Korea and Taiwan saw their relative levels of industrial employment decline in the past two decades.[3] At the same time the numbers of both low-paid service-workers and slum-dwellers working in the informal sector have expanded as the only remaining options for those who have become superfluous to the needs of shrinking industries.

For Marx, the fundamental crisis tendency of the capitalist mode of production was not limited in its scope to periodic downturns in economic activity. It revealed itself most forcefully in a permanent crisis of working life. The *differentia specifica* of capitalist "economic" crises – that people starve in spite of good harvests, and means of production lie idle in spite of a need for their products – is merely one moment of this larger crisis – the constant reproduction of a scarcity of jobs in the midst of an abundance of goods. It is the dynamic of *this* crisis – the crisis of the reproduction of the capital-labour relation – which this article explores.[4]

SIMPLE AND EXPANDED REPRODUCTION

Despite the complexity of its results, capital has only one essential precondition: people must lack direct access to the goods they deem necessary for life, finding that access instead only through the mediation of the market. Hence the very term "proletariat", referring originally to landless citizens living in Roman cities. Lacking work, they were pacified first by state provision of bread and circuses, and ultimately by employment as mercenaries. However, the proletarian condition is historically uncommon: the global peasantry has, throughout history, mostly had direct access to land as self-sufficient farmers or herders, even if they were almost always coerced into giving a portion of their product to ruling elites. Thus the need for "primitive

3 Robert Rowthorn and Ken Coutts, 'Deindustrialisation and the Balance of Payments in Advanced Economies' (United Nation Conference on Trade and Development, Discussion paper no. 170, May 2004), p. 2.

4 By noting the tendency of capital to generate a scarcity of jobs amidst an abundance of goods (which are thereby made artificially scarce in relation to effective demand) we are not lending sustenance to demands for 'more jobs.' As we will show, such demands will be futile for as long as selling one's labour remains the primary way of acquiring the means of life.

accumulation": separating people from land, their most basic means of reproduction, and generating an all-round dependence on commodity exchange.[5]

The initial separation of people from the land, once achieved, is never enough. It has to be perpetually repeated in order for capital and "free" labour to meet in the market time after time. On the one hand, capital requires, already present in the labour market, a mass of people lacking direct access to means of production, looking to exchange work for wages. On the other hand, it requires, already present in the commodity market, a mass of people who have already acquired wages, looking to exchange their money for goods. Absent those two conditions, capital is limited in its ability to accumulate: it can neither produce nor sell on a mass scale. Outside of the US and UK before 1950, the scope for mass production was limited precisely because of the limitation of the size of the market, that is, because of the existence of a large, somewhat self-sufficient peasantry not living primarily by the wage. The story of the post-war period is that of the tendential abolition of the remaining global peasantry, first as self-sufficient, and second as peasants at all, owning the land on which they work.

Marx explains this structural feature of capitalism in his chapter on "simple reproduction" in volume one. We will interpret this concept as the reproduction, in and through cycles of production-consumption, of the relationship between capital and workers.[6] Simple reproduction is maintained not out of "habit", nor by the false or inadequate consciousness of workers, but by a material compulsion. This is the exploitation of wage-workers, the fact that all together, they can purchase only a portion of the goods they produce:

> [Capital prevents its] self-conscious instruments from leaving it in the lurch, for it removes their product,

5 This need not always occur through the violent means described by Marx. In the 20th century many peasants lost direct access to land not by expropriation but rather through an excessive subdivision of their holdings as land was passed from generation to generation. Becoming thus increasingly market dependent, small farmers found themselves at a disadvantage to large farmers and eventually lost their land. In Europe, this process was completed in the 50s and 60s. On a global scale it is only now – with the exceptions of sub-Saharan Africa, parts of South Asia, and China – beginning to approach completion.

6 Marx sometimes refers to simple reproduction as an abstract thought experiment – capitalism without growth – but

> as fast as it is made, from their pole to the opposite pole of capital. Individual consumption provides, on the one hand, the means for their maintenance and reproduction: on the other hand, it secures by the annihilation of the necessaries of life, the continued re-appearance of the workman in the labour-market.[7]

The accumulation of capital is not a matter, then, of the organisation of either the sphere of production or the sphere of consumption. Over-emphasis on either production or consumption tends to generate partial theories of capitalist crises: "over-production" or "under-consumption". Wage-labour structures the reproduction process as a whole: the wage allocates workers to production and, at the same time, allocates the product to workers. This is an invariant of capital, independent of geographic or historical specificities. The breakdown of reproduction creates a crisis of both over-production *and* under-consumption, since under capital they are the same.

However, we cannot move so directly from an unfolding of the structure of simple reproduction to a theory of crisis. For simple reproduction is, of its very nature, also expanded reproduction. Just as labour must return to the labour market to replenish its fund of wages, so too capital must return to the capital market to reinvest its profits in an expansion of production. All capital must accumulate, or it will fall behind in its competition with other capitals. Competitive price formation and variable cost structures within sectors lead to divergent intra-sectoral profit rates, which in turn drives efficiency-increasing innovations, for by reducing their costs beneath the sectoral average firms can either reap super profits, or lower prices to gain market share. But falling costs will in any case lead to falling prices, for the mobility of capital between sectors results in an equalisation of inter-sectoral profit rates, as the movement

to leave it at that is to miss what the concept tells us about the inner mechanism of the process of accumulation. The chapter on simple reproduction concludes: 'Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus-value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage-labourer.' Marx, *Capital,* vol.1 (MECW 35), p.573.

7 Marx, *Capital,* vol.1 (MECW 35), p.573.

of capital in search of higher profits drives supply (and thus prices) up and down, causing returns on new investment to fluctuate around an inter-sectoral average. This perpetual movement of capital also spreads cost-reducing innovations across sectors – establishing a law of profitability which forces all capitals to maximise profits , irrespective of the political and social configuration in which they find themselves. Conversely, when profitability falls, there is nothing that can be done to re-establish accumulation short of the "slaughtering of capital values" and the "setting free of labour" which re-establish the conditions of profitability.

Yet this formalistic conception of the valorisation process fails to capture the historical dynamic to which Marx's analysis is attuned. The law of profitability alone cannot ensure expanded reproduction, for this also requires the emergence of new industries and new markets. Rises and falls in profitability act as signals to the capitalist class that innovations have occurred in specific industries, but what it important is that over time the composition of output – and therefore employment – changes: industries that once accounted for a large portion of output and employment now grow more slowly, while new industries take a rising share of both. Here, we have to look at the determinants of demand, as independent from the determinants of supply.[8]

Demand varies with the price of a given product. When the price is high, the product is purchased only by the wealthy. As labour-saving process innovations accumulate, prices fall, transforming the product into a mass-consumption good. At the cusp of this transformation, innovations cause the market for a given product to expand enormously. This expansion stretches beyond the capacity of existing firms, and prices fall more slowly than costs, leading to a period of high profitability. Capital then rushes into the line, pulling labour with it.

8 Marxists have tended to avoid issues of demand because of a supposed neoclassical monopoly on the discourse, but Marx had no such reticence. The compulsion to expand markets and fight over market share is fundamental to the workings of the law of value. e.g. Marx, *Capital*, vol.1 (MECW 35), p.434.

At a certain point, however, the limits of the market are reached; that is, the market is saturated.[9] Now innovations cause total capacity to rise beyond the size of the market: prices fall more quickly than costs, leading to a period of falling profitability. Capital will leave the line, expelling labour.[10]

This process, which economists have called the "maturation" of industries, has occurred many times. The agricultural revolution, which first broke out in early modern England, eventually hit the limits of the domestic market for its products. Labour-process innovations such as the consolidation of fragmented land holdings, the abolition of the fallow, and the differentiation of land use according to natural advantages meant – *under capitalist conditions of reproduction* – that both labour and capital were systematically pushed out of the countryside. England rapidly urbanised as a result, and London became the largest city in Europe.

It is here that the key dynamic of expanded reproduction comes into play. For the workers thrown out of agriculture were not left to languish indefinitely in the cities. They were eventually taken up in the manufacturing sector of an industrialising Britain, and especially in the growing textile industry, which was transitioning from wool to cotton cloth. But once again, labour-process innovations such as the spinning jenny, spinning mule, and the power loom meant that eventually this industry, too, began to throw off labour and capital. For the decline in the industries of the first Industrial Revolution, as a percentage of total labour employed and capital accumulated, made way for the rise of those of the second Industrial Revolution. It is this movement of labour and capital into and out of lines, based on differential rates of profit, that ensures the continued possibility of expanded reproduction:

9 Saturation is a matter, not of the absolute amount of a product bought and sold, but of a changed relationship between the rates of growth of capacity and of demand.

10 This process applies only to consumer-goods industries. Capital-goods industries, tend to expand and contract in accordance with the needs of the particular consumer-goods which 'lead' each cycle. But the relationship between the two 'departments' is never so simple. As we will show, labour-saving 'process-innovations' in dept. 1 may lead to 'product innovations' in dept. 2, expanding the market as a whole.

> [E]xpansion … is impossible without disposable human material, without an increase in the number of workers, which must occur independently of the absolute growth of the population. This increase is effected by the simple process that constantly "sets free" a part of the working class; by methods which lessen the number of workers employed in proportion to the increase in production. Modern industry's whole form of motion therefore depends on the constant transformation of a part of the working population into unemployed or semi-employed hands.[11]

Expanded reproduction is, in this way, the continual reproduction of the conditions of simple reproduction. Capitals that can no longer reinvest in a given line due to falling profitability will find, available to them on the labour market, workers who have been thrown out of other lines. These "free" quantities of capital and labour will then find employment in expanding markets, where rates of profit are higher, or come together in entirely new product lines, invented for markets that do not yet exist. An increasing number of activities are thus subsumed as capitalist valorisation processes, and commodities spread from luxury into mass markets.

The bourgeois economist Joseph Schumpeter described this process in his theory of the business cycle.[12] He noted that the contraction of older lines rarely happens smoothly or peacefully, that it is usually associated with factory closures and bankruptcies as capitals attempt to deflect losses onto one another in competitive price wars. When several lines contract simultaneously (and they usually do, since they are based on linked sets of technological innovations), a recession ensues. Schumpeter calls this shedding of capital and labour "creative destruction"—"creative" not only in the sense that it is stimulated by innovation, but also because destruction creates the conditions for new investment and

11 Marx, *Capital*, vol.1 (MECW 35), p. 627 (Fowkes translation).

12 Joseph Schumpeter. *Business Cycles: A Theoretical, Historical and Statistical Analysis of the Capitalist Process* (Martino Pub, 2005).

innovation: in a crisis, capitals find means of production and labour-power available to them on the market at discount prices. Thus, like a forest fire, the recession clears the way for a new bought of growth.

Many Marxists have espoused something similar to Schumpeter's conception of cyclical growth, to which they merely add the resistance of workers (or perhaps the limits of ecology) as an external limit. Hence the Marxist notion of crisis as a self-regulating mechanism is complemented by a conviction that crises provide opportunities to assert the power of labour (or correct the ecologically destructive tendencies of capitalism). In these moments, "another world is possible". Yet Marx's theory of capitalism contains no such distinction between "internal" dynamics and "external" limits. For Marx it is in and through this process of expanded reproduction that the dynamic of capital manifests itself *as its own limit*, not through *cycles* of boom and bust but in a *secular* deterioration of its own preconditions.

THE CRISIS OF REPRODUCTION

People usually look for a general theory of secular decline in Marx's notes on the tendential fall in the rate of profit, which Engels edited and compiled as chapters 13 to 15 of volume three of *Capital*. There, the tendency of the profit rate to equalise across lines – combined with the tendency of productivity to rise in all lines – is held to result in an economy-wide, tendential decline in profitability. Decades of debate have centred on the "rising organic composition of capital", to which this tendency is attributed, as well as on the complex interplay of the various tendencies and counter-tendencies involved. Yet those engaged in this debate often neglect that the same account of the composition of capital underlies *another law*, expressing itself in both cyclical and secular crisis tendencies, one that may be read as Marx's more

considered re-formulation of this account – chapter 25 of *Capital* volume one: "The General Law of Capitalist Accumulation."[13]

This chapter, which follows immediately after the three chapters on simple and expanded reproduction, is typically read as having more limited ends. Readers focus on the first part of Marx's argument only, where he provides an account of the endogenous determination of the wage rate. There Marx shows how, through the structural maintenance of a certain level of unemployment, wages are kept in line with the needs of accumulation. The "industrial reserve army" of the unemployed contracts as the demand for labour rises, causing wages to rise in turn. Rising wages then eat into profitability, causing accumulation to slow down. As the demand for labour falls, the reserve army grows once again, and the previous wage gains evaporate. If this was the sole argument of the chapter, then the "general law" would consist of nothing more than a footnote to the theories of simple and expanded reproduction. But Marx is just beginning to unfold his argument. If the unemployed tend to be reabsorbed into the circuits of capitalism as an industrial reserve army – still unemployed, but essential to the regulation of the labour market – they then equally tend to outgrow this function, reasserting themselves as *absolutely redundant*:

> The greater the social wealth, the functioning capital, the extent and energy of its growth, and therefore also the greater the absolute mass of the proletariat and the productivity of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, also develop the labour-power at its disposal. The relative mass of the industrial reserve army thus increases with the potential energy of wealth. But the greater this reserve army, the greater is the mass of a consolidated surplus

13 Though earlier in the series, the published version of volume one – written in 1866-67 – actually postdates volume three, most of the material for which was written in 1863-5. It thus seems plausible to account for the striking parallels between chapter 25 of volume one and chapter 15 of volume three on the supposition that Marx introduced key elements of the volume three material into the published version of volume one in anticipation of the difficulty of finishing volume three in a reasonable time.

> population, whose misery is in inverse ratio to the amount of torture it has to undergo in the form of labour. The more extensive, finally, the lazarus-layers of the working class, and the industrial reserve army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*[14]

In other words, the general law of capital accumulation is that – concomitant with its growth – capital produces a relatively redundant population out of the mass of workers, which then tends to become a consolidated surplus population, absolutely redundant to the needs of capital.[15]

It is not immediately obvious how Marx reaches this conclusion, even if the tendency Marx describes seems increasingly evident in an era of jobless recoveries, slum-cities and generalised precarity. Marx makes his argument clearer in the French edition of volume one. There he notes that the higher the organic composition of capital, the more rapidly must accumulation proceed to maintain employment, "but this more rapid progress itself becomes the source of new technical changes which further reduce the relative demand for labour." This is more than just a feature of specific highly concentrated industries. As accumulation proceeds, a growing "superabundance" of goods lowers the rate of profit and heightens competition across lines, compelling all capitalists to "economise on labour". Productivity gains are thus "concentrated under this great pressure; they are incorporated in technical changes which revolutionise the composition of capital in all branches surrounding the great spheres of production".[16]

What, then, about new industries; won't they pick up the slack in employment? Marx identifies, in and through the movements of the business cycle, a shift from labour-intensive to capital-intensive industries, with a resulting

14 Marx, *Capital,* vol.1 (MECW 35), p. 638.

15 This surplus population need not find itself completely 'outside' capitalist social relations. Capital may not need these workers, but they still need to work. They are thus forced to offer themselves up for the most abject forms of wage slavery in the form of petty-production and services.

16 Translations of the French edition of *Capital* vol.1 from Simon Clarke, *Marx's Theory of Crisis* (St Martin's Press 1994), pp.172-5.

fall in the demand for labour in new lines as well as old: "On the one hand ... the additional capital formed in the course of further accumulation attracts fewer and fewer workers in proportion to its magnitude. On the other hand, old capital periodically reproduced with a new composition repels more and more of the workers formerly employed by it".[17] This is the secret of the "general law": *labour-saving technologies tend to generalise, both within and across lines*, leading to a relative decline in the demand for labour. Moreover, these innovations are irreversible: they do not disappear if and when profitability is restored (indeed, as we shall see, the restoration of profitability is often conditioned on further innovations in new or expanding lines). Thus left unchecked this relative decline in labour demand threatens to outstrip capital accumulation, becoming absolute.[18]

Marx did not simply deduce this conclusion from his abstract analysis of the law of value. In chapter 15 of *Capital* he attempts to provide an empirical demonstration of this tendency. There he presents statistics from the British census of 1861 which show that the new industries coming on line as a result of new technological innovations were, in employment terms, "far from important." He gives the examples of "gas-works, telegraphy, photography, steam navigation, and railways", all highly mechanised and relatively automated processes, and shows that the total employment in these lines amounted to less than 100,000 workers, compared to over a million in the textile and metal industries whose workforce was then shrinking as a result of the introduction of machinery.[19] From these statistics alone it is clear that the industries of the second industrial revolution had not absorbed anything like as much labour as those of the first in the moment of their initial appearance. In chapter 25 Marx provides additional statistical evidence that, from 1851 to 1871, employment continued to

17 Marx, *Capital,* vol.1 (MECW 35), pp. 622-3.

18 Marx sometimes envisages this as a revolutionary crisis: 'A development of productive forces which would diminish the absolute number of labourers, i.e., enable the entire nation to accomplish its total production in a shorter time span, would cause a revolution, because it would put the bulk of the population out of the running.' (Marx, *Capital,* vol.3 (MECW 37), p. 262).

19 Marx, *Capital,* vol.1 (MECW 35), p. 449.

grow only in those older industries in which machinery has not yet been successfully introduced. Thus Marx's expectation of a secular trajectory of a first relative then absolute decline in the demand for labour was born out by the available evidence in his time.

20 Ibid. p.625

What Marx is here describing is not a "crisis" in the sense usually indicated by Marxist theory, i.e. a periodic crisis of production, consumption or even accumulation. In and through these cyclical crises, a secular crisis emerges, a *crisis of the reproduction of the capital-labour relation itself*. If expanded reproduction indicates that workers and capital pushed out of contracting industries will try to find places in new or expanding lines, the general law of capital accumulation suggests that, over time, more and more workers and capital will find that they are unable to reinsert themselves into the reproduction process. In this way the proletariat tendentially becomes an externality to the process of its own reproduction, a class of workers who are "free" not only of means of reproduction, but also of work itself.

For Marx this crisis expresses the fundamental contradiction of the capitalist mode of production. On the one hand, people in capitalist social relations are reduced to workers. On the other hand, they *cannot be workers* since, by working, they undermine the conditions of possibility of their own existence. Wage-labour is inseparable from the accumulation of capital, from the accretion of labour-saving innovations, which, over time, reduce the demand for labour: "The working population ... produces both the accumulation of capital and the means by which it is itself made relatively superfluous; and it does this to an extent which is always increasing".[20] It might seem that the abundance of goods, which results from labour-saving innovations, must lead to an abundance of jobs. But in a society based on wage-labour, the reduction of socially-necessary labour-time – which makes goods so

abundant – can only express itself in a scarcity of jobs, in a multiplication of forms of precarious employment.

22 Ibid., p.609 (emphasis added).

Marx's statement of the general law is itself a restatement, a dramatic unfolding of what he lays out as his thesis at the beginning of chapter 25. There, Marx writes, somewhat simply: "Accumulation of capital is therefore multiplication of the proletariat." Marxists of an earlier period took this thesis to mean that the expansion of capital necessitates an expansion of the industrial working class. But the proletariat is not identical to the industrial working class. According to what Marx sets out in the conclusion to this chapter, the proletariat is rather a working class in transition, a working class tending to become a class excluded from work. This interpretation is supported by the only definition of the proletariat Marx provides in *Capital*, located in a footnote to the above thesis:

> "Proletarian" must be understood to mean, economically speaking, nothing other than "wage-labourer", the man who produces and valorises "capital", *and is thrown onto the street as soon as he becomes superfluous to the need for valorisation*.[22]

FROM RE-INDUSTRIALISATION TO DEINDUSTRIALISATION

The "general law of capitalist accumulation", with its clear implications for the interpretation of *Capital*, has been overlooked in our own time because under the name of the "immiseration thesis" it was taken up and abandoned many times over in the course of the 20th century. It was held that Marx's prediction of rising unemployment, and thus the increasing immiseration of the working population, has been contradicted by the history of capitalism: after Marx's death, the industrial working class both grew in size and saw its living standards rise. Yet quite apart from the fact that these tendencies are

often over-generalised, more recently their apparent reversal has made the immiseration thesis seem more plausible. The last 30 years have witnessed a global stagnation in the relative number of industrial workers. A low-wage service sector has made up the difference in the high GDP countries alongside an unparalleled explosion of slum-dwellers and informal workers in the low GDP countries.[23] So is the immiseration thesis correct after all? That is the wrong question. The question is: under what conditions does it apply?

Marx wrote about the growth of consolidated surplus populations in 1867. Yet the tendency he described – by which newer industries, because of their higher degree of automation, absorb proportionally less of the capital and labour thrown off by the mechanisation of older industries – did not play out as he had envisaged. As we can see from the graph on the facing page, Marx's view was correct, in his own time, for the UK: the rising industries of the early second Industrial Revolution – such as chemicals, railways, telegraph etc. – were not able to compensate for declining employment in the industries of the first Industrial Revolution. The result was a steady fall in the rate of growth of manufacturing employment, which looked set to become an absolute decline sometime in the early 20th century. What Marx did not foresee, and what actually occurred in the 1890s, was the emergence of new industries that were simultaneously labour and capital absorbent, and which were able to put off the decline for more than half a century. The growth of these new industries, principally cars and consumer durables, depended on two 20th century developments: the increasing role of the state in economic management, and the transformation of consumer services into consumer goods.[24]

The emergent industries of which Marx wrote in the 1860s – gas-works, telegraphy, and railways, (we would

23 In this article we have opted to use the epithets 'high-GDP'/'low-GDP' (meaning GDP per capita) to describe the division of the world between a wealthy minority of capitalist states and a more impoverished majority. We adopt these not entirely satisfactory terms because of the absence of associations with dubious political and theoretical analyses that are carried by other divisions (e.g. first world/third world, core/periphery, developed/underdeveloped, imperialist/oppressed).

24 In the following we deal only with the latter phenomenon. For an account of the former see the article 'Notes on the New Housing Question' below.

Graph 1: Employment in UK Manufacturing: 1841-1991

source: Brian Mitchell, *International Historical Statistics: Europe, 1750-2005* (Palgrave Macmillan 2007)

add only electrification) – were already in his time beginning to be made available to consumers. Yet the consumer services generated from these technologies – initially reserved for the enjoyment of a wealthy elite – were secondary to the services they provided within the internal, planned economy of industrial firms. Railways emerged as a labour-saving innovation within mining, which was subsequently extended to other industries. It became a service offered to consumers only after extensive national-rail infrastructures had been developed by state-supported cartels. Even as costs fell and mechanised transportation via rail became available to more and more people, as a consumer service it preserved many of the features of its initial employment as a "process innovation" within industry. National railways, carrying passengers in addition to freight, absorbed large amounts of capital and labour in their construction but were subsequently relatively automated processes requiring less capital and labour for their upkeep.[25]

The advent of the automobile industry, subsidised by state funding of roads, eventually transformed the consumer service of mechanised transport into a good that could be purchased for individual consumption. This segmentation and replication of the product – the transformation of a labour-saving process innovation

25 The difference between the economy of time that rail transport offered to the consumer, and the economy of time and labour it offered to the capitalist, was itself a vanishing difference as the capitalist notion of time as a scarce resource to be allocated with maximum efficiency increasingly came to dominate society at large.

into a capital-and-labour absorbing "product innovation"—meant that this industry was able to absorb more capital and labour as its market expanded. A similar story can be told of the shift from telegraphy to telephones, and from electronic manufacture to consumer electronics. In each case, a collectively consumed service—often emerging from an intermediary service within industry—was transformed into a series of individually purchasable commodities, opening up new markets, which in turn became mass markets as costs fell and production increased. This provided the basis for the "mass consumerism" of the 20th century, for these new industries were able to simultaneously absorb large amounts of capital and labour, even as productivity increases reduced relative costs of production, such that more and more peasants became workers, and more and more workers were given stable employment.

Yet, as the unprecedented state deficit-spending which supported this process indicates, there is no inherent tendency to capital that allows for the continual generation of product innovations to balance out its labour-saving process innovations. On the contrary, product innovations themselves often serve as process innovations, such that the solution only worsens the initial problem.[26] When the car and consumer durables industries began to throw off capital and labour in the 1960s and 70s, new lines like microelectronics were not able to absorb the excess, even decades later. These innovations, like those of the 2nd industrial revolution described above, emerged from specific process innovations within industry and the military, and have only recently been transformed into a diversity of consumer products. The difficulty in this shift, from the perspective of generating new employment, is not merely the difficulty of policing a market in software—it is that new goods generated by microelectronics industries have absorbed tendentially diminished quantities of

26 'It is not merely that an accelerated accumulation of total capital, accelerated in a constantly growing progression, is needed to absorb an additional number of labourers, or even, on account of the constant metamorphosis of old capital, to keep employed those already functioning. In its turn, this increasing accumulation and centralisation becomes a source of new changes in the composition of capital, of a more accelerated diminution of its variable, as compared with its constant constituent.' Marx, *Capital*, vol.1 (MECW 35), p.623-4.

capital and labour. Indeed computers not only have rapidly decreasing labour requirements themselves (the microchips industry, restricted to only a few factories world-wide, is incredibly mechanised), they also tend to reduce labour requirements across all lines by rapidly increasing the level of automation.[27] Thus rather than reviving a stagnant industrial sector and restoring expanded reproduction – in line with Schumpeter's predictions – the rise of the computer industry has contributed to deindustrialisation and a diminished scale of accumulation – in line with Marx's.

27 See Beverly Silver, *Forces of Labor* (Cambridge University Press, 2003).

SURPLUS POPULATIONS UNDER DEINDUSTRIALISATION: SERVICE WORK AND SLUMS

Deindustrialisation began in the US, where the share of manufacturing employment started falling in the 1960s before dropping absolutely in the 80s, but this trend was soon generalized to most other high-GDP countries, and even to countries and regions that are seen as "industrializing".[28] The explosive growth of a low-wage service-sector partially offset the decline in manufacturing employment. However, services have proven incapable of replacing manufacturing as the basis of a new round of expanded reproduction. Over the last 40 years average GDP has grown more and more slowly on a cycle-by-cycle basis in the US and Europe, with only one exception in the US in the late 90s, while real wages have stagnated, and workers have increasingly relied on credit to maintain their living standards.

28 In no country (with the exception of the UK) did deindustrialisation involve a decline in real industrial output. In 1999, manufacturing still accounted for 46 percent of total US profits, but only 14 percent of the labour force.

If, as we have argued, expanded reproduction generates dynamic growth when rising productivity frees capital and labour from some lines, which then recombine in new or expanding industries, then this has an important consequence for an understanding of service industry growth. Services are, almost by definition, those activities for which productivity increases are difficult to

achieve otherwise than on the margin.[29] The only known way to drastically improve the efficiency of services is to turn them into goods and then to produce those goods with industrial processes that become more efficient over time. Many manufactured goods are in fact former services – dishes were formerly washed by servants in the homes of the affluent; today, dishwashers perform that service more efficiently and are themselves produced with less and less labour. Those activities that remain services tend to be precisely the ones for which *it has so far proven impossible to find a replacement in the world of goods*.[30]

Of course the bourgeois concept of "services" is notoriously imprecise, including everything from so-called "financial services" to clerical workers and hotel cleaning staff, and even some outsourced manufacturing jobs. Many Marxists have tried to assimilate the category of services to that of unproductive labour, but if we reflect on the above characterisation it becomes clear that it is closer to Marx's conception of "formal subsumption". Yet Marx had criticised Smith for having a metaphysical understanding of productive and unproductive labour – the former producing goods and the latter not – and he replaced it with a technical distinction between labour performed as part of a valorisation process of capital and the labour performed outside of that process for the immediate consumer. In the *Results of the Direct Production Process* Marx argues that theoretically all unproductive labour can be made productive, for this means only that it has been formally subsumed by the capitalist valorisation process.[31] However, formally subsumed activities are productive only of absolute surplus value. In order to be productive of relative surplus value it is necessary to transform the material process of production so that it is amenable to rapid increases in productivity (co-operation, manufacture, large-scale industry and machinery) – i.e. real subsumption. When

29 Robert Rowthorn and Ramana Ramaswamy, 'Deindustrialization: Causes and Implications' (IMF Working Paper 97/42, April 1997).

