8

Historical Materialism and Dialectics

In this chapter we first look at the two philosophical sources, (naturalistic) *materialism* and Hegelian *dialectics*, out of which Marx welded a synthesis, *historical materialism* (cf. section from the *German Ideology*, 1846). Inspired by the concern of the materialists with real life, Marx applied the progressive achievement of Hegel's 'realm of freedom' to the emancipation of wage labourers, who in the Western Europe of his day lived and worked in the most appalling conditions—as they still do on other continents today. This led him to challenge the liberal idyll of classical political economy (section 2). Finally I look at the concept of socialisation as developed by Marx and by later Marxists and how it was applied to *imperialism*, the aggressive incorporation of distant lands by the developed capitalist states.

1. BUILDING BLOCKS OF HISTORICAL MATERIALISM

Marxism, as has often been noted, is based on a synthetic critique of three intellectual traditions:

- *French materialism*, which in that country (and in Marx's own days, in Germany) had developed as a left political movement attacking religion and the absolute monarchy. Marx was inspired by this movement but also criticised it for not taking into account historical social context and the subjective, creative aspect of human action.

- *German idealism* (more particularly, Hegel's idea of dialectics and objective rationality). This provided Marx with a critical method using the concepts of negativity and alienation (whilst rejecting Hegel's idealist metaphysics);

- *British political economy*, which held that capitalist society is based on the market exchange of equivalent values, ultimately units of labour time. Marx applied Hegel's dialectical method to this to reveal the contradictory nature of value as use value and exchange value, that is at the root of the accumulation of capital.

Let us look at materialism first.

The Limits of Naturalistic Materialism

As we saw in Chapter 1, *materialism* holds that all that we experience emanates from nature. It was conceptualised by the Greeks of antiquity already, but resurfaced at the end of the European Middle Ages when a new natural science (Copernicus, Galileo) led thinkers to revive the idea that everything around us is a product of nature, including our ideas.

The 16th, early 17th-century English materialist, Francis Bacon, still developed a critique of ideology from this premise, but later materialists followed the instruction of the Anglican church that research into nature was permitted as long as God and the church remained untouched. This produced the agnostic empiricism of Locke and others, referred to in Chapter 1; it also allowed Isaac Newton to be a true revolutionary as a scientist, and yet remain a devout Christian too.

In France (and later in Germany, Russia, and elsewhere), materialist thinkers did not obtain such a licence. They faced the solid bloc of an absolute monarchy (with a social basis in a land-owning aristocracy) and an unreconstructed catholic church. Hence materialism developed in the context of overt political opposition to the existing order. Questions concerning the divine right of the monarch, the social role of the priesthood, indeed the existence and life of Jesus (contesting the magical/miraculous

side of it), all were subjected to scrutiny in light of natural science. In the Enlightenment, 18th-century materialists like La Mettrie (who held that man is a machine), Holbach, and Helvetius, contributed to a mechanical understanding of the universe. They took a dim view of religion, and by implication, of the spiritual side of humanity.

Materialism was not the only strand in Enlightenment thought. Certainly Charles (Baron de) Montesquieu (1689-1755) conceded that 'man, as a physical being like other bodies is governed by invariable laws'. But he also maintained that 'as an intelligent being, he incessantly transgresses the laws…, and changes those of his own instituting' (quoted in Seidman, 1983: 32). Thus he sought to salvage, if not religion as such, at least the recognition that in the constitution of different (including non-European) societies, religious and other metaphysical spirituality played a major role.

Marx was attracted to the political radicalism of the materialists, who broke with the fatuous speculations of the Hegelians about the World Spirit and the self-movement of the Idea, and who talked about real people. The favourite of the left students in the Rhineland of those days was Ludwig FEUERBACH (1804-1872).

Feuerbach came to the fore in the democratic movement in Germany in the 1830s and wrote one of the many materialist critiques of religion in the spirit of Holbach and Voltaire, *The Essence of Christianity* of 1841 (other typical titles were Strauss' *Life of Jesus* or Bruno Bauer's *Critique of the Synoptic Gospels* (Therborn, 1973: 7).

To Feuerbach, thinking is the activity of brain matter, and ideas are best compared to a phenomenon like fire. Just as the colour of flames *reflects* the chemical composition of the material burning, so ideas reflect the condition of man. The belief in God thus can be seen as a reflection of an inner nature, which is the subjective (but natural) essence of humanity (Feuerbach, 1971:

76; cf. his *Lecture on the Essence of Religion*; cf. Althusser on Feuerbach's role in the development of Marxism).

Marx rejects this on two counts (cf. *Theses on Feuerbach*, 1845).

1. People make their own world from nature, but they are not merely acting out a natural programme; how otherwise are they able to look at their own life and society critically? But then, if God is not the inspiring force of thought, who/what is?

