

F purely economic point of view"

The criticism of Henryk Grossmann's book "The Law of Accumulation and Collapse of the Capitalist System", which at the same time is directed against the stand of the united workers party of America, which in its recently published manifesto adopted Grossmann's attitude, has its starting point either in the arbitrary distortion of Grossmann's view, which the u.w.p. shares, or at best in a lack of understanding of Marxism itself, and so requires a reply which first corrects the distortions and then re-postulates the real Marxist position on the questions raised. Since the u.w.p. - without even knowing sufficiently the political conception of H. Grossmann or even wanting to consider it - nevertheless identifies itself with his interpretation of Marx's law of accumulation, this anti-criticism, although limited to the defence of Grossmann's book, is nevertheless to be regarded as the principled attitude of the u.w.p., and it can probably be spared from the outset the unjustified accusation of "bourgeois economics" directed against Grossmann.

Grossmann does *not* claim, as the critic says of him, that capitalism will collapse for "purely economic" reasons, that the collapse must take place "independently of human intervention". Later, then, the critic has to retract this assertion, and he himself brings quotations which show that for Grossmann, too, the collapse is not an automatic process, but the revolutionary act of the proletariat. For Grossmann, too, there is no such thing as a "purely economic" problem, but this can in no way prevent him, for *methodological reasons*, from limiting himself in his investigation of the laws of accumulation to purely economic presuppositions, in order theoretically to reach an objective end-point of the system. The *theoretical realization* that the capitalist system, because of its driving contradiction, can only lead to collapse, does *not at all commit one to the view* that the *real collapse* is an automatic process independent of man. Without man there would be no economy, it cannot be foreseen by him. Before the "end point" reached theoretically on the basis of many abstractions will find its parallel in reality, the workers will already have carried out their revolution. When Grossmann says that *collapse* is inevitable, it means practically only that *revolution* is inevitable. He does not hold a "purely economic" point of view, but the dialectical one, to which every abstraction is only a means of realizing reality.

Accumulation in the light of Marxian dialectics

The point of view of totality in Marxian dialectics says that in the process of metabolism between man and nature, social man is an active factor, that historical development is determined not only by objective relations given by nature, but just as much by the subjective, social moments. Throughout all forms of society, the productive forces developed as an expression of the contradiction between man and nature, being and consciousness, which developed out of labour. Within this process, new contradictions develop, which retroactively drive the general process forward again. In the process, the conscious moments have been developed in such a way that it has become pointless to still distinguish between cause and effect, that any separation of being and consciousness has become impossible, since both are constantly and ever anew merging. What actually underlies has nothing to do with our respective final result, and these final results always form new starting points, so that it again becomes impossible to distinguish between cause and effect. And yet, in this dialectical process, what always remains as the final

basis is the necessity of human life; it remains material, real. Marxism rejects any divorce between the objective and subjective moments of history, since these constantly influence each other and in the process constantly change themselves. One cannot be understood without the other. Thus for Marxism there is also no purely economic problem; dialectics compels a totality conception, which also excludes pure economism.

If, however, one wishes to *illustrate* Marx's dialectic theoretically, one can distinguish between objective and subjective moments of history; on the basis of the dialectic, however, which *discards* this *very distinction*, one can no longer refer to it. In order to illustrate theoretically the law of the collapse of capitalism, one can confine oneself to purely economic investigation, but the *collapse itself* can only be understood if *all the factors* of the historical process are taken into account.

What distinguishes the individual, previous economic forms is the *speed with* which they developed the social forces of production. Capitalism developed the tempo to an immense extent; this was its "historical mission". Marx looks at the production process from two sides. First, as the "metabolic process between man and nature" running through all social orders, and then this process in its specific capitalist form. The first compels the development of the social productive forces, the second is the historically changing result of this compulsion, which, however, also retroactively co-determines the productive forces. The *starting point* of Marx's economic analysis is formed by the productive forces; he traces their development under the capitalist relations of production created by them, that is, on the basis of value production, and comes to the conclusion that at a high point of development the latter are broken through by the extent of the former. The movement of capital on the basis of value is nothing other than the dialectical movement of society itself at this historical stage. The misjudgment of dialectical Marxism by pseudo-Marxism was nowhere more clearly expressed than in the loss of Marx's theory of accumulation and collapse, which the revisionists boasted of rejecting, and which the "orthodox" dared not defend. He who abandons Marx's theory of collapse cannot at the same time hold to the dialectical method; he who accepts dialectical materialism "philosophically" has no choice; he must grasp the dialectical movement of contemporary society as a movement of collapse. Movement is not merely prompted from without, as the mechanistic world-view assumes; all things move out of themselves, out of the contradictions already contained within them. The *self-movement* of the productive forces, as the contradiction between man and nature produced by the necessity of labor, certainly always produces new, co-determining, retroactive moments that must be taken into account, but it nevertheless remains self-movement. And there are absolute limits to the development of the social productive forces within the framework of capitalist relations of production.