30 Jonathan Gershuny, *After Industrial Society?: the Emerging Self-Service Economy* (Humanities Press, 1978).

31 Marx, 'Results of the Direct Production Process' (MECW 34), p. 121 – 46.

bourgeois economists like Rowthorn speak of "technologically stagnant services" they recall without knowing it Marx's concept of a labour process which has been only formally but not really subsumed.

Thus we see today that as the economy grows, real output in "services" tends to grow, but it does so only by adding more employees or by intensifying the work of existing employees, that is, by means of absolute rather than relative surplus value production. In most of these sectors wages form almost the entirety of costs, so wages have to be kept down in order for services to remain affordable and profitable, especially when the people purchasing them are themselves poor: thus McDonald's and Wal-Mart in the US – or the vast informal proletariat in India and China.[32]

It is a peculiar failure of analysis that today, in some circles, the deindustrialisation of the high-GDP countries is blamed on the industrialisation of the low-GDP countries, while in other circles, the de-industrialisation of low-GDP countries is blamed on IMF and World Bank policies serving the interests of high-GDP countries. In fact, almost all the countries of the world have participated in the *same global transformation*, but to different degrees. In the early post-war period, many countries turned to "Fordism" – that is to say, the import of methods of mass production, made possible by government-sponsored "technology transfers" from high-GDP countries. Fordism is often taken to be a national economic-development policy, based on an "agreement" between capital and workers to share the gains of productivity increases. But Fordism was, almost from the beginning, predicated on an internationalisation of trade in manufactures. Europe and Japan benefited the most from the resurgence of international trade in the 1950s and 60s: capitals in these countries were able to achieve massive economies of scale by producing for international trade, thereby

32 Many service jobs only exist because of wage differentials – that is, massive social inequality. Marx noted that domestic servants outnumbered industrial workers in Victorian Britain (Marx, *Capital*, vol.1 [MECW 35], p. 449). With rising real wages it became increasingly untenable for middle class households (such as Marx's) to employ servants. For much of the 20th century this destitute labour force was reduced to a memory, only to reappear as 'service' workers in every corner of the modern world.

overcoming the limits of their own domestic markets. By the mid-60s, capitals in low-GDP countries like Brazil and South Korea were doing the same thing: even if they could capture only a small portion of the rapidly expanding international export market, they would still grow far beyond what was possible in their home markets. Thus, in the period before 1973, *the internationalisation of trade was associated with high rates of growth in all industrialising countries*.

After 1973, the situation changed. Markets for manufactures were becoming saturated, and it was increasingly the case that a few countries could provide the manufactures for all of the world. Thus the resulting crisis of the capital-labour relation, which is to say, a combined crisis of over-production and under-consumption, signalled by a global fall in the rate of profit and issuing in a multiplication of forms of unemployment and precarious employment. As the capital-labour accord snapped, having always been based on healthy rates of growth worldwide, wages stagnated. Capital in all countries became even more dependent on international trade, but from now on, *capitals in some countries would expand only at the expense of those in others*. Though they had not yet caught up to the high-GDP countries, the low-GDP countries took part in the same international crisis. Structural Adjustment Programs only accelerated their transition to a new, unstable international framework. Deindustrialisation, or at least the stagnation of industrial employment, set in almost universally among industrialising countries in the 1980s and 90s.[33]

For countries that remained agricultural, or relied on traditional or resource exports, the crisis was even more devastating, as prices of "traditional" commodities collapsed in the face of falling demand. Here, too, we must look back at longer-term trends. In the early post-war period, developments in agriculture radically increased

33 Sukti Dasgupta and Ajit Singh 'Will Services be the New Engine of Indian Economic Growth?' *Development and Change* 36:6 (2005).

the availability of cheap food. First, synthetic fertiliser was manufactured in demobilised munitions-factories after World War II, making it possible to raise the productivity of land with new high-yield varieties of crops. Second, motor-mechanisation raised the productivity of agricultural labour. Both technologies were adapted to production in tropical climates. Thus, almost immediately after the global peasantry was drawn into the market by high agricultural-prices stemming from the Korean War boom, those same prices began to fall continuously. Exit from agriculture in the low-GDP countries was therefore already underway in the 1950s. It was the result, not only of the differentiation and expulsion of the peasantry according to market viability, but also of the massive boost to population itself (sustained by cheap food and modern medicine). Rising household sizes meant that traditional forms of inheritance now pulverised land holdings, while rising population density strained ecological limits, as resources were used unsustainably.[34] Again, the Structural Adjustment Programs of the 1980s and 90s, which forced indebted countries to lift agriculture subsidies, merely dealt the knockout blow to peasants who were already on their last legs.

It should thus be clear that de-industrialization is not caused by the industrialization of the "third world". Most of the world's industrial working-class now lives outside the "first world", but so does most of the world's population. The low-GDP countries have absolutely more workers in industry, but not relative to their populations. Relative industrial employment is falling even as agricultural employment collapses. Just as de-industrialisation in the high-GDP countries entails both the exit from manufacturing and the failure of services to take its place, so also the explosive growth of slums in the low-GDP countries entails both the exit from the countryside and the failure of industry to absorb the rural surplus. Whereas the World Bank used to suggest that the

34 This does not mean that the world is over-populated relative to food production. As we have shown, exit from the countryside was related to a massive increase in the productivity of agriculture. Food production per person has constantly risen even as population growth slows with the coming completion of the world demographic transition. It would be even higher if the overproduction of grains had not led to subsidizing the corn-feeding of animals for meat production. There is nothing Malthusian about the Marxian concept of surplus populations, which are surplus with regard to capital accumulation and nothing else.

growing surplus populations throughout the world were a mere transitional element, they are now forced to admit the permanence of this condition. More than a billion people today eke out a terrible existence via an endless migration between urban and rural slums, searching for temporary and casual work wherever they can find it.[35]

35 See Mike Davis, *Planet of Slums* (Verso, 2006).

SURPLUS CAPITAL ALONGSIDE SURPLUS POPULATIONS

We have described how accumulation of capital over long periods leads old lines to throw off labour and capital, which are then recombined in new and expanding lines. This is the dynamic of capital, which becomes at the same time its limit. Since capital is thrown off whether or not it can find productive avenues of investment, a point is reached at which "surplus" capital begins to build up in the system, beside the surplus labour it no longer employs. Marx discusses these phenomena in a section of *Capital* vol. 3, entitled "surplus capital alongside surplus population."[37] For most of this article we have focused on the latter phenomenon, due in large part to the neglect of this tendency among readers of Marx. In this final section we look at some recent manifestations of the former, as the story of surplus capital both mediates and distorts the story of surplus populations. Unfortunately we will be able to do little more that touch on this subject matter here, leaving a more extended treatment to *Endnotes* no.3.

The US emerged unscathed from World War II as the most advanced capitalist country, with the largest domestic market, the smallest agriculture population (as a percentage of employment), and the most advanced industrial technologies. By some estimates it was responsible for more than half of the world's output.[36] It also emerged from the war as the global creditor par excellence, owning two thirds of global gold reserves and with most allied powers owing it tremendous sums of money.

36 'It is no contradiction that this over-production of capital is accompanied by more or less considerable relative over-population. The circumstances which increased the productiveness of labour, augmented the mass of produced commodities, expanded markets, accelerated accumulation of capital both in terms of its mass and its value, and lowered the rate of profit – these same circumstances have also created, and continuously create, a relative overpopulation, an over-population of labourers not employed by the surplus-capital owing to the low degree of exploitation at which alone they could be

Under these conditions, the US was able to reconstruct the international monetary order, in a shambles since the Great Depression, on its own terms. At Bretton Woods, the dollar was established as the international reserve currency, the only one to be directly backed by gold, and all other currencies were pegged to the dollar (creating a fixed exchange rate system, which nevertheless allowed for periodic adjustments). On the one hand, by fixing their own currencies to the dollar, European powers were given temporary relief from balancing their budgets during reconstruction. On the other hand, the US, by facilitating reconstruction, was assured of markets for its capital exports, which in turn facilitated the European purchase of American goods. In this way European budget deficits were funded by US capital exports, and a persistent trans-Atlantic trade imbalance was effectively written into the Bretton Woods agreements. It was an imbalance, however, which soon evaporated.

On the back of an influx of dollars, via direct foreign investment (often military), loans and credit, European countries, as well as American firms operating in Europe, had been importing US capital goods to expand European productive capacity. The same process occurred in Japan, with the Korean War playing the role of the Marshall Plan (though in Japan, US subsidiaries were notable by their absence). All this was encouraged by the US, which facilitated the transfer of its technologies of mass production and distribution all over the world. Yet by the 1960s, many countries had developed their productive capacity to the extent that they no longer relied on US imports. Furthermore, some of those countries were beginning to compete with the very US producers on whom they had previously relied. This competition played out first in third markets and then in the US domestic market itself. The resulting reversal of the US balance of trade in the mid sixties signified

employed, or at least owing to the low rate of profit which they would yield at the given degree of exploitation.' Marx, *Capital*, vol.3 (MECW 37), pp. 254-5.

37 Daniel Brill, 'The Changing Role of the United States in the World Economy' in John Richard Sargent, Matthijs van den Adel, eds., *Europe and The Dollar in the World-Wide Disequilibrium* (Brill 1981) p.19.

that the build out of global manufacturing capacity was approaching a limit. Henceforth competition for export share would become a zero-sum game.

While during the post-war boom the export of dollars via foreign direct investment had enabled rapid growth in deficit countries, this phase change meant that US capital exports became increasingly inflationary.[37] The spiralling US budget deficits of the Vietnam war only intensified this problem of inflation, as the seemingly inevitable devaluation of the dollar threatened to undermine the reserves, and hence the balance of payments, of all nations, straining the fixed exchange rate system to its limits. The result was that on the one hand many central banks began to cash in their dollars for gold (forcing the US to effectively end convertibility in 1968), while on the other hand surplus dollars accumulated in Eurodollar markets began to put speculative pressure on the currencies of export-based economies who were most at risk from the effects of dollar devaluation. These included both those developing countries which had pegged their currencies to the dollar, and thus risked seeing their primary commodity exports fall in value relative to the manufactured imports on which their development depended, as well as developed nations whose export markets risked being undermined by the revaluation of their currencies relative to the dollar. In its subsequent abandonment of Bretton Woods and its policy of "benign neglect" of the deficit, the US used this threat of dollar devaluation to impose a new flexible dollar reserve currency standard on the rest of the world, effectively delegating the job of stabilizing the dollar to foreign central banks who would be compelled to spend their surplus dollars on US securities in order to maintain the dollar value of their own currencies. This to all intents and purposes removed budgetary constraints from the US, allowing it to run up deficits and issue dollars at will, knowing that foreign nations would have no choice but

37 Most Marxists attribute inflation in this period either to the exploding US budget deficit (due in large part to the Vietnam war) or to the rising strength of labour. Yet Anwar Shaikh convincingly argues that the restricted supply in relation to which inflation is the index of excess demand is not full employment or labour recalcitrance, but rather the maximum level of accumulation, or the maximum capacity profit rate – whose decline during this period is the leading factor behind stagflation. Anwar Shaikh, 'Explaining Inflation and Unemployment' in Andriana Vachlou, ed., *Contemporary Economic Theory* (Macmillan 1999).

to recycle them back to US financial markets, particularly into US government debt which quickly replaced gold as the global reserve currency.[38]

Recycled surplus dollars provided an enormous boost to global financial markets, where they became the key factor in the suddenly highly volatile currency markets – as both the reason for this volatility and the only available resource for hedging against it. Yet surplus dollars also transformed the landscape and shaped the growth of the global economy for the next 30 years. Because it was far in excess of global investment demand, this "giant pool of money" became the source of expanded state and consumer debt, as well as speculative financial bubbles. In the latter sense surplus dollars have become something of a spectre stalking the planet, running up unprecedented asset bubbles in whichever national economy has the misfortune to absorb their attention.[39]

This chain of bubbles and busts began in Latin America in the late 70s. An influx of recycled petro-dollars (stimulated by sub-zero real interest rates on the dollar) generated a whole series of risky financial innovations (including the infamous "adjustable rate loan"), which all collapsed when the Volcker shock brought interest rates back up. It was recycled surplus dollars from Japan that saved the US economy from the subsequent deflation and enabled Reagan's redoubled Keynesian spending programmes. Yet the US thanked Japan for its kindness by devaluing the dollar relative to the Yen in the Plaza Accords of 1985, sending the Japanese economy into a asset-price bubble of even greater proportions, which finally collapsed in 1991. This in its turn set off a series of bubbles in the East Asian economies, to which Japan had exported its manufacturing capacity (in order to get around an appreciating Yen). These economies, as well as other Latin American economies that had pegged their currencies to the dollar, then imploded as

38 See Michael Hudson, *Super Imperialism: The Origin and Fundamentals of U.S. World Dominance* (Pluto Press, 2003).

39 The following account owes much to Robert Brenner's analysis. See in particular the prologue to the Spanish translation of *Economics of Global Turbulence*: 'What is Good For Goldman Sachs is Good For America: the Origins of the Current Crisis' (2009).

a delayed result of the dollar revaluation in the reverse Plaza Accords of 1995. Yet this merely shifted the bubble back to the US, as the US stock market bonanza created by the appreciating dollar gave way to the dot-com bubble. In 2001 the latter turned over into a housing bubble, when US corporate demand for debt proved to be an insufficient sink for global surplus dollars. If the last two bubbles were largely restricted to the United States (although the housing bubble also extended its reach to Europe), it is because due to its size and seniorage privileges it is now the only economy able to withstand the influx of these surplus dollars for any sustained time period.

If we place this phenomena in the context of the story of deindustrialisation and stagnation described above, it becomes plausible to envisage it as a game of musical chairs in which the spread of productive capacity across the world, compounded by rising productivity, continually aggravates global overcapacity. Excess capacity is then only kept in motion by a continual process that shifts the burden of this excess on to one inflated economy after another. These latter are only able to absorb the surplus by running up debt on the basis of excessively low short term interest rates and the fictitious wealth this generates, and as soon as interest rates begin to rise and the speculative fever abates the bubbles must all inevitably collapse – one after another.

Many have called this phenomena "financialisation", an ambiguous term suggesting the increasing dominance of financial capital over industrial or commercial capital. But the "rise of finance" stories, in all their forms, obscure both the sources of financial capital, and why it continues to grow as a sector even as finance finds it increasingly difficult to maintain its rate of return. For the former, we must look not only at the pool of surplus dollars, which we have already described, but also the

fact that stagnation in non-financial sectors has increasingly shifted investment demand into IPO's, mergers and buy-outs, which generate fees and dividends for financial companies. As for the latter, the dearth of productive investment opportunities, combined with an expansive monetary policy, kept both short and long-term interest rates abnormally low, which compelled finance to take on greater and greater risk in order to make the same returns on investment. This rising level of risk (finance's measure of falling profitability) is in turn masked by more and more complex financial "innovations", requiring periodic bailouts by state governments when they break down.

Unprecedented weakness of growth in the high-GDP countries over the 1997-2009 period, zero-growth in household income and employment over the whole cycle, the almost complete reliance on construction and household debt to maintain GDP – all are testament to the inability of surplus capital in its financial form to recombine with surplus labour and give rise to dynamic patterns of expanded reproduction.[40] The bubbles of mid-19th century Europe generated national rail systems. Even the Japanese bubble of the 1980s left behind new productive capacity that has never been fully utilized. By contrast the two US-centred bubbles of the past decades generated only a glut of telecommunication wires in an increasingly wireless world and vast tracts of economically and ecologically unsustainable housing. The "Greenspan put" – the stimulation of "a boom within the bubble" – was a failure. It merely demonstrated the diminishing returns of injecting more debt into an already over-indebted system.

...AND CHINA?

A common objection to the account we have so far provided would be to point to China as an obvious exception to this picture of global stagnation, particularly

40 Josh Bivens and John Irons 'A Feeble Recovery: The fundamental economic weaknesses of the 2001-07 expansion,' *EPI Briefing Paper* no. 214, Economic Policy Institute (2008).

in so far as it relates to otherwise global trends of deindustrialisation and under-employment. Of course, over these years China became a global industrial powerhouse, but it did so not through opening new markets or innovating new productive techniques, but rather by massively building out its manufacturing capacity at the expense of other countries.[41] Everyone assumes that this expansion must have brought about a historic increase in the size of the Chinese industrial working class, but that is flatly false. The latest statistics show that, on balance, *China did not create any new jobs in manufacturing between 1993 and 2006*, with the total number of such workers hovering around 110 million people.[42] This is not as surprising as it must seem at first glance, for two reasons.

First, over the last thirty years, the industrialization of the new southern industries – based initially on the processing of exports from Hong Kong and Taiwan – has kept pace with the gutting of the old, Maoist industrial northeast. That may provide part of the explanation of why China, unlike Germany, Japan, or Korea (earlier in the postwar period), saw almost no rise in real wages over decades of miracle growth rates.

Second, China has not only grown on the basis of labour-intensive manufacturing. Its low wages have helped it to compete across a spectrum of industries, from textiles and toys to cars and computers. The incorporation of existing labour-saving innovations into the firms of developing countries, including China, has meant that, even with growing geographic expansion, each set of industrialising countries has achieved lower heights of industrial employment (relative to total labour force). That is to say, not only has China lost manufacturing jobs in its older industries; the new industries have absorbed tendentially less labour relative to the growth of output.

41 In the 1990s Japan devolved its more labour-intensive industries onto developing countries in Asia – first to the East Asian Tigers, then to the ASEAN countries and then to China. But the absorption of industries by China has undermined the hierarchy of production within the region.

42 Erin Lett and Judith Banister, 'Chinese manufacturing employment and compensation costs: 2002-2006,' *Monthly Labor Review* no. 132 (April 2009), p. 30.

In the 19th century when England was the workshop of the world 95 percent of the world was peasants. Today, when the vast majority of the world's population depends on global markets for their survival, the ability of one country to produce for all the others spells ruin, both for those who must be kept impoverished in order to maintain export prices, and for the vast multitudes whose labour is no longer necessary, but who, equally, can no longer rely on their own resources to survive. In this context the remainder of the world's peasantry can no longer act as a weapon of modernisation, i.e. as a pool of both labour and consumer demand that can be drawn on in order to accelerate the pace of industrialisation. It becomes a pure surplus. This is true in India and sub-Saharan Africa – *and in China*.

43 See note 25 above.

CONCLUSION

Today many speak of a "jobless recovery", but if the "general law of capital accumulation" applies then all capitalist recoveries are tendentially jobless. The tendency of "mature" industries to throw off labour, whilst facilitating expanded reproduction, also tends to consolidate a surplus population not fully absorbed by the subsequent expansion. This is due to the adaptability of labour-saving technology across lines, which mean that the manufacture of new products tends to make use of the most innovative production processes. Yet process innovations last forever, and they generalize across new and old capitals, while product innovations are inherently limited in their ability to generate a net expansion of output and employment. Here the problem is not merely that product innovations have to emerge at an accelerated rate to absorb the surplus thrown off by process innovations, it is that an acceleration of product innovation itself gives rise to an acceleration of process innovation.[43]

Yet if the "general law" was suspended for much of the 20th century for the reasons we have outlined above, the current growing global masses of under-employed cannot be attributed to its reassertion, at least in any simple sense. For the trajectory of surplus capital distorts the trajectory of surplus labour described by Marx, and not only in the ways that we have already described. Most importantly, surplus capital built up in international money markets over the last 30 years has masked some of the tendencies to absolute immiseration, through the growing debt of working class households. This tendency, which has kept the bottom from falling out of global aggregate demand, has equally prevented any possibility of recovery, which would be achieved only through the "slaughtering of capital values" and "setting free of labour". For while asset-price deflation may raise the possibility of a new investment boom, the devalorisation of labour-power will, in this context, only lead to increasing levels of consumer default and further financial breakdowns.[44] Thus it is not only its capacity to generate employment, but the sustainability of the recovery itself which remains in question today.

The coming decades may see a series of blowouts, if states fail to manage global deflationary pressures, or they may see a long and slow decline. While we are not catastrophists by inclination, we would warn against those who might forget that history sometimes rushes forward unpredictably. Regardless, the catastrophe for which we wait is not something of the future, but is merely the continuation of the present along its execrable trend. We have already seen decades of rising poverty and unemployment. Those who say of the still-industrialized countries that it is not so bad, that people will soldier on – in a phrase, that the proletariat has become indifferent to its misery – will have their hypothesis tested in the years to come, as levels of debt subside and household incomes continue their

44 See Paulo Dos Santos, 'At the Heart of the Matter: Household Debt in Contemporary Banking and the International Crisis,' *Research On Money And Finance*, Discussion Paper no. 11 (2009). On the capital side, Phelps and Tilman outline a series of limitations to the potential of innovators to exploit the crisis: Edmund Phelps and Leo Tilman, 'Wanted: A First National Bank of Innovation' *Harvard Business Review* (Jan-Feb 2010).

downward trend. In any case, for a huge chunk of the world's population it has become impossible to deny the abundant evidence of the catastrophe. Any question of the absorption of this surplus humanity has been put to rest. It exists now only to be managed: segregated into prisons, marginalised in ghettos and camps, disciplined by the police, and annihilated by war.

NOTES ON THE NEW HOUSING QUESTION

Home-Ownership, Credit And Reproduction In The Post-War US Economy

Maya Gonzalez

We are in a new Great Depression. Mortgages are in default today, just as they were in the 20s and 30s. Unemployment is rising along with living costs. The economy was saved from stagnation and depression then, through a restructuring of the state and capital facilitated by war, but what will save it now? Ours is a crisis of reproduction in a new sense. All crises are crises of capital accumulation and thereby of the reproduction of the life of the worker; however, because the life of the worker and her reproduction have been increasingly permeated by capital, this crisis has also moved deeper, to become a crisis of the class relation itself. The development of this deeper crisis will be the story of the 21st century.[1]

The story of the 20th century was characterized by the increasing integration of working class life into the circuit of capital. Some characterize these transformations as the transition from an era of formal subsumption to a new regime of accumulation marked by the *real* subsumption of labour under capital. While this periodization may be problematic, the deepening integration which it describes is apparent in the home itself – that realm of reproduction whose separation from production produces the conditions for capitalist accumulation.

In the years immediately leading up to the previous Great Depression, a speculative bubble in housing and consumer credit ballooned and then burst, sending shock waves throughout the US banking system. While both forms of credit already played a significant role in US prosperity and profitability, the 30s marked a dramatic shift in credit and mortgage markets. The United States was already by this time a rising economic powerhouse whose productivity – especially in agriculture – was leading to rising real wages and standards of living among the working class, while the introduction of the assembly line and other industrial innovations offered the potential

1 Thanks to Alex Wohnsen for help editing these notes.

for previously luxury commodities to enter into workers' consumption. The mere existence of this potential was not sufficient however, for in spite of wage increases (such as Henry Ford's "5 dollars a day") in certain sectors, wages generally remained too low and credit too restricted to allow for true mass-consumption of the new products that were emerging from the second industrial revolution. What transformed the situation was the introduction of a new political and economic program which set out to increase employment and credit, in what we now know as the New Deal.

The New Deal is commonly understood to have been a series of state interventions that centred around socially progressive policies, such as the high-profile and often controversial efforts to create jobs, protect workers' rights, regulate prices, build public infrastructure, and provide social insurance or relief. Against this simplistic picture, historians typically point to a shift within the New Deal from an early "developmental state" phase orientated towards equality and social justice, to a "fiscalist state" characterized by Keynesian pump-priming – the shift coinciding with the "Roosevelt recession" of 1937-38 when New Dealers, desperate to revive domestic markets, embraced both deficit spending and a compensatory fiscal policy.

Yet economists have long told another story, one where earlier federal initiatives, beginning in the Hoover administration and culminating with the Banking Act of 1935, created essential preconditions for post-war growth by revolutionizing the state's ability to manage the money supply and subsidize credit markets. Most importantly, it was during these years that the state began to regulate and provide capital for private banks and the savings and loan industry, transformed the Federal Reserve into a federal regulatory body, and assumed control of interest rates. By 1935, it had abolished the gold standard, was

insuring a host of private lenders against loss, and had expanded its ability to buy and sell Treasury securities as a means to supplement private bank reserves, while greatly expanding its powers to provide emergency loans to institutional lenders.

Thus by the mid-1930s, the federal government had set up the mechanisms to promote a new kind of national economic growth by creating and sustaining a very safe and flexible market for consumer credit. Put simply, the state made it easier – in many cases risk-free – for the private sector to lend and borrow, while simultaneously making the national currency more "elastic" so that it could meet producers' and consumers' changing needs.[2] The new system gave the state considerable control over both money creation and credit cycles, so it could strategically target chosen industries and consumer markets for subsidy. And, most importantly, the state's credit had now become the linchpin for both stabilizing the economy and fuelling a debt-driven economic expansion. Taken together, these early interventions fundamentally transformed the operations of American banking and credit markets.

The policy of the fiscal state facilitated a monetary and credit revolution that both enabled and actively promoted a new kind of economic growth based on the mass production and consumption of consumer durables. The end of World War II provided the material for this revolution, both in the form of the requisite consumers returning home from war, and in the key commodity which enabled the boom to take shape in its magnitude – housing.

2 Before the New Deal the nation's money supply was relatively 'inelastic' because the Treasury's specie reserves limited the amount of new money that banks could inject into the economy (either through lending or draft withdrawals). Following abandonment of the gold standard and the creation of a multi-faceted federal regulatory, reserve, and insurance system, the money supply became more elastic, enabling private lenders to expand the amount of liquid capital provided to both businesses and consumers.

THE POST-WAR STATE-DRIVEN HOUSING MARKET

American troops returning from battle in 1945 were armed by the US government with a panoply of fiscal

provisions which they were encouraged – as good patriots – to deploy in the interests of the national economy. The GI Bill was one of the main conveyors of these benefits, offering veterans up to two years vocational or college education, one year's unemployment pay – and, importantly – loans to start businesses or buy homes. In practice the bill was notoriously racist, denying black vets access to their promised provisions. Yet the millions of white vets who did gain access to home loans were confronted with a homeland in short supply of available housing for themselves and their families. Rather than responding to this situation through the production of social housing as in Europe, the US state chose instead to subsidize private provision for this basic need. Swiftly, massive construction and infrastructural projects were undertaken, providing a supply of houses to the returning population. Rates of homeownership have since grown steeply and steadily, save a few blips during financial crises (see graph 1).

The selective credit initiatives that were essential for this housing market to function were the Federal Housing Association (FHA) mortgage insurance programs established by the National Housing Act in 1934, and the Veterans Administration (VA) mortgage guarantee programs, established in 1944. By insuring private lenders against loss, and popularizing the use of long-term, amortizing mortgages, the FHA and VA revived and dramatically expanded the markets for home-improvement and for privately owned homes, eventually making these markets the bedrock of the new consumer economy.

Federal officials designed, promoted, staffed, and eventually managed credit agencies by working closely with the building, home finance, and real estate industries. From the outset, the FHA enlisted private organizations to collect data from every metropolitan region on tenancy patterns, property values, building permits, volume

Graph 1: US Home-ownership Rates 1900-2008 (percent)

source: Hoover Institution "Facts On Policy: Homeownership Rates" (2008)

of housing sales, employment trends, payrolls, and the financial conditions of local lenders. FHA technical staff organized educational conferences nationwide to introduce the insurance system to businesspeople and municipal officials and to coordinate local lending efforts, while in Washington, FHA administrators consulted with developers and bankers to assess the program's impact, propose legislative reforms, and lobby congressmen for their passage.

In sum, the state did not simply revive and expand existing housing markets, or awaken "hibernating" capital, but rather was instrumental in creating new supply, new demand, and new wealth. As early as the 1930s James Moffett, the FHA's first administrator, told business audiences that the agency was creating "a year-round market" for home improvement, and "educating the banks to carry on indefinitely a tremendous amount of lending" activity that would "develop far more business than in the past." Moffett predicted that there were billions of dollars to be taken out of the mortgage insurance programs, and claimed that no such market had ever been offered to industry.[3]

3 Kevin Kruse and Thomas Sugrue, *The New Suburban History.* (Universiy of Chicago Press, 2006), p. 20.

The expansion in homeownership stimulated the economy above and beyond the housing and mortgage markets proper. At Fed-controlled interest rates – kept low throughout the expansion – investment could take place in products that accompany growing homeownership, such as cars, washing machines and other expensive appliances. The home became a concentrated node of the creation of new needs for the American working class – a space that needed to be filled with household commodities, that usually necessitated car ownership, and that could be infinitely improved and renovated. Finally, it represented an investment, a debt to be repaid, and ultimately an asset, and thus consistently produced a more compliant working population.