2. The second criticism was that there is no essential 'man', only people living in historically concrete societies. Society changes, and in religious matters, it will bring forth projections about divinity and salvation that are peculiar to that particular type of society.

The second proposition leads straight to what was to become *historical* materialism (in contrast to naturalistic, bourgeois materialism): people create their own world out of nature, but the different forms of society that result, then constitute *a second nature* further shaping their thoughts and actions. Indeed in the words of Anton Pannekoek, 'the fundamental tenet of materialism that the spiritual is determined by the material world, means something completely different in the two doctrines'.

> To bourgeois materialism it means that ideas are the product of the brain, to be explained from the structure and the transformations of brain matter, and hence, ultimately, from the dynamics of the atoms in the brain. To historical materialism, it means that the ideas of man are determined by social circumstances; society is the environment which through his senses impresses itself on him (Pannekoek, [1938]: 25).

In the 1840s, the question of how thought develops in relation to the material world, allowing the mental realm to be constituted relatively independently, could no longer be answered in the spirit of Montesquieu, as a matter of 'on the one hand…on the other'. The German idealist philosophers had developed this aspect to the point where a more conclusive solution had come within reach, dialectics. This is the second constitutive aspect of historical materialism.

From Kant's Antinomies to Hegel's Dialectics

To understand the dialectical component in historical materialism ,we must briefly go back to Kant's subjective idealism and to Hegel's critique of Kant. In Kant's thinking, rationality ('reason') is a quality of the subject; the human mind is endowed by nature with the inborn 'categories', time, space, causation. The real world, however, is ultimately unknowable, so human reason is primarily approached in epistemological terms.

The categories only allow judgement of empirical phenomena; once Reason probes beyond the sphere of the phenomenal, the rational categories become entangled in contradiction, 'antinomies' (Kant, 1975: 463ff). Whether man is free or determined, whether the world has a beginning and an end, or is infinite, are such antinomies, logical contradictions that cannot be solved, Kant demonstrated in the *Critique of Pure Reason* of 1781 (making the case for each position on opposite pages). Human rationality in other words falls short of being able to grasp the essence of things in a non-contradictory way (Ibid.: 84).

G.W.F. HEGEL (1770-1831) lived through the period of optimistic expectation that was the Enlightenment, as had Kant (1724-1804). But he also witnessed the rise and fall of Napoleon and the restoration that brought back the Bourbon monarchy. Notwithstanding these huge swings of the political pendulum, it seemed as if the direction of social change remained broadly on the same track. Whether the bourgeoisie ruled politically, as in the French Revolution of 1789 and again after 1830, or was excluded from politics, as in the continental monarchies including Hegel's own Prussia; it appeared that everywhere, social development was going into the same direction. Whatever the *intentions* of the social forces in power, there was in other words an *unintentional* process of social change that developed at the same time, apparently on its own

account.

This led Hegel to postulate an *inherently rational world* that develops according to a logic of its own. 'Reason' is therefore *objective*, although it is the human quest for freedom which brings it to light and incorporates it into its (historical) civilisation. So both ontology (the world is inherently rational) and epistemology (objective rationality becomes evident in the historical process of humanity seeking to master it) are equally involved. Epistemology in other words is the mechanism through which the inherent rationality of the world is revealed and actualised (*dialectics*).

All this had to be constructed 'abstractly', as speculative thought, because in the Prussia of Hegel's days, the social changes of which the bourgeoisie was the protagonist (as in Britain), were not apparent; what reached Berlin were effects and echoes (often transmitted by the legal-administrative reforms of the Napoleonic era). Hence, as Gramsci put it, 'What is practice for the fundamental class becomes "rationality" and speculation for its intellectuals' (Gramsci, 1971: 115-6; cf. Marcuse's *Reason and Revolution*). One result of this is that Hegel still today is considered a sort of crank in the Anglophone world (cf. the particularly brutal chapter in Russell, 1961). Yet his mode of thinking (no doubt difficult and phrased in often obscure, mystical language) articulated the idea that a pervasive, spiritual force (progressive liberalism) expresses itself in opposites: separate statehood, nationalist mobilisation, class conflict, and war. The sphere of clashing wills, intentions on the one hand, and the involuntary process of historical change on the other, are related, but *dialectically* so.

Let us concentrate on how this dialectical understanding that a single historical force develops through conflicting, mutually opposite instances, solved the problem raised by Kant that the mind (subjective rationality) runs into contradiction when it tries to answer questions about the essence of the world (our column 4).

First, Hegel claims, contradiction is not a borderland of thought where we should not venture; it *is* the essence of being. 'All things are in themselves contradictory,' he writes in the *Science of Logic* (I quote from the excerpts in Lenin, 1973: 128-9, emphasis added). If thinking, in trying to reach the

essence of being, runs into contradiction, this is because *contradiction is the essence of things*.