The *ultimate* cause of all real crises, says Marx, in spite of his theoretical analysis of the law of accumulation, which adheres strictly to the law of value, and which the oft-mentioned

"disproportion between production and consumption" does not know and yet already leads to collapse, the ultimate reason "always remains the poverty and consumption limitation of the masses, vis-à-vis the drive of capitalist production to develop the productive forces as if only the absolute consumption capacity of society constituted its limit."

(m.e.w., Vol. 25, *Das Kapital*, Vol. III, p. 501)

As much as it may violate "logic", capital actually accumulates for the sake of accumulation. In capitalism, material production and consumption are left to the individuals; the *social character* of their work and consumption is not *directly* socially regulated, but is only regulated via *the detour of the market*. Capital does not produce things, but (exchange) values. But even if, on account of such a mode of production, it is not able to adapt its production and consumption to social, real needs, these real needs must nevertheless be taken into account, if men are not to perish. If the market is no longer capable of satisfying these needs sufficiently, then precisely production for the market, value production, must be eliminated by revolutionary upheaval, in order to make room for a relation of production which corresponds to the grown forces of production, and which is not social only by the detour of the market, but has a *directly social character and is* capable of being directed according to the needs of men themselves. From the standpoint of *use-value*, the contradiction between production and consumption in capitalist society is an obvious fact, but *such a standpoint does not apply to capitalist production*. For it, reality is not the market, but the market. From the standpoint of *value*, this contradiction is the secret of capitalist progress, and the greater this contradiction, the better capital develops. But precisely because this is so, a point must occur in the accumulation of this contradiction which leads to its abolition, since the *real* conditions of production and life are ultimately stronger after all than the historically bound, reified social relations, and so the *ultimate* cause of all real crises nevertheless always remains the consumption limitation of the masses in the face of the drive of capital to develop the productive forces as if the social capacity for consumption were unlimited, without this explaining the capitalist laws of motion. The only thing that becomes clear is the necessity of the revolutionary solution, and it becomes self-evident that when there is talk of collapse, the revolution of the workers must be understood by it. The abstract theoretical analysis of the production of value first showed why in concrete reality the revolution must inevitably occur. Because theoretically the pursuit of the capitalist law of accumulation yielded an absolute end point, it only became clear that in reality the pauperization of the masses is identical with the accumulation of capital. To escape pauperization, the workers have no other means than the revolutionary overthrow of the system.

Capitalist value production finds its limits of surplus-value appropriation in the limits of the possibility of exploitation. The consumption of the workers cannot be reduced to zero, and yet value production can only strive to come closer and closer to this zero point. Capitalist contradictions arise from the contradiction between use-value and exchange-value. This contradiction turns the accumulation of capital into the accumulation of misery. If capital develops on the value side, it destroys its own basis at the same time, in that it constantly diminishes the workers' share in production. This share cannot be absolutely abolished, since the natural instinct of self-preservation of the masses is stronger than a social relation which grows out of the immaturity of the productive forces and is bound to them. Thus the bourgeoisie becomes "incapable of ruling because it is incapable of ensuring the existence, even within its slavery, of its slaves; it is forced to let them sink into a position where it must feed them instead of being fed by them." The analysis of capitalist accumulation thus culminates in "the class struggle as the conclusion wherein the movement and dissolution of the whole grease takes place."

The Grossmann Reproduction Scheme

Grossmann proves Marx's law of accumulation and collapse, as the critic would have us believe, by *no means* solely on Bauer's scheme, by extending it from the 4th to the 35th year. *Nor does* Grossmann in any way believe, as the critic claims, that he is reproducing "real capitalism" by following the schema. Rather, Grossmann writes before he sets out to treat the schema:

"The errors of Bauer's analysis do not arise from the construction of his schema itself, but rather from the lack of clarity about the methodological tasks and presuppositions of any schematic, i.e. simplistic, representation of complicated reality. For this very reason the scheme itself and its usefulness in the analysis of capitalism under the fictitious, simplifying assumptions must be *strictly distinguished* from the false analysis of O. Bauer, *who confuses the fictitious course of capital accumulation in the scheme with the real course of capital accumulation.*"
(*The Law of Accumulation and Collapse of the Capitalist System*, p. 100).

To claim that for Grossmann the scheme reflects *capitalist reality* is a distortion; to claim that Grossmann derives collapse from that scheme *alone* is also false. O. Bauer tried to prove by his scheme that capital accumulation can take place without disruption. Grossmann showed that *even with this scheme* the collapse results and not the equilibrium read from it by Bauer. Grossmann placed himself "entirely on the ground of Bauer's presuppositions only because a fruitful immanent critique is possible only if one refutes the opponent from his own standpoint."
(*Law of Collapse*, p. 104).