Home-ownership and access to credit became a material force representing and entrenching the divisions and inequalities within the working class. This in turn reconfigured the situation of labour with respect to capital, and the horizon of class struggle. These shifts in the capitalist class relation were intensified as the promise of homeownership and credit were extended to larger and larger sections of the working class, at the same time as profitability declined and debt was increasingly financialized.

INTEGRATION OF THE (WHITE) WORKING CLASS INTO HOUSING AND CREDIT MARKETS

The initial distribution of the newly built post-war housing stock among the returning working class was done in a rather *ad hoc* manner, as families scrambled to find decent shelter, and to return to lives now marked by depression and war. Standards were relatively low, and people of all stations lived side by side. However, because of their access to the GI Bill – and thus property, college placements, welfare, employment, and even for some the capital with which to begin a small

business – veterans were placed in a position of substantial advantage. Gradually a new stratification of the working population thus began to take shape, as well as a particular American conception of the "middle class" growing and cohering into its own communities, increasingly divided from the often-racialized lower classes.

Access to mortgages and the subsidies provided by the state made it more reasonable for many white Americans to eventually purchase homes than to rent them. Yet racial minorities were continually frustrated in their attempts to obtain the benefits of homeownership – regardless of how crucially they had participated in the war effort. Explicitly racist regulations around mortgages and lending existed in the FHA's manual until the late 1940s, but even after their removal both the FHA and the VA actively supported racial covenants on a local basis well into the 1960s, excluding millions of people from the growing market for homeownership. Less than 2% of the homes that were built with help from the $120 billion in housing equity loans from the 40s to the early 60s went to non-whites. Yet that $120 billion represented nearly one-half of all new single-family home purchases between 1947 and 1964. These loans facilitated not only the purchase of more than 12 million mostly suburban housing units, almost exclusively for whites, but also helped secure debt financing for billions of dollars of home-repair work.

Property-ownership allowed some of the working class to act in a pseudo-capitalist manner, managing capital relations in their own lives as owners of futures – the rising value of their commodified existence projected in time through credit. The credit provided by increasing home values in the good times allowed homeowners to take out loans for the purchase of various commodities with which to fill their homes, and cars which carried them between work and their increasingly diffuse and distant

suburbs. Although median and mean family incomes doubled between 1946 and 1970, the average debt to income ratio rose to 20% during this period, allowing for an even larger increase in the consumption of the working class.

While prior to World War II the reproduction of the household was supplemented by a variety of subsistence activities, in the post-war period these activities – and the production of household goods – were gradually replaced by the purchase of household commodities found on the market, and externally purchased services were replaced by self-service goods. Many products that had been substantially innovated and marketed in the 20s, but had suffered in sales during the Great Depression, were improving their designs and expanding their consumer markets exponentially by the late 40s. In 1940, 60% of the 25 million wired homes in the US had an electric washing machine produced by one of two or three companies. Instant cake mix, first introduced in the 20s, became a phenomenon in the 40s. The freezer and refrigerator – also developed in the 20s and 30s – became standard household staples in the late 40s and 50s, enabling frozen foods – previously a luxury item – to become commonplace.

Here we see the commodity – in the form of the consumer durable – entering the household in unprecedented ways, and substantially altering the experience of the domestic (or "reproductive") sphere. The heightened consumption of consumer durables lead to a transformation in the kind of work performed in the domestic sphere, as well as transformations in the relationships between people within the household (the "family") which become further permeated and mediated by commodities.

DE-DIFFERENTIATION OF THE REPRODUCTIVE AND PRODUCTIVE SPHERES

Prior to the rise of specifically capitalist relations of production, there did not exist a "domestic sphere" in isolation from the sphere of production. Production of goods – even those produced for exchange – often occurred in or around the "home" (the place where workers *lived*). In the seventeenth and eighteenth centuries, in order to avoid the regulations of the guilds, merchants contracted out the production of a range of goods to rural households. This "putting-out system" eventually gave way to the modern factory and, in the course of capitalist accumulation, the modern separation between home and workplace. The home was henceforth the place where the worker rested and consumed a fraction of the product of his labour in the form of wage goods. It was also the place where women's oppression became further ossified. Expected either to stay at home and do the work of reproduction or to submit themselves to worse pay and worse labour standards than those of male workers, pushed out of the common spaces where they had maintained a degree of autonomy and collective power, women's access to the means of production was blocked or restricted through the patriarchy of the wage-form. In sum, the home became the exclusive site of the reproduction of labour-power, which for the first time appeared as distinctly "outside" the relations of production and thus also, for many, outside the purview of Marxism.

Yet, over the course of the post-war period in the US, the reproduction of the working class and the reproduction of capital came to fold in on one another, integrated increasingly tightly. More and more working class people became involved in the housing market, which meant that the home became not only the commodity which physically contained all the others, but was also a worker's

main asset – the commodity for which all others were sold, and eventually the one which also purchased all the others.

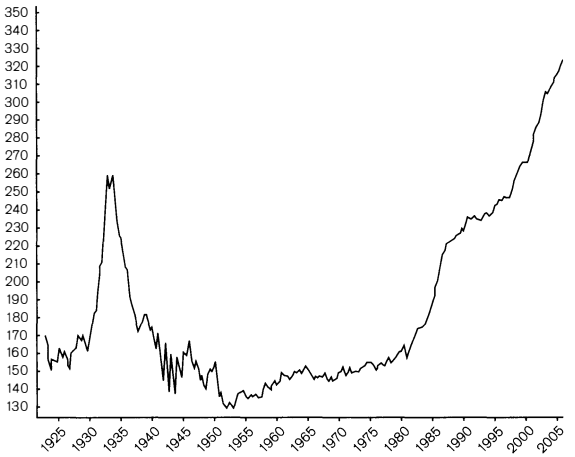
Thus we see in the Post-War period the tendential overturning of separations that were central to the development of capitalism. In the originating moment of capitalist social relations a primary separation occurs in which workers are separated from the means of production. In spatial terms this separation takes the form not only of the strengthening opposition between town and country, and of a zoning of the former into residential and industrial areas, but also the fundamental categorical distinction between domestic, "reproductive" space and the "point of production", each side implying the other. So, while capitalism initially subordinated the reproduction of labour-power through separating reproduction from production, beginning in the post-war period we find social relations and forms of everyday life increasingly subordinated to the prerogatives of capital's own reproduction through an equally coercive unification of these spheres within the logic of capital.

In the post-war period, this re-unification or de-differentiation of reproduction and production took the form of a house with a two-car garage, a room for each child, and additional spaces for inserting the proper appliances – a complete commodity package with a higher ticket price, and therefore a higher equity value upon which one could take out loans. It became crucial to those with homes to protect their property, and to preserve or increase its value by all means possible. Homeowners thus had higher stakes in the perpetuation of the capitalist class relation, and often came to believe the bourgeois dictum that value breeds value, and that all commodities can equally be capital. Wage workers however – by definition – do not accumulate capital, but only valorize the capital of others. And at the end of the day, the worker

returns home with only his wage, to pay for a future that is increasingly on loan.

This situation of growing working class indebtedness, combined with rising living costs, meant that women and mothers were forced to enter the labour market in new numbers. Although the "family wage" under Fordism implied that the male bread winner would be capable of supporting both wife and child, as early as the 1950s wives began to increasingly supplement the incomes of their husbands with jobs of their own. But while in the 1950s the re-entry of women into the workforce indicated the desire to maintain the pattern of a rising standard or living, after the 1960s the wife's or mother's wage was largely pursued in order to offset the decline in real wages suffered by male workers. Thus was created a reserve army of women workers, temporarily and precariously plugged into capital, supplying it with flexible and expendable labour, maintained in this position by patriarchal structures in both corporate practice and the labour movement.

Women's entrance into the labour force was a double-boon to capital, because the goods that could replace the various activities internal to the household – and reproductive services external to the home – were the very same consumer durables which were so crucial to growth during this period. Both the need and ability of the household to purchase such expensive commodities grew in direct proportion to the degree in which women left the home. The diminished time allocated to domestic labour fed into growing demands for self-service consumer durables, as well as the – now necessary – additional car. As consumer needs grew absolutely, the ability to pay for them was ensured by the expansion of the labour supplied by households. All in all, this was a self-perpetuating cycle of reproduction: couples returned to the labour market in order to pay



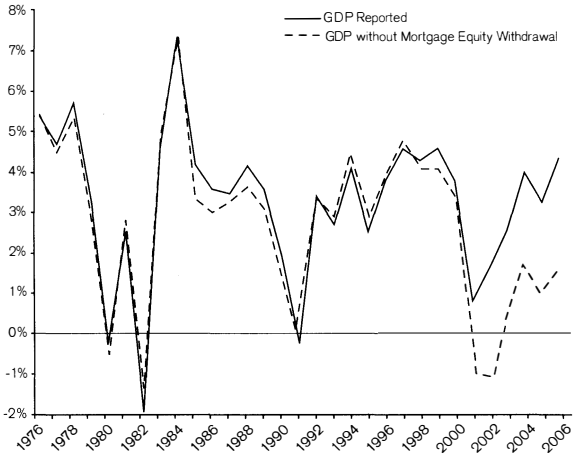
Graph 2: Total US Credit Market Debt as a percent of GDP

source: Ned Davis Research (2007)

for the goods that they had purchased on loan, in order to reproduce themselves for that same labour market.

The family also was substantially transformed in the process. Children went from being productive members of the household to liabilities. The formation of the normalized nuclear family, along with the upkeep of the household itself, became a series of purchases and risks subject to the logic of cost-benefit analyses, while the home became a container for compartmentalized anxieties regarding the future of its own sustainability. The life of the individual took on its own generational temporality determined by capital and projected through credit: the breadth of the thirty year mortgage eveloping childhood, adolescence, college-years, marriage and children; all the stages of life became entirely bound to the reproduction of the wage-relation.

The expansion of the housing market and access to credit invigorated capitalist accumulation in the face of lagging consumer demand, but the growing integration of the sphere of reproduction into that of production, rather than disrupting the oppressions built on this division, *reinforced* severe separations and inequalities



Graph 3: US GDP growth and Mortgage Equity Withdrawal

source: Calculated Risk (2006)

amongst the working class. Racialized and gendered barriers to acquiring housing and credit, alongside the commodification of familial relationships and activities, successfully effected a "general movement of isolation" amidst a "controlled reintegration of workers depending on the needs of production and consumption".[4]

4 Debord, *Society of the Spectacle* (Rebel Press, 1992), § 172.

This could only be sustainable however, as long as wages increased in proportion to productivity. Until the 1970s, debt-financing for the household thus never went too far beyond remuneration, and average housing values tended to hover around average wages, with needs rising not too far ahead of the ability to fulfill them. People were borrowing somewhat beyond their immediate means, but their rising wages generally compensated for this expansion of debt. So long as capitalist expansion continued to thrive, the projected future of the reproduction of the working class seemed inevitable. After 1975, household debt – already significant – began to spin out of control. Mortgage equity withdrawal began to rise in 1975, booming in the 80s, and growing exponentially in the late 90s, to the extent that it was the only thing that kept the US economy out of recession in 2000 and 2001 (see graph 3). General

debt-to-income ratios, which had first boomed briefly in the mid-20s before they dropped in the Great Depression, also begin to increase in the late 70s, surpassing the 30s boom in the late 90s and doubling its peak (see graph 2). Around 1989, importantly, the homes in the lowest 20 percentile income bracket saw their debt increase above and beyond that of all the other income brackets.

Today we are witnessing the breakdown of the ability of the working class to reproduce itself on the level to which it has become accustomed. In the most recent housing-consumer cycle, investment in housing failed to jumpstart production, which experienced its worst performance in the entire post-war period. As investment opportunities for capital dwindled in the productive sector, over-investment in mortgage and debt instruments took place, thereby creating an over-accumulation of housing stock. Now we have a similar predicament to that immediately after the war, except in a perverted form: today we are not in short supply of housing, but of the money and credit to afford it. Money in the form of wages is limited by the constraints of capital accumulation, for which housing and easy money can no longer provide the basis of a renewal.

COMMUNISATION AND VALUE-FORM THEORY

INTRODUCTION[1]

> The value-form of the product of labour is the most abstract, but also the most universal form of the bourgeois mode of production; by that fact it stamps the bourgeois mode of production as a particular kind of social production of a historical and transitory character.[2]

In *Endnotes* 1 we described the emergence of the theory of communisation in France in the years following May 68. The following text and others in this issue operate within this perspective of communisation, but they also draw heavily upon theoretical developments in the area of Marxian value-form theory and, in particular, upon the tendency of "systematic dialectic" which has emerged in recent years.[3]

Marx was clear that what distinguished his approach, and what made it a critique rather than a continuation of political economy, was its analysis of the form of value. In his celebrated exposition of "The Fetish-Character of the Commodity and its Secret" he writes:

> Political economy has indeed analysed value and its magnitude, however incompletely, and has uncovered the content concealed within this form. But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product. These forms, which bear the unmistakable stamp of belonging to a social formation in which the process of production has mastery over man, instead of the opposite, appear to the political economists' bourgeois consciousness to be as much a self-evident and nature-imposed necessity as productive labour itself.[4]

1 We are indebted to German comrades for their helpful comments in drafting this article, particularly Devi Dumbadze and Felix from *Kosmoprolet*.

2 Marx, *Capital*, vol.1 (MECW 35), pp.91-2 n. 2 (Fowkes translation).

3 A by no means exhaustive list of authors here would include Chris Arthur, Werner Bonefeld, Hans George Backhaus, Riccardo Bellofiore, Michael Eldred, Michael Heinrich, Hans Jürgen Krahl, Patrick Murray, Moishe Postone, Helmult Reichelt, Geert Reuten, Ali Shamsavari, Felton Shortall, Tony Smith, Michael Williams.

4 Marx, *Capital*, vol.1 (MECW 35), pp.91-2 (translation amended).

Despite such statements by Marx, the connection between the value-form and fetishism – the inversion where humans are dominated by the results of their own activity – did not play much role in the interpretation of *Capital* until the 1960s. Instead, accounts of "Marx's economics" emphasised the apparently simple argument in the first two sections of chapter one of *Capital,* where labour is identified as lying behind the value of commodities. The latter two sections of the chapter – on the value-form and fetishism – were generally taken as a more or less convoluted way of describing the market, and passed over quickly. Thus the careful way Marx distinguished his understanding from the classical political economy of Ricardo was not explored.[5]

When Marxists insisted on the "labour theory of value", they did so in terms of the quantitative issue of the substance and magnitude of value rather than the qualitative issue of the *form* of value. Against the neo-classical revolution in bourgeois economics, which repudiated the labour theory of value, Marxists tended to assert the classical position that labour is the substance of value and that value is the labour embodied in the product. Like the classical political economists, Marxists failed to address the peculiarity of the social process of reduction that is necessary for such quantitative magnitudes to be compared. That is to say, they too did not ask the question of why labour appears in the value-form of its product, and what kind of labour can so appear. Yet as Marx indicates, it is only by understanding the intricacy of the value-form that one can understand the subsequent forms of money and capital, or how human activity takes the form of the accumulation of capital.

For Marx, the value-form is an expression of the dual character of labour in capitalism – its character as concrete labour appearing in the use-value of the commodity, and its character as abstract labour appearing in the

5 At the same time, Marx himself seemed to recognise that there was a problem with his analysis of the value form, which led him to make at least four versions of the argument. There are notable differences between the development of value in the *Grundrisse*, *Urtext,* the *Contribution*, the first edition of *Capital* with its appendix, and the second edition of *Capital*; and the later versions can by no means be assumed to be improvements in every way on those that went before. Indeed the somewhat more popularising later presentations – which Marx developed in response to the difficulty which even those close to him had in understanding him – lose some of the dialectical subtleties, and lend themselves more towards the left-Ricardian reading of Marx's argument which would

value-form. Though abstract labour is historically specific to capitalism, the failure to properly distinguish these two aspects of labour means that the value-form is taken as an expression of simple natural human labour as such. Labour as the content or substance of value was seen to be physiological labour – something independent of its social form. Here substance is taken to be something that naturally resides in the object, but for Marx abstract labour and value are more peculiar than that. Value is a relation or process that unfolds itself and maintains itself through different forms – in one moment money, the next the commodities that compose the labour process (including the commodity labour-power), the next the commodity product, and then again money – whilst always maintaining a relation in its money form to its commodity form and vice versa. For Marx, then, value is not the embodiment of labour in the commodity, nor an unmoving substance. It is rather a relation or process which dominates those who bear it: a substance that is the same time subject. Yet in the orthodox Marxist tradition there was no recognition that "abstract labour" was a certain socially and historically specific formatting of one part of human activity, implying the conversion of human beings into a resource for the boundless increase of this activity and its result as an end in itself. Understanding value as merely a form imposed – by the private ownership of the means of production – on a basic unproblematic content, went together with a vision of socialism as a state-directed version of essentially the same industrial division of labour that is organised by the market in capitalism. On this view labour, which was restricted by market forms under capitalism, would become the conscious organising principle of society in socialism.

A major exception to the traditional Marxist neglect of the value-form and fetishism was the Russian economist Isaak Rubin. In path-breaking work in the twenties, he

dominate the workers' movement. See Hans-Georg Backhaus, 'On the Dialectics of the Value-Form' *Thesis Eleven* 1 (1980); Helmut Reichelt, 'Why Marx Hid his Dialectical Method' in Werner Bonefeld et al., eds., *Open Marxism vol. 3* (Pluto Press 1995).

recognised that "[t]he theory of fetishism is, *per se*, the basis of Marx's entire economic system and in particular of his theory of value,"[6] and that abstract labour as the content of value is not "something to which form adheres from the outside. Rather, through its development, the content itself gives birth to the form which was already latent in the content."[7] But Rubin's work, suppressed in Russia, remained more or less unknown. For the orthodoxy – "Marxist political economy" – the fact that bourgeois critics saw Marx as essentially a follower of Ricardo was not contested. Rather, he was defended *on exactly this basis* as having correctly tidied up Ricardo's recognition of labour as the content of value, and of labour-time as its magnitude – adding only a more or less left-Ricardian theory of exploitation. On this view labour is something that exists quasi-naturalistically in the product, and exploitation is seen as an issue of the distribution of that product – thus the "solution" to capitalism is seen as workers, via the state or other means, shifting that distribution in their favour. If exploitation is a matter of the deduction of a portion of the social product by a parasitic ruling class then socialism does not have to substantially alter the form of commodity production; but may simply take it over, eliminate the parasitic class, and distribute the product equitably.

A COMMON BACKGROUND

The occlusion of form and fetishism within the reading of *Capital* only began to be seriously challenged from the mid-1960s – partly through a rediscovery of Rubin – in a number of approaches that have at one time or another been labelled "value-form theory." The debates on the subtleties of the value-form, on issues of method, on the question of Marx's relation to Hegel and so on, emerged then, at the same moment as the theory of communisation. Both value-form theory and communisation express dissatisfaction with received interpretations of Marx,

6 Isaak Rubin, *Essays on Marx's Theory of Value* (Black & Red 1972), p. 5.

7 Ibid., p.117. Riccardo Bellofiore has pointed out that Rosa Luxemburg was another exception among traditional Marxists in paying close attention to the value-form. See his introduction to *Rosa Luxemburg and the Critique of Political Economy* (Routledge 2009), p.6.

and thus a rejection of "orthodox" or "traditional" Marxism.[8] For us, there is an implicit commonality between value-form theory and the theory of communisation such that each may productively inform the other. We will here examine the historical parallels, and points of convergence, between these two tendencies.

From the middle of the 1960s to the late 70s capitalism at a world level was characterised by intense class struggles and radical social movements: from the urban uprisings in the USA to insurrectionary strikes in Poland, from student movements and "youth revolt" to the toppling of elected and unelected governments by workers' unrest. Accepted relations at work were questioned, as was the family, gender and sexuality, mental health, and humans' relationship to nature, in a general contestation across society. Intertwined with these struggles, the post-war boom ended in a crisis of capitalist accumulation with high inflation and rising unemployment. The revolutionary overcoming of capitalism and its pseudo-alternative in the eastern countries seemed to many to be on the agenda.

The emergence of both the critical Marxism of value-form theory and the theory of communisation was premised on these struggles and the revolutionary hopes they engendered. Just as these two tendencies were produced in the same moment, they waned simultaneously with the wave of struggles that had produced them. The 70s crisis of accumulation, rather than leading to an intensification of struggles and their development in a revolutionary direction, actually gave rise to a radical capitalist restructuring in which the movements and the revolutionary expectations linked to them were comprehensively defeated. This restructuring led to the relative eclipse of these discussions. Just as the discussion of communisation in France emerged in the early 70s, only to fade away in the 80s and early 90s before resurfacing

8 Orthodoxy has come to mean dogmatic Marxism. Lukács made an interesting attempt to redeem the sense of orthodoxy by saying it referred exclusively to method. Perhaps out of this ambiguity of what 'orthodoxy' can mean, the terms 'worldview' Marxism and 'traditional Marxism' have been used by critical Marxists to refer to the received interpretations of Marx they wish to overthrow. Here we will use orthodox and traditional Marxism interchangeably.

again recently, contemporary interest in "systematic dialectic" is in many ways a return to the value-form debates of the 70s, after a period when the discussion had gone relatively quiet.

COMMUNISATION

> It is not the *unity* of living and active humanity with the natural, inorganic conditions of their metabolic exchange with nature, and hence their appropriation of nature, which requires explanation or is the result of a historic process, but rather the *separation* between these inorganic conditions of human existence and this active existence, a separation which is completely posited only in the relation of wage labour and capital.[9]

9 Marx, *Grundrisse*, (MECW 28), p.413 (Nicolaus translation).

The theory of communisation emerged as a critique of various conceptions of the revolution inherited from both the 2nd and 3rd International Marxism of the workers' movement, as well as its dissident tendencies and oppositions. The experiences of revolutionary failure in the first half of the 20th century seemed to present as the essential question, whether workers can or should exercise their power through the party and state (Leninism, the Italian Communist Left), or through organisation at the point of production (anarcho-syndicalism, the Dutch-German Communist Left). On the one hand some would claim that it was the absence of the party – or of the right kind of party – that had led to revolutionary chances being missed in Germany, Italy or Spain, while on the other hand others could say that it was precisely the party, and the "statist," "political" conception of the revolution, that had failed in Russia and played a negative role elsewhere.

Those who developed the theory of communisation rejected this posing of revolution in terms of *forms* of

organisation, and instead aimed to grasp the revolution in terms of its *content*. Communisation implied a rejection of the view of revolution as an event where workers take power followed by a period of transition: instead it was to be seen as a movement characterised by immediate communist measures (such as the free distribution of goods) both for their own merit, and as a way of destroying the material basis of the counter-revolution. If, after a revolution, the bourgeoisie is expropriated but workers remain workers, producing in separate enterprises, dependent on their relation to that workplace for their subsistence, and exchanging with other enterprises, then whether that exchange is self-organised by the workers or given central direction by a "workers' state" means very little: the capitalist content remains, and sooner or later the distinct role or function of the capitalist will reassert itself. By contrast, the revolution as a communising movement would destroy – by ceasing to constitute and reproduce them – all capitalist categories: exchange, money, commodities, the existence of separate enterprises, the state and – most fundamentally – wage labour and the working class itself.

Thus the theory of communisation arose in part from the recognition that opposing the Leninist party-state model with a different set of organisational forms – democratic, anti-authoritarian, councils – had not got to the root of the matter. In part, this new kind of thinking about revolution arose from the characteristics and forms of the class struggle which came to the fore in this period – such as sabotage, absenteeism and other forms of refusal of work – and from social movements outside the workplace, all of which could be seen to reject the affirmation of work and of workers' identity as the basis of revolution. A great spur to the development of the notion of communisation was the work of the *Situationist International* (SI) who, with their perspective of a total revolution rooted in the transformation of everyday life, had felt and

theorised the new needs being expressed in struggles, and thus were later recognised as best anticipating and expressing the spirit of the 1968 events in France.

But if the concept of communisation was in a sense a product of the struggles and developments of the time, the capacity of the French milieu to give expression to it was inseparable from a return to Marx, and in particular the discovery and diffusion of the "unknown Marx" of texts such as the *Grundrisse* and the *Results of the Direct Production Process* (hereafter *Results*). Before these texts became available in the late sixties, the *SI* and other critics of orthodox Marxism had tended to draw on the early Marx such as the *Economic and Philosophical Manuscripts* (of 1844). Even in the case of the *SI* and the Frankfurt School, where there was also use of a theory of fetishism and reification drawn from *Capital*, this was mediated through Lukács, and not a product of a detailed appropriation of the three volumes of *Capital*. Thus the mature critique of political economy as a whole tended to be left in the hands of traditional Marxism. As we have already indicated, the relevance of Marx's description of his work as a *critique* of political economy, the importance of the value-form and of fetishism, were overwhelmingly missed within this positivistic interpretation. The newly available texts such as the *Grundrisse* undermined the traditional readings and allowed the radicality of the mature critique to be recognised.

Through their marginal relation to orthodox Marxism, those who identified with left-communist critiques of Bolshevism and of what had happened in Russia were in a good position to read the new Marx texts. Very important in the French context was Jacques Camatte and the journal *Invariance* which first appeared in 1968. As well as expressing an opening up of the heritage of the 'Bordigist' Italian Left tradition both to the experience

of the Dutch-German left, and to the unfolding struggles of the time, *Invariance* was a place for a fresh reading of Marx. Camatte's one-time collaborator – Roger Dangeville – translated the *Grundrisse* and the *Results* into French – putting a spanner in the works of the Althusserian anti-Hegelian interpretation of Marx dominant in France. In *Invariance* Camatte published an important commentary on these texts.[10]

Camatte's text played a similar role for the French post-68 discussions to that played at the same time by Rosdolsky's *The Making of Marx's Capital* for the discussions that were to follow in Germany.[11] Both rely heavily on quotations to introduce and explore the significance of texts by Marx that were largely unknown at the time. Rosdolsky provides a comprehensive study of the *Grundrisse,* while Camatte's less systematic account draws on other of Marx's drafts, in particular the *Results*. While Camatte acknowledges the merits of Rosdolsky's book,[12] a difference is that while Rosdolsky ultimately reduces the *Grundrisse* to merely a preparation for *Capital,* Camatte is more attuned to the way in which it, and the other drafts of *Capital,* point beyond the understanding Marxists had derived from the latter work. Camatte recognised that the different ways Marx introduced and developed the category of value in the various versions of the critique of political economy have a significance beyond a progressive improvement of the presentation. Some of the earlier treatments bring out aspects such as the historical autonomisation of value, the definition of capital as value in process, and the importance of the category of subsumption, in ways that are not as clear in the published versions. One finds in Camatte's reading of the newly available texts a recognition that the implications of Marx's critique of political economy were far more radical than the positivistic Marxist interpretation of *Capital* had taken them to be.[13]

10 Jacques Camatte, *Capital and Community: the Results of the Immediate Process of Production and the Economic Works of Marx* (Unpopular Books 1998). Originally published in *Invariance* Series I no. 2 (1968).

11 Roman Rosldolsky, *The Making of Marx's Capital* (Pluto Press 1977). German original published in 1968.

12 Camatte nonetheless criticizes Rosdolsky for 'not getting to the point of stating what we believe is fundamental: capital is value in process, becoming man.' Jacques Camatte, *Capital and Community* (Unpopular Books 1998) p. 163.