> Compared to it, *identity* is merely the determination of the simply immediate, the dead being; [*contradiction*] however is the source of all movement and liveliness; only insofar as something contains a contradiction within itself, it moves, has drive and activity.

Secondly, there cannot be limitations to the grasp of the mind, because 'mind' is the rationality of everything that exists. It is the Idea that acts through, and is realised in, the restless pursuit of knowledge by historical mankind. The thinking part of the world, here has been amplified to encompass everything in existence ('World Spirit'); for if something is to be part of rationality, it must be capable of being thought. Since everything is in principle knowable, the world is objectively rational. 'What is rational, is real, and what is real, is rational' (Hegel, 1972: 11). That which lies at the other end of what is perceived by the senses (the thing-in-itself', Kant's *Ding an sich*) according to Hegel is also a product of thought—what else could it be? 'These very things, which are supposed to stand on the other extreme beyond our thought, are themselves things of the mind... the so-called thing-in-itself is only a mental figment of empty abstraction' (Hegel in Lenin, 1973: 83).

So what we call 'objective', is subjective first, because *we* apply the label. There is no reality which is not primarily part of the collective mind-set which humanity *develops* and which, as Hegel claims, goes back to a primordial, inherent rationality. Consciousness 'progresses from the first unmediated confrontation between itself and the object, to absolute knowledge,' he writes (Lenin's excerpt, 1973: 88). Ultimately, *the object is absorbed entirely within the* (collective) *subject*—it has no *meaningful* existence outside of it, outside humanity-in-the-world (McCarney, 2000: 27; Kojève, 1968: 307).

Kant's fault, Hegel writes, is to juxtapose the subjective (mind) and the objective (world; cf. lecture on Kant). But the Kantian categories (time, space etc.) which represent what is general and necessary, are not just subjective, they are also *objective*; their existence is not confined to judgement (Hegel, 1923: 68). When people think, they partake in a world-historical process of

thought, which itself must be seen objectively, as a World Spirit, the rationality of it all—God.

Here Hegel takes up the heritage of Spinoza (cf. Figure 1.3), who spoke of 'God *or* nature'. But he gives it a historical twist by introduction the element of *development*. Hegel sees the totality of divine spirit and material reality (nature) not as a given, but as a *contradictory process*. Humanity, confronted initially with a world which it does not understand, gradually masters that world in thought by its restless quest for meaningful freedom. Eventually it achieves *rational freedom*, it wants only those things that are possible—when the laws of the ideal state (Prussia!) coincide with the laws of objective rationality. 'God' in fact is a phase in this process, not a supernatural being himself (McCarney, 2000: 45); Hegel rejects Schleiermacher's idea of inner religiosity as 'true' (Kojève, 1968: 259).

In our figure, the step from subjective rationality to objective rationality may be depicted as follows: the human spirit is an active part of the World Spirit; subjectivity is meaningful in that it provides the energy ('desire', 'passion') to overcome the contradictions between the inherent order of things and what humanity has understood as rational. Hence we may also say that the World Spirit, the Idea (Reason) works through humanity *to realise itself* in actuality. The intellectual activity of the (collective) subject is a mediating instance, adding a temporal dimension—it takes *time* before the 'dialogue' between humanity and the world in which it finds itself, results in the manifest identity of reality and rationality.

Dialectics, according to Hegel, is a historical process of mastering the inherent order of the world (rather than a static epistemology). It involves the following 'moments':

- Abstract thought (establishing facts and straightforward empirical connections)

- Scepticism, in which thought rises above itself through *negation* (which is how thought affirms its autonomy from the appearances confronting it, McCarney, 2000: 85-6). Thus it is enabled to go beyond

the obvious, the 'empirical', and establish what is inherently necessary and integral in what we encounter.

- Speculative, positive-rational thought in which we reach the higher plane of complex understanding.

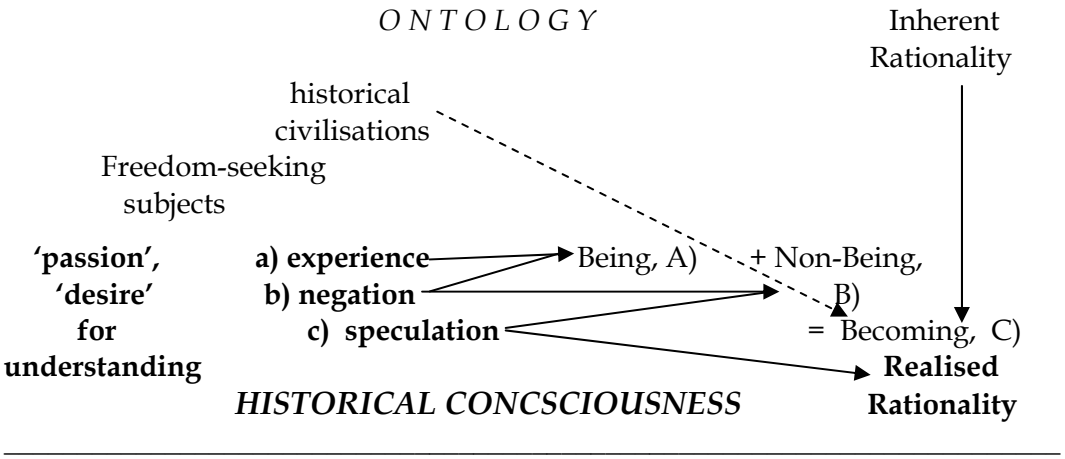
Note that 'speculative' thought, thought going beyond what is evident, is here seen as the highest form of thinking; whereas in the empirical tradition, it is a ground for disqualification.