In no case does the scheme express the *real* accumulation process, just as the collapse theory is not bound to this scheme. Because of many abstractions, the collapse of capital valorization asserts itself in this schema. Marxism cannot confine itself to a schematically grasped capitalism; its scientific methodology can only serve the cognition of real events. The schema can only be regarded as an illustration of a certain tendency, and it is intended by Grossmann only as a means of illustration. The choice of the schema as a means of demonstrating *a thought independent of himself* was appropriate (though not necessary) if only because it also touched on the previous discussion of the problem. Grossmann carried Bauer ad absurdum on his own scheme and thus smashed one of the strongest theoretical pillars of reformism, which drew its strength from the idea of the unrestricted possibility of the development of capital. Although Grossmann had to turn against Rosa Luxemburg in the process, he at the same time fulfilled the task she had set herself. Pointing out the tendency to collapse in the scheme does not lead Grossmann, as the critic would have it, to think "that the great Kladderadatsch will occur without a revolutionary class being there to defeat and expropriate the bourgeoisie". This class and expropriation is there for Grossmann as a *matter of course* because of the objective situation, precisely because for him there is no purely economic problem. Yes, these subjective factors can only be there, as also self-evident, because the objective situation is ripe for collapse. Grossmann wrote his book on the ("obviously false") assumption that self-evident facts need not be mentioned in scientific papers. Similarly, Marx wrote no *particular* theory of collapse because it is *self-evident* to the dialectician that capital accumulation on the basis of value can only lead to collapse. Let us make up for the "omission": if the objective conditions for revolution are given, then for the Marxist the subjective ones are also present as a matter of course. Objective necessities are ultimately fulfilled by men, however belatedly. With the proof of the economic collapse only the proof of the inevitability of the revolution is furnished.

In this context, the critic still makes fun of the fact that where Grossmann tries to do justice to the class struggle, he understands by it only wage and working-time questions. Grossmann, however, proved that there are objective limits to the wage and working time struggle, and thus says that if even these things are fought for, the struggle is nevertheless a revolutionary, political one, since it not only threatens capitalist society, but, at the limits of accumulation, can only express itself as a revolutionary struggle to overthrow capital. Compare the critic's remarks in this regard with the section of Grossmann's book "The Tendency to Collapse and the Class Struggle," and the critic's amusement becomes an expression of his embarrassment.

accumulation for accumulation's sake

If Rosa Luxemburg already missed the "logic" in "accumulation for accumulation's sake", Marx had never asked for this "logic". For our critic, too, it seems nonsensical that the movement of capital follows its own, i.e., the laws of exploitation, and not the possibilities of the capitalists. Turning against technical progress lasting in Grossmann's scheme, he says: "The necessity of technical progress does not act as an external constraint; it acts by means of men, and for these the must does not apply further than their ability." However, *precisely* because men must but cannot follow the laws of capital, precisely because of this, the capitalist relation of production must perish. Under capitalism, reified relations rule men, not men rule things. Men are subject to a reified exchange relation which excludes all mastery of production. They either have to follow it, or have to smash it. The limits of capitalist "ability" are not taken into account by the developing productive forces (*which are precisely not yet mastered by men*), and it is precisely for this reason that revolution must put an end to this state of affairs and subordinate things to the control of men. That, as the critic points out, capital obstructs the productive forces themselves, holds up technology, etc., because it cannot enable them to unfold and does not have to unfold them, this he cannot hold up to Grossmann as an argument, for Grossmann does not deny it either. Yes, precisely because capital hinders the further unfolding of the productive forces, indeed destroys them, precisely because of this it must perish; for it can go forward only so long as it accumulates, expands, unfolds the productive forces. Without progressively growing accumulation, the capitalist economy is only possible in a state of crisis. Since there is no "static", a permanent state of crisis must lead to collapse. The reference to the limits of capitalist "ability" says nothing against Grossmann's view.

But while on the one hand the delay of accumulation postpones the collapse, on the other hand it intensifies the tendency to collapse. Every capitalist prolongation of life is bought with the life-length of capital, a "paradox" which is nothing other than the contradiction between exchange-value and use-value itself. If capital impedes accumulation - voluntarily or involuntarily - it drives the revolution forward at an accelerated pace in the state of crisis that this entails. If it wants to escape the state of crisis, it must continue to accumulate, only to reach anew a level of accumulation which compels the obstruction of accumulation, indeed excludes it. The period of accumulation each time, the increase of the organic composition of capital, of the productivity of labour, of the exploitation of the workers through the concomitant devaluation of labour-power, necessarily lowers all values. The whole capitalist development is accompanied by the fall of values, which expresses itself capitalistically in the permanent lowering of prices. As long as it is possible for capital to reorganize itself on a lower level of value and price, it will be able to wriggle out of the over-accumulation of capital that has arisen on the basis of the previous

level of value, and accumulate profitably on the new lower level of value for a further period, until again, also on the basis of the new level, the impossibility of further capital utilization arises and accumulation again comes to a standstill.