13 This is a way of reading the *Grundrisse* that later becomes identified with Negri. Indeed it has been argued that the early work of the latter owes something to

There is a fascinating break from traditional Marxist assumptions in Camatte's work, one that is brought out sharply in the contrast between his original commentary from the mid-sixties and the notes he added in the early seventies. Thus while the earlier commentary grapples with the classical Marxist theory of the transition, in the later notes we see the assumptions of this theory overthrown.[14] Thus Camatte concludes his 1972 remarks with a call for communisation:

> The near totality of men rising against the totality of capitalist society, the struggle simultaneously against capital and labour, two aspects of the same reality: i.e. the proletariat must struggle against its own domination so as to be able to destroy itself as class and to destroy capital and classes. Once victory is assured worldwide, the universal class which is really constituted (formation of the party according to Marx) during a huge process preceding the revolution in the struggle against capital, and which is psychologically transformed and has transformed society, will disappear, because it becomes humanity. There are no groups outside it. Communism then develops freely. Lower socialism no longer exists, and the phase of the dictatorship of the proletariat is reduced to the struggle to destroy capitalist society, the power of capital.[15]

For most subsequent theorists of communisation, the previously unavailable writings of Marx became basic texts. The translation of the *Grundrisse* and its now famous "fragment on machines" directly informed Gilles Dauvé's prototypical argument for communisation.[16] In this fragment Marx describes how capital, in its drive to increase surplus labour time, reduces necessary labour time to a minimum through the massive application of science and knowledge to production. This creates the possibility of the appropriation by all of that alienated

Camatte. Strikingly whatever the ambivalences of autonomist politics, the chapter 'Communism and Transition' in Negri's *Marx Beyond Marx* (1978) essentially makes an argument for communisation.

14 Commenting on his earlier idea of a 'formal domination of communism' Camatte writes: 'the periodisation loses its validity today; also the rapidity of the realization of communism will be greater than was previously thought. Finally we must specify that communism is neither a mode of production, nor a society...' Ibid., p.148, n.19.

15 Ibid., p. 165.

16 Gilles Dauvé 'Sur L'Ultragauche' (1969), first published in English as 'Leninism and the Ultraleft' in: Jean Barrot (Gilles Dauvé) and François Martin, *Eclipse and*

system of knowledge, allowing the re-appropriation of this surplus labour time as disposable time. Communism is thus understood not in terms of a new distribution of the same sort of wealth based in labour time, but as founded on a new form of wealth measured in disposable time.[17] Communism is about nothing less than a new relation to time, or even a different kind of time. For Dauvé, by this focus on time, Marx implies a radical break between capitalism and communism which "exclude[s] the hypothesis of any *gradual* way to communism through the progressive destruction of the law of value" and thus proves the councilist and democratic alternative to Leninism as itself inadequate.[18]

The earlier drafts also pointed towards a more radical concept of revolution at a more fundamental ontological level. The drafts reveal that for Marx the critique of political economy calls into question the division of subjectivity and objectivity, the givenness of what it is to be an individual, and what is, and is not, our very being. For Marx these ontological questions are essentially *social*. He considered that the political economists had more or less succeeded in clarifying the categories which grasped the social forms of life under capitalism. While the bourgeoisie, however, tended to present these as ahistorical necessities, Marx recognised them as historically specific forms of the relationship between humans, and between humans and nature. The fact that human activity is mediated by social relations between things generates an atomised, object-less character to human subjectivity. The individual experience in capitalism is one of pure subjectivity, with all objectivity existing against it in the form of capital:

> *Separation of property from labour* appears as the necessary law of this exchange between capital and labour. Labour posited as *not-capital* as such is: (1) *not-objectified labour, conceived negatively*

Re-Emergence of the Communist Movement (Black and Red, 1974), p. 104.

17 'For real wealth is the developed productive power of all individuals. Then wealth is no longer measured by labour time but by disposable time.' Marx, *Grundrisse* (MECW 29), p. 94. It is interesting that Moishe Postone who has been explicit about the radical political implications of a 'value-form' approach makes these passages basic to his reinterpretation of Marx. see: *Time, Labor and Social Domination* (Cambridge University Press 1993).

18 Gilles Dauvé, *Eclipse and Re-Emergence of the Communist Movement* (Black and Red, 1974), p. 61.

> [...] separated from all means and objects of labour, from its entire objectivity. This living labour, existing as an abstraction from these moments of its actual reality (also, not-value); this complete denudation, purely subjective existence of labour, stripped of all objectivity. Labour as *absolute poverty*: poverty not as shortage, but as total exclusion of objective wealth. [...] (2) *Not-objectified labour, not-value*, conceived *positively*, or as a negativity in relation to itself [...]. Labour not as an object, but as activity; not as itself *value*, but as the *living source* of value. [T]he in-every-way mutually contradictory statements that labour is *absolute poverty as object*, on one side, and is, on the other side, the *general possibility* of wealth as subject and as activity, are reciprocally determined and follow from the essence of labour, such as it is *presupposed* by capital as its contradiction and as its contradictory being, and such as it, in turn, presupposes capital.[19]

Such ontological considerations play a major role in the work of *Théorie Communiste* (TC), a group that emerged in the mid-seventies from the discussions of the post-68 communisation milieu. For TC the communist revolution understood as communisation does not establish a "republic of labour" or any new form of management of the means of production. Rather, it is the overcoming of the alienated social relation of production which constitutes the separation of subjectivity and objectivity experienced in capitalism. In the overcoming of the separation of individuals from each other and from the means of production, communisation overcomes the separation of human subjectivity from "objectified labour,"[20] i.e. the subject/object split that forms the basis of social reality under capitalism. TC envisage this as an overcoming of each dimension which Marx describes in the *Grundrisse*: labour ceases to exist as a separate activity; production no longer distinguishes

19 Marx, *Grundrisse* (MECW 28), pp. 221-2

20 And from nature, which for capital is – like human beings – purely a resource for the expansion of abstract wealth.

itself from and dominates reproduction; needs are no longer separate from capacities; and individuals no longer confront their sociality through the mediation of the exchange of their products or in the form of the state – they become *directly* social. The revolution as communisation dissolves both the social form of things, i.e. their existence as carriers of 'objectified labour', of value (they become things again), and the atomised, empty and separated out subject-form of the individual. Thus for TC, as for Marx in the *Grundrisse*,[21] the formerly "objective" moment of production no longer dominates the subjective, but rather becomes "the organic social body in which the individuals reproduce themselves as individuals, but as social individuals."[22]

THE GERMAN DEBATES

The fresh appropriation of Marx out of which the perspective of communisation arose was part of a much wider process of the re-appropriation and development of radical readings of Marx. After the Hungarian Revolution of 1956 official communism no longer had hegemony on dissent and the interpretation of Marx in Western countries. While Marx had said "doubt everything," orthodox or traditional Marxism tended to present itself as a unified worldview with an answer to every question. It had an all-embracing philosophy ("Dialectical Materialism"), a mechanistic view of history ("Historical Materialism"), and its own economics ("Marxist Political Economy").[23] These pillars of the official version of Marxism were called into question by a return to Marx's critical spirit, in much the same way that an earlier generation of critical Marxism had flowered in the immediate wake of the Russian revolution.[24]

The revitalisation of Marxian theory in this period – as in the twenties – involved a break from seeing Marxism as a positive system of knowledge, and a re-recognition of

21 Yet TC's claim is not that communisation was Marx's concept of the revolution – see the discussion of 'programmatism' below.

22 Marx, *Grundrisse* (MECW 29), p. 210.

23 For an interpretation of 'traditional Marxism' as 'worldview Marxism' see Michael Heinrich, 'Invaders from Marx: On the Uses of Marxian Theory, and the Difficulties of a Contemporary Reading', *Left Curve* 31 (2007) pp. 83–8. This way of characterising 'traditional Marxism' seems to originate with the humanist Marxist Iring Fetscher, under whom both Reichelt and Postone studied. See his *Marx and Marxism* (Herder and Herder 1971).

24 Works that stand out from that period are Lukács' *History and Class Consciousness*, Korsch's *Marxism and*

its critical dimension – a move in which Marx's relation to Hegel was again in question. By the mid-sixties, the rejection of received interpretations of Marx began to extend to *Capital* – his central work. New readings drew on earlier drafts of the critique of political economy, and were interested not just in the results Marx arrived at, but also in the method he used to get there. In France *Capital* was reread in a structuralist fashion, in Italy Tronti and *Operaismo* took it up "from the point of view of the working class," and Germany came up with a *Neue Marx-Lektüre* (New Marx Reading).

The German language gave the *Neue Marx-Lektüre* a clear advantage over investigations into Marx in other countries. The new texts of the "unknown Marx" generally became available and known in German before any other language, and there were of course no issues of translation.[25] Furthermore, the great cultural resource that Marx had used in the critique of political economy – classic German idealism – was not subject to the same problems of the reception of Hegelian thought as in other countries. Thus, while in Italy and France the new readings of Marx tended to have a strong anti-Hegel bias as a reaction against earlier fashions for Hegelianism and "Hegelian Marxism", the German discussions were able to develop a more nuanced and informed picture of the Hegel-Marx connection. Crucially they saw that in describing the logical structure of the real totality of capitalist social relations, Marx in *Capital* was indebted not so much to Hegel's conception of a historical dialectic, but to the systematic dialectic of the *Logic*. The new critical Marxism, sometimes disparagingly referred to as *Kapitallogik*, thus had less in common with the earlier critical Marxism of Lukács and Korsch than with that of Rubin and Pashukanis. The *Neue Marx-Lektüre* was not a homogeneous school but a critical approach involving serious arguments and disagreements that nonetheless shared a certain direction.

Philosophy, Rubin's *Essays on Marx's Theory of Value* and Pashukanis' *Law and Marxism*. One of the features of the new period was a rediscovery of many of the texts of this earlier period, and a deepening of their problematics.

25 A significant example of this is that, as Chris Arthur notes, nearly all references to 'embodied' labour in *Capital* are translations of the German term *Darstellung* which could more properly be translated as 'represented'. See 'Reply to Critics' *Historical Materialism* 13.2 (2005) p.217

The political context for the German debates was the rise of a radical student movement. The movement had two poles – one traditionalist, sometimes with links to the East German state and with an "orthodox Marxist" orientation to the labour movement, and a stronger "anti-authoritarian" pole influenced by the critical theory of the Frankfurt School, particularly its psychoanalytic dimension, which offered an explanation for why workers seemed uninterested in the revolution.[26] Due in no small part to the influence of the Frankfurt School, the German student movement quickly gained a reputation for the theoretical sophistication of its debates. The insights but also the instability and ambivalence of the "anti-authoritarian" pole were expressed in the trajectory of its charismatic leader Rudi Dutschke. In 1966, influenced strongly by Korsch, he historicised Marx's "two stages theory" of the communist revolution as anachronistic and "highly questionable for us" since it "postpones the real emancipation of the working class in the future and considers seizing the bourgeois state by the proletariat as being of primary importance for social revolution."[27] Yet he also coined the slogan "long march through the institutions" which became the raison d'être of the German Green party (which he, like that other charismatic anti-authoritarian Daniel Cohn-Bendit, went on to join). Today it is the thoroughly statist and reformist *Die Linke* (the leftist party in Germany) which identifies most strongly with his legacy. A more important figure theoretically was Hans Jürgen Krahl who also played a leading role in the SDS especially after Dutschke was shot. Krahl was a student of Adorno and brought many of the key concepts of Critical Theory into the movement, but he was also an activist – Adorno infamously had the cops called on him and his fellow students when they occupied one of the Institute's buildings – and maintained an orientation to the proletariat and the class struggle.[28] Although the Frankfurt School, in its turn to issues of psychoanalysis, culture and philosophy, had

26 This included an interest in Freud and Reich combined with Adorno's scathing attacks on the revisionism of contemporary psychoanalysis; Marcuse's *Eros and Civilisation* and *One-Dimensional Man*; and the School's analysis of the 'authoritarian personality.'

27 Rudi Dutschke, 'Zur Literatur des revolutionären Sozialismus von K. Marx bis in die Gegenwart' *SDS-korrespondenz* sondernummer 1966.

28 Krahl died in a car crash in 1970. The posthumously published collection of his writings and talks – *Konstitution und Klassenkampf* – has not been translated into English.

largely abandoned study of Marx's critique of political economy to the orthodox Marxists, it was Krahl and other students of Adorno – Hans George Backhaus, Helmult Reichelt – who initiated the *Neue Marx-Lektüre.*

Thus while for the communisation milieu it was a background in council communist and other left-communist critiques of Bolshevism that made them open to the radicality of the new Marx texts, in Germany – where such tendencies had been wiped out in the Nazi period[29] – a somewhat equivalent role was played by Adorno and the Frankfurt School. Both council communism and the Frankfurt School had developed as a reflection on the failure of the German Revolution of 1918-19. While council communism's relation to the German Revolution is the more direct, Sohn-Rethel, talking of the Frankfurt School and related thinkers Lukács and Bloch, captures their more complexly mediated relation to that period with a paradoxical formulation:

> [T]he new development of thought which these people represent evolved as the theoretical and ideological superstructure of the revolution that never happened.[30]

Though detached from any working class milieu, the Frankfurt School had attempted to keep alive a critical and emancipatory Marxism against its development as an apologetic ideology for state-centred accumulation in Russia. The affinity with council communism is most clearly on display in earlier texts such as Horkheimer's *Authoritarian State,* which the anti-authoritarian students published to the disapproval of the rather conservative later Horkheimer. Nonetheless a radical critique of capitalist society remains at the centre of Adorno's less obviously political texts of the fifties and sixties – indeed perhaps even precisely due to their avoidance of the logic of immediate political effectiveness. While the "ultra-left" had attempted to keep alive the emancipatory

29 A significant exception was Willy Huhn, who influenced some members of the Berlin SDS. A member of the '*Rote Kämpfer*', a late 1920s regrouping of KAPD members, Huhn was briefly imprisoned by the Nazis in 1933/34 after which he turned to theoretical work including an important critique of Social democracy: *Der Etatismus der Sozialdemokratie: Zur Vorgeschichte des Nazifaschismus*. Nonetheless it was only after the peak of the movement that the council communists were properly rediscovered and published.

30 He adds: 'The paradoxical condition of this ideological movement may help to explain its almost exclusive preoccupation with superstructural questions, and the conspicuous lack of concern for the material and economic base that should have

promise of Marxist theory against the actual developments of labour movements by emphasising working class autonomy against working class representation and institutions, the Frankfurt School had paradoxically attempted the same task by turning away from the immediate class struggle and "economic questions."

This meant that the radical re-appropriation of Marx in 1960s Germany necessarily took the form of both a continuation and a break from the legacy of the Frankfurt School. The intersection between a sensibility informed by the Frankfurt School, and a turn to the detailed study of the critique of political economy avoided by them, is expressed in an anecdote of Backhaus. According to Reichelt, the origins of the programme of the *Neue Marx-Lektüre* may be traced to a moment in 1963 when Backhaus, while in student accommodation in Frankfurt, accidentally came across what was at that point a very rare first edition of *Capital*.[31] He noted that the differences from the second edition immediately leapt from the page, but that this was only possible because he had heard Adorno's lectures on the dialectical theory of society, for:

> [H]ad not Adorno repeatedly put forward the idea of a "conceptual in reality itself", of a real universal which can be traced back to the abstraction of exchange, without his questions about the constitution of the categories and their inner relation in political economy, and without his conception of an objective structure that has become autonomous, this text would have remained silent – just as it had been throughout the (then!) already one hundred years of discussion of Marx's theory of value."[32]

Debates around the new reading of *Capital* really got going after 1968. The issues they brought to the fore, which were generally taken up only later and often

been underlying it.' Alfred Sohn-Rethel, *Intellectual and Manual Labour* (Humanities Press 1978), p. xii. C.f. the first line of Adorno's *Negative Dialectics*: 'Philosophy, which once seemed obsolete, lives on because the moment to realize it was missed.' Theodore Adorno, *Negative Dialectics* (Continuum 1983), p.3.

31 The first German edition of *Capital* had major differences – especially in the structure and development of the first chapter on the commodity and value – from the second edition, which was the basis of the little altered subsequent editions and translations into other languages.

32 Helmut Reichelt, *Neue Marx-Lektüre: Zur Kritik sozialwissenschaftlicher Logik* (VSA-Verlag, 2008) p.11.

less profoundly in discussions in other languages, concerned: the character of Marx's method and the validity of Engels' understanding of it; the relation between the dialectical development of categories in *Capital* and Hegelian dialectics; the significance of the unfinished aspects of Marx's plans for his critique; the importance of the term "critique" and the difference between Marx's theory of value and that of classical political economy; and the nature of abstraction in Marx's concept of abstract labour and in the critique of political economy generally.

Despite their often philological and abstract character, debates around the new reading of *Capital* were seen to have a political importance in the tension between the anti-authoritarian and the traditionalist pole of the student movement, with the latter maintaining that the framework of orthodox Marxism needed only to be modernized and adjusted.[33] The *Neue Marx-Lektüre* challenged this project of a renewed orthodoxy through arguing for nothing less than a fundamental reconstruction of the critique of political economy.[34]

At the time the dominant view of the method at work in *Capital* was some variant of the logico-historical one proposed by Engels in texts such as his 1859 review of Marx's *Contribution to a Critique of Political Economy*, and his Preface and Supplement to *Capital* Volume III. On this view, the progression of the categories of *Capital* closely follows their actual historical development, such that the first few chapters of *Capital* are seen to describe a pre-capitalist period of "simple commodity production" when the "law of value" was said to operate in pure way. In the German discussions, and subsequently internationally, Engels' authority – as well as that of the traditional Marxism that depended on it – was comprehensively challenged.[35] The *Neue Marx-Lektüre* argued that neither Engels' interpretation, nor any of the

33 While the traditional Marxist pole of the SDS up to 1968 had been essentially reformist, advocating a legal transition to socialism, that which came to the fore after 1968 was anti-revisionist Maoist-Stalinism. This was the period when many earlier 'anti-authoritarians' lost their critique of party-Marxism and engaged in the formation of the 'K-Groups' ('K' standing for Kommunist).

34 See Michael Heinrich, 'Reconstruction or Deconstruction? Methodological Controversies about Value and Capital, and New Insights from the Critical Edition' in Riccardo Bellofiore and Roberto Fineschi, eds., *Re-Reading Marx: New Perspectives after the Critical Edition* (Palgrave Macmillan 2009).

35 See 'The Moving Contradiction' below.

proposed modifications of it,[36] did justice to the motion behind the order and development of the categories in *Capital*. Rather than an advance from a non-capitalist earlier stage or hypothetical simplified model of simple commodity production to a later stage, or more complex model, of capitalist commodity production, the movement in *Capital* was to be grasped as a presentation of the capitalist totality from the outset, moving from the abstract to the concrete. In *The Logical Structure of Marx's Concept of Capital*, Helmut Reichelt developed a conception which, in one form or other, is now basic to theorists of systematic dialectic: that the "logic of the concept of capital" as a self-determining process corresponds to the going-beyond-itself of the Concept in Hegel's *Logic*.[37] According to this view the world of capital can be seen as objectively idealist: e.g. the commodity is a "sensous-supersensous thing".[38] The dialectic of the value-form shows how, starting with the simplest commodity form, the material and concrete aspects of the social life process are dominated by the abstract and ideal social-forms of value. For Marx, as Reichelt puts it:

> Capital is thus conceived as a constant change of forms, into which use-value is constantly both integrated and expelled. In this process, use-value too, assumes the form of an eternally vanishing object. But this constantly renewed disappearance of the object is the condition for the perpetuation of the value itself – it is through the always reproduced change of forms that the immediate unity between value and use-value is retained. What is thus constituted is an inverted world in which sensuousness in the widest sense – as use-value, labour, exchange with nature – is demoted to a means of the self perpetuation of an abstract process that underlies the whole objective world of constant change. […] The whole sensuous world of human beings who reproduce themselves

36 Grossman, for example, offered the idea of successive approximation in which *Capital* was seen to present a series of analytic models becoming more complex as further aspects of reality were added.

37 Helmut Reichelt, *Zur logischen Struktur des Kapitalbegriffs bei Karl Marx* (Suhrkamp Verlag 1970). How close this correspondence is to be drawn is a subject of much debate. See the debates between Chris Arthur, Tony Smith and Robert Finelli in *Historical Materialism* (issues 11.1, 15.2 and 17.1). In Germany Michael Heinrich and Dieter Wolff would criticise in quite differing ways the idea of a 'homology' of capital and spirit.

38 This is Bonefeld's more accurate translation of *'sinnlich übersinnlich'* poorly translated in English

through the satisfaction of needs and labour is step-by-step sucked into this process, in which all activities are "in themselves inverted". They are all, in their vanishing appearance, immediately their own opposite; the persistence of the general."[39]

This is the ontological inversion, the possession of material life by the spirit of capital. It is what Camatte grasped in his recognition of the importance of the understanding of capital as value in process and as subsumption. If there is no use-value other than in the form of value in capitalist society, if value and capital constitute a forceful, totalising form of socialisation that shapes every aspect of life, their overcoming is not a matter of the mere replacement of market mechanisms through a state manipulation or workers' self-management of these forms, but demands a radical transformation of every sphere of life. By contrast, the traditional Marxist conception derived from Engels – according to which the law of value pre-existed capitalism – separated the theory of the market and value from that of surplus value and exploitation and thus opened up the possibility of ideas of a socialist law of value, a socialist form of money, "market socialism" and so forth.

THE INCOMPLETE MARX?

Part of the dogmatic nature of orthodox Marxism was to take the works of Marx to be a complete system to which only historical analyses of subsequent stages of capitalism such as imperialism had to be added. The discovery of the drafts and plans for the critique of political economy showed that *Capital* was incomplete, not just in the sense that volumes two and three, and *Theories of Surplus Value,* were left unfinished by Marx and put together by Engels and Kautsky respectively,[40] but that these only constituted the first of a six book plan, alongside books on landed property, wage-labour,

editions of *Capital*. See his translator's note to: Helmut Reichelt, 'Social Reality as Appearance: Some Notes on Marx's Conception of Reality', in: Werner Bonefeld, and Kosmas Psychopedis, eds., *Human Dignity. Social Autonomy And The Critique Of Capitalism* (Hart Publishing 2005), p. 31.

39 Ibid., p. 46-47.

40 When Moscow republished *Theories of Surplus Value* they were able to question Kautsky's editorial decisions, something they would never consider for the considerable changes done by Engels to volume III. Publication of the original Manuscripts (in German) reveals that Engels work involved major rewriting and questionable editorial decisions, but such questioning of the core corpus of Marxism was anathema to traditional

the state, foreign trade, and "The World Market and Crises."[41] The recognition that what exists of Marx's project is only a fragment was of tremendous importance, as this implied seeing Marxian theory as a radically open project, and developing areas of enquiry which were barely touched upon by Marx himself. The so-called state-derivation debate, and the debate on the world market, were attempts to develop some of those areas which Marx himself had not addressed systematically in *Capital*.[42]

Drawing on the pioneering work of Pashukanis, participants in the state-derivation debate grasped the separation of "the economic" and "the political" as something specific to capitalist domination. The implication was that – far from establishing a socialist economy and a workers' state, as in traditional Marxism – the revolution should be grasped as the destruction of both "the economy" and "the state". Despite the abstract – and at times scholastic – appearance of these debates, we thus begin to see how the critical return to Marx on the basis of the struggles of the late sixties in Germany had specific – and particularly radical – implications for how we conceive of the overcoming of the capitalist mode of production.

This is equally true for the core Marxian category of abstract labour as it is conceptualised in the German debates around value. Whereas in bourgeois social science, and in the dominant forms of Marxism, abstraction is a mental act, Marx argued that a different form of abstraction was present in capitalism: "real" or "practical abstraction" that people carry out in exchange without even knowing it. As the anecdote of Backhaus repeated by Reichelt indicates, it was Adorno's idea of an objective conceptuality to capitalist social life that inspired the *Neue Marx-Lektüre* approach to Marx's critique of political economy. This idea of Adorno's and his notion

Marxism. See Michael Heinrich: 'Engels' Edition of the Third Volume of Capital and Marx's Original Manuscript', in: *Science & Society*, vol. 60, no. 4, 1996, pp. 452-466

41 Rosdolsky contentiously argues that the second and third books are incorporated into a changed plan for *Capital*, but even if one were to agree with him rather than the counter-arguments of Lebowitz and Shortall, the remaining three books clearly are unfinished business.

42 For the state derivation debate see: John Holloway and Sol Picciotto, eds,. *State and Capital: A Marxist Debate* (University of Texas Press 1978) and Karl Held and Audrey Hill, *The Democratic State: Critique of Bourgeois Sovereignty* (Gegenstandpunkt, 1993). Very little of the debate on the world

of 'identity thinking' had themselves been inspired by ideas that Sohn-Rethel had communicated to him in the thirties. The German discussion was thus advanced by the publication in 1970 of these ideas in Sohn-Rethel's book *Intellectual and Manual Labour.*[43] In this work Sohn-Rethel identifies the abstraction from use carried out in the exchange process as at the root not only of the strange kind of social synthesis in commodity societies, but of the very existence of abstract conceptual reasoning and the experience of the independent intellect. Sohn-Rethel's thesis is that the 'transcendental subject' as explicitly theorized by Kant is nothing else than a theoretical and at the same time blind expression of the unity or sameness of things constituted through exchange. Such ideas, along with those of Pashukanis on how the "legal subject" and commodity are co-produced historically, fed into a period of critical examination in which all aspects of life, including our very sense of inner subjectivity and consciousness, were grasped as form-determined by capital and value.

For Marx the most striking example of "real abstraction" is the money form of value, and perhaps the most far-reaching contribution of the German debates lies is their development of a "monetary theory of value" along the lines already laid out by Rubin. In an important passage from the 1st edition of *Capital* Marx describes money as an abstraction that perversely took on a real-world existence independently of its particulars – "It is as if alongside and external to lions, tigers, rabbits, and all other actual animals ... there existed also in addition *the animal*, the independent incarnation of the entire animal Kingdom."[44] The products of private labour must be exchanged with this concrete representation of abstract labour for their social validity to be realised in actuality. Thus an abstraction – rather than a product of thought – exists in the world as an object with social objectivity to which all must bow.

market has been translated, but see: Oliver Nachtwey and Tobias ten Brink, 'Lost in Transition: the German World-Market Debate in the 1970s,' Historical Materialism 16.1 (2008), pp. 37-70.

43 Alfred Sohn-Rethel, *Geistige und körperliche Arbeit. Zur Theorie gesellschaftlicher Synthesis* (Suhrkamp 1970). English translation: *Intellectual and Manual Labour: A Critique of Epistemology* (Humanities Press 1978).

44 Marx, 'The Commodity, Chapter One, Volume One of the first edition of Capital' in *Value: Studies by Karl Marx*, trans. A. Dragstedt (New Park 1976), p. 27.

Traditional Marxism overlooked this discussion, and generally followed Ricardo and bourgeois economics in viewing money as simply a useful technical tool for facilitating the exchange of pre-existing commodity values. By contrast the German debates picked up on the strange kind of objectivity of value – that it does not inhere in any particular commodity, but only exists in the relation of equivalence between a commodity and the totality of other commodities – something that can only be brought about through money. This role of money in a generalised commodity society feeds back onto the experience of living labour itself. To the extent that labour is simply an activity carried out for money, the kind of labour performed is a matter of indifference and chance. The organic link that existed in previous societies between particular individuals and specific forms of labour is broken. A subject able to move indifferently between different forms of labour is developed:

> Here, then, for the first time, the point of departure of modern economics, namely the abstraction of the category "labour", "labour as such", labour pure and simple, becomes true in practice. The simplest abstraction, then, which modern economics places at the head of its discussions, and which expresses an immeasurably ancient relation valid in all forms of society, nevertheless achieves practical truth as an abstraction only as a category of the most modern society.[45]

Abstract labour then as a *practical* abstraction is a fundamentally capitalist form of labour – a product of the reduction of all activities to abstract money-generating activity. In the traditional view, the overcoming of the capitalist mode of production need not involve the abolition of abstract labour: abstract labour, according to this view, is a *generic* abstraction, a general transhistorical truth underlying the appearance of market forms

45 Marx, *Grundrisse* (MECW 28), p. 41 (Nicolaus trans.).

within the capitalist mode of production. This truth would shine forth in socialism, with the parasitic role of the capitalist eliminated, and the anarchic market organisation of social labour replaced by (state) planning. From a critical perspective, traditional Marxism had turned capitalist forms and laws into general laws of history: in the relatively backward areas such as Russia, where Marxism became the ideology of state-led industrial development, *Capital* became a "how-to manual." By contrast, for the value-form theorists Marx's theory of value, as a monetary theory of value, is "not a theory about the distribution of social wealth, but rather a theory of the constitution of the social totality under the conditions of capitalist commodity production."[46] The issue was thus shifted from one of distribution to an overcoming of the form of labour, of wealth and the mode of production itself.