The above triad has been popularised as the three steps of *thesis – antithesis – synthesis*, in which the synthesis is again a new thesis, and so on. Importantly, this differs from positivist 'testing' in that the 'negative' (anti-thesis) *also contributes 'positively' to evolving truth.* As Hegel puts it,

> the dialectic has a positive result because it has a *determined* content, or because its result is really not the empty, abstract nothing, but the negation of *definite determinations*… The rational, although it is something in thought and [hence] abstract, is therefore simultaneously *concrete*, because it is not a simple, formal unity [of ideas], but the unity of different determinations (Hegel, 1923: 106, emphasis added).

In Figure 8.1, the ontological development trajectory has been pictured as an aspect of 'historical consciousness' (as noted, preferable in this tradition to 'epistemology'; the driving force, rational thought, is given in bold).

Figure 8.1. Hegel's Dialectics: Ontology and Historical Consciousness



So the 'march of history' is in fact an intellectual trajectory, of which civilisations, or in modern terms, 'state/society complexes' (Cox, 1981, because having a state and how it relates to its society is crucial for Hegel) are the collective subjects. Marx combined some of the key insights in this imposing edifice, notably the idea that we experience change through contradiction, with his materialist starting points—people create their own mental *and* material world. Thus he arrives at the idea of history as the history of class struggles.

2. MARX'S TRANSFORMATION OF DIALECTICS

Hegel's system ends with closure—the real, which *is* the rational all along, has been realised as such. Many have been eager to proclaim the 'end of history', most recently, Fukuyama after the collapse of state socialism—but Alfred Weber proclaimed it when Nazi Germany collapsed, and of course, Hegel himself did so when he witnessed Prussia's defeat at the hands of Napoleon, at Jena in 1806.

For Marx, history is an open-ended process, and rationality is itself historical, a product of the changes in and of society. The dialectic is no longer a universal principle of movement of all that exists, but contained within the historical process. Contradiction for Marx was not to be found in the thought process itself. It resides in the tensions between humanity as a part of nature and as a historical force; between the ruling classes and ideas, and those arising from other sources in society; in the various aspects of exploitation (of nature, in social relations) and domination.

Productive Forces and Relations of Production

Marx was among the many young intellectuals who were in opposition to the authoritarian Prussian monarchy in the post-Napoleonic restoration period. Socially, Prussia in the 1840s was being transformed by incipient capitalist relations; notably the western, Rhineland provinces of the kingdom. There Marx witnessed what we today would call, processes of *privatisation* (his first piece was on the fact that the ancient habit of villagers to gather wood, was declared theft because forests were being parcelled out as private property, wood theft article, 1842).

This gave rise to the idea that whilst people exploit nature to create their own conditions of existence, this process is always contained in a *historically specific* pattern of social production relations including a particular mental world, in which different classes confront each other. The social labour process according to Marx is

> a process between man (*Mensch*) and nature, a process in which man mediates, regulates and controls his metabolism with nature by his own action. He confronts the substance of nature (*Naturstoff*) as one of its own forces, setting in motion arms and legs, head and hands, the natural forces of his body, in order to appropriate what nature yields in a form useful for his own life. Whilst influencing and changing external nature in this movement, he simultaneously changes his own (*MEW*, 23: 192).

The exploitation of nature, including humans' inner nature (their mental world), yields what are termed the *productive forces*. It is important to see that this is not a matter of raw materials only; the human material actually comes first. A particular level of control of the original forces of nature (including control of the human instincts, random violence etc.) combines with certain social relations, which Marx defines as the *relations of production* (in the early works he speaks of the form of social intercourse, '*Verkehrsform*' which is more attractive because it is less 'economistic'). The combination is captured by the notion of a *mode of production*.

'The original unity between a particular form of community (clan) and the corresponding property in nature', Marx writes,

> has its living reality in a specific *mode of production* itself, a mode which appears both as a relation between the individuals, and as their specific active relation to inorganic nature, a specific mode of working (which is always family labour, often communal labour)... *The community itself appears as the first great force of production* (Marx, 1973: 495, emphasis added).