The value of labour-power cannot be reduced to zero; just as there is an objective limit to absolute surplus-value, there is also an objective limit to relative surplus-value, and so accumulation must also come up against its objective limit. The periodicity of the crisis is practically nothing other than the recurrent reorganization of the process of accumulation on a new, lower level of value and price, which again guarantees capital valorization. If this is no longer possible, then further accumulation is also no longer possible; the same crisis which hitherto occurred cyclically and could be overcome becomes a permanent crisis. That is why Marx cannot and does not need to set up a special theory of collapse, for the cyclical crisis must of necessity become the permanent one, which turns the relative into the absolute pauperization of the proletariat, makes the capitalist positions more and more untenable, and can only end in collapse, i.e., revolution.

The process of capitalist expansion is at the same time a process of accumulation, one is bound to the other. One cannot set the moment of capitalist expansion against the process of collapse given by accumulation. With the end of accumulation the end of expansion is necessarily connected. Absolute geographical possibilities do not exist for capital, but only accumulation necessities and limits of accumulation. With the strengthening of imperialist necessities, the effects of imperialism directed against collapse disappear at the same time. Accumulation as well as its stoppage are equally fatal to capital. All accumulation is only a temporary solution and only brings the permanent crisis closer. The limitation as well as the expansion of capitalist production are equally independent of the will or the ability of the capitalists, since capitalist production is subject only to the law of exploitation. The law of utilisation, the production of (exchange) values, compels precisely the boundless development of production; it compels that which at the same time breaks it. The capitalist process of reproduction can only take place as the accumulation of capital, since in capitalism there is no social will, but the market alone fulfils social functions. Accumulation can thus, with necessity, only be directed according to the level of accumulation achieved at any given time.

The Grossmann's "Schnitzer"

Although Grossmann's scheme must not be confused with reality, it can (if its limited validity is known) serve as an illustrative example of the real movement of capital on the basis of value. It shows, for example, how the industrial reserve army must necessarily arise from the process of accumulation, without thereby saying that the industrial reserve army must arise, as in the scheme, or solely for the reasons to be taken from it, or only at the point indicated in the scheme.

Why it must be there, while adhering to the presuppositions made, is what the scheme endeavors to show. In the scheme, the lack of utilization leads to the reserve army, to a surplus of capital, to the restriction and stagnation of accumulation. The compulsion assumed in the scheme of an annual ten per cent increase of constant capital no longer permits, at a high stage of accumulation, the five per cent increase of variable capital thus assumed, because of the lack of surplus-value that has occurred; just as it further excluded the consumption part of the capitalists.

Thus also the additional constant capital cannot be fully invested, a part remains without investment possibilities; we have as a result of accumulation on the one hand surplus population, on the other superfluous capital. The critic writes to this:

"Grossmann has evidently not noticed that these 11,000 workers only become unemployed because he, quite arbitrarily, without giving any reason, passes the deficit (in surplus value) entirely on to variable capital and lets constant capital increase quietly by 10%, as if nothing were going on; but when he then becomes aware that for all these machines there are no workers, or more correctly, there is no money to pay them wages, he prefers not to have these machines built either and must now leave capital lying unused. It is only through this blunder that he gets into the 'school example' of a phenomenon that occurs in ordinary capitalist crises. In reality the entrepreneurs will only be able to expand their production as much as their capital, for machinery and wages together, will suffice. If there is too little surplus-value on the whole, it will (under the assumed technical constraint) be distributed proportionally among the components of capital; the calculation shows [...] that fewer workers will then be released (instead of 11,000 only 1,356) and there is no question of surplus capital. If one continues the scheme in this way, instead of a catastrophic release of workers, a very slowly increasing release of workers takes place."

Let us assume (which is not the case) that the critic is in the right here. But even then nothing is said against the collapse theory. Here, too, under the changed condition desired by the critic, the continuation of accumulation would become more and more difficult, and would ultimately also have to stop completely. There would probably be no surplus of capital, but still the lack of utilization, though more slowly, would bring accumulation to a standstill, quite apart from the fact that through the diminution and finite abolition of the consumption part of the capitalists accumulation has become "senseless." Here, too, a state of crisis would be inevitable, even without an abundance of capital, which could only be overcome by the continuation of accumulation which exceeds the "ability" of the capitalists, which excludes the *proportional* use of the diminished surplus-value.