In different countries, sometimes in knowledge of the German discussions but also independently, motivated by texts such as the *Grundrisse* and Rubin's *Essays*, similar questions were asked, and similar answers found. For example, the importance of the value-form was picked up by Althusser's then-follower Jacques Rancière. Althusser had correctly identified Marx as making a complete break from the theoretical field of Ricardo and classical political economy but was unable to identify the analysis of the value-form as key to this break, because he rejected it for its "Hegelianism." Rancière, however, noted that "what radically distinguishes Marx from classic economic theory is the analysis of the value-form of the commodity (or of the commodity form of the product of labour)."[47] This recognition was also taken up by another 'anti-Hegelian' – Colletti[48]– and fed into an Italian debate on value initiated by himself and Napoleoni,[49] which came to conclusions close to those of the value-form theorists. In the Anglophone discussions, where hardly anything from the German debates

46 Michael Heinrich, 'Invaders from Marx: On the Uses of Marxian Theory, and the Difficulties of a Contemporary Reading', *Left Curve* 31 (2007)

47 Jacques Rancière, 'Le Concept de Critique et la Critique de l'Économie Politique des Manuscrits de 1844 au Capital', in Althusser et al, *Lire le Capital* (RUF 1996), p. 128. English translation: 'The concept of 'critique' and the 'critique of political economy' ' in *Ideology, Method and Marx*, edited by Ali Rattansi. p 114

48 Lucio Colletti, *Marxism and Hegel* (Verso 1979), p 281.

49 See Riccardo Bellofiore, 'The Value of Labour Value: the Italian Debate on Marx, 1968-1976' in the special English edition of *Rivista di Politica Economica* IV-4-5V (April-May 1999).

was translated until the late seventies, Rubin took on a primary importance.[50] In the *Conference of Socialist Economists,* a central forum for these debates, a major argument was that between a Rubin-inspired abstract social labour theory of value and a more traditionalist embodied labour theory of value. Those in the former camp moved in the direction of a monetary theory of value, as in the German debates, but there was far less discussion of and appreciation of the relevance of Hegel's *Logic* for understanding the systematic relation of the categories in *Capital*.[51] In the absence of a translation of Reichelt and Backhaus, the anglophone few who followed the Germans in wishing to reconstruct *Capital*[52] – the Konstanz-Sydney school, identified as a "value-form school" – were seen by most other participants as overly extreme. It is a feature of systematic dialectic as it has emerged recently that such suggestions of a need for a more radical reconstruction are now at the core of the discussion.

THE (ANTI-)POLITICS OF VALUE THEORY

The critical import of value-form theory is that it calls into question any political conception based on the affirmation of the proletariat as producer of value. It recognises Marx's work as an essentially negative *critique* of capitalist society. In reconstructing the Marxian dialectic of the value-form, it demonstrates how the social life process is subsumed under – or "form-determined" by – the value-form. What characterises such "form-determination" is a perverse priority of the form over its content. Labour does not simply pre-exist its objectification in the capitalist commodity as a positive ground to be liberated in socialism or communism through the alteration of its formal expression. Rather, in a fundamental sense value – as the primary social mediation – pre-exists and thus has a priority over labour. As Chris Arthur argues:

50 Yet, surprisingly, the importance of Rubin was underestimated in the German debates. The *Essays* were only translated into German (from the English) in 1973, and they left out the first chapter on fetishism. See Devi Dumbadze: 'Sachliche Vermittlung und soziale Form. I.I. Rubins Rekonstruktion der marxschen Theorie des Warenfetischismus' in the forthcoming *Kritik der politischen Philosophie Eigentum*, Gesellsschaftsvertrag, Staat II

51 A notable exception was the pioneering essay by Jairus Banaji: 'From the Commodity to Capital: Hegel's Dialectic in Marx's Capital,' in Diane Elson, ed., *Value: The Representation of Labour in Capitalism* (CSE Books 1979).

52 e.g.: Michael Eldred, *Critique of Competitive Freedom and the*

> At the deepest level, the failure of the tradition that uses the model of "simple commodity production", is that it focuses on the human individual as the originator of value relationships, rather than viewing human activities as objectively inscribed within the value form... In truth, however, the law of value is imposed on people through the effectivity of a system with capital at its heart, capital that subordinates commodity production is the aim of valorisation and it is the real subject (identified as such by Marx) confronting us.[54]

While it seems true and politically effective[55] to say that we produce capital by our labour, it is actually more accurate to say (in a world that really is topsy turvy) that we, as subjects of labour, are produced by capital. Socially necessary labour time is the measure of value *only because the value-form posits labour as its content*. In a society no longer dominated by alienated social forms – no longer orientated around the self-expansion of abstract wealth – the compulsion to labour which characterises the capitalist mode of production will disappear.[56] With value, abstract labour disappears as a category. The reproduction of individuals and their needs becomes an end in itself. Without the categories of value, abstract labour and the wage, "labour" would cease to have its systematic role as determined by the primary social mediation: value.

This is why value-form theory points, in terms of the notion of revolution that follows from it, in the same direction as communisation. The overcoming of capitalist social relations cannot involve a simple "liberation of labour"; rather, the only "way out" is the suppression of value itself – of the value-form which posits abstract labour as the measure of wealth. Communisation is the destruction of the commodity-form and the simultaneous establishment of immediate social relations between

Bourgeois-Democratic State: Outline of a Form-Analytic Extension of Marx's Uncompleted System (Kurasje 1984).

54 Chris Arthur, 'Engels, Logic and History' in Riccardo Bellofiori, ed., *Marxian Economics a Reappraisal: Essays on Volume III of Capital, vol. 1* (Macmillan 1998), p. 14.

55 Mike Rooke for example criticises Chris Arthur and the systematic dialectic approach for 'reifying the dialectic' and losing its meaning as a 'dialectic of labour'. 'Marxism, Value and the Dialectic of Labour,' *Critique* Vol. 37, No. 2, May 2009, pp. 201-216.

56 Outside of class society 'labour' – the human need to interchange with nature ('man's inorganic body... with which he must remain in continuous interchange if he

individuals. Value, understood as a total form of social mediation, cannot be got rid of by halves.

The fact that few value-form theorists have explicitly drawn such radical political conclusions from their work is neither here nor there, such radical political (or anti-political) conclusions are for us the logical implications of the analysis.

A RETURN TO MARX?

Value-form theory's recognition of the "hidden kernel" of Marx's critique of political economy would suggest that already in 1867 Marx had grasped value as a totalising form of social mediation which had to be overcome as a whole. Thus Marxism, with its history of affirmation of labour and identification with state-led "socialist accumulation", could be seen as a history of the misinterpretation of Marx. The correct reading, which points towards a radical negation of value, has on this view somehow been missed. However, if Marx's theory of the value form implied communisation in the modern sense then it was an implication that he clearly missed himself!

Indeed Marx's own attitude towards the importance of his value theory was ambivalent. On the one hand Marx insisted on its "scientific" importance but in response to the difficulties his readers had in grasping its subtleties he seemed willing to compromise over it for the benefit of the reception of the rest of his work.[57] As well as being willing to popularize his work and "hide his method," he allowed Engels (who as we have seen was one of the people who had difficulty with this aspect of his friend's work) to write various reviews which downplayed the treatment of value and money so it wouldn't "detract from the main topic." It seems Marx had the position that:

is not to die' [EPM]) is not an external compulsion but an expression of one's own nature. Determination by oneself in the sense, for example, of having to do things to eat, is not compulsion.

57 For a discussion (drawing on Backhaus) see Michael Eldred, Preface to *Critique of Competitive Freedom and the Bourgeois-Democratic State* (Kurasje 1984), xlv-li.

> [T]he value theory is the logical prerequisite of his theory of capitalist production, but is not indispensable for understanding what this latter theory means, and especially, what the critique is of capitalist production. The Marxist discussion in recent years has adopted this apparent Marxian attitude (cf. also Marx's advice to Mrs. Kugelmann)[58] in every way by setting up the problem of whether the Marxian value theory is necessary for the Marxian theory of class exploitation."[59]

Marx seemed to accept that a more or less left-Ricardian reading of his work would be adequate for the needs of the workers' movement. His political writings assumed that a powerful working class, rallying around an increasingly homogenous workers' identity, would through its unions and its parties simply extend its day-to-day struggles into a revolutionary overthrow of capitalist society. Against the Lassallian social democratic Marxism of his day, Marx did write the scathing *Critique of the Gotha Programme* in which he strongly attacked its labour-affirming and incoherent political economic assumptions. However he didn't feel it necessary to publish it. Moreover the ideas he put forward even in the *Critique* (which was later published by Engels) are by no means unproblematic. They include a theory of transition in which bourgeois right in distribution would still prevail, through the use of labour notes, and in which his description of the "first stage of socialism" is far closer to capitalism than it is to the more attractive second stage, with no mechanism given to explain how the one can change into the other.[60]

It would be wrong to suggest that the German discussion ignored the disjunction between the radical stance that many of them were deriving or developing from Marx's critique, and Marx's own politics. In the late seventies an important way in which this issue began to be understood was in terms of a difference between

58 Marx advised that his friend's wife could, because of its difficulty, skip the first part of *Capital* (on value and money) – Eldred refers here to the fact that many readers of Marx such as those persuaded by Sraffa and Althusser think that this is the right way to approach Marx.

59 Michael Eldred, Ibid. pp. xlix-l.

60 See R.N. Berki, *Insight and Vision: The Problem of Communism in Marx's Thought* (JM Dent 1984) chapter 5.

an "esoteric Marx" with a radical critique of value as a form of totalising social mediation, and an "exoteric Marx" with an orientation to, and support for, the aims of the workers movement of his time.[61] The exoteric Marx was taken to be based on a misreading of the 19th century proletariat's radical potential. One strong tendency in the German context became to jettison the "exoteric Marx" in favour of the "esoteric Marx." Marx's idea of capital as an unconscious automatic subject was seen to displace the idea, which he also seems to have had, of the proletariat as the subject of history. Class struggle is not denied on this view, but seen as "system-immanent" – moving within the categories – and the abolition of the categories is looked for elsewhere. Marx on this view was simply wrong to identify with the workers' movement, which hindsight has shown us was a movement for emancipation within capitalist society, and not the movement to abolish that society. This tendency is exemplified by the "value-critique" groups *Krisis* and *Exit*. Though he does not use the esoteric/exoteric distinction, Moishe Postone, who developed his ideas in Frankfurt in the early seventies, essentially argues for the same kind of position. In *Time, Labor and Social Domination* he sees Marx as offering a "critique of labour in capitalism" (the esoteric Marx) rather than – as in traditional Marxism – a "critique from the point of view of labour" (the exoteric Marx). It is interesting that apart from this turn away from class, Postone is more explicit than most academic value-form Marxists in drawing conclusions from his theory which in political terms put him on the 'ultra-left' or even resonate with the communisation thesis.[62]

By no means all those influenced by the *New Marx Reading,* and certainly not all those within the broader area of a critical value-form oriented Marxism, take this turn away from the class struggle. In Anglophone discussions the adoption of a "monetary" or "abstract social

61 Though it may well derive from Backhaus, according to van der Linden the distinction was coined by Stefan Breuer in 'Krise der Revolutionstheorie' (1977). Marcel van der Linden, 'The Historical Limit of Workers' Protest: Moishe Postone, Krisis and the "Commodity Logic"', *Review of Social History*, vol. 42 no. 3 (December 1997), pp. 447-458.

62 Like Dauvé, Postone takes the 'Fragment on Machines' to undermine traditional Marxist conceptions of socialism; he sees traditional Marxism as a Ricardian Marxism which sought the self-realisation of the proletariat rather than – as in Marx – its self-abolition, he grasps the USSR as having been capitalist, and like TC he emphasises the historical constitution of both objectivity and subjectivity. However when it comes to

labour" theory of value has in general not involved the same rejection of class analysis, but then it has also not involved the same critique of traditional leftist assumptions that emerged in Germany. Werner Bonefeld however, who has done more than most to introduce critical conceptions derived from the German discussions into Anglophone Marxism, does take a resolutely pro-class struggle perspective.[63] Nonetheless, most accounts of the *Neue Marx-Lektüre* understand one of its main characteristics to be a rejection of Marx's attribution of an historical mission to the proletariat and a sensibility of scepticism towards the class struggle has been prevalent on the German left. But if in this type of view the proletariat is rejected as an agency of revolution then the question becomes of course – where will the abolition of class society come from? The somewhat unsatisfactory answer prevalent in various forms in German discussions seems to be that it is a matter of having the right critique – that is, in seeing the revolution as a matter of acquiring the correct consciousness. In this focus on correct consciousness and critique, it seems that ironically – for all the questioning of traditional Marxism – a certain Leninist problematic separating educator and educated is retained.

We have emphasised the way in which the *Neue Marx-Lektüre* marked a development from and improvement on the Frankfurt School. Adorno's dialectical theory of society – in terms of its systemic self-reproduction behind the backs of individuals, of the inversion of subject-object, and the existence of real abstraction – derived from Marx's critique of political economy. However Adorno did not himself conduct a detailed study of *Capital* and its drafts, relying to a great extent on others' research.[64] The *Neue Marx-Lektüre* demonstrated the correctness of Adorno's understanding of capitalist society not in the general area of philosophy and social theory but on traditional Marxism's chosen terrain of the interpretation

practical positions in the present he orientates towards reforms, stating significantly that his analysis 'does not mean that I am an ultra.' Moishe Postone and Timothy Brennan, 'Labor and the Logic of Abstraction: an interview' *South Atlantic Quarterly* 108:2 (2009) p. 319.

63 See e.g. Werner Bonefeld, 'On Postone's Courageous but Unsuccessful Attempt to Banish the Class Antagonism' *Historical Materialism* 12.3 (2004).

64 As well as the work of Lukács and Sohn-Rethel, Adorno was indebted to Alfred Schmidt for all the Grundrisse quotes that he uses in Negative Dialectics. See Michael Eldred and Mike Roth, Translators Introduction to 'Dialectics of the Value-Form' in *Thesis Eleven* no. 1 (1980) p. 96.

of *Capital*. Yet Adorno and Horkheimer seemed unable to follow the theoretical developments being made by their students.[65] After their death the legacy of the Frankfurt School suffered a complete degeneration into bourgeois theory under Habermas, while the *Neue Marx-Lektüre* fed into a flourishing of critical Marxian theory.

Nonetheless there is a way that the achievements of the *Neue Marx-Lektüre* can be seen to fall beneath Adorno. The category of class plays little role in the writings of Backhaus and Reichelt and they treat the question of revolution as outside their field of academic expertise, and thus it is ironically Adorno, even with his idea of the integration of the proletariat, who has more to say on these subjects. Antagonism as a concept features prominently in his writings and is meant in a very orthodox sense of class antagonism. In essays such as *Society* (1965), *Remarks on social conflict today* (1968) and *Late capitalism or industrial society?* (1968) Adorno reveals an "orthodox" (in a good sense) concern for the reality of class antagonism and exploitation. In "Remarks", written with Ursula Jaerisch, he attacks the notion of social conflict as a "positivistic" flattening of Marx's concept of class struggle, though one objectively made possible by the development of class society (integration). Though not being fought out consciously, class antagonism is still at the very heart of contemporary society according to Adorno. This is brought out in the notes to a lecture by Adorno that Backhaus acknowledges as inspiring the *Neue Marx-Lektüre*. Adorno repeatedly stresses here that the "exchange relation is pre-formed (*präformiert*) by the class relation"; the only reason why the worker accepts given relations is that he has "nothing but his labour-power" to sell. Unlike in Backhaus' own writings, Adorno's focus is very much on the fact that while exchange is no mere illusion, but real, "it is in the concept of surplus value that the semblance (*Schein*) of the process of exchange is to be found."[66]

65 See Helmut Reichelt 'From the Frankfurt School to Value-Form Analysis' *Thesis Eleven* no. 4 (1982) p. 166.

66 Backhaus' notes from a 1962 lecture by Adorno are included as an Appendix to *Dialektik der Wertform* (ca ira 1997).

Thus while Backhaus and Reichelt delved much deeper into Marx's writings, in a certain sense Adorno was less "academic", more "political", and closer to Marx's concern with exploitation and class antagonism.

In this respect too, Krahl was totally different from his inheritors. As the full title of his posthumously published writings[67] indicates, Krahl had the merit not only of being interested in the mediation of the value categories and class struggle but also of taking an eminently historical perspective, one which is largely missing from the essentially philological works of Reichelt and Backhaus. After Krahl a concern for systemic reconstruction displaces all concern for history in the *Neue Marx-Lektüre*. The move of Backhaus, Reichelt and the next generation of value theorists like Heinrich has been to expel from Marx's work everything that smells of an 'unscientific' philosophy of history or theory of revolution. The issue is not to seek out some kind of mechanical application of the theory but to recognize that the problems that Adorno and Krahl gave different answers to have not gone away. System must be grasped historically and history systematically.

As opposed to any simplistic return to the position of Adorno (or for that matter the untranslated writings of Krahl), the point is to grasp Adorno's pessimistic attitude to the possibilities of class struggle of his day as an attempt at an honest facing up to the contradictions and impasses of his period rather than a mere failing on his part. Similarly the retreat from the questions of Krahl, the scepticism in German discussions about "class struggle Marxism", and the attempt to ground a revolutionary theory in some other way are not mere ideological aberrations. If they have not seemed to arrive at a convincing alternative they have at least identified a real problem. It is not obvious from the historical record that the workers' movement points in the direction of communism understood as the end of value, class, the

67 *Constitution and Class Struggle: On the historical dialectic of bourgeois revolution and proletarian emancipation* (Verlag Neue Kritik 2008).

state etc. – indeed quite the reverse. The argument that class struggle is system-immanent captures the "trapped" character of struggles within capital. The idea of the esoteric and exoteric Marx – the wish to decouple Marxian critique from the class struggle – appears, no matter how heretical, to offer a plausible solution to the problem of the failure of the working class to perform its "historic task": through the idea that the workers' movement was *never* really revolutionary in itself, and that the really revolutionary perspective lay simply in Marx's "esoteric" vision. Yet of course such a decoupling would leave us with no plausible alternative scenario for the realisation of this vision.

It is clear that the theory of value and class-analysis cannot ultimately be separated. The categories of value and class are mutually implicated. By understanding capital as operating in terms of a "systematic dialectic"[68] one can see that their relation is an internal one, both that "the positing of social labour in the form of the contradiction of capital and wage labour – is the ultimate development of the value-relation"[69] and that value relations are a product of the separation of living labour from objectified labour, that is of class. But although it must therefore be ultimately futile to look for the abolition of value anywhere else than towards the class that is forced to produce it, and which is increasingly made redundant by it, the doubts about the revolutionary potential of the working class that are harboured by many of the value-critics have to be confronted. It seems to us that *Théorie Communiste* do this.

At the heart of TC's theory is the recognition of the reciprocal implication or mutual involvement of proletariat and capital. The fundamental problem that follows from this is how the struggle of a class that is a class of capitalist society can abolish that society. Part of the importance of the contribution of TC is to have resisted answering

68 See 'The Moving Contradiction' below.

69 Marx, *Grundrisse*, (MECW 29), p.90 (Nicolaus translation).

this by attributing a revolutionary human essence to the proletariat, beneath its merely class and capitalist nature, while at the same time not losing the centrality of the class contradiction. Their answer is rather to grasp the class relation, while always involving a systematic implication, as developing historically through cycles of struggle. Crucially for TC "communisation" is not what communism and the revolution "always really was or as it always should have been."[70] Rather, the concept of communisation emerges historically with the end of a cycle of struggle in which communism and revolution appeared as something else.

For TC, the classical workers movement from Marx through the 2nd and 3rd Internationals was part of a cycle of struggle which they term programmatism.[71] In this period workers' struggles and the vision of the overcoming of capitalism that emerged from them was based on an autonomy and positivity that workers were able to maintain within the capital-labour relation. The revolution of this period could be described as the impossible attempt to abolish a relation by affirming one of its poles. The tragedies of social democracy and Stalinism, and anarchism's experience in Spain, were the product of the contradictions of the goal and methods set by the movement in its high period, which in turn were a product of the configuration of the class relation at that time – i.e. of the way that capital and class confronted each other. François Danel sums up the situation in the following passage:

> Since the development of the capitalist relation – that is to say of the struggle of its classes – did not immediately bring the abolition but the generalisation of wage-labour, the proletariat abstracted the final goal from the movement and made the revolution – its seizure of power – depend on the maturation of conditions both objective (the development of the productive

70 Théorie Communiste, 'Much Ado About Nothing' *Endnotes* no.1 (2008), p. 192.

71 This is the major concept at stake in the debate between Dauvé and TC in *Endnotes* no. 1.

forces) and subjective (its will and its class consciousness). It thus posed communism as a programme and its full achievement as the ultimate term of an impossible *transition*: the proletarian repossession and mastery of the movement of value, wage-labour supposedly "withering away" from the moment that one replaced money with the labour note. [...] What the workers' movement thus called into question was not capital as mode of production, but only the management of production by the bourgeoisie. It was either a question of workers seizing the productive apparatus from this parasitic class and of destroying its State in order to rebuild another, led by the party as the bearer of consciousness, or else of undermining the power of the bourgeois State by organising production themselves from the bottom up, through the organ of the trade unions or councils. But there was never a question or an attempt of abolishing the law of value – the compulsion towards accumulation and thus towards the reproduction of exploitation which materialises itself at the same time in machinery, in fixed capital as capital in itself, and in the necessary existence, facing the working class, of an exploiting class, bourgeois or bureaucratic, as the collective agent of that reproduction.[72]

72 François Danel, Introduction to *Rupture dans la théorie de la revolution: Textes 1965-1975* (Senonevero 2003)

The determinate failure of this programmatic revolution bequeathed a post-WW2 capitalism where the workers' movement had a certain power within capitalist society but no longer carried its earlier aspect of autonomous revolutionary affirmation. It was this situation that the development of a revolutionary theory had to confront. The struggles which then gave rise to new theoretical production in the 60s and 70s were –whatever the hopes of groups like the SI – not beyond programmatism. Rather, they took on a contradictory character: counter-cultural utopianism and "resistance to work," issues of everyday life, coinciding with – and in many ways depending

upon – the strength of a more programmatic movement. It was in this contradiction and these struggles that the theory of communisation and the new critical Marxism could arise. The resolution of these struggles in capital's favour marked the end of that cycle in a restructuring in which the class's possibilities of a positive autonomy and affirmation within capitalism would be suppressed. It is for TC exactly this defeat that creates a new configuration of the class relation in which the existence of the class is no longer experienced as a positivity to affirm but as an external constraint in the form of capital. And it is this configuration which necessitates both a new understanding of communism and a new reading of Marx.

It is possible to interpret this "return to Marx" in terms of an ebb and flow of communist theory to parallel that of revolutionary waves: 1917, 1968 etc. But, just as the perspective of communisation did not emerge even in the marginal heretical tendencies of the earlier revolutionary period, neither did earlier critical Marxisms go as far as those that emerged from the sixties. Lukács, Rubin and Pashukanis developed their conceptions in relation to an ascendant workers' movement expressing a certain configuration of the capital-labour relation. The work of the earlier critical Marxists, as well as that of Marx – the first value-form theorist – had contradictions and limitations which the later generation, writing as programmatism was coming to an end, were able to go beyond.[73] In the earlier period, while the affirmative proletarian project of programmatism was necessarily a failure not only from our perspective of communisation, but even – and this is important – in terms of the goals it set itself, it nevertheless gave the contradiction of capital and labour "room to move." By the late sixties that room was being exhausted. For the theorists of the "second revolutionary wave" of the 20th century, one issue that was plainly at stake was a rejection of the idea and

73 For example, despite the way Rubin prefigures or directly inspires much later value-form theory, some of his categories such as a transhistorical category of 'physiologically equal labour' and that of 'socially equated labour' as the basis of socialism can be seen as an expression of the way revolution was posed in the period and the situation of state planner he found himself in. If most present day value-form theorists do not explicitly repudiate a programmatic conception of revolution, there is nonetheless a much bigger move away from the affirmation of labour than in the earlier critical Marxism. The 'revolutionary' implications of value-form theory are only drawn out when the development of the class struggle – that is of capitalism – allows this.

practice of socialism as that of workers receiving the true value of their labour in a planned economy.

The critical reading of Marx grasps the radicality of what the revolutionary negation of value involves: we are speaking as much of the overcoming of our own selves as of something "out there." The contribution of TC is to grasp how and why the configuration of the contradiction between capital and labour in an earlier period did not pose such an overcoming. In Marx's day, and during the historical workers' movement, the relation of capital and proletariat posed revolution in terms of the affirmation rather than the negation of labour, value and class. The work of TC suggests that the radical "way out" implied by value-form theory may be determined by the historical evolution of the capital-labour relation itself, rather than being the product of an a-historically correct consciousness, free-floating scientific point of view or perspective of critique. The historical perspective on the class relation complements value-form theory. And the sophisticated analysis of capitalist social relations in systematic dialectic and value-form theory can inform the perspective of communisation by offering an elaboration of what exactly this class relation *is*, and how the particular social relations of capitalist society are form-determined as such. Systematic dialectic and value-form theory can help us to understand the character of the capitalist class relation, i.e. what it is exactly that can have a history in which revolution previously presented itself in the form of programmatism, and whose adequate horizon of supersession is now communisation. Communism necessitates the abolition of a multifaceted relation that has evolved over time, but to abolish it simply means that we cease to constitute value, and it ceases to constitute us. The radicality of our own period is that this is now the only way we can conceive it.

THE MOVING CONTRADICTION

The Systematic Dialectic
of Capital as a Dialectic of
Class Struggle

> Capital itself is the moving contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth…[1]

1 Marx, *Grundrisse* (MECW 29), p. 91.

THE ACCUMULATION OF CAPITAL AND THE CLASS STRUGGLE

The theoretical critique of capitalist social relations proceeds from the actuality of these relations, i.e. from the relation of exploitation between capital and proletariat. This theory is practically reflexive: it locates itself within and is produced by the class struggle.[2] As such, it is *immanently critical*: it is the theoretical expression of the contradictions immanent within the totality of capitalist social relations.

2 The idea of practically reflexive theory is developed by Richard Gunn in 'Practical Reflexivity in Marx', *Common Sense* 1, 1987.

The internal contradictions in the dynamic of capitalist accumulation can be theorised at different levels of abstraction: as contradictions between use-value and value; between concrete and abstract labour; between necessary and surplus labour; between the accumulation of value and the tendential de-essentialisation of that which is posited as its source; and most concretely, between capital and proletariat. If the totality of capitalist social relations must be theorised as a complex, contradictory totality, as the "moving contradiction", then the contradictions at a simpler, more abstract level must be grasped as determinate moments of that same totality. Each of these moments can only be efficacious within the totality of relations which constitutes them; thus the contradiction immanent within the commodity-form between use-value and exchange-value, for example, is a determinate moment of the capitalist class relation: there is no exchange value without generalised commodity production, and no generalised commodity production without the exploitation of a proletariat by capital.

Similarly it follows that the class contradiction and the contradictory course of the accumulation of capital cannot be sharply opposed to each other. The immanent tendencies within the accumulation of capital are determinate moments of the class relation. At a certain level of abstraction it is possible to show that the internal contradictions within capitalist accumulation tend to undermine its basis. At a more concrete level, the historical course of the accumulation of capital is nothing other than the contradictory development of the relation of exploitation between capital and the proletariat; its history is the history of the class struggle.

The capitalist drive to produce surplus value is paradoxically both the drive to exploit labour-power and, simultaneously, to expel it from the production process. Capital is impelled by its own dynamic, mediated through the competition between capitals, to reduce necessary labour to a minimum, yet necessary labour is the basis on which it is able to pump out surplus labour. Necessary labour is always both too much *and* too little for capital.

The relation of exploitation is intrinsically antagonistic from the outset. There is a secular tendency in this already antagonistic relation for capital to produce more proletarians than it can profitably exploit. As it accumulates, capital both exploits tendentially fewer workers, expelling labour-power from production (both relatively and, ultimately, absolutely), and it attempts to raise the rate of exploitation among the relatively diminished work-force. Proletarians are forced to struggle against both aspects of the tendency.