A real society will always present a confusing picture of groups and communities with their particular bonding mechanisms and ideological expressions. The concept of mode of production makes it possible to detect, within this complex array, a particular axis of exploitation, and a particular class antagonism—master/slave, lord/peasant, capitalist/wage labourer. A concrete society combines the classes belonging to one mode of production

with others; *class* in that sense is an abstract concept, not a surface phenomenon as are work, residence and gender patterns, church membership, etc. which under normal circumstances primarily define identities.

The core class struggle is not so much the 'internal' antagonism of each mode of production either, although a mode of production is about exploitation (of nature and of people). What 'class struggle' as a historical principle refers to, is this exploitation in combination with

- raising the level of development of the productive forces to the point where they turn into an obstacle to their further development;

- the emergence of new social forces associated with a possible new mode of production.

Once social development enters into this conjuncture, the entire political-ideological constellation becomes unstable, because in addition to the 'internal' class struggles (lord/peasant, capital/labour…), a historic conflict between the forces associated with the existing order and forces responding to the need to move beyond the existing political-juridical order, erupts. This is the Marxian concept of *revolution*.

In Marx's thinking, the principle of contradiction is clearly very much alive. But unlike in Hegel, it is *not a principle of nature* itself. Engels sometimes played with this idea, giving examples from mathematics and positive/negative in electricity. There are enough parallels that make it very tempting to think that Hegel indeed had discovered a universal principle of movement. So in the Big Bang theory of the origins of the universe, the argument is that in the explosion of primeval energy, matter and anti-matter formed at the same time, but matter had a slight edge (101/100) so that the universe keeps expanding as matter rather than anti-matter, etc., etc. But dialectics for Marx is not a law of nature—here some of the most prominent Marxists misread his legacy, including Engels when he began to popularise Marx's thinking, and certainly Lenin.

Van Erp distinguishes *three meanings of dialectics* in Marx.

- First, when used in the way of *the dialectic between productive forces and relations of production*, or between basis and superstructure, itapplies to a specific relation-in-movement. This is the ontological aspect, which however is confined to *historical change through class struggle*.

- Secondly, there is the dialectical structure of a work like *Capital*: an abstract element, the commodity, is taken as the starting point of the analysis, its inner contradiction is established, money is then introduced in its role as the general equivalent and exchange, money becomes capital, and so on, building towards an ever-more concrete understanding (moving *from the abstract to the concrete*) by bringing in ever further complications and real additions. This is the aspect of developing consciousness, which includes epistemology (I come back to this in the final section on Applying the Method).

- Thirdly, dialectics for Marx is always *limited*. By the necessity to link the concept of reality to the image of the concrete; and by the recognition that *concept and reality are distinct* (van Erp, 1982: 169).

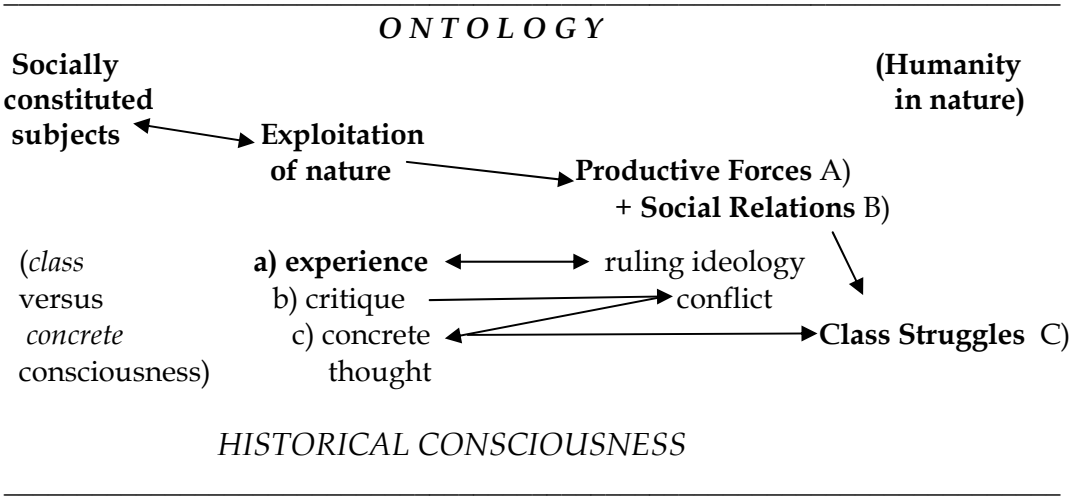
Van Erp's claim is that with Marx, dialectics is *negative-critical*, whereas in materialist-economistic Marxism (cf. section 3), it is positive-metaphysical, a dialectical materialist *philosophy of history* (van Erp, 1982: 80-1; Knafo, 2002). Colletti in *Marxism and Hegel* even argues that Marx is closer to Kant than to Hegel, because Kant assumes that there is a reality beyond what is rational, a reality which is not necessarily rational. Kant 'maintains the distinction between real conditions and logical conditions; so that, having recognised that thought is a totality, he considers it (precisely because the totality is only of thought) to be only one element or one part of the process of reality' (Colletti, 1973: 118).