That every crisis is characterized by unemployment and capital abundance is obvious to everyone. Likewise that every crisis is overcome by the aggravation and multiplication of exploitation, since this is identical with continued accumulation. That this is so is then admitted by the critic, who says that the quotations from Marx used by Grossmann in support of his view are probably correct, only they do not refer to a collapse, but only "to the economic crises, to the cyclical change of rise and decline." In fact, even according to Grossmann, Marx did not write any *particular* theory of collapse, but every crisis is to be regarded as a phenomenon of collapse, and the final collapse is nothing but an insoluble crisis. The so often quoted dialectical formula of the turnover of quantity into quality, between which necessarily lies a process, also explains the concept of collapse, which outlines nothing more than the moment of turnover. A turnover that always repeats itself on an extended ladder. Why, although every crisis is a collapse en miniature, can the system wriggle out of it? Because it can extricate itself on an *extended* basis. If this is no longer possible, the crisis can no longer be overcome. Precisely because Grossmann's theory of crisis is at the same time a theory of collapse, it coincides with Marxism; - nothing else can correspond to the law of value.

The extent to which the critic has misunderstood the meaning of the scheme is shown by the "contradiction" he has demonstrated between the collapse unrolling in the scheme and Grossmann's representation of the cyclical crisis. Here the critic should already have seen that the scheme does not want to be regarded as a reproduction of reality, while the representation of the crisis already comes closer to reality. But it still does not refer to reality "to which further reality is given only later, by taking into account the fall in value and prices connected with accumulation." The problem of accumulation and crisis, for example, is first studied under the condition of constant prices, in order to show "that the cyclical periods of upswing and depression are independent of the changes in prices of commodities and labour-power; that they are rather functions of the accumulation of capital." Constant prices and simultaneous accumulation are a practical impossibility, but the theoretical assumption of price constancy showed that even under such a condition, the unprofitability of capital must set in, that from the price level the crisis cannot be explained, but from the laws of accumulation itself, the "relation between the increment of profit and that of capital." The "blunder," like all the other remarks of the critic, are based on the false assumption that the scheme intends to reflect reality, and do not really deserve rejection. But even without the "blunder," the scheme nevertheless appears to the critic to be fundamentally wrong, since for him over-accumulation arises not from a lack of utilization, but from "too much accumulated surplus-value." Surplus value that finds no investment. Why it does not find one does not seem to interest the critic. He makes no effort to prove his view. But neither does he give any cogent moment against Grossmann's view. Since we are entirely on Grossmann's ground on this question, since the critic has not shaken Grossmann's position, we can only postulate his view again:

"If accumulation is to proceed, the organic composition of capital must grow, and then a relatively larger and larger part of it must be taken from surplus-value for the purposes of additional accumulation. As long as the absolute mass of total social capital is small - with a low organic composition - surplus-value is relatively large and leads to rapid increase of accumulation. E.g. at a composition of 200 c 100 v 1000 m, constant capital c (assuming the use of all surplus-value for accumulation purposes) can be increased by 33⅓% of its initial size. At a higher stage of capital accumulation, at a significantly higher organic composition of capital, e.g. of 14 900 c 100 v 150 m, the increased surplus-value mass, if used as additional capital, would only suffice to increase by 1%. With continued accumulation on the basis of an ever-increasing organic composition, a time must come when all accumulation ceases. This is so, if only because not every arbitrary fraction of capital can be used for the extension of production, but a certain minimum size is necessary, the extent of which grows constantly with the progressive accumulation of capital. Since, therefore, in the progress of capital accumulation, an ever larger part, not only in absolute but also in relative terms, is taken from the surplus-value mass for accumulation purposes, at the higher stages of accumulation, where the total social capital is large in extent, this part of surplus-value required for additional accumulation would have to be so large that it would finally absorb surplus-value altogether. A point would have to occur at which the portions of surplus-value destined for the consumption of the workers and the capitalists would diminish absolutely. This would be the turning point at which the tendency to collapse, hitherto latent, would begin to be effective. If the (a c part) destined for additional accumulation is diminished, if the tempo of accumulation is slowed down, this would mean that the apparatus of production could not be renewed and enlarged to the extent required by the progress of technology; a relative technical backwardness of the apparatus of production would

take hold. Every further accumulation in such a situation would have to increase the difficulties, since with a given population the surplus-value mass can be increased only insignificantly. The surplus-value flowing from previous capital investments would have to lie fallow; there would have to be an overflow of useless capital vainly seeking investment opportunities."
(H. Grossmann, *50 Years of Struggle for Marxism*)

Grossmann versus Marx

The critic endeavours in various ways to construct a contradiction between Marx and Grossmann. For example, he says that Grossmann makes a distinction (on the question of the release of workers) between unemployment caused by technical development and that which arises from the relation between $C : V$. The critic rightly says that for Marx $Pm : A$ (means of production and labour-power) and $C : V$ (constant and variable capital) are identical, only this remark is superfluous, since this is also the case for Grossmann. Why it turns is that although $Pm : A$ cannot be separated from $C : V$ can be separated, $C : V$ is nevertheless determinative of the capitalist laws of motion. $Pm : A$ is only the material side of $C : V$; $C : V$ - a reified relation is determining. Thus, then, the communist revolution has nothing to oppose $Pm : A$; on the contrary, it only detaches it from its capitalist shell $C : V$, since this shell - not $Pm : A$ - is responsible for all difficulties.

