The appearance of the first English translation of Marx's 1857-8 notebooks on political economy is a notable event, especially for those Marxists who have been unable to read it in the original.

To attempt a normal book review of such a work is impossible, and the problem is what to select from the wealth of material available in it. The selection made depends in part on one's own interest, and partly on one's attitude to Marxism.

One set of attitudes is to regard Marxism as a finished system containing all that is necessary to know the truth about society; the views of Marx himself (supposing them to be known without question) as resolving present-day arguments and problems; and the method employed by Marx (supposing that also could be established beyond doubt) as a special method, beyond scientific procedures, for revealing the truth.

The other set of attitudes (held by this writer) is to take Marx's findings as the foundation for a still developing theory of Marxism; Marx himself as the initiator, wielding his theory, of the modern revolutionary movement; and the works themselves as virtually inexhaustible sources of fundamental material, stimulating thought about individual problems, the dynamics of capitalism as a particular social system, and about general questions of society, history and philosophy.
One other major difference in attitudes is about prediction of the future. I share the views of those who reject the idea that marxism is basically a prediction of what will, inevitably, happen (Marx does speak in these terms on occasion), and consider the contradictions of capitalism rather as the ground of tendencies and possibilities inherent in the system, on which the actual revolutionary struggle must operate to achieve a projected outcome.

In this first article I set out to look at what Marx says in the Grundrisse about the basic 'contradiction' (1) of capitalism, its relationship to the development of the productive forces, and its significance for revolutionary practice today.

The main contradiction of capitalism may be briefly described as that between the social nature of production and the private nature of appropriation, this being the ground on which class struggle is generated. In the Grundrisse four main ways in which this contradiction expresses itself and their relation to the development of the productive forces are elaborated, and one cannot fail to be impressed again by the far-sightedness and subtlety of Marx's thought concerning them.

All these expressions of capitalist contradictions are of importance to revolutionaries today, including some which have been largely overlooked, perhaps because they do not figure prominently in more well-known works. In Capital, Marx concentrated on two aspects -- the periodical economic crises inherent in capitalism, and the falling tendency of the rate of profit.

1. Concerning economic crises, Marx assesses the respective merits and demerits of the understanding by economists of the processes of capitalism. One approach (exemplified by Ricardo) stressed the dynamic nature of capitalist development of production and productive forces, while regarding the barriers in consumption which disrupted it as accidental. The other approach (exemplified by Sismondi) stressed that capitalist social relations themselves caused barriers to this development because of the restricted income of the workers.

"Those economists who, like Ricardo, .... were heedless of the barriers to consumption ..... (and) having in view only the development of the forces of production and the growth of the industrial population -- supply without regard to demand -- have therefore grasped the positive essence of capital more correctly and deeply than those who, like Sismondi, emphasised the barriers of consumption .... although the latter has better grasped the limited nature of production based on capital, its negative one-sidedness. The former more its universal tendency, the latter its particular restrictedness. Ricardienne .... regards the barriers which production thereby encounters (that is, in exchange, or realisation -- E.A.) as accidental, as barriers which are overcome. He therefore conceives the overcoming of such barriers as being in the essence of capital .... while Sismondi, by contrast, emphasises not only the encounter with the barriers, but their creation by capital itself, and has a vague intuition that they must lead to its breakdown .... Ricardo and his entire school never understood the really modern crises, in which this contradiction of capital discharges itself in great thunderstorms which increasingly threaten it as the foundation of a society and of production itself.

The barriers to consumption created by capitalism referred to here are most clearly formulated by Marx in Capital where he says:

"The last cause of all real crises always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way, that only the absolute power of consumption of the entire society would be their limit."


In the same passage Marx also points out that the consuming power of the workers is restricted both by limits on wages and unemployment, which means that even this restricted consuming power "can be exerted only so long as the labourers can be employed at a profit for the capitalist class."

Marx is of course well aware that a large part of realisation occurs between capitalists producing means of production; that disproportions between different sectors of industry due to lack of social planning under private ownership also occurs (p.414); and that bogus transactions and speculation favoured by the credit system also may precipitate, deepen, or even on occasions cause, particular crises. But these features, important though they are in themselves and in the discussion of general crises of overproduction, are not their deepest source -- that is identified in the quotation above.