But to suggest Marx went back to Kant, is to overlook the crucial transformation of thought achieved by Hegel, who *historicized* philosophy, whereas Kant still proceeds from the individual, knowing subject. Marx too applies a *historical rationality*; his dialectics is a method that emerged in the

bourgeois era and the unfolding of its specific external and internal contradictions, and can be used to criticise ideological self-representations of that era, in which we still live and *from which* we also survey other epochs.

In figure 8.2. below, I have tried to capture, staying as close as possible to the elements of figure 8.1. (and using the format of the original Figure 1.2), where Marx's historical dialectics differs from Hegel's. The important thing to retain is, a) there is no final conflation between ontology and consciousness, and b) there is no closure, 'end of history'. The essence of society is that it is historical, and 'all history is the history of class struggle', anchored in the exploitation of nature; history is open-ended, the tension with nature cannot be overcome. The driving force (centred on the exploitation of nature, and including experience) is in bold.

Figure 8.2. Marx's Transformation of Dialectics in Historical Materialism



The Critique of Political Economy

We can now understand why Marx does not attempt to confront the bourgeois interpretation of economics with a 'correct' economics of his own. He rather seeks to discover the conditions for emancipation of those held captive materially and ideologically by the prevailing power/productive

relations, and to discover where the inner contradictions of the present point to a different society maturing in the context of the present.

This prompted him at some point to devote himself entirely to the critique of classical political economy (Smith, Ricardo) because these theories maintained that ultimately, liberalism holds the promise of a harmonious society.

Adam Smith still claimed that the market works as an equilibrating mechanism synthesising the individual pursuit of gain into collective well-being. He wrote against the background of the early stage of manufacturing, the economy of small establishments trading with each other as market parties. The *division* of labour (with its implication of an organic unity and a logical place for market equilibrium), not the *exploitation* of labour, with its implications of disequilibrium and inequality, was what concerned him. Yet Smith is already aware, Marx observed,

> that the really big advance in the productive force of labour begins only when it has been transformed into wage labour and the conditions of labour confront it as landed property on the one hand and capital on the other. The development of the productive force of labour therefore begins only under conditions in which the worker himself can no longer appropriate the results of it (*MEW*, 26.1: 41).

Ricardo grasped what had changed since Smith, but still maintained (as in his theory of *comparative advantage* in foreign trade) that the market is the final arbiter of a society's or an individual's chances, thus naturalising the capitalist economy.

Marx's analysis of the capitalist mode of production on the other hand applies dialectics to it to explain its pattern of development and moments of transformation. Engels (who was entrusted with running a factory in England owned by his family), was in a position to tell him a few things what the development of the productive force of labour meant for the actual workers, who by then were beginning to resist the ruthless exploitation of men, women and children on which capital preyed.

The critique begins with distinguishing two aspects of every good in the market—its *use value* (the practical use to which something can be put—

sitting on a chair, eating pork) and its *exchange* value, determined by labour time. To try and calculate values (today, in which simple labour hardly matters any more, so how to calculate the value of the work performed by a trained engineer) is to mistake this abstract concept for an empirical one. What is empirical are prices, not values.

The key to Marx's insight into capital is not the labour theory of value (which was the standard fare of classical political economy), but the contradiction hidden in the commodity form. However, here a Hegelian understanding of dialectics misreads the meaning of that analysis. Most studies on Marx's method by Second or Third International or Trotskyite Marxists have suffered from this misreading. Lenin, Soviet author Wygodski (1970), or from Czechoslovakia, Zelený (1972), in this respect make the same mistake as the Trotskyite Roman Rosdolsky. All of them see the commodity as a cell form containing the entire future development of capitalism in its DNA, as an inherent rationality realized in historical development (cf. figure 8.1). Thus Rosdolsky quotes Lenin that the commodity contains *all* the contradictions of that society, 'from its beginnings to its end' (Rosdolsky, 1974, 1: 165, cf. Lenin, 1973: 340).

However, as Ritsert has argued, the method of historical materialism is much more open. In addition to a *logical-analytical* procedure dissecting the commodity into two contradictory aspects (use value and exchange value), which can be seen to determine more complex arrangements, there is also a *historical* line of argument centring on the expropriation of direct producers. This is a precondition of the universal commodity economy, but not itself an aspect of the commodity's dual nature.