That an abundance of capital results from the lack of utilization, which in turn compels the export of capital, the critic further attempts to reject by quoting Marx: "If capital is sent abroad, it does not happen because it absolutely could not be employed at home. It happens because it can be employed abroad at a higher rate of profit."

Why do you think that is? Because the organic composition abroad is low, the rate of profit high. Grossmann has nothing against the critic's quotation, but this quotation says nothing against Grossmann. The better utilization abroad indicates the worse utilization at home. Grossmann did say that the lack of utilization compels the export of capital for the purpose of better utilization. But if we bring the critic's quotation in its completeness, then it becomes even more incomprehensible what the critic intended to say by referring to it:

"If capital is sent abroad, it does not happen because it absolutely could not be employed at home. It happens because it can be employed abroad at a higher rate of profit. But this capital is absolutely surplus capital for the employed working population and for the given country in general. It exists as such alongside the relatively surplus population, and this is an example of how the two coexist and mutually condition each other."
(m.e.w., vol. 25, *Das Kapital*, vol. III, p. 266)

But the question of the export of capital belongs to the tendencies directed against collapse; it leaves the theory of accumulation untouched and explains only modifications of the general law.

With much more justification the critic refers to Grossmann's unjustified assertion that Marx or Engels had misspelled in "Capital," a remark of Grossmann's which seems to us to be entirely superfluous; for when Marx says: "The same laws thus produce for social capital a growing absolute mass of profit and a falling rate of profit"; the fact of the relative fall of the mass of

profit lies precisely in this sentence, for the fall of the rate of profit expresses this very fact already. If Grossmann, in his footnote on this subject, says: "The rate of profit does not fall relatively, but absolutely," in order to make Marx's clerical error probable, this says nothing more than an ambiguity on Grossmann's part, which, however, cannot alter the correctness of his assertion that the mass of profit must also fall. Marx, after all, does not say that the rate of profit falls relatively, it falls absolutely, which at the same time expresses the relative fall of the mass of profit to the necessities of continued accumulation. Only so long as capital accumulates faster than the rate of profit falls, is accumulation accompanied by a rising mass of profit, which at the same time falls *relatively short of the rising demands of accumulation* given by this same process. Therefore, with necessity, at a high stage of accumulation, from the relative - the absolute decrease of the mass of profit must grow. Fall of the rate of profit and accelerated accumulation are two sides of the same process; in this proposition it already lies that the fall of the rate of profit is only another expression for the relative fall of the mass of profit. The critic further asserts that not only Marx's proposition referred to, but the whole of the 13th chapter is nothing but a statement of the law that the fall of the rate of profit caused by the "development of productive power is accompanied by an increase in the mass of profit," - if - ? but this the critic does not say.

The thirteenth chapter in particular is a single confirmation of Grossmann's view, - even if it does not do justice to the idea of the clerical error in the place mentioned. Marx proved and meant nothing other than what he actually wrote: that the development of capitalist production is characterized by the fall of the rate of profit at the simultaneous growth of the mass of profit. But Marx also said in a hundred other places that the capitalist relations of production ($C V M$) become the fetter of the forces of production. If an end is put to the development of the capitalist productive forces, so also to the condition where a falling rate of profit can be compensated by a growing mass of profit. The impediment to the further development of the productive forces can be no other state than that in which the falling rate of profit at the same time indicates the falling mass of profit. If the development up to this point is characterized by the increase of the organic composition of capital, then the fall of the rate of profit must already indicate the relative fall of the mass of profit, - without which there would be no collapse of utilization and also no revolution. Only for a time is the fall of the rate of profit compensated by growing mass of profit, and the former expresses the simultaneous relative fall of the latter. It must be asked, when does the relative fall of the mass of profit turn into the absolute? Marx has not failed to show when this must be the case. He says:

"It is further only necessary to mention here that, for a given population of workers, if the rate of surplus-value grows, whether by lengthening or intensifying the working day, or by lowering the value of the wage as a result of the development of the productive power of labour, the mass of surplus-value, and therefore the absolute mass of profit, must grow, in spite of the relative diminution of variable capital in relation to constant."
(m.e.w., vol. 25, *Das Kapital*, vol. III, p. 229)