It is apparent from this that there is no abstracting from the class struggle to yield the "ordinary process of accumulation". Likewise there is no *external* or causal relation between capital accumulation and class struggle: the dynamic of capitalist accumulation *is* a dynamic

of class struggle. Proletariat and capital stand in a relation of reciprocal implication with each other: each pole reproduces the other, such that the relation between the two is self-reproducing. The relation is asymmetric, however, in that it is capital which subsumes the labour of proletarians.

The movement of economic categories is the reified expression of the class relation. Thus the power of the approach of some of the theorists associated with *Open Marxism*, for example, is their understanding of economic categories – money, interest rates, and so on – as mediated forms of the class struggle.[3] These self-moving economic categories are reified forms of the class' own activity, become autonomous ("rearing themselves up on their hind legs") and constituting themselves *qua* capital – as the antagonistic pole to the proletariat in the relation of reciprocal implication. The accumulation of capital proceeds through the relation of exploitation which is *always already* a relation of struggle; conversely, the class struggle is *always already* a determinate relation according to the exigencies of the valorisation of capital.

This is all to undermine the dualistic conceptions of capital accumulation on the one side, and class struggle on the other, that characterised most variants of Marxism in the 20th Century.[4] If we grasp the moving contradiction as the singular movement of the totality of capitalist social relations – the historical development of the relation of exploitation between capital and the proletariat as simultaneously the historical course of accumulation *and* course of the class struggle – then it is this contradiction which ultimately determines the revolutionary action of the proletariat *as a pole of the contradiction*.[5] The action of the proletariat in abolishing capitalist social relations is the *immanently* produced supersession of the relation of exploitation. Equally there are no "lines of flight", no

3 See e.g. the three volumes of *Open Marxism* published by Pluto Press, as well as Werner Bonefeld and John Holloway, *Global Capital, National State, and the Politics of Money* (Palgrave Macmillan 1995)

4 See Giacomo Marramao, 'Theory of Crisis and the Problem of Constitution' *Telos* 26 (Winter 1975-1976).

5 See *Endnotes* no.1, 'Afterword', for an outline of the historical determinacy of the revolutionary action of the proletariat as communisation.

"exodus" from the capitalist class relation. Even if the relation of exploitation produces its own outside through the tendency to produce surplus capital and surplus population, these increasing numbers of proletarians whose labour-power is surplus to accumulation remain *within* the capitalist class relation.[6]

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If capital is the reified form of the proletariat's activity which confronts it in the relation of exploitation – its own activity which is *abstracted* from it, appropriated as capital and subsumed under the form of self-valorising value – then even the most concrete level of the class relation is under the sway of the abstract. The capitalist mode of production is characterised by the "rule of abstractions."[7]

As self-valorising value, capital is a *real abstraction*. One pole of the relation of exploitation is self-moving real abstraction. Its self-movement is of course mediated by its relation to the other pole of the relation, the proletariat, *and* through the material interests of its agents and beneficiaries in human shape, the bearers of the capital relation. In the course of its self-valorisation capital assumes variously the shapes of money capital (including the plethora of forms of finance capital), productive capital and commodity capital. Thus if at times in the course of its circuit it is materially embodied, it remains in its concept a self-moving real abstraction; the self-expansion of abstract wealth.

Thus if the immanent (i.e. *practically situated*) critique of capitalist social relations proceeds from a phenomenological beginning – the chaotic lived experience of these relations and the class struggle - it is immediately confronted by the real abstractions governing these relations. The theoretical critique of the capitalist class

6 See the article 'Misery and Debt' above.

7 Marx, *Grundrisse* (MECW 28), p. 101.

8 See particularly Chris Arthur, *The New*

relation must therefore reproduce the movement of practically abstract forms which constitute this relation. The commodity-, money- and capital-forms of value are forms which mediate capitalist social relations – their critique is a critique of *social form*. An immanent critique of these forms retraces their contradictory movement from the abstract to the concrete, reconstituting the complex totality of the capitalist class relation: the moving contradiction.

THE ARCHITECTONIC OF THE SYSTEMATIC DIALECTIC OF *CAPITAL*

It has been necessary to make the above prefatory comments because the architectonic of the systematic dialectic of capital is built on a very abstract foundation with respect to the totality of capitalist social relations: the value of the commodity. As we will see, however, value proves itself to be a totalising category, such that its movement is the contradictory movement of the totality of capitalist social relations – i.e. the capitalist class relation.

Dialectic and Marx's Capital (Brill 2002).

The reconstruction of the Marxian systematic dialectic of capital which we present here in many respects follows that advanced by Chris Arthur.[8] In Arthur's elaboration, value is a provisional foundational category in a progressively self-concretising and retro-actively self-grounding dialectic, where internal contradictions generate the movement from one category to the next. We proceed from the surface of capitalist society – i.e. from the sphere of circulation and the exchange of commodities. Notably it is not until chapter 7 of volume 1 of *Capital* that Marx descends into the "hidden abode of production" to solve the mystery of the origin of surplus-value. Indeed Arthur argues that Marx introduces labour as the content or substance of value too early in the dialectic – in Arthur's reconstruction, the dialectic of forms of value is one of pure forms generated by the

generalised exchange of commodities, regardless of the content which these forms acquire in the production process of capital in its totality.[9] From the generalised exchange of commodities there is a dialectic of value, abstract wealth, which proceeds in abstraction from the content or substance of value – i.e. in abstraction from labour. This is the dialectic of the expansion of abstract wealth. However to ground itself, the expansion of abstract wealth has to posit itself as the truth of the material world of human social practice – i.e. it must prove itself to be the truth of that world by the subsumption of labour under capital.

The dialectic of pure forms arises in the sphere of circulation out of the exchange of commodities. In terms of the totality of the production process of capital as unity of the spheres of production and circulation of commodities, production is teleologically oriented to exchange – or, more specifically, to the valorisation of value. Labour is subsumed under the capital-form of value; production is form-determined as capitalist production – i.e. as the valorisation process of capital. Of course it is a truism to say that there is no exchange without prior production; but labour cannot be said to be constitutive of the dialectic of pure forms of value. In the reproduction of capitalist relations of production the logic of capital *qua* form of value assumes a priority over the labour process – it subsumes this process under itself and posits itself as its truth. With the subsumption of labour under capital, the labour process is form-determined as the production process of capital. The logic of capital accumulation imposes itself on production for human needs. Capital is the alpha and the omega of this process. It is the perverse imposition of its logical/ontological priority over productive activity, such that the producers are not reproduced (or are not able to reproduce themselves) as an end in themselves.[10]

9 It might be that Marx feels obliged to assert that labour is the content of value from the outset for political reasons. See the article 'Communisation and Value-Form Theory' above for a discussion of the political dimension of Marx's critique of political economy.

10 In capitalist social relations logical forms (i.e. the forms of value) have an ontological status as *real* abstractions. Through the subsumption of labour under itself, capital asserts the primacy of its logic, which can be said to have a real existence.

The systematic dialectic of capital is the logical interrelation between categories which form-determine social practice in the capitalist mode of production. Arthur's approach reproduces the logical/ontological priority of capital, as a logic of pure forms, over the social practice form-determined by it. However in the systematic dialectic of capital, to assert its truth-claim – i.e. its claim to be the truth of social practice – capital must not merely subsume labour under itself, but reproduce the separation between capital and labour-power – i.e. it must posit its presuppositions. There is no systematic dialectic of capital without this prior separation. The systematic dialectic of capital is only able to realise itself as a self-grounding (if internally contradictory, and ultimately self-undermining) process when capital posits its presuppositions in this way. In articulating the immanent critique of capitalist social relations, then, reproduction – the reproduction of the class relation, itself intrinsically a relation of struggle – assumes a central categorial importance. Class struggle is both condition and result of the systematic dialectic.

Another way of making this point is to say, as we have above, that there is no society of generalised commodity production without the capitalist exploitation of workers. The law of value can only operate on this basis. Without human relations and practices which subsist in the "mode of being denied" through the perverted, fetishistic form of economic categories, there could be no economic categories: no value, no commodities, money or capital.[11] This does not mean, however, that labour should be understood as somehow constitutive of the entire process; nor should it be understood as primary. The fetish-forms of capital are properly understood and criticised as self-moving, perverted forms of social practice.

11 We use 'perversion' to render Marx's *Verrückung*, which can also be rendered as 'displacement'. The German word also carries a connotation of insanity.

Once capitalist social relations have constituted themselves as a self-reproducing – if internally contradictory – totality through the subsumption of labour under capital and the reproduction of the class relation, value is fully determined as socially necessary labour time – or better, socially necessary *exploitation* time. Value is only constituted negatively through the exploitation of workers, rather than affirmatively through the constitutive power of labour. It is the capital form of value that posits abstract labour, or the abstract exploitation of workers, as its substance or its content.

Value, in this ultimate sense, has exploitation inscribed within it, or rather it inscribes exploitation within its form. The point here though is that the question of the substance of value, and how this substance is to be expansively generated, is from the ideal or logical point of view of capital a posterior consideration – one in which social practice will have to be moulded to the logical requirements of capital.

In sum, capital becomes in practice self-grounding by reproducing the structurally antagonistic relation between capital and proletariat which is the *sine qua non* of capitalist accumulation. When value totalises itself in this way, the starting-point of the systematic exposition reveals itself to be no mere starting-point, but a moment in the self-movement of the totality. Value claims for itself a logical priority; once we have ascended to the viewpoint of the totality we can see that value's truth-claim is only guaranteed by the structurally "false" (i.e. perverted, displaced) and yet empirically "true" (i.e. actual, effective) relation between proletariat as (re)producer of capital and capital as (re)producer of the proletariat.

And yet, as we have seen, the very totality which is constituted by the systematic dialectic of capital – social

practice form-determined as practice oriented to the valorisation-process of capital – is internally contradictory. It is these internal contradictions – their historical playing-out – which threaten the dissolution of the capitalist totality through the revolutionary action of the proletariat.

THE LOGIC OF CAPITAL

The systematic dialectic of capital is a dialectic of the forms of value, namely the commodity-, money- and capital-forms of value. The dialectic proceeds by means of the logical connection between these forms independent of the content which they assume. Each form generates the subsequent one by means of a dialectical transition. This dialectic of pure forms is constitutive in this way of a quasi-ideal ontology. A logic of pure forms, each generating the next, independent of any material content: capital would seem to parallel the abstract realm of forms of thought of Hegelian logic. Indeed Marx famously remarked that prior to the writing of a draft of his critique of political economy, he had leafed through Hegel's *Logic*, and that this had helped him in deciding upon his method of treatment.[12] Arthur's reconstruction of the Marxian dialectic of capital makes this connection explicit, and demonstrates the structural homology between Marx's *Capital* and Hegel's *Logic*.[13] According to Arthur the logic of pure forms in either case – the forms of thought in the latter, and the forms of value in the former – is in some sense to be identified.

Systematic dialectic is the articulation of categories inter-related within an existent concrete whole – in our case, the capitalist system. As such, the interrelation of these categories is *synchronic*: they co-exist in time, or hang together simultaneously. However, the synchronicity of the inter-relation of the logical categories does not mean that it is impossible to distinguish them; indeed,

12 See Marx & Engels, *Selected Correspondence* (Progress Publishers 1975) p.121. Marx had obtained Bakunin's copy of Hegel's *Logic* as a present from Freiligrath.

13 In Arthur's reconstruction the progression of categories of the first six chapters of *Capital* volume 1 are mapped onto Hegel's *Logic*, such that the logical movement from commodity exchange to value parallels the 'Doctrine of Being'; the 'doubling of money and commodities' parallels the 'Doctrine of Essence'; and finally capital as 'absolute form' which posits its actualisation in labour and industry, corresponds to Hegel's 'Concept.' See Chris Arthur, *The New Dialectic and Marx's Capital* (Brill 2002), pp. 79-110.

the dialectic proceeds from one category to the next by means of necessary, intrinsic connections or transitions. Both the Hegelian dialectic in the *Logic,* and the Marxian one in *Capital* proceed from the most abstract, simplest categories to ever more concrete, complex ones. Hegel views these transitions as intrinsically and objectively determined. Marx similarly considers the goal to be the tracing of "the intrinsic connection existing between economic categories or the obscure structure of the bourgeois economic system…[to] fathom the inner connection, the physiology, so to speak, of the bourgeois system…"[14]

For both Hegel and Marx the systematic dialectic has to be adequate to its object, which in either case is a concrete whole, characterised by a set of internal relations. Thus systematic dialectic articulates the inter-relation of logical moments of a totality; each moment of this totality presupposes, and is presupposed by, all the others:

> A thing is internally related to another if this other is a necessary condition of its nature. The relations themselves in turn are situated as moments of a totality, and reproduced through its effectivity.[15]

Marx emphasises that "in the completed bourgeois system … everything posited is also a presupposition, this is the case with every organic system."[16] With this circularity of the dialectic the relations are bi-directional. In one direction, the capital-form of value presupposes money relations; money in turn presupposes commodity relations. Equally however, the reverse sequence of internal relations must also hold: the concept of value is only adequately grounded at the level of the totality of capitalist social relations. The circularity and bi-directionality of the systematic dialectic imply the *synchronicity* of its moments within the totality of capitalist social relations.[17] It follows, then, that the dialectical

14 Marx, Economic Manuscript of 1861-63 (MECW 31), p. 390.

15 Chris Arthur, *The New Dialectic and Marx's Capital* (Brill 2002), pp. 24-25.

16 Marx, *Grundrisse* (MECW 280), p. 208 (Nicolaus translation).

17 In *Anti-Dühring* and elsewhere Engels conflates synchronic and diachronic dimensions of the dialectic in developing what has become known as the 'logical-historical method,' according to which the logical structure of *Capital* mirrors the historical stages of development of the capitalist system. Thus Engels interprets the section on commodity exchange in the context of a supposed historical epoch of so-called 'simple commodity production.' For a critique of this interpretation see Chris Arthur, 'Engels as

progression from commodity, to money to capital should not be understood as a temporal progression. Moreover, it is from the outset the articulation of relations which characterise specifically *capitalist* commodity production. The dialectic retraces a *logical* rather than temporal sequence of moments.

THE DIALECTIC OF FORMS OF VALUE

Following Chris Arthur's reconstruction, the dialectic is driven by the movement of the self-grounding of value. The initial determination of value as pure universal essence of the commodity or "mere immanence" proves inadequate; value shows itself to be immanent not to the commodity, but to the relations of commodities to one another. However, the determination of value in commodity relations itself proves contradictory, and the contradiction is provisionally resolved by the transition to a universal equivalent: "value cannot be actualised in an accidental exchange but requires the unification of the world of commodities through the establishment of a universal equivalent".[18] Thus the abstraction of value which is implicit in commodity relations is now grounded in a form which explicitly posits it, namely money. This movement from the commodity-form of value to the money-form of value can be seen in Hegelian terms as a movement from value *in-itself* to value *for itself*.

The money-form of value itself suffers from structural deficiencies or internal contradictions. For to be value *for itself*, to "actualise the concept of value in autonomous form"[19], the money-form of value cannot merely mediate between commodities in their exchange. But if, on the other hand, it is withdrawn from circulation and hoarded, it loses its character as value, and it becomes mere "metal dump". This contradiction brings about the emergence of a new form of value which no longer plays the subordinate role of merely mediating between

Interpreter of Marx's Economics' in Chris Arthur, ed., *Engels Today: A Centenary Appreciation* (MacMillan 1996). Proponents of *systematic* dialectic have thus been at pains to differentiate their approach from all notions of a *historical* dialectic, including the so-called dialectic of forces and relations of production across different modes of production, as well as the more Hegelian Marxist problematic of the history of alienation and its overcoming.

18 Chris Arthur, *The New Dialectic and Marx's Capital* (Brill 2002) p. 31.

19 Ibid.

commodities (as in the figure C-M-C), but instead makes *itself* the object of its immersion in circulation – or the end, the purpose, the *telos* of circulation as represented by the figure M-C-M′. This inversion generates the capital-form of value. In Hegelian terminology, we have now arrived at value *in and for itself*: value which takes itself as its own end.

The capital-form of value, self-valorising value, however, is unable to actualise itself in the sphere of circulation where the exchange of equivalents obtains; it is driven by this internal contradiction to externalise itself in the material world of production, where surplus value can be generated through the exploitation of labour-power. This movement of subsumption of production under the value form posits (abstract) labour as the substance of value.

20 Marx, *Capital*, vol.1 (MECW 35), p. 123 (Fowkes translation).

THE TRANSITION FROM C-M-C TO M-C-M′

In Marx's treatment of the logical transition from C-M-C (money as means of circulation) to M-C-M′ (money as the end of circulation), he gives a number of related arguments. One explanation for the transition is to be found in the structural tendency for the circuit C-M-C to fall apart into its moments C-M and M-C, which are two separate transactions in time and place. In Marx's words:

> To say that these two mutually independent and antithetical processes [i.e. C-M and M-C] form an internal unity is to say also that their internal unity moves forward through external antitheses. These two processes lack internal independence because they complement each other. Hence, if the assertion of their external independence proceeds to a certain critical point, their unity violently makes itself felt by producing – a crisis.[20]

The moments C-M and M-C are externally independent of each other – each represents particular accidental transactions with no necessary relation to the other – and yet together they form an internal unity or are internally related (that is to say each presupposes the other – the seller of the first commodity has to sell in order to be able to buy the second). Thus the figure C-M-C can be said to exhibit an internal contradiction. Buyers and sellers are not always successfully matched up on the market. In terms of fully developed commodity exchange this tendency manifests itself as a tendency to crisis – notably the crisis of the failure of value to realise itself due to interruptions in the sphere of circulation.

In Tony Smith's treatment of this transition, the "structural tendency" towards the separation of the moments C-M and M-C "itself generates a structural tendency to overcome this separation."[21] We might say that the internal deficiency in the figure C-M-C produces its own sublation in the form M-C-M′:

> the accumulation of money *qua* money provides a principle of unity that can overcome the structural tendency towards fragmentation immanent within the circuit of money as a means of circulation.[22]

In the inversion from C-M-C to M-C-M′, exchange-value has usurped the position of use-value as the finality of the exchange process. Money is accumulated in order to circumvent the problem that a commodity must first be sold in order that another may be purchased. Thus we can discern objective structural tendencies which lead to a predominance of the figure M-C-M′ over that of C-M-C, or of money as *end* of exchange over money as *means* of circulation.

The accumulation of exchange value in order to prevent interruptions in circulation thus corresponds to a

21 Tony Smith, *The Logic of Marx's Capital* (SUNY Press 1990), p. 89.

22 Ibid.

dominance of the *liquid* value form over the *solidified* use-value form of the commodity, which is essential if the *flow* of commodity circulation is to be maintained. This inversion can be said to be structurally necessary for the self-reproduction of the totality – i.e. the system of capitalist commodity exchange.

The dialectical inversion from money as means of exchange to money as end of exchange necessarily implies an inversion of C-M-C to M-C-M′, i.e. the *accumulation* of exchange value, rather than merely M-C-M. Once the structural ascendancy of M-C-M over C-M-C is established – once money has been made the end of exchange – exchange serves no purpose if it does not increase the sum of money being exchanged. The only way for value to preserve itself as the end of exchange is by increasing itself; otherwise it will revert to mere means of exchange.

THE CONTRADICTION BETWEEN ESSENCE AND EXISTENCE IN THE MONEY-FORM OF VALUE

In the *Grundrisse* Marx makes a second, related argument in terms of an immanent structural necessity or logic for the transition from the money-form to the capital-form of value. The money-form of value is riven by an internal contradiction between essence and existence, or between universality and particularity: the existence of a particular sum of money contradicts its essence, which is to be wealth as such. Marx writes:

> We have already seen, in the case of money, that value having become independent as such – or the general form of wealth – is incapable of any movement other than a quantitative one; it can only increase itself. According to its concept it is the essence of all use values; but as always being merely a definite quantity of money (here, capital) its quantitative

> limitation contradicts its quality. Hence it lies in its nature constantly to exceed its own limits [...] This is why increase coincides with self-preservation in the case of value that adheres to its nature as value, and it preserves itself only by constantly striving to exceed its quantitative limits, which contradict its characteristic form, its inner generality.[23]

Any particular sum of value is impelled to valorise itself in order to attempt to make its existence adequate to its universal essence, or to strive to actualise its concept, which is to be wealth as such, yet this movement of self-expansion is also the only way for value *for itself* to preserve itself as such. The capital-form of value is defined by a structurally determined drive towards infinite self-expansion.

In terms of the overall dialectic of the value form, which as we have seen can be grasped as a movement of the self-grounding of value, the transition from the money-form of value to the capital-form sublates the opposition between money and commodities. In the shape of capital, value – as universal essence – assumes the form now of commodities, now of money, which become forms of its existence, and between which it alternates ceaselessly. Value is now *in-and-for-itself*, and has grounded itself as the overarching unity of the movement between money and commodities.[24]

Marx, as we saw earlier, describes how – in the course of this the transition from C-M-C to M-C-M′ – value becomes transformed into the "automatic subject" of a process which is its purpose [*Bestimmung*] – namely its self-valorisation. What we see here is that capital is structurally or logically determined; its movement arises out of logical necessity. As self-valorising value, capital becomes the dominant or "overarching *subject* [*übergreifendes Subjekt*]" of the process of commodity exchange, which

23 Marx, *Grundrisse* (MECW 28), p. 200.

24 This movement parallels the movement from the 'Doctrine of Essence' to the 'Doctrine of the Concept' in Hegel's *Logic*.

is now posited as the process of its own valorisation.[25] In capital we might therefore say that we have a *logical subject*, if not a conscious one.[26]

25 Marx, *Capital*, vol.1 (MECW 35), p. 165 (our translation).

THE CONCEPT OF CAPITAL AND THE TELEOLOGY OF M-C-M′

The concept of capital, M-C-M′, has a teleology inscribed within it: the self-expansion of value. As we saw, the inversion from C-M-C to M-C-M′ is an inversion between means and ends: the *means* of circulation become, as capital, the *end* of circulation. Value, as self-subsistent, becomes its own end. As the general formula for capital, M-C-M′ thus represents or encapsulates the *telos* of capital.

Yet this *telos* is a peculiar one, in that it merely forms the starting point for a new cycle of valorisation. Thus the cycle M-C-M′ is endlessly repeated anew. When the means become an end in themselves, strange consequences derive, as Aristotle saw before Marx. In Marx's theorisation of the inversion from C-M-C to M-C-M′ in *Capital* he references the Aristotelian distinction between *economics* (which corresponds to C-M-C and privileges use-value) and *chrematistics* (which corresponds to M-C-M′ and privileges the abstract and limitless form of wealth) and cites Aristotle as follows:

> For chrematistics, circulation is the source of riches. And it appears to revolve around money, for money is the beginning and the end of this kind of exchange. Therefore also riches, such as chrematistics strives for, are unlimited. Just as every art which is not a means to an end, but an end in itself, has no limit to its aims, because it seeks to approach nearer and nearer to that end, while those arts which pursue means to an end are not boundless, since the goal itself imposes a limit on them, so with chrematistics

26 Moishe Postone develops this theme, likening capital to an unconscious version of the Hegelian *Geist*, in 'Lukács and the dialectical critique of capitalism', in R. Albritton and J. Simoulidis, eds., *New Dialectics and Political Economy* (Palgrave MacMillan 2003). Of course capital, as alienated objectivity which assumes a subjectivity in the process of its own-self valorisation, is nothing but a perverted form of social relations between individuals.

there are no bounds to its aims, these aims being absolute wealth.[27]

This limitlessness arising from the inversion between means and end, such that the means become an end in themselves, is described by Marx as follows:

> The simple circulation of commodities – selling in order to buy – is a means to a final goal which lies outside circulation, namely the appropriation of use-values, the satisfaction of needs. As against this, the circulation of money as capital is an end in itself, for the valorization of value takes place only within this constantly renewed movement. *The movement of capital is therefore limitless.*[28]

In contrast to the figure of C-M-C, which proceeds from one commodity at one extreme, via the means of exchange to a different commodity which "falls out of circulation and into consumption" at the other extreme, the path M-C-M′ "proceeds from the extreme of money and finally returns to that same extreme".[29] In that this movement is constantly renewed, and money constantly returns to itself, M-C-M′ can be characterised in Hegelian terms as a *true* or *genuine infinity*.[30] However, it can also be considered a *false infinity* to the extent that the figure M-C-M′ also incorporates the moment of valorisation; for as we have seen, value as capital is structurally impelled to drive beyond its own quantitative barriers, in an endless agglomeration.

These two aspects of capital, when taken together – i.e. capital's constant return to itself as true infinity, and its incessant driving beyond itself as false or spurious infinity – give it a Sisyphean vocation. As *essentially* self-valorising value, capital is condemned to restlessness, to perpetual motion, for to stand still is to perish. The peculiar telos of capital, then, is to expand *endlessly*.

27 Aristotle, *De Republica*, quoted in Marx, *Capital*, vol.1 (MECW 35), p. 163.

28 Ibid. (our emphasis).

29 Ibid., p. 165.

30 '[I]n its passing into another, something only comes together *with itself*; and this relation to itself in the passing and in the other is *genuine Infinity*.' See Hegel, *The Encyclopaedia Logic*, §§ 94-95, (Hackett 1991), pp. 149-152.

As true infinity its telos is itself; it is its own end. As false infinity, its telos is to surpass itself; its telos is never-ending growth. Paradoxically, the accumulation of capital is thus a teleology *without end*.

Capital constantly strives for a vanishing, or constantly receding goal. As soon as its telos is attained, it turns out to have been a mirage; no sooner is its end realised than it is posited anew. Capital is thus condemned to the existence of the undead, the perpetual restlessness of the ghoul condemned to stalk the earth, its soul in limbo.[31] It is a *perpetuum mobile*.

The systematic dialectic of capital is, as we have seen, a synchronic relation of logical moments of a concrete whole, the capitalist system. Now, however, we can see that this systematic logic gives rise to a diachronic dynamic of the perpetual movement of self-reproduction and self-expansion of capital. This is more than a secular tendency – it is an immanent law of the capitalist mode of production.

THE SYSTEMATIC DIALECTIC OF CAPITAL AT MORE CONCRETE LEVELS OF ABSTRACTION

This exposition has thus far remained at a very abstract level. We have seen how the dialectic of the forms of value, arising from the generalised exchange of commodities, generates an immanent logical drive to the constantly self-reproducing movement of the self-valorisation of value. This dialectic of pure forms develops in abstraction from the immediate process of production, and in abstraction from the question of the substance of value. The pure forms are, however, in need of a content if the abstract logic of capital accumulation is to be actualised. It is through the subsumption of labour under capital that the forms of value acquire such a content: in the subsumption of production under the "concept"

31 As we shall see below, capital is the spirit animating the production process - Marx uses the metaphor of the vampire (the undead) sucking on living labour as its life-blood. Perhaps another appropriate image would be of capital as zombie-master, the undead spirit, directing from outside the activity of workers as zombies, the living dead. Of course, all this Gothic imagery should not obscure the sense in which the movement of capital is also the all-round development of needs and universality, albeit in the mode of being denied (i.e. as the universe of value).

of capital, the production process is posited, and form-determined, as the valorisation process of capital. At the same time, however, it is the exchange of capitalistically produced commodities which posits abstract labour as the substance of value. The production and circulation processes are thus determined as moments of a unity: the capitalist production process. No single moment of this process is prior to the others – each presupposes the others. However, as we saw, through the subsumption of labour under itself capital imposes its logical priority on the social life-process.

The accumulation of capital is predicated on the exploitation of wage-labour. The course of capitalist accumulation is the development of this relation of exploitation – it is the development of the relation between capital and proletariat. Already at the most abstract level we can discern a directional dynamic which determines the course of capitalist history – the perpetual drive to the accumulation of capital. The course of capitalist accumulation – i.e. the course of the relation of exploitation – is, however, mediated through more complex, concrete categories, some of which Marx develops in the three volumes of *Capital*, and which are more concrete determinations of the logically ordained process of capital accumulation. We don't give here a full outline of the systematic dialectic of capital – a project which in any case Marx never completed. Marx's three published volumes of *Capital* treat of capital-in-general at the level of universality, particularity and singularity respectively – i.e. at progressively more concrete levels of abstraction, or more complex levels of mediation.[32] It is at the level of capital-in-general as singularity in the third volume of *Capital* that the secular tendencies within the accumulation of capital as totality – as unity of many capitals – can be examined.