Finally, the development of money out of the commodity can certainly be argued from the exchange value aspect of the commodity, but its real development into capital can only be understood in combination with expropriation and hence, relies on an empirical-historical dimension of social development that is not in any way pre-programmed. So if there is a 'logic of development' that begins with the commodity, it is one in which it is itself transformed and turned into qualitatively different entities (e.g., commodity-money-capital). These cannot be reduced to the first element in the succession, but add new qualities with each step (Ritsert, 1973: 14-7).

In this sense we may read Marx's analysis in *Capital* as follows.

a) every commodity has a *use value* (the substantive, material component of a good or service); and an *exchange value*, the good/service as measured in labour time.

b) Labour power in a capitalist economy is a commodity with these two components, too. Exchange value is remunerated on the basis of equal exchange, as wages, in conformity with the law of value. Its use value (the capacity to work, to produce new wealth) is appropriated in the actual labour process by the capitalist entrepreneur without being remunerated as such. Thus the capitalist obtains an increment (*surplus value*) that will eventually appear, after sales, as *profit*. In this way Marx shows that while on the surface, the exchange of equivalents is a convincing claim of the classical political economists (otherwise people would not in the long run exchange); it yet can be accompanied by its negation, which is that on a crucial dimension, that of wage labour, the particular use value of labour power enables an *un*equal exchange at the same time. This contradiction is at the source of struggles within the production process, struggles over the introduction of productivity-raising machinery and work organisation, and so on.

c) The world that capital is intent on exploiting, is not capitalist, but also pre-capitalist—at the end of vol. I of *Capital*, Marx reminds the reader that capitalist accumulation is always premised on the violent separation of people from their independent livelihood ('original *expropriation*' rather than 'original accumulation', as the classics called the initial collection of a starting capital). Colonialism, enclosures (the English model for the privatisation of common lands as with the Rhineland forests), war, colonial plunder, all contribute to this expropriation which 'liberates' labour for exploitation via a labour market.

d) The capitalist economy also consists of several *sectors* ('Departments'). They produce inputs for themselves and for each other (machinery, wage goods, luxury goods). Their different relations to the workers—only a cost factor for equipment and luxury producers, but for wage goods producers,

a market as well. So the capitalists are differentially related to labour, as producers of these different categories of goods. But there are also different types of capitalists across the cycle of capital (Money-Commodities-[Production]-Commodities-Money): money capitalists, commercial capitalists, and productive capitalists. In vol. II of *Capital* the problems associated with the mediation between these different categories (or *fractions*) of capital are addressed. Here, not the contradictory nature of capitalist development, but its 'systemic' aspect is analysed (note the affinity with the problematic of the Regulation school).

e) In Vol. III, finally, the analysis reaches the surface level of capitalist society, including for instance land ownership and its share in distributed profit. Profit is distributed by the price system over the various sectors of the economy, because otherwise only actual productive capital could profit. The rate of profit will be equalised; nobody will invest in a branch that yields less than the average rate of profit. Ultimately it rests on exploitation of living labour power, so to compete is to raise the rate of exploitation more than competitors can. But the tendency to get away from reliance on labour and replace workers by machinery, which is a key strategy here, undermines this (sole) source of profit. Hence there has to be a constant mobilisation of opportunities *to counteract the tendency of the rate of profit to fall*—by finding new ways of exploiting living labour power, incorporating new territories etc. This is the logic of expansion inherent in the contradictory nature of capital as a discipline over society. The contradiction itself in its fullest expression is the one between *socialised labour* (the use value aspect of labour power, its capacity to collaborate and mobilise science, eventually on a global scale), and forms of *private property* that go back to the era of the countryside watermill.

3. DIALECTICAL TRANSITIONS—SOCIALISATION AND IMPERIALISM

When human communities exploit nature, they *socialise* nature—turning its elements into components of a particular social order. All this is done involuntarily as far as the social results are concerned—this is captured by the Hegelian notion of *alienation* (*Entfremdung*), to exteriorise and in the process, lose mental and practical control of one's own creation.

There is a line of development of Marx's thinking which remained undeveloped, i.e., how do relations *between* communities play out in the contradictory relationship with the development of the productive forces; I have elsewhere attempted to fill in this gap by seeing *foreign relations* as a specific form of alienation, and international relations as a historical stage of organising foreign relations (see my 2007). Here I concentrate on the aspect of socialisation as a moment of transformation of capitalist society.

Socialisation of Labour and Socialism

Hegel already captured the aspect of socialisation, because in his lifetime, the signs that all of society somehow hangs together even though it seems as if individualisation and competition spread, became apparent.