The limits on wages referred to are several. 'Absolute impoverishment' (a lower and lower standard of living) and 'relative impoverishment' (a possibly higher standard of living, but a falling 'share' of total production wealth and therefore a still richer capitalist class and a growing gap between the classes) have been much discussed by marxists.

Absolute impoverishment is a strand of thought in Marx's earlier writings. Martin Nicolaus refers in his foreword to an 1847 manuscript 'On Wages':

"The manuscript admits wage fluctuations over the short term, both up and down, due to 'changing fashions, seasons and states
of commerce', but argues that a downward ratchet effect was operative, preventing wages, once they had fallen, from ever rising again to their full previous level; so that, over the longer term, 'the minimum .... sinks ever closer to the absolutely lowest level' and '.... the quantity of commodities the workers obtain in exchange becomes ever smaller'. (pp. 47-8).

Later, especially after the development of the theory of surplus value, Marx acknowledged the possibility that there may be periods in which standards of wages and living will rise (e.g. p. 287), although the extent to which this has occurred for large numbers of workers in Australia and other industrially developed countries was not anticipated by Marx or the overwhelming majority of later marxists. Discussion of the reasons for this, its extent and limits, and its contradictory features are outside the scope of this article, as is a discussion of the generally greatly decreased levels of unemployment compared with pre-war.

This is not to say, of course, that an absolute decrease from the present level may not take place following inflation, the energy crisis, the increasing competition between capitalist states, and the expected recession following the strong world boom. On the contrary, it appears that economic class struggles will intensify, presenting possibilities as well as problems for revolutionaries.

The fallacy of 'absolute impoverishment' as a theory rather lies in viewing the revolution as being essentially the result of the workers being driven to it by absolute material deprivation caused by the inexorable workings of an economic law of the system. It is neither established theoretically in marxism that this will happen, nor that material deprivation will result in revolutionary consciousness, nor that struggle over the material living standards at any particular level is always the main expression of the contradictions of the capitalist mode of production on which revolutionaries should base their confidence in the victory of socialism.

Even 'relative impoverishment' (I don't know whether Marx actually used the term) can be restrictive of outlook if seen in the narrow sense of taking struggles around material living standards as always the main concern of revolutionaries.

Marx rather paid particular attention to the fact that wage labour, while of course enriching the capitalist, reproduced the relations with which it started -- reproduced the worker as a worker and the capitalist as a still stronger capitalist, thus maintaining and strengthening the domination of that class over the working class, while worsening the all-round position of the worker even if wages went up:

".... all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the labourer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labour-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labour-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the lot of the labourer, be his payment high or low, must grow worse." (Capital, Vol 1, pp.708-9).

Although the language may seem exaggerated, all the things raised have at various times been the cause of bitter struggles. More notable than the language is the multiplicity of the expressions of 'relative impoverishment', if that term is to be retained. This is given still more point in the further analysis below.

One other aspect of the 'limit' on wages referred to above should be mentioned. This does not mean a limit which is always the same set sum, but the fact that capital controls the starting and stopping of the production process just as it controls the details of its operation once in progress. This means that wages cannot rise to the extent that they obliterate profit:

"But as soon as this diminution (of profit as a result of rises in wages) touches the point at which the surplus-labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalised, accumulation lags, and the movement of rise in wages receives a check. The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalist system, but also secure its reproduction on a progressive scale." (Capital, Vol. 1, p. 680).

This does not mean that the economic struggle is hopeless or wasted, or that there is any inherent limit to the size of demands, but that the economic struggle cannot of itself be the agency of the overthrow of capitalism. It follows that the content of the economic struggle and its effects on the consciousness of the participants must be a main consideration of revolutionaries.

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2. The "surplus-labour in normal quantity" in the quotation above, refers to the average rate of profit. The tendency of this rate to fall Marx regarded as one of the main, if not the main, expression of the limitations of
the capitalist mode of production. But it is not entirely clear in just what way Marx thought the operation of this tendency would bring about the downfall of the system, though it was intimately related to crises of overproduction, and their progressive intensification.

Profit is the motive force, the aim of capitalist production. As class struggles improve the wages, hours of work and conditions of the workers, and as increasing profit comes to depend more and more on reducing costs of production through new machinery etc., the rate of profit tends to fall.