32 See Felton Shortall, *The Incomplete Marx* (Avebury 1994), pp. 445-454, and Chris Arthur, 'Capital in General and Marx's *Capital*' in Martha Campbell and Geert Reuten eds, *The Culmination of Capital* (Palgrave 2002) for a discussion of the entire project.

here briefly anticipate some of these secular tendencies. As we indicated in the introduction to this article, capitalist accumulation tends to undermine its own basis. The same tendency can be expressed as follows: the relation of exploitation corrodes its own foundation, as that which is exploited – labour-power – is tendentially expelled from the production process with the development of the productivity of social labour. The same tendency finds expression in the rising organic composition of capital and the falling rate of profit – namely the tendency towards the overaccumulation of capital, such that capital finds itself unable to generate in sufficient proportion new arenas for the productive exploitation of labour-power – for the generation of sufficient surplus-value with which to valorise itself.

As we have seen, the relation of exploitation is by definition a contradictory relation – a relation of class struggle. The secular tendencies which we have begun to outline, then, are determinations of the class struggle. Its history is the history of a moving contradiction – the conflictual and crisis-ridden reproduction of the relation of exploitation between capital and proletariat.

CONCLUSION

The systematic dialectic of capital is in the first instance a dialectic of the pure forms – i.e. of the forms of value. Value grounds itself retroactively through the dialectical transitions from the contradictory forms of value (the commodity and money) to the capital-form of value: value whose purpose is to generate itself – a totalising, absolute form. To actualise itself and be grounded in reality, this totalising form must assume a content, which it does by means of the subsumption of labour under itself and the form-determination of the social life-process as the production process of capital. Indeed, as we have seen, capital is nothing other than a perverted form of

human social relations. Furthermore, to be grounded in reality, capital must posit its own presuppositions – it must reproduce itself and its internal other – the proletariat, the other pole of the relation of exploitation. It must reproduce the relation of exploitation itself. To the extent that the relation of exploitation between capital and proletariat is self-reproducing, the systematic dialectic of capital can be said to be totalising, and *closed* in its circularity.

However, if the systematic dialectic of capital is closed at one level of abstraction, this closedness is put into question at the more concrete level of the actual history of the class relation. The self-reproduction of the relation of exploitation through the mutual reproduction of capital and proletariat cannot be guaranteed for all time. Indeed, to the extent that there are secular tendencies intrinsic within capitalist accumulation which threaten to undermine its own basis, and to the extent that the systematic dialectic of capital – as dialectic of class struggle – produces a proletariat liable to dissolve the class relation itself, the dialectic cannot be said to be closed, but is rather *open-ended*.[33]

This open-endedness of the dialectic does not result from the contingency of the class struggle in relation to the systematic logic of capitalist accumulation: the class struggle is no "exogenous variable". That which on one level is merely contingent relative to the logic of capital accumulation – the material and spiritual interactions betweens humans and between humans and nature – is itself *logicised* – i.e. brought under the logic of the capital-form of value – as a result of the subsumption of labour under capital, and of the self-reproduction of the relation of reciprocal implication between capital and proletariat. It follows that the history of the class relation is determinate according to the very asymmetrical character of this relation, in which one pole is defined

33 The class struggle is mediated by many levels of concrete determinations which remain untheorised in this article. The cycles of struggle and forms that revolutionary movements take historically are determined by the shifting configurations of the class-relation and the changes in the character of the proletariat's self-relation in its relation to capital. We refer readers to other articles in this and other issues of *Endnotes* where the contours of the class struggle and its history are considered in more concrete terms.

by the abstract logic of the self-expansion of value and subsumes the labour of the other. The proletariat is recalcitrant vis-à-vis the exigencies of capitalist accumulation, but its recalcitrance, or perhaps better – its antagonism – has a determinate character according to its status as a pole of the moving contradiction. The systematic dialectic of capital – as dialectic of class struggle – is in the last instance open-ended because it threatens its own immanently produced supersession in the revolutionary action of the proletariat, which through immediate communising measures abolishes itself and capital and produces communism.

THE HISTORY OF SUBSUMPTION

THE PERIOD

This is a period of cataclysmic crisis for capital, yet it is one in which the old projects of a programmatic working class are nowhere to be seen. This inescapable fact about contemporary class struggles compels us to trace the discontinuities between the past and the present. Understanding what distinguishes the current period can also help us to "bury the dead" of the failed revolutions of the 20th Century, and put to rest any wandering spirits that still haunt communist theory.

What is most at stake in periodisation is the question of where the past stops and the present begins. The identification of historical ruptures and discontinuities helps us to avoid the implicit metaphysics of a theory of class struggle in which every historical specificity is ultimately reduced to the eternal recurrence of *the same*. Yet periodisations can easily appear not as the recognition of real historical breaks, but as the arbitrary imposition of an abstract schema onto the dense fabric of history. For every line of rupture that is drawn, some remnant or holdover from another historical epoch may be located which appears to refute the periodisation. Then, satisfied that such declarations of rupture cannot hold *absolutely,* we may feel justified in falling back on the comfortable idea that nothing really changes. Since here it is difference against which the sceptic can set herself, the historical same takes on the default certainty of common sense.

Alternatively, perhaps, the rupture is something to which we make a show of facing up; of recognising the misery of *retreat*, and holding ourselves in the melancholy recognition of the passing of all that was good, meanwhile nursing a flame for its eventual return. Either way it is the same: whether as presence or lack, the past shrouds the specificity of the present.

That a rupture with what some have called "the old worker's movement" – or with what *Théorie Communiste* (TC) call "programmatism" – occurred some 30-40 years ago confronts us as self-evident. But it is not enough to hold to the immediate self-evidence of historical rupture. The question is how to think rupture without either sliding into a dogmatic and abstract schematism, or an equally dogmatic appeal to immediate historical experience. This problem needs to be confronted theoretically, yet we should perhaps be wary of leaving the partial standpoint of the present, *this* side of the rupture; of rushing too quickly into the universalising standpoint of a historical schema that would claim to abstract from particular standpoints.

For us, the periodisation of TC has been of central importance in facing up to the character of the capitalist class relation as it exists, not metaphysically but historically. Their division of the history of capitalist society into phases of subsumption has proved useful in identifying real shifts in the character of the capitalist class relation. And, whilst it may often appear as precisely the kind of abstract schema which we should aim to avoid, TC's periodisation is less that of the disinterested intellect, pushing each historical datum into its arbitrary taxonomic container, than a partisan declaration of historical break by communists who lived through it, compelling them to grapple with this rupture as a real problem.

If then, in what follows, we criticise some core categories of TC's periodisation, we do not do so in order to deny that the shifts which TC identify with these categories actually took place. For us – as for TC – the reproduction of the capitalist class relation is something which has changed over time, and the character of struggles has changed with it. We can hardly doubt that the proletarian movement passed through a programmatic phase – a phase which is no more – or that class struggles today no

longer carry the horizon of a "workers' world". The identification, beyond this, of exactly *how* this reproduction has changed is a task which cannot be accomplished merely through the deployment of different categories, or the exchange of one abstract schema for another. We need to remain attentive to the detail of the real movement of history, without shying away from the need to adequately theorise this movement.

In the 1970s – in the midst of the historical break with the programmatic epoch of class struggle – the concept of "subsumption" emerged in Marxist discourse in the process of a general return to Marx, and in particular to the drafts of *Capital*. In a moment of rupture, the need to periodise the history of the capitalist class relation was evident. Since the distinction between the "formal" and "real" subsumption of labour under capital – which was prominent in texts of Marx which were only then becoming known – seemed to identify something important about the historical deepening of capitalist relations of production, it provided an obvious starting point for such periodisations. Thus the concept of subsumption was employed not only in the periodisation of TC, but also in those of Jacques Camatte and Antonio Negri – periodisations which often overlap significantly. We will here examine the concept of subsumption and its employment in these periodisations; first by excavating the philosophical roots of this concept, and examining the systematic role it plays in Marx's work, then by drawing out some problems in its employment as a historical category.

THE ABSURDITY OF SUBSUMPTION

In its more general usage, "subsumption" is a fairly technical philosophical or logical term, referring to the ranging of some mass of particulars under a universal. As such, some basic logical or ontological relations

may be described as relations of subsumption: whales, or the concept "whale", can be said to be subsumed under the category "mammal". In German idealist philosophy – where it appears in the work of Kant, Schelling, and occasionally Hegel – the term is often used in a more dynamic sense to indicate a *process* whereby universal and particular are brought into relation. It is from this thread that the concept of subsumption makes its way into Marx's work.

Kant considers the relation between the "manifold" and the "categories of the understanding" to be a relation of subsumption.[1] This subsumption involves a process of abstraction through which the truth of the manifold is obtained. In terms of this process, the relation of subsumption here has some formal resemblance to that which Marx finds between particular use values and money as universal equivalent: in both cases, some "particular" is brought into relation with some otherwise external "universal" by being subsumed under it. The homology perhaps stretches further: concerned with the problem of how a pure concept of the understanding might be related to the appearances which it subsumes, Kant posits the transcendental schema as a "third thing" uniting the two sides,[2] just as Marx posits labour as the "third thing" enabling comparison between two commodities.[3]

For Hegel, the process of subsumption and abstraction performed by the understanding in Kant is problematic precisely because it takes an abstracted universal to be the truth of the particulars which it subsumes, and thereby transforms and obscures the very thing that is supposed to be thereby known:

> Subsumption under the species alters what is immediate. We strip away what is sensory, and lift out the universal. The alteration underway here we call

1 '[T]to the use of a concept there also belongs a function of the power of judgment, whereby an object is subsumed under it…' Immanuel Kant, *Critique of Pure Reason* (Cambridge 1998), B304/ p.359.

2 'Now it is clear that there must be some third thing, which must stand in homogeneity with the category on the one hand and the appearance on the other, and makes possible the application of the former to the latter. This mediating representation must be pure (without anything empirical) and yet intellectual on the one hand and sensible on the other. Such a representation is the transcendental schema.' Ibid., A138/ B177 p. 272.

3 Marx, *Capital*, vol.1 (MECW 35), p. 47

> abstracting. It seems absurd, if what we want is knowledge of external objects, to alter these external objects by our very [abstractive] activity upon them. [...] The alteration consists in the fact that we separate off what is singular or external, and hold the truth of the thing to lie in what is universal rather than in what is singular or external.[4]

There is something *absurd* about a relation of subsumption. When the particular is subsumed under a universal, that universal presents itself as the *truth* of this particular; indeed it is as if this particular has become *nothing other than* an instantiation of the universal that subsumes it. Yet it seems that there must be something left over in this process, for the abstract universal is still just what it was at the start, while the particularity which the particular had in opposition to the universal has now been abstracted away entirely. Subsumption thus appears to involve a kind of *domination* or violence towards the particular.[5]

Hegel, it seems, wants to see the movement of the concept less as the abstractive process of the subsumption of particulars under a universal, in which the universal ultimately is seized upon as the truth of a thing, than as the finding of a "concrete universal" present already in such particulars, necessarily mediating and mediated by its relation to these particulars. On Hegel's reading of Kant, it is the externality of the manifold to the pure categories of the understanding which means that the process of knowledge must be one of subsumption, since particulars must somehow be brought under the categories. That Hegel does not himself describe the movement of the concept in terms of subsumption may be taken as an example of his attempting to get beyond the epistemological divides characterising the standpoint of "reflection" with which he frequently identifies

4 Hegel, *Lectures on Logic* (Indiana University Press 2008) pp.12-13.

5 In English translations of Marx, the German term '*subsumtion*' is often rendered as 'domination' rather than 'subsumption'. While this translation is problematic in the sense that it obscures the logical/ontological significance of this concept, it is appropriate to the extent that it identifies something of the violence implied here.

Kant's philosophy, and with which Lukács would go on to identify bourgeois thought per se.[6]

In the *Philosophy of Right however*, Hegel describes a relation that involves a subsumption of the particular under the universal just as external as that of the manifold under the categories in Kant's conception – indeed, this relation is one of fairly straightforward political domination. This is the relation between the "universality" of the sovereign's decision and the "particularity" of civil society. In this case, rather than struggling to present the sovereign's decision as a concrete universal already immanent within particulars, Hegel presents it as an abstract, external universal to which particulars must be subordinated by the executive power, acting through the police and the judiciary:

> The execution and application of the sovereign's decisions, and in general the continued implementation and upholding of earlier decisions[...] are distinct from the decisions themselves. This task of *subsumption* in general belongs to the *executive power*, which also includes the powers of the *judiciary* and the *police*; these have more immediate reference to the particular affairs of civil society, and they assert the universal interest within these [particular] ends.[7]

We might infer from his usage of a category which he seems to associate with a problematic, external relation, that Hegel is being critical of the relation between sovereign and civil society, but it is far from clear that this is the case. Indeed, for the young Marx, as for many others, the *Philosophy of Right* represents the most conservative moment in Hegel's oeuvre, where political domination is given the seal of approval of speculative philosophy. In *Contribution to the Critique of Hegel's Philosophy of Right*, Marx criticises Hegel's usage of

6 For a discussion of these aspects of the Kant-Hegel-Marx relation in terms of the value-form see Isaak Rubin, *Essays on Marx's Theory of Value* (Black & Red 1972), p.117.

7 Hegel, *Philosophy of Right* (Cambridge 1991), §287/ p.328.

the concept of subsumption here as the imputation of a philosophical category onto objective social processes:

> The sole philosophical statement Hegel makes about the *executive* is that he "*subsumes*" the individual and the particular under the general, etc.
>
> Hegel contents himself with this. On the one hand, the category of "subsumption" of the particular, etc. This has to be actualised. Then he takes any one of the empirical forms of existence of the Prussian or Modern state (just as it is), anything which actualises this category among others, even though this category does not express its specific character. Applied mathematics is also subsumption, etc. Hegel does not ask "Is this the rational, the adequate mode of subsumption?" He only takes the *one* category and contents himself with finding a corresponding existent for it. Hegel gives a *political body to his logic*; he does not give the *logic of the body politic*.[8]

The irony here is that it is just such a usage of this category that Marx himself goes on to develop. From the 1861-63 draft of *Capital* onwards, subsumption, for Marx, is the subsumption of the particularities of the labour-process under the abstract universality of the valorisation-process of capital.[9] The abstract category, it seems, really does find itself a body. Marx's critique of German idealist philosophy is thus paralleled in his critique of capital. However, now the error is not on the part of the speculative philosopher, for it resides, rather, in capitalist social relations themselves. The abstract universal – value – whose existence is posited by the exchange abstraction, acquires a *real* existence vis-à-vis particular concrete labours, which are subsumed under it. The real existence of abstractions, which acquire the ability to subsume the concrete world of production under them – and posit themselves as the truth of

8 Marx, *Contribution to the Critique of Hegel's Philosophy of Right* (MECW 3) p. 48.

9 Whilst the category of subsumption is used in a wide-ranging, unsystematic manner in the *Grundrisse*, it is in the '61-63 and '63-64 drafts of *Capital*, that Marx develops a concept of subsumption as that of the labour process under the valorisation process of capital. Subsumption may be seen as implicitly informing the middle third of *Capital* volume 1 on the categories of absolute and relative surplus-value, although it is explicitly referred to only in one section. Marx, *Capital*, vol.1 (MECW 35), p. 511

this world – is for Marx nothing other than a perverted, enchanted, ontologically inverted reality. The absurdity and violence which Hegel perceives in a relation of subsumption applies not only to Hegel's system itself, but also to the actual social relations of capitalist society.[10]

10 See 'The Moving Contradiction' in this issue.

THE FORMALITY AND THE REALITY OF SUBSUMPTION

For Marx, the production process of capital can only occur on the basis of the subsumption of the labour process under capital's valorisation process. In order to accumulate surplus value, and thus to valorise itself as capital, capital must subordinate the labour process to its own ends and, in so doing, transform it. The German idealist roots of the concept of subsumption are apparent here in the way that Marx conceptualises this process: the particular is subordinated to the abstract universal, and thereby transformed or obscured. The distinction between formal and real subsumption identifies the implicit distinction between two moments that we have here: capital must subordinate the labour process to its valorisation process – it must *formally* subsume it – if it is to reshape that process in its own image, or *really* subsume it.

In "*Results of the Direct Production Process*" (hereafter *Results*) Marx associates the categories of formal and real subsumption very closely with those of absolute and relative surplus-value.[11] We can identify more specifically what distinguishes real from formal subsumption in terms of these two categories.

Formal subsumption remains merely formal precisely in the sense that it does not involve capital's transformation of a given labour process, but simply its taking hold of it. Capital can extract surplus value from the labour process simply as it is given – with its given productivity of labour – but it can do so only insofar as

11 'If the production of absolute surplus-value was the material expression of the formal subsumption of labour under capital, then the production of relative surplus-value may be viewed as its real subsumption.' Marx, 'Results of the Direct Production Process' (MECW 34), p.429.

12 A--------B-C
A--------B--------C

Figure 1. Absolute surplus value extraction, on the basis of formal subsumption.

The necessary part of the working day (A-B) here is a given magnitude, so the only possibility of increasing the magnitude of the surplus portion (B-C) is by extending

it can extend the social working day beyond what must be expended on necessary labour. It is for this reason that formal subsumption alone could only ever yield *absolute* surplus value: the absoluteness of absolute surplus value lies in the fact that its extraction involves an *absolute* extension of the social working day – it is a simple quantity in excess of what is socially necessary for workers to reproduce themselves.[12]

The subsumption of the labour process under the valorisation process of capital becomes "real" insofar as capital does not merely rest with the labour process as it is given, but steps beyond formal possession of that process to transform it in its own image. Through technological innovations and other alterations in the labour process, capital is able to increase the productivity of labour. Since higher productivity means that less labour is required to produce the goods which the working class consumes, capital thereby reduces the portion of the social working day devoted to necessary labour, and concomitantly increases that devoted to surplus labour. The relativity of relative surplus value lies in the fact that the surplus part of the social working day may thus be surplus *relative* to a decreasing necessary part, meaning that capital may valorise itself on the basis of a given length of social working day – or even one that is diminished in absolute length.[13] The production of relative surplus-value, and the real subsumption through which this takes place, are driven by the competition between capitals: individual capitalists are spurred on to seize the initiative by the fact that, while the value of commodities is determined by the socially necessary labour-time for their production, if they introduce technological innovations which increase the productivity of labour, they will be able to sell commodities at a price above their "individual value".[14]

the working day 'absolutely' (A-C).

13 A----------B--C
A---------B'--B--C

Figure 2. Relative surplus value extraction, on the basis of real subsumption.

The length of the working day (A-C) is a given magnitude, so the only possibility of increasing the magnitude of the surplus portion (B-C) is by decreasing the necessary part of the working day (A-B). Surplus value gained in this way is 'relative' surplus value.

14 Marx, 'Results of the Direct Production Process' (MECW 34), p.428.

Despite their usage by Marx in close association with systematic categories like absolute and relative surplus-value, and their abstract philosophical provenance, there are at least two senses here in which we may consider the categories of formal and real subsumption to have a "historical" significance. Firstly, as capital's simple taking hold of the labour process, the formal subsumption of labour under capital can be understood as the transition to the capitalist mode of production: it is "the subsumption under capital of a mode of labour already developed before the emergence of the capital-relation".[15] Marx describes the transformation of slave, peasant, guild and handicraft forms of production into capitalist production – as producers associated with these forms were transformed into wage-labourers – as a process of formal subsumption. It is only on the basis of this formal subsumption that real subsumption can proceed historically: formal subsumption of labour under capital is both a *logical/systematic* and a *historical* prerequisite for *real* subsumption.

Secondly, real subsumption has a historical directionality, for it entails a constant process of revolutionising the labour process through material and technological transformations which increase the productivity of labour. From these secular increases in productivity follow broader transformations in the character of society as a whole, and in the relations of production between workers and capitalists in particular. Real subsumption, as the modification of the labour-process along specifically capitalist lines, is exemplified in the historical development of the productive powers of social labour as the productive powers of capital. This occurs through cooperation, the division of labour and manufacture, machinery and large-scale industry, all of which are discussed by Marx under the heading of "The Production of Relative Surplus-Value" in volume one of *Capital*.

15 Ibid., p. 426.

It is for these reasons that the categories of formal and real subsumption may seem appropriate for employment in the periodisation of capitalist history. There is undoubtedly a certain plausibility to schematising the history of capitalism broadly in terms of categories which identify an initial *extensive* taking hold of the labour process by capital, and a subsequent *intensive* development of that process under a dynamic capitalist development, for at an abstract level it is absolutely fundamental to capital that these two moments must occur. Such an employment of these categories also has the apparent virtue of staying close to the core of Marx's systematic grasp of capitalist value relations, while grasping key moments of their historical existence: they seem to suggest the possibility of unifying system and history. It is undoubtedly for some – if not all – of these reasons that TC, Camatte, and Negri all formulated periodisations of capitalist history oriented around the concept of subsumption.

THE HISTORY OF SUBSUMPTION

In the course of an interpretation of the *Results,* Jacques Camatte sketches an abstract periodisation of capitalist history on the basis of the formal and real subsumption of labour under capital. For Camatte, what distinguishes the period of real subsumption from that of formal subsumption is that, with real subsumption, the means of production become means of extracting surplus labour; the "essential element" in this process is fixed capital.[16] The period of real subsumption is characterised by the application of science in the immediate process of production, such that "the means of production become no more than leeches drawing off as large a quantum of living labour as they can".[17] Thus for Camatte the real subsumption of labour under capital is characterised by an inversion: real subsumption is the period in which

16 Jacques Camatte, *Capital and Community* (Unpopular Books 1988), p.43.

17 Marx, 'Results of the Direct Production Process' (MECW 34), p. 397 (Fowkes translation).

workers become exploited by the means of production themselves.

Yet Camatte goes further, speaking of a "total subsumption of labour under capital" in which capital exercises an absolute domination over society, indeed tends to *become* society.[18] This period is characterised by "the becoming of capital as totality", in which capital is erected as a "material community" standing in the place of a true human community.[19] It is as if capital has come to envelop the social being of humanity in its entirety; as if subsumption has been so successful that capital can now pass itself off not only as the "truth" of the labour process, but of human society as a whole. It is easy to see in this theory of total subsumption and "material community" the logic which would propel Camatte towards a politics involving little more than the abstract assertion of some true human community against a monolithic capitalist totality, and of the need to "leave this world."[20]

Camatte is not the only theorist to describe the latest epoch in capitalist development in terms of a certain kind of *completion* of capitalist subsumption; indeed, this is a common theme across divergent Marxist traditions. Though he does not use the term "subsumption" itself, in Jameson's Marxist recasting of the concept of postmodernity, "those very precapitalist enclaves (Nature and the Unconscious) which offered extraterritorial and Archimedean footholds for critical effectivity" are colonised, and the individual is submerged in the ubiquitous logic of a capitalist culture.[21] As with Camatte, it is as if the very success of a kind of capitalist subsumption means that we can no longer grasp that which subsumes as an external imposition. In the form of the "social factory" thesis, Tronti presents a conception of the historical epoch as that of a kind of completed subsumption but – with the customary sanguinity of *operaismo* – this

18 Jacques Camatte, Capital and Community (Unpopular Books 1988), p.45

19 Ibid.

20 Jacques Camatte, 'This World We Must Leave' in *This World We Must Leave: and Other Essays* (Autonomedia 1995).

21 Fredric Jameson, *Postmodernism, or, The Cultural Logic of Late Capitalism* (Verso 1991), pp.48-9.

is understood as a result of the essential creativity and resistance of the working class. In the moment of its total victory, where social capital has come to dominate the whole of society, capital is forced by the resistance of the working class to extend its domination beyond the factory walls to the whole of society. Echoing Tronti's social factory thesis, Negri describes a "total subsumption of society" in the period beginning after 1968.[22] This, argues Negri, marks the "end of the centrality of the factory working class as the site of the emergence of revolutionary subjectivity".[23] In this period, the capitalist process of production has attained such a high level of development as to encompass even the smallest fraction of social production. Capitalist production is no longer limited to the sphere of industrial production, but rather is diffuse, and occurs across society. The contemporary mode of production "is this subsumption".[24]

Although he frequently employs the categories of subsumption historically, Negri warns against "constituting a natural history of the progressive subsumption of labour under capital and illustrating the form of value in the [...] process of perfecting its mechanisms".[25] Apparently attempting an autonomist "copernican turn" within the periodisation of subsumption, Negri thus describes specific class compositions and models of contestation corresponding to each period of capitalist history. To the first phase of large-scale industry corresponds the "appropriative" phase of the proletarian movement (1848-1914) and the "professional" or "craft worker"; to the second phase corresponds the "alternative phase of the revolutionary movement" (1917-68) and a class composition based on the hegemony of the "mass worker"; and finally, to the current phase of capitalist development corresponds the "socialised worker" (*operaio sociale*) and the "constituent" model of proletarian "self-valorisation". Similarly for TC, the periods of a history of subsumption identify not only

22 Antonio Negri, 'Twenty Theses on Marx, Interpretation of the Class Situation Today', in S. Makdisi, C. Casarino and R. Karl, eds., *Marxism beyond Marxism* (Routledge. 1996), p.159.

23 Ibid., p.149

24 Ibid.

25 Ibid., p.151.

the history of capital itself, but also of specific cycles of struggle. Rather than the result of a "copernican turn" to the positivity of the working class however, for TC this is because the categories of subsumption periodise the development of the *relation* between capital and proletariat.

TC follow Marx in drawing a relation between the categories of formal and real subsumption and those of absolute and relative surplus-value. The key to TC's historical periodisation lies in their interpretation of this systematic inter-relation of categories. For TC, absolute and relative surplus-value are *conceptual* determinations of capital, and formal and real subsumption are *historical* configurations of capital. Thus while the formal subsumption of labour under capital proceeds on the basis of absolute surplus-value, relative surplus-value is both the founding principle and the dynamic of real subsumption; it is "the principle which gives structure to and then overturns the first phase of [real subsumption]".[26] Thus relative surplus-value is both the principle which unifies the two phases into which TC divide real subsumption, and that in terms of which it is possible to explain the transformation of real subsumption (and its consequent division into phases): "real subsumption has a history because it has a dynamic principle which forms it, makes it evolve, poses certain forms of the process of valorisation or circulation as fetters and transforms them".[27]

TC posit a conceptual distinction between formal subsumption and real subsumption in terms of their extension: formal subsumption affects only the immediate labour-process, while real subsumption extends beyond the sphere of production to society as a whole, just as it does for Camatte and Negri. Thus formal subsumption for TC corresponds to the configuration of capital based on the extraction of absolute surplus-value,

26 Théorie Communiste, 'Réponse à Aufheben' in *Théorie Communiste* 19 (2004), p.108.

27 Ibid.

which is – by definition – limited to the immediate labour-process: capital takes over an existing labour-process and intensifies it or lengthens the working-day. The relation between real subsumption and relative surplus-value is more complex however. The increased productivity of labour resulting from transformations in the labour-process can only increase relative surplus-value insofar as this increased productivity lowers the value of commodities entering into the consumption of the working class. As such, real subsumption brings into play the reproduction of the proletariat, insofar as the wage becomes a variable quantity affected by the productivity of labour in industries producing wage goods. Real subsumption thus establishes the systematic and historical interconnection between the reproduction of the proletariat and the reproduction of capital:

> The extraction of relative surplus-value affects all social combinations, from the labour process to the political forms of workers' representation, passing through the integration of the reproduction of labour-power in the cycle of capital, the role of the credit system, the constitution of a specifically capitalist world market..., the subordination of science... Real subsumption is a transformation of society and not of the labour process alone.[28]

The reproduction of the proletariat and the reproduction of capital become increasingly interlocked through real subsumption; it integrates the two circuits (of the reproduction of labour-power and the reproduction of capital) as the self-reproduction (and self-presupposition) of the class relation itself. Thus TC define the real subsumption of labour under capital as "capital becoming *capitalist society* i.e. presupposing itself in its evolution and the creation of its organs".[29]

28 Ibid., p.109

29 Théorie Communiste, 'Théorie Communiste' in *Théorie Communiste* 14 (1997), p.50.

The criterion for the predominance of real subsumption – itself defined in terms of transformations of the labour-process – must thus be sought outside the labour-process, in the modalities (both political and socioeconomic) of reproduction of labour-power which accompany, and are to some extent determined by, the material transformations accomplished in the labour-process. Examples of such modalities include social welfare systems, the "invention of the category of the unemployed", and the importance of trade unionism. These all help to "ensure (and confirm) that labour-power no longer has any possible 'ways out' of its exchange with capital in the framework of this specifically capitalist labour process". It is these modalities of the reproduction of labour-power which are fundamentally altered by the restructuring of the capitalist class relation which begins in the 1970s. And it is on this basis that TC argues that "the broad phases of transformation at the level of the modalities of the general reproduction of the proletariat" should serve as "criteria for the periodisation of real subsumption."[30]

TC's dating corresponds closely to that proposed by Negri. For TC, the phase of formal subsumption of labour under capital, up to the turn of the century or around the First World War, is characterised by the positive self-relation of the proletariat as pole of the class relation. In this period the proletariat affirms itself as the class of productive labour, against capital, which is an "external constraint from which the proletariat must liberate itself".[31] Proletarian self-affirmation can never beget proletarian self-negation and the negation of capital; thus – in this phase – the communist revolution was impossible, or rather the communist revolution as affirmation/liberation of labour carried within it the counter-revolution. The period of transition to communism proved to be nothing other than the renewal of capitalist accumulation, and was determined as such

30 Théorie Communiste, 'Réponse à Aufheben' in *Théorie Communiste* 19 (2004), p.127-8.

31 Théorie Communiste, 'Théorie Communiste' in *Théorie Communiste* 14 (1997), p.57.

by the very configuration of the class relation and the (counter-)revolutionary movement that this configuration of the class relation produced.