It is clear that the reduction in the value of the wage of labor has its absolute limit, labor can never be completely surplus labor, even the intensification of labor has absolute limits besides the moral element which does not permit the attainment of these limits. Thus a point must occur where the mass of profit can no longer grow. In this case the fall of the rate of profit is no longer

accompanied by growing mass of profit but by falling mass of profit, but this point could further occur only because the mass of profit was already falling relatively, since accumulation and falling rate of profit are the same thing. When Marx says "growing mass of profit and falling rate of profit," this is only another name for the same thing: relative fall of the mass of profit absolute fall of the mass of profit, which is why Marx also distinguishes between relative and absolute pauperization of the workers.

Why can the fall of the rate of profit be compensated by the growth of the mass of profit? Marx says:

"If the rate of profit falls by 50%, it falls by half. If, therefore, the mass of profit is to remain the same, capital must double. For the mass of profit to remain the same as the rate of profit falls, the multiplier which indicates the growth of total capital must be equal to the divisor which indicates the fall of the rate of profit. If the rate of profit falls from 40 to 20, the total capital must increase inversely in the ratio of 20 : 40, so that the result remains the same. If the rate of profit had fallen from 40 to 8, capital would have to grow in the ratio of 8 : 40, i.e., fivefold [...]. In order that the variable component of the total capital should not only remain the same in absolute terms, but should grow in absolute terms, although its percentage as a part of the total capital falls, the total capital must grow in greater proportion than the percentage of the variable capital falls. It must grow so much that in its new composition it requires not only the old variable part of capital, but even more than this for the purchase of labour-power."

(m.e.w., vol. 25, *Das Kapital*, vol. III, pp. 232-233)

Only so long as capital grows at an *accelerated* rate can the fall of the rate of profit be offset by mass. If this is no longer the case, then the mass of profit must fall absolutely with falling rate of profit. Since capital must grow faster and faster, an end point must occur, since this growth cannot be satisfied by the surplus-value mass. Thus *growth itself*, accumulation, must already express the relative fall of the mass of profit, - which is then also identical with the concept of the falling rate of profit.

In American industry, between 1849-1914, workers' wages increased by 1 720%, raw materials by 2 578%, fixed capital by 4 000%. The ratio between C : V was 100 : 61. In 1919, after 70 years of growth in organic composition, each worker put 9 × more means of production into motion and 7 × more raw materials. At the same time the ratio between production and fixed capital fell. The following table shows that then further also in the period 1923-1929 constant capital grew faster than production and variable capital. Further, that during this period the change in organic composition was more accelerated than during the period 1849-1914. (From Lewis Corey "The Decline of American Capitalism" - the figures are taken from official material).

Growth of Organic Composition in American Industry from 1923-1929 (in Millions of Dollars):

Constant capital

	Fixed	Index	Raw materials	Index
1923	21 410	100,0	13 200	100,0
1925	25 457	118,9	13 600	103,0

1927	26 007 121,5	13 450	101,9
1929	28 235 131,9	15 450	117,0

Variable capital

Wages Index

1923	11 009	100,0
1925	10 730	97,4
1927	10 849	98,4
1929	11 621	105,7

Product value Index

1923	39 050	100,0
1925	40 378	103,4
1927	41 035	105,1
1929	47 335	121,2

Let's track the fall in the rate of profit:

American Industry 1923-1929 (in Millions of Dollars):

	Net Profits	Fixed capital	Profit rate	Total capital	Profit rate
1923	3 174	21 410	14,8	33 491	9,8
1924	2 418	22 410	10,7	36 491	6,1
1925	3 245	25 457	12,7	42 366	7,7
1926	3 213	26 618	12,1	45 273	7,1
1927	2 662	26 007	10,2	48 049	5,5
1928	3 461	27 025	12,8	50 017	6,9
1929	3 951	28 235	13,9	52 694	7,5
1930	878	28 987	3,0	52 121	1,7

The mass of profit lagged behind the growth of capital. The fall of the rate of profit expressed nothing other than the relative fall of the mass of profit in relation to the necessity of accumulation.

"This double-sided effect (rising mass of profit, falling rate of profit)," says Marx, "can only be represented in a growth of total capital in more rapid progression than that in which the rate of profit falls."

(m.e.w., Vol. 25, *Das Kapital*, Vol. III, p. 233)

This growth is at the same time the increasing prevention of the possibility of further growth and thus the relative decrease of the mass of profit, even if it grows absolutely. From the standpoint of the law of value, then, nothing else is possible. Marx says:

"The accumulation of capital, considered in terms of value, is slowed down by the falling rate of profit, in order still to accelerate the accumulation of use-value, while the latter in turn accelerates the accumulation in terms of value.