This is because the outlay on new machinery increases the total capital employed, and the rate of profit is the percentage of profit calculated on this total capital (as distinct from the rate of exploitation, which is the percentage of surplus value calculated on only the variable capital employed, i.e. the outlay on wages).

This fall in the rate of profit may happen at different times in different branches of industry, or in all together. In the latter case it is usually associated, though not identical with, the crises of overproduction already referred to which also reduces profits. Thus there is a check to the process of production and the expansion of production through accumulation -- a crisis which is sorted out by various means including depreciation of the value of much existing capital, until profitability picks up again through various means, including installation of more labour-saving machinery, which renews the cycle on a more advanced basis.

In Marx's view this has deep implications for the future of capitalism:

"The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given to be gone and to give room to a higher state of social production...... Since this decline of profit signifies the same as a decrease of immediate labour relative to the size of the objectified labour which it reproduces and newly posits, capital will attempt every means of checking the smallness of the relation of living labour to size of the capital generally, hence also of the surplus value...... by reducing the allotment made to necessary labour and by still more expanding the quantity of surplus labour with regard to the whole labour employed. Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the labourer, and a most straitened exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentaneous suspension of labour and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on ...... Yet, these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow." (pp. 749-50)

"The rate of profit is the compelling power of capitalist production, and only such things are produced as yield a profit. Hence the fright of the English economists over the decline of the rate of profit. That the bare possibility of such a thing should worry Ricardo, shows his profound understanding of the conditions of capitalist production. The reproach moved against him, that he has an eye only to the development of the productive forces regardless of 'human beings', regardless of the sacrifices in human beings and capital values incurred, strikes precisely his strong point. The development of the productive forces of social labour is the historical task and privilege of capital. It is precisely in this way that it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And the quantitative proportion means everything here." (Capital, Vol. 3, p. 304).

A number of problems arise however.

Firstly, is there any particular rate of profit which would extinguish the vital fire of production? It is hard to see this, since the attitude to the rate of profit seems to depend more on what others are getting. If most get 20%, capitalists are unlikely to invest happily at 5. But if the general rate is 5, the position will be different, especially when the total return is increasing because of the expansion of the total capital.

(It is true, of course, that unevenness in the fall of profitability in different parts of industry within a country, and between countries, is a cause of much conflict, but it is long-term changes which are the focus of discussion here.)

Secondly, there are such a variety of counteracting factors, the influence of some of which can be decisive for quite long periods, that prediction must be very circumspect. (This was, of course, why Marx called it a 'tendency').

In fact, crises of overproduction, which are intimately linked with the falling rate of profit, have not been "repeated on a higher scale" for the last forty years -- there are all sorts of counteracting factors to the occurrence and depth of crises of overproduction also. It is not possible here to examine these, but three seem of particular note among those referred to by Marx.

If radical change in the method of production of new machinery occurs, it is possible that the rate of profit will not fall at all, or may even rise despite the decline in the living labour power involved in operating these new means, and Marx refers to this
possibility. However the ‘scientific and technological revolution’ has been of such a radical nature that many economists feel that in the accompanying change from ‘extensive’ to ‘intensive’ development, capital may have even been ‘released’, so that the rate of profit may tend to rise.

This could be reinforced by the changed circumstances under which the conditions of production are prepared, including the taking over of many more responsibilities by the state.

Then there is the rise of the multinational corporation, which has found new means of maintaining or increasing profitability.

The other factor concerns the price of raw materials, and here the cost of energy, especially oil, stands out. Raw materials are an important part of constant capital, and if they are cheapened whether by economic, political or military means, the rate of profit may rise as the productive forces develop.

Perhaps here some attempt at prediction is justified. The energy crisis is a form in which the ecological issue has burst forth with unexpected suddenness and force, even though of course it is not purely ecological. In the present relation of world forces there is little chance that the Arab and other producers of the ‘third world’ can be prevented from halting the previous super-exploitation by imperialism, and greatly raising the price of oil as well as substantially controlling its distribution in pursuit of their own purposes. This will result in a substantial rise in costs directly and indirectly, and an intensified struggle to prevent a decline in the rate of profit by placing the burden on the working population in various ways. (3)

While oil is a special case, it is likely that other raw materials produced by underdeveloped countries will rise substantially in price, as those countries learn from the Arab example.