32 Ibid., p.49.

In the subsequent "first phase of real subsumption of labour under capital" (from the First World War to the end of the 1960s), the relation between capital and proletariat becomes increasingly internal such that "the autonomous affirmation of the class enters into contradiction with its empowerment within capitalism, in that this is more and more the self-movement of the reproduction of capital itself".[32] In the transition from formal to real subsumption the class relation undergoes a qualitative transformation, in that the reproduction of the proletariat is now increasingly integrated with the circuit of reproduction of capital, via certain mediations. These include the institutional forms of the workers' movement, trade unions, collective bargaining and productivity deals, Keynesianism and the Welfare State, the geo-political division of the World Market into discrete national areas of accumulation, and – on a higher level – zones of accumulation (East and West).

Formal subsumption and the first phase of real subsumption of labour under capital are characterised by the programmatic self-affirmation of the proletariat; the first phase of real subsumption is increasingly revealed, however, to be the 'decomposition' of this programmatic proletarian self-affirmation, even as the proletariat is increasingly empowered within the class relation. With the capitalist restructuring after 1968-73 – which must be understood as a restructuring of the relation between capital and proletariat – all these mediations are at least tendentially dissolved. The new period – the "second phase of real subsumption of labour under capital" – is then characterised by a more *immediately* internal relation between capital and the proletariat, and the contradiction between them is thus immediately at

the level of their reproduction as classes. Proletarian programmatic self-affirmation is now dead and buried, yet class antagonism is as sharp as ever. The only revolutionary perspective afforded by the current cycle of struggles is that of the self-negation of the proletariat and the concomitant abolition of capital through the communisation of relations between individuals.

CRITIQUE OF THE HISTORY OF SUBSUMPTION

The periodisations proposed by Camatte, Negri and TC apply beyond the immediate process of production. Camatte and Negri hold real subsumption to be true of *society*, and for TC, formal and real subsumption can be said to characterise the fundamental *relation* between capital and labour in a sense that is not reducible to the immediate production process. There may appear to be some ground in Marx for pursuing such a usage of these categories, since Marx refers to transformations in the actual *social relation* between capitalist and worker – beyond production – that arise *with* or *as a result of* real subsumption:

> With the real subsumption of labour under capital a complete revolution takes place in the mode of production itself, in the productivity of labour, and in the relation – within production – between the capitalist and the worker, *as also in the social relation between them*.[33]

It is evident that, with the constant revolutionising of production that occurs in real subsumption, the world beyond the immediate process of production is itself dramatically transformed. The important qualification here, however, is that these transformations occur *with* – or *as a result of* – the real subsumption of the labour process under the valorisation process: they do not necessarily constitute an aspect of real subsumption itself; nor do

33 Marx, Economic Manuscript of 1861-63 (MECW 34), p.107-8, our emphasis. A similar passage occurs also in the Results with the qualification that this revolution is 'complete (and constantly repeated).' Marx, 'Results of the Direct Production Process' (MECW 34), p.439.

they define it, and indeed they may actually be considered mere *effects* of real subsumption. Though massively significant changes to society as a whole – and to the relation between capitalist and worker – may result from the real subsumption of the labour process under capital, it does not follow that these changes can themselves be theorised in terms of the concepts of subsumption.

As we have seen, subsumption has a distinct *ontological* character. The violence that is committed by a subsuming category lies in the fact that it is able to pass itself off as the truth of the very thing which it subsumes; to transform that particular into the mere instantiation of a universal. When the labour process is subsumed under the valorisation process, it becomes capital's own immediate process of production. As Camatte argues:

> *Subsumption* means rather more than just submission. *Subsumieren* really means "to include in something", "to subordinate", "to implicate", so it seems that Marx wanted to indicate that capital makes its own substance out of labour, that capital incorporates labour inside itself and makes it into capital.[34]

The labour process in both real and formal subsumption *is* the immediate production process of capital. Nothing comparable can be said of anything beyond the production process, for it is only production which capital directly claims as its own. While it is true that the valorisation process of capital in its entirety is the unity of the processes of production and circulation, and whilst capital brings about transformations to the world beyond its own immediate production process, these transformations by definition cannot be grasped in the same terms as those which occur *within* that process under real subsumption. Nothing external to the immediate production process actually *becomes* capital nor, strictly speaking, is subsumed under capital.

34 Jacques Camatte, Capital and Community (Unpopular Books 1988), p 72

Even if we were to accept the idea of an extension of real subsumption beyond the immediate process of production, the viability of subsumption as a category for periodisation is doubtful. Since formal subsumption is a logical prerequisite of real subsumption as well as a historical one, it characterises not just one historical epoch, but the entirety of capitalist history. Furthermore, according to Marx, though formal subsumption must precede real subsumption, real subsumption in one branch can also be the basis for further formal subsumption in other areas. If the categories of subsumption are applicable to history at all, this can therefore only be in a "nonlinear" fashion: they cannot apply simplistically or unidirectionally to the historical development of the class relation. Whilst we could plausibly say that at the total level, at any given stage in the development of this relation, the labour process is "more" or "less" *really* subsumed under the valorisation process than at any other given moment, this can only be a weak and ambiguous claim, and can hardly form a systematic basis for any account of actual historical developments.

The work of some theorists in the area of value-form theory or systematic dialectic – such as Patrick Murray and Chris Arthur – puts such periodisation further in doubt. For Arthur, though formal subsumption may well precede real subsumption temporally in the case of any given capital, real subsumption is inherent to the concept of capital from the outset.[35] If real subsumption is thus something always implicit, which is only *actualised* in the course of capitalist history, this would further undermine any attempt to demarcate a specific period of real subsumption. Murray argues that the terms "formal subsumption" and "real subsumption" refer first to *concepts* of subsumption and only secondarily – if at all – to *historical stages*. According to Murray, Marx considers the possibility of a distinct historical stage

35 Chris Arthur, *The New Dialectic and Marx's Capital* (Brill 2002) p.76.

of *merely* formal subsumption, but finds no evidence of one.[36]

If subsumption cannot rigorously apply to historical periods *per se*, nor to anything beyond the immediate process of production, we must conclude that it is not ultimately a viable category for a periodisation of capitalist history. We need other categories with which to grasp the development of the totality of the capitalist class relation, and in a manner which is not limited to the production process alone. Yet what is at stake is a great deal more than having the correct set of categories. That so many periodisations, regardless of their categorial framework, converge around the same dates[37] – recognising, in particular, that some fundamental rupture took place between the late 60s and mid-70s – is a strong indication that there is more to periodisation than some aphasiac proliferation of terms, periods and arbitrary constellations of data. These periodisations – and that of TC in particular – are compelling because they tell us something plausible about the character of the class relation as it exists today. But categorial frameworks are of course not neutral, and a problematic core category will have implications for the rest of a theory.

TC's phase of formal subsumption has much in common with the regulation school concept of a period of extensive accumulation, and indeed both locate a transition from these respective phases around the First World War. It is only at this point that real subsumption begins for TC, because it is at this point that the increasing productivity of labour begins to cheapen consumer goods, and thus to mutually implicate the reproduction of working class and capital. Similarly for the regulationists, prior to the proper development of mass consumption, accumulation must be primarily extensive. In both cases, a period of primarily absolute surplus value extraction is perceived as existing prior to the full development of the "specifically

36 Patrick Murray 'The Social and Material Transformation of Production by Capital: Formal and Real Subsumption in Capital, Volume I,' in R. Bellofiore and N. Taylor, eds., *The Constitution of Capital* (Palgrave Macmillan 2004) p.252.

37 To those that we have already mentioned here we could add the regulation school, the social structure of accumulation school, and the Uno school.

capitalist mode of production" and a shift of focus to relative surplus value. But there are significant problems with this notion of a period of extensive accumulation, as Brenner and Glick have forcefully argued.[38] Capitalist production tends to commoditise and cheapen consumer goods from the outset, and agriculture is not something that is capitalised late, except perhaps in particular cases such as that of France, whose rural landscape remained dominated throughout the 19th century by small peasant owner-producers. It is tempting to surmise that the apparent "fit" of the French case to the concept of a historical phase of formal subsumption is the real basis for this aspect of TC's periodisation. But if this is the case, the viability of at least this aspect of the periodisation for the history of the capitalist class relation *per se* looks severely in doubt.

Yet our criticisms of TC's history of subsumption need not lead us to reject everything in TC's theory *en masse*. We will need, of course, to think through the implications, for this theory, of doing away with a historical concept of subsumption. But it is in the concept of programmatism, and the analysis of the subsequent period up to the present that the heart of the theory lies. The concept of programmatism identifies important dimensions of class struggle as it was throughout much of the 20th Century, and thus helps us to understand the way in which the world has changed. Perhaps because of this recognition of rupture, TC have not shied away from confronting with clear eyes the character of struggles as they happen today, or from continuing to pose the fundamental question of communist theory:

> How can the proletariat, acting strictly as a class of this mode of production, in its contradiction with capital within the capitalist mode of production, abolish classes, and therefore itself, that is to say: produce communism?[39]

38 Robert Brenner and Mark Glick, 'The Regulation Approach: Theory and History,' *New Left Review* I/188 (July-August 1991), pp. 45-119.

39 Théorie Communiste, 'Théorie Communiste' in *Théorie Communiste* 14 (1997), p. 48.

SLEEP-WORKER'S ENQUIRY

This morning, floating through that state between sleep and consciousness where you can become aware of the content of your dreams immediately before waking, I realised that I was dreaming in code again. This has been occurring on and off for the past few weeks – in fact, most times I have become aware of the content of my unconscious mind's meanderings, it has been something abstractly connected with my job. I remember hearing the sound of the call centre in my ears as I would drift in and out of sleep when that was my job, and I remember stories from friends of doing an extra shift between going to sleep and waking – of the repetitive beeps of a supermarket checkout counter punctuating the night. But dreaming *about* your job is one thing; dreaming *inside the logic* of your job is quite another. Of course it is unfortunate if one's unconscious mind can find nothing better to do than return to a mundane job and carry on working, or if one's senses seem stamped with the lingering impression of a day's work. But in the kind of dream that I have been having the very movement of my mind is transformed: it has become that of my job. It is as if the habitual, repetitive thought patterns, and the particular logic which I employ when going about my job are becoming hardwired; are becoming the *default* logic that I think with. This is somewhat unnerving.

The closest thing that I can think of to this experience is that of someone rapidly becoming acquainted with a new language, and reaching that point at which dreams and the rambling thoughts of the semi-conscious mind start to occur in that language. Here too it is a new kind of "logic" that the mind is assuming – that of the structures and patterns of a language, and here too the mind is able to scan across its own processes with a pseudo-objectivity and determine the nature of their logic as something particular – something which does not yet possess the whole mind, but inhabits it

and takes command of its resources. One never really gains this kind of perspective on thoughts in one's own language; one never normally develops an awareness of the particularity of one's own thought. But right now I experience it as a clear split: that between the work-logic-me, and the spectator on that me.

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I work in IT. Specifically I am a web developer. That means I write potentially all the original code that goes into a website: markup like HTML and XML, the visual styling, the functional "logic" that happens behind the scenes and in your web browser, and the scripts that keep a site running on a web server. I work in a small company, in which I am the main web developer, working alongside one other who also deals with the graphical side. My line manager is the IT manager who, apart from programming himself, takes a lead in organising how our projects come together. Above him are the CEOs, who are a couple of oddball born-again Christians with a serious work ethic. They asked me about my religion in my interview, and set alarm bells ringing straight away. My response was that I didn't see religion as mere superstition like "banal atheism" does, but that I see it as the real expression of a particular life situation, with its own meaningful content. I could have added that it is the "heart of a heartless world", but I seemed to have convinced them by that stage that I was a good-ish guy, if not one of them.

After I had worked here for a while the stories started emerging: one of the CEOs claims to be an ex-gangster who saw "the living God" in a bolt-of-lightning revelation when he was contemplating a new scam that involved setting up a fake religion. The other was a successful businesswoman around the dot-com boom, but she fell into a crisis when the father of her child left her, and

was converted in a low moment by her new partner – the other CEO. In drunken ramblings at the Christmas do, they have spoken emotively of "the living God", with that "I was blind but now I can see" way of thinking that is the hallmark of born-agains. They used to try to put all new staff through "The Alpha Course" – a cross-denominational charismatically-inflected project to convert people to Christianity, and to organise monthly "God days" in which all staff would get to take the day off work on the condition that they spend it taking tea with a preacher. Unsurprisingly, many members of staff skipped these days – actually preferring to work than go through some kind of attempted conversion.

They had eased off a little by the time I started – someone had apparently told them that they were at legal risk if they continued to use their business as a missionary organisation. But God still comes to work on a regular basis – intervening to turn the annual business forecast into prophecy, or melding the fortunes of the company with providence. The most notable example for me is the time when I fixed a problem with the speed of our websites. The company had been held up for a while with an appallingly slow performance on each of the many small websites it runs, and people had been searching around for an answer. As long as our performance was that bad, we would've only been able to deal with a very limited volume of traffic, and thus a similarly limited number of potential customers. When I figured out the solution the bosses were clearly very happy: suddenly the amount of potential customers we could serve on each site was multiplied by about 30. But rather than thanking me directly, the female CEO simply said that I couldn't take all of the credit as she'd been praying for better site performance, and we thus had to give God his due. In response I stammered out some over-hasty and awkward attempt at a gag, which trailed into a meaningless murmur.

In an everyday sense, probably the worst part of this job is that I have to deal with the paranoia that comes from knowing that your bosses are insane to the extent that they may not always act in the company's interest: at least you know where you are with a capitalist who acts with the straightforward rationality of calculated self-interest. When the "living God" takes precedence in deciding company policy, and when stories abound of random and reckless sackings such as that of an employee fired because his wife disagreed with the CEOs' attitudes towards homosexuality, the sense of a guillotine poised over one's neck never quite goes away. My line manager is a freakish bipolar who bounces around the office like a well-oiled space hopper one day, and behaves like the drill instructor in *Full Metal Jacket* the next. But he is decent enough, and easy to deal with once you get to know the cycle.

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One of the most notable characteristics of the "politics" of this type of job is another kind of bipolarity – the split and antagonism between two poles: the business pole and the technical. The techies always feel that business are making arbitrary decisions based on insufficient knowledge of the way that *things really work*; that things could be done so much better if only *we who understand* were left to do it ourselves. Business always feel that the techies are being sticklers, pedants, needlessly and pathologically recalcitrant. Whilst business wishes it could just take flight into the ether, and rid itself of the recalcitrance of its technical staff, the technical staff wish that business would just leave them alone to get the job done properly: that the recalcitrance is that of the real world and its demands. In some ways this makes it easier to deal with the immediate people that I work with: since contact with the business side is mostly supposed to be mediated through a specific

"project manager", I primarily deal with those on my side of the great divide, so it is even possible to develop a certain "us against them" attitude with my line manager, and to hide behind the formal mediations when the shit hits the fan.

This side of the divide we live partially in the worldview of productive capital: business and its needs appear as a parasitic externality imposed upon the real functioning of our great use-value producing enterprise. This side of the divide, we are also strangely tied to a certain normativity; not just that of doing the job right in a *technical* sense, but also that of thinking in terms of provision of real services, of user experiences, and of encouraging the free flow of information. This sometimes spills over into outright conflict with business: where business will be advocating some torturing of language and truth to try to present "the product", the techies will try to bend the rod back towards honesty, decency, and transparency. "What goes around comes around" seems to be more or less the prevalent attitude in the world of web development in the era after "Web 2.0": provide the services for free or cheap, give away the information, open everything up, be decent, and *hope* that somehow the money will flow in. If business acts with the mind of money capital, encountering the world as a recalcitrance or friction from which it longs to be free, and if a tendency to try to sell snake oil can follow from that, in the strange world where technical pride opposes itself to capital as capital's own developed super-ego, use-value rules with a pristine conscience, everything is "sanity checked" (to use the terminology of my boss), and the aggregation of value appears as an accidental aside.

I am then, under no illusions that the antagonism which inhabits this company provides any ground for romantic revolutionary hopes. The solidarity that we develop

against business, apart from providing us with respite and shelter from individualised victimisation, provides a "sanity check" for the company itself. Indeed, the company is well aware of this situation, and this is more or less acknowledged in the creation of a "project manager" role which is explicitly intended for the management of relations between the two sides. The contradiction between technical staff and business is a productive one for capital: the imperative to valorise prevents the techies from going off too far into their esoteric concerns, whilst the basic need for realism is enforced reciprocally upon business by the techies as they insist on the necessity of a more or less "scientific" way of working.

There is little space left in this relation for a wilful "refusal of work": with the technical, individualised, and project-centred character of the role, absenteeism will only amount to self-punishment where work that is not done now must be done at some point later, under greater stress. Apart from that, there is the heavy interpersonal pressure that comes with the role: since a majority of the work is "collaborative" in a loose sense, heel-dragging or absenteeism necessarily involves a sense of guilt towards the technical workers in general. Whilst I used to consider previous jobs as crap places to go to with a hangover, I now find that I must moderate my social life in order not to make working life a misery. Sabotage also, is hardly on the cards, not because of some alleged "pride" which comes with being a skilled worker, but because of the nature of the product that I am providing: whilst sabotage on a production line may be a rational technique, where one's work resembles more that of the artisan, to sabotage would be to make one's own life harder. One hears of freelancers and contractors who intentionally write unmaintainable and unmanageable "spaghetti code" in order to keep themselves in jobs. This technique may make sense where jobs rely heavily on particular individuals, but where one works in a typical

contemporary development team that employs such group-focused and feedback-centred IT management methodologies as "agile" and "extreme" programming, and where "ownership" of a project is always collective, high-quality, clearly readable code has a *normative* priority that goes beyond whatever simple feelings one might have about doing one's job well.

Of course, there is that banal level on which I drag myself reluctantly out of bed, strike off as early as I can, and push my luck in terms of punctuality; on which I try to make work time "my time" as much as possible by listening to my iPod while working, sneaking bits of reading time into my working day, or having discreet conversations with friends over the net. This sort of thing is the *real* fodder of worker's enquiry. But the bottom-line recalcitrance here is simply that. It is on the same kind of level as the recalcitrance of the human body to work pressure: capital has never been able to make people work a regular 24 hour day – or even close – and people will always test the permissible limits of their own working day. Such is the fundamental logic of the capital-labour relation, and it does not take the pseudo-sociology of a worker's enquiry to uncover it. Such actions only ever take place in the framework of what is permissible in a given job and, indeed, are defined by this framework. The apparent insubordination of my frequent lateness would soon turn to naught if it threatened my livelihood. And the attendant social pressures that come with this job are such that whatever time I can "claim back" through slack behaviour is more than made up for when the deadline approaches on a project and I work unpaid extra hours into the evening or start work in the middle of the night to fix servers when nobody is using them.

It is only when sickness comes, and I am rendered involuntarily incapable of work, that I really regain any

extra time "for myself". It is a strange thing to rejoice at the onset of the flu with the thought that, in the haze of convalescence, one may finally be able to catch up on a few things that have been pushed aside by work. Here illness indeed appears a "weapon", but one that fights its own battle, not wielded by the erstwhile aggressor. Yet I wonder sometimes whether this sickness itself can be seen as merely pathological; a contingency imposed upon the body from without. The illness that comes sometimes feels almost willed – a holiday that the body demands for itself. Perhaps there is a continuity between "genuine" illness and the "man-flu" that a matronly temping agent once accused me of when I wilfully ducked out of work for a week on hammy claims to terrible sickness. It is at least certain that if sickness is all that we have, there is little hope here for meaningful "resistance."

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If then, worker's enquiry is about unearthing a secret history of micro-rebellions, exposing the possibilities for struggle in the fine grain of lived experience, and in the process, bringing consciousness of this to oneself as well as other workers, this is worker's enquiry in the cynical mode. We "struggle". We are recalcitrant. But as *techies against business* our struggle and our recalcitrance are integral to the movement of capital, and as *workers against capital* our struggle has absolutely *no* horizon and, indeed, is barely struggle at all. Our day-to-day interest as workers is, in the most part, *practically aligned* with that of this particular capital. If programmers are a vanguard in the enshrinement of use-value, of technological libertarianism, of collaborative work, of moralistic "best-practices", of the freedom of information, it is because all of these things are posited as necessary in the movement of capital. The systematic normativity with which our working practice is shot through is merely a universalisation of capital's own logic.

Just as social capital posits its own constraint in the form of the state in order to not destroy itself through the rapacious self-interest of each individual capital, after an early period of ugly coding due to the fragmentation of the internet into a babel of different platforms, browsers and languages, a consensus formed in the development world that "standards" were important. Central to these standards is an idea of universalism: anything that adheres to these standards should work and be supported. If you don't adhere to these standards, you are asking for trouble, and it is your own fault if you find yourself pissing your capital away up a technological back-ally. Microsoft became a pariah due to their continual contempt for these standards, and their penchant for developing proprietary annexes on the great public space of the net. Developers began to proudly sport web standards badges on their personal sites, and to become vocal advocates of technologies like Mozilla's "Firefox" which, apart from the fact that it is "open source", always beat Internet Explorer hands-down in terms of standards-compliance. Standards became enshrined in the moral universe of the developer, even above open source. To adhere to standards is to take the standpoint of a moral absolute, whilst to diverge from them is a graceless fall into the particularistic interests of specific groups. The universalisability of working practices became the particular imperative of informational capital; a duty to the "invisible church" of the internet.

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Whilst some of these traits that come with the particularly collective character of work do not occur in the same way for the freelancer, "being your own boss" tends to amount literally to imposing upon oneself what can otherwise be left to others. I have worked freelance a little before this job, and also in my spare time whilst doing this job, and the very thought of such work now

causes my soul to whither a little. In freelancing, one can easily end up working uncountable hours, fiddling with projects in one's "own" time, with work colonising life in general due to the inevitable tendency to fail to self-enforce the work/life separation that at least guarantees us a fleeting escape from the lived experience of alienated labour. At least, when I walk out of the office I enter the world of non-work.

Indeed, the hardened work/life separation of the Mon-Fri 9-5 worker looms increasingly large in the totality of my experience. Whilst Sunday is a gradual sinking into the harsh knowledge that the return to work approaches and a sometimes dragging of the dregs of the weekend into the wee small hours of the morning, Friday evening is the opening of a gaping chasm of unquenchable desire, and the desperate chasing after satisfaction whose ultimate logic is also that of boozey self-annihilation. I become increasingly a hedonistic caricature of myself, inveighing against others to party harder, longer, and blowing much of my free time away in a fractured, hungover condition. This is the desiring state of the old fashioned rock'n'roller: the beyond of work as a state of pure transcendent desire and consumption, the nothingness of a pure abstract pleasure beyond the mere reproduction of labour-power. The refusal to merely reproduce ourselves as workers coupled to a desire to annihilate ourselves as humans. This is what the Stooges' "1970" means.

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But when I'm lying in that splintered early morning consciousness the night after partying, slipping in and out of dreams, and as the previous night's fleeting attempt at liberation recedes, I often find that I am dreaming in code. It can be one of various kinds of code – any of those that I work with. A sequence will pop into my head and rattle around, unfolding itself as it goes, like a

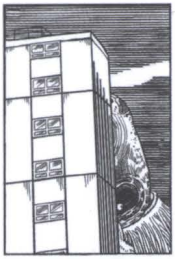
snatch of melody or conversation repeating itself in your ears. Much of the time, if I was conscious enough to re-examine it, it'd probably be nonsense: I have enough difficulty dealing with the stuff when I'm awake, and I suspect that my unconscious mind would fare little better. But sometimes it is meaningful.

One morning recently I awoke with the thought of a bug in some code that I had written – a bug which I had not previously realised was there. My sleeping mind had been examining a week's work, and had stumbled upon an inconsistency. Since I am a thought-worker, and since the identification and solution of such problems is the major aspect of my job, it is not that fantastical to say that I have been performing *actual* labour in my sleep. This is not the magical fecundity of some generalised creative power, churning out "value" somehow socially, beyond and ontologically before the labour process. It is actual work *for capital*, indistinguishable in character from that which I perform in my working day, but occurring in my sleeping mind. Suddenly the nightmarish idea of some new kind of subsumption – one that involves a transformation of the very structures of consciousness – begins to look meaningful. Indeed, I find that standard paths of thought seem increasingly burned into my mind: the momentary recognition that there is a problem with something prompts a fleeting consideration of which bit of code that problem lies in, before I consciously jolt my mind out of code-world and into the recognition that "bugfixing" does not solve all problems. Comical as it sounds, there is something terrifying here.

Beyond the specific *syntax* of a language, isn't it a particular *logic*, or way of operating that is brought into play when one thinks in this way? It is one that I suspect is not neutral: the abstract, instrumental logic of high-tech capitalism. A logic of discrete processes, operations, resources. A logic tied to particular "ontologies": the

objects, classes, and instances of "object-oriented programming", the entities of markup languages like HTML. This is the logic which increasingly inhabits my thought. And when thought becomes a mode of activity that is productive *for capital* – the work for which one is actually *paid* – when that mode of activity becomes a habit of mind that springs into motion "as if by love possessed", independent of one's willed, intentional exertion, doesn't this prompt us to wonder whether the worker here is entirely the bourgeois subject that capital always summoned to the marketplace: whether the subject of this labour process is the centred individual who would set about making his own world if it were not for the alienating, abstractive power of value? When I find myself observing myself sleep-working, I observe myself acting in an alienated way, thinking in a manner that is foreign to me, working outside of the formal labour process through the mere spontaneous act of thought. Who is to say that the overcoming of this "alienation" will not be that language taking its place as mother-tongue: that alienation will not entirely swallow that which it alienates?

If the workplace here is the forlorn site, no longer of that exteriority of the worker in which it is meaningful and possible to commit daily acts of insubordination, to develop a sense of a latent "autonomy" posited in the very exteriority of the worker to the process of production, but of a productive antagonism in which technical workers give capital its "sanity check" and in which recalcitrance is merely that of the bodiliness of these materials through which capital flows; and if labour becomes a mere habit of thought that can occur at any time – even in sleep – what hope is there here for the revolutionary overcoming of capitalism? What does our revolutionary horizon look like? It must surely appear foolish to place any hope – at least in an immediate sense – in the nature of this mental work and its products, in the internet or in "immaterial labour"



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"[P]eriodic crises ... arise when one or another section of the working population is made superfluous in its old employment. The barrier to capitalist production is the surplus time of the workers. The absolute spare time gained by society does not concern it. The development of productivity is important to it only in so far as it increases the surplus labour-time of the working-class, not because it decreases the labour-time for material production in general. It moves thus in a contradiction."