Capitalist production constantly strives to overcome these immanent barriers of its own, but it overcomes them only by means which confront it with these barriers anew and on a more formidable scale."

(m.e.w., Vol. 25, *Das Kapital*, Vol. III, p. 260)

Thus the point must occur to which Grossmann referred, where the demands of accumulation are so great that they can no longer be covered by the surplus-value at hand. In order to reach this point, it is self-evident that this tendency already contains the relative fall of the mass of profit, which manifests itself in the fall of the rate of profit.

The historical materialism

Almost everything that the critic has to oppose Grossmann from the historical materialist point of view is nothing more than the artificial creation of an antithesis between Grossmann and Marxism; for even Grossmann will not reject most of the arguments put forward. Everything that the critic misses in Grossmann is self-evident and needs no mention in a book addressed to connoisseurs of historical materialism. We already pointed out that for Grossmann there is no pure economism, by which the critic can also spare himself the charge of mechanism. The wage of labor, which for Grossmann "is not an elastic but a fixed quantity," (what else can it be on the ground of the law of value?) contains for the critic, for Marx, *but also for Grossmann* at the same time - in contrast to other commodities - a historical moral moment. Certainly the distribution of surplus value is not an automatic process, certainly in the dialectical total process the class struggle co-determines the workers' share, but nevertheless the struggle for the distribution of surplus value is definitely limited. And to point out this limitation is indispensable to understand the revolutionary movement of labor, to understand why from the struggle for the distribution of surplus value must necessarily grow the struggle for the abolition of the production of value. Marx showed how the wage of the workers cannot exceed a certain level for a long time, cannot fall below a certain level in the long run. The law of value is ultimately determining. It is not the class struggle that determines in the last instance the wages of the workers, but they determine their class struggle. The capital movement is stronger than the wage movement. Therefore, the wage movement must become the revolutionary one.

The New Labour Movement

The critic points out what seems to him only a close relationship between the political attitude of the new workers' movement and the conclusions resulting from Grossmann's views. He argues, for example, that since the new labor movement opposes the trade unions, it may seem useful to it to refer to Grossmann, who pointed out the "objective barrier" of the trade union movement. And yet he says: "The basis of the two views is different. The powerlessness of trade union action, which has long since occurred, is not due to an economic collapse, but to a social shift of power." For the critic, it is the concentration of capital that limits and nullifies the power of unions. But this shift of power, the process of concentration, is at the same time a process of collapse, and it is an empty tautology to oppose the collapse to the shift of power. However, the

shift of power cannot be called an "objective" limit in the *sense of the critic*, since for him apparently this shift of power has only a political - not an economic effect. However, only when the relative pauperization of the working class turns into the absolute pauperization, one can speak of an objective limit, the mere shift of power does not set limits, since the process of concentration also first allows the improvement of the situation on the basis of relative pauperization. The class struggles depend on the class situation of the proletariat, they will thus with necessity always have an economic character. Only when the collapse sets in, that is, when capital can continue to exist only on the basis of the absolute and permanent pauperization of the masses, does this economic struggle, whether the masses are aware of it or not, turn into the political one which poses the question of power. The economic situation remains the essential thing, the revolution is forced upon the people by this economic situation. One cannot oppose the economic theory of collapse to the revolution born of the will of the workers; the two are identical. But this identity also makes clear what real class consciousness is, and that the critic's argument against Grossmann is completely mistaken. Just as the capitalist relations of production at a high point of development prevent the further development of the productive forces, so they also prevent the full application of the moments of consciousness in the social process of life. And yet consciousness must ultimately assert itself, and it can do so under such conditions only by concretizing itself. People do out of necessity what they would do out of their will under free conditions. Just as the relation of exchange in capitalism, although only a relation between persons and not a tangible thing, nevertheless fulfils thoroughly concrete functions, becomes reified, so now in the revolutionary situation the alternative "communism or barbarism," which is quite realistic for the mass of men, becomes an active activity, as if this activity sprang directly from consciousness. The realistic situation becomes the revolutionary relation, which as such fills the masses and drives them, without the whole context being intelligible to their intellect. The mass uprising cannot develop out of "intellect-consciousness"; the capitalist conditions of life exclude this possibility, since consciousness is ultimately, after all, always only that of existing practice. And yet, the material necessities of life of the masses compel them to act as if they were actually revolutionarily educated; they become "deed-conscious." Their necessities of life have no other than the revolutionary possibility of expression. The revolutionary deed of the proletariat cannot be explained on other grounds than those of their material necessities of life. These are bound up with the economic condition of society. If there is no economic limit to capital, then revolution is not to be reckoned with. But for the Marxist and for Grossmann the economic limits and the proletarian revolution are identical.

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