Thirdly, the tendency, even if inexorable in the long run - despite the many countering tendencies - might not be of great practical concern to revolutionaries today. Marx was writing over 100 years ago, yet the falling rate of profit, if empirically a fact, (2) has not crippled capitalism's motive force. Even were we to assume that given another 100 years it would, this is of a quite different order from the time scale available to us to make urgent fundamental changes. In the short period between now and the end of the century, vital choices of direction must be made which will alter all present pre-occupations.

3. The third aspect of the contradictions of capitalism dealt with by Marx in the Grundrisse is the very value-form itself -- direct labour time at the point of production as a measure of value. This arises where Marx has his remarkably prophetic discussion on the development of automation. (pp. 670-711). (4).

What are some of these implications?

"But to the degree that large industry develops, the creation of real wealth comes to depend less on labour time and on the amount of labour employed than on the power of the agencies set in motion during labour time, whose ‘powerful effectiveness’ is itself out of all proportion to the direct labour time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production .... As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure ....." (pp. 704-5)

As capitalism develops the productive forces on the basis of exchange value and surplus value as the economic forms, "...... to that degree does direct labour and its quantity disappear as the determinant principle of production .... and is reduced both quantitatively, to a smaller proportion, and qualitatively, as an, of course, indispensable but subordinate moment, compared to general scientific labour, technological application of natural sciences, on one side, and to the general productive force arising from social combination in total production on the other side ..... Capital thus works towards its own dissolution as the form dominating production.'" (p. 700)

"...... real wealth is the developed productive power of all individuals. The measure of wealth is then (when capitalism has sufficiently developed the productive forces -- E.A.) not any longer, in any way, labour time, but rather disposable time. Labour time as the measure of value posits wealth itself as founded in poverty ....." (p. 708)

It is not immediately apparent how this aspect of the contradictions of capitalism is expressed in life itself and in the class struggle, but probably it is to be found mainly in the further analysis presented below. However there is one, perhaps unexpected, way in which this contradiction is increasingly making itself felt today. That is also in the ecological field -- resources in this case -- and their pricing, with oil again the prime example. Where value is measured by expenditure of labour time (or in its modified form as price of production), there is no way in which the limitedness of the resource (or the effects of its exploitation on the environment) can be taken into account by economic and accounting criteria. Direct social intervention is necessary, with quite other than capitalist and profit considerations coming to the fore. The contradiction can be resolved only in a new social system motivated by human and social considerations.

4. In contrast to previous forms of society, Marx continually refers to what he calls the universalising tendencies of capitalism, where "Wealth does not appear as the aim of
production .... Thus the old view, in which the human being appears as the aim of production, regardless of his limited national, religious, political character, seems to be very lofty when contrasted to the modern world, where production appears as the aim of mankind and wealth as the aim of production. In fact, however, when the limited bourgeois form is stripped away, what is wealth other than the universality of individual needs, capacities, pleasures, productive forces, etc. created through universal exchange? The full development of human mastery over the forces of nature, those of so-called nature as well as of humanity's own nature? The absolute working out of his creative potentialities, with no presupposition other than the previous historic development, which makes this totality of development, i.e. the development of all human powers as the end in itself, not as measured on a predetermined yardstick? Where he does not reproduce himself in one specificity, but produces his totality? Strives not to remain something he has become, but is in the absolute movement of becoming? In bourgeois economics -- and in the epoch of production to which it corresponds -- this complete working-out of the human content appears as a complete emptying-out, this universal objectification (of human powers in the product -- E.A.) as total alienation, and the tearing-down of all limited, one-sided aims as sacrifice of the human end-in-itself to an entirely external end." (pp. 487-8).

"Capital's ceaseless striving towards the general form of wealth drives labour beyond the limits of its natural paltriness (evidenced in earlier societies in restricted production, consumption, outlook, etc. - E.A.), and thus creates the material elements for the development of the rich individuality which is as all-sided in its production as in its consumption, and the full development of activity itself, in which natural necessity in its direct form has disappeared; because a historically created need has taken the place of a natural one." (p. 325).

"Hence the great civilising influences of capital; its production of a stage of society in comparison to which all earlier ones appear as mere local developments of humanity and as nature-idolatry. ....... capital drives beyond national barriers and prejudices as much as beyond nature worship, as well as all traditional, confined, complacent, en-crusted satisfactions of present needs, and reproductions of old ways of life. It is destructive towards all of this, and constantly revolutionises it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces." (p. 410).

"(capital) has the tendency to heighten the productive forces boundlessly, (but) it also and equally makes one-sided, limits etc. the main force of production, the human being himself, (5) and has the tendency in general to restrict the forces of production". (p. 422).

In speaking of the general development of humanity, Marx identifies three main types of human relations in society: "Relations of personal dependence (entirely spontaneous at the outset) are the first social forms, in which human productive capacity develops only to a slight extent and at isolated points. Personal independence founded on objective dependence is the second great form (i.e. capitalism -E.A.) in which a system of general social metabolism, of universal relations, of all-round needs and universal capacities is formed for the first time. Free individuality, based on the universal development of individuals and on their subordination of their communal, social productivity as their social wealth, is the third stage."

How does the above contradiction of capitalism express itself, to those it limits and oppresses? There is a virtually unlimited variety of ways in which this may happen, a number having been mentioned above. Low wages, unemployment, being an appendage of a machine, being estranged from the intellectual potentialities of the labour process, being subjected to despotism within the labour process, enriching and strengthening the power of capital through surplus value, exploitation of resources, pollution of the environment, the gap between observed possibility from existing productive power and the reality, relations of domination (sexist, racist, national), wars to enforce domination, etc. all derive from and/or serve capital in various ways.

Which are the most important among these? I see no basis for holding that any one is necessarily the fundamental one. It will differ at various times and among different sections of workers, as well as other classes or groups. That party and that class which are striving to establish themselves as leaders of the struggle for the new society must be involved in struggles around them all, and see their relation to each other in the given circumstances. Without this, without establishing a general critique both in theory and practice of the existing society, and a general outline of how the contradictions of that society are to be resolved in principle in the new one, it is idle to talk of a counter-hegemony, and therefore idle to think of being able to challenge the power of the capitalist state.

All struggles must serve to develop the awareness (class consciousness) of oppressed classes and groups as a pre-requisite to undertaking the struggle against capitalism and its state, and initiating construction of the new society.

"The recognition of the products as its own and the judgment that its separatism from the conditions of its realisation is im-
proper -- forcibly imposed -- is an enormous advance in awareness ... and as much the knell of its doom as, with the slave’s awareness that he cannot be the property of another, with the consciousness of himself as a person, the existence of slavery ..... ceases to be able to prevail as the basis of production.” (p. 463).

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Thus, in the Grundrisse, we find an extremely many-sided treatment of the contradictions of capitalism, and of the meaning of the restriction of the development of the productive forces by that social formation. A restricted understanding of this central feature has restricted the thinking of many marxists, especially the traditional communist parties.

The Grundrisse reveals many important aspects of Marx’s thought which were buried before, and also shows the all-sidedness of his thought, which should be emulated by his followers in today’s very different conditions.

NOTES.

1. I hope in a later article to discuss the general question of contradictions.

2. Joan Robinson in ‘An Essay on Marxian Economics’ and ‘Economic Philosophy’ has challenged the proposition of the falling rate of profit on theoretical and factual grounds. Joseph Gillman indicates that there was a decline till 1920, but in general not since then.

3. It is also true that the oil companies could possibly increase their profits despite paying a higher price to the producing countries, but the capitalists as a whole cannot but have stresses put on their profitability.

4. Martin Nicolaus, incidentally, correctly points out that this does not mean that Marx considered that the industrial worker would disappear under capitalism, to be replaced by engineers and technicians, now to be considered “the vanguard”. There are counter-tendencies, and the process is not quick or smooth. But increasing mechanisation and automation is a tendency, and its implications deserve as much attention as, say, the tendency of the rate of profit to fall.

5. In “Philosophy for an Exploding World” I said that, in Marx’s works, to my knowledge, there was little evidence that he included the producers in the concept ‘productive forces’. The Grundrisse provides ample evidence that he did. I hope to discuss this point further in a later article.