Marx characterises this contradiction as 'the connection of the individual with all, but at the same time the independence of this connection from the individual' (everybody has become interchangeable, say, as long as you can handle MS Word). This has developed to such a high level that 'the formation of the world market already at the same time contains the conditions for going beyond it' (Marx, 1973: 161). So the cutting off of people from their natural social bonds, turning them and their abilities and possessions into commodities (the process of *commodification*) and their immersion into money and exchange relations, divides people. At the same time, it reunites them—but that aspect is subject to alienation. Being wealthy or poor is understood as an attribute of one's own individuality, not the result of a collective process that somehow pumps wealth into some pockets and out of others.

Socialisation of labour, then, refers to interdependence and substitutability, that is, everybody is dependent on everybody else, but it 'can be anybody' (cf. Himmelweit & Mohun, 1977). That is why we tend to think, it is everybody in his/her own. If people would be fully conscious that all we can achieve and have achieved, is based on the collective aspect, and that private appropriation/property is only a historical form, a pattern of relations of production imposed on it, we would live in a different order.

However, note that Marx says only, 'contains the conditions for'. There is no 'promise' of socialism or something because in the end, that too is decided in class struggles. In his *Socialism, Utopian and Scientific*, Engels identified the tension between socialised production and private appropriation as the key contradiction of capitalism (Brick, 2006: 38). It was on this fracture that capitalism would be transformed to a new form of society, by bringing out the full potential of socialised production.

In *Capital* Marx already indicated that capitalist development itself creates the foundations for this transition in the form of the joint-stock company. Such companies work to separate ownership from day-to-day management; money capital becomes directly social, it is concentrated as a single mass in the banks and distributed by them over the different branches of production. In the *Grundrisse*, the sketches for *Capital*, he wrote that technical progress in its own way assists in bringing about the complete socialisation of labour. As industry develops with more and more machinery, labour in the old sense becomes less important.

> The human being comes to relate more as watchman and regulator to the production process itself… It is neither the direct human labour he himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body … which appears as the great foundation-stone of production and wealth (quoted in Brick 2006: 39).

This particular configuration then works to make actual control of this process by rentiers and capital markets positively absurd. Not only that: whilst the workers tend to organise themselves (or rather, become organised by management) in self-sustaining productive units, 'the collective worker', who function(s) without a need for other than technical guidance; finance associated with global capital markets descends into ever-more intricate webs of speculation and swindle. This reaches the point, Marx writes in an already cited, remarkable anticipation of the Keynesian argument (*MEW*, 25: 485-6; chapter in *M-E Archive*), where the state must intervene and suppress autonomous finance for the sake of keeping actual production going.

The Slide Back to Materialism and Economism

As indicated briefly in Chapter 1, Marxism was embraced by the labour movements of Germany, Austria-Hungary and Russia in an *economistic* version, that is, as *a theory of economic causation with a metaphysics promising the advent of socialism*. The fact that late industrialisation tends to elevate the state to the role of the architect of social development, substituting for autonomous social forces, tended to orient the labour movement towards the state, for parliamentary representation, social security, etc. Hence 'state socialism' was not an aberration, but a necessary form of late industrialising society. But why was Marx's critique of Feuerbach's materialism ignored and his transformation of Hegelian dialectics frozen into a philosophy of history promising the coming of socialism?

In the social and political conditions prevailing in the late-industrialising countries, the model of the French engineer-state popularised first by Saint-Simon, placed the initiative in social development in hands other than the working class movement, or even the liberal bourgeoisie. In Germany after unification in 1870, the state acted as the guiding force, the modern classes (bourgeoisie and workers) 'dangled at the tail of this development, instead of driving it forward' (Kuczynski, 1949: 137). The resulting fixation on the state remained characteristic of the German labour movement from Lassalle, the liberal lawyer, to the later Social Democratic Party, as testified in Marx's *Critique of the Gotha Programme.* But the state also froze the entire social constellation in a reactionary configuration because these modernising classes were neutralised. Hence the mind-set of naturalistic materialism (anti-religious, anti-absolutist, highly optimistic about the socio-political implications of technological progress) found itself in its most congenial context.

Marxism in the circumstances came to be (mis-)read as a doctrine of economic causality, a natural history of society. In Russia, Gramsci noted in an article of 1917, 'Marx's *Capital* was more the book of the bourgeoisie than of the proletariat. It stood as the critical demonstration of how events should follow a predetermined course: how in Russia a bourgeoisie had to develop, and a capitalist era had to open, with the setting-up of a Western-type of civilization, before the proletariat could even think in terms of its own revolt, its own class demands, its own revolution' (Gramsci, 1977: 34).

After Marx's death in 1883, the requirements of the socialist parties began to percolate through the international debates in which Friedrich ENGELS (1820-1895) for obvious reasons became the pivotal figure.

It fell on Engels to explain Marx's often difficult and certainly incomplete, intellectual legacy to a new generation of labour leaders. The workers' parties and trade unions faced the task of developing a trained cadre who could handle the day-to-day problems of the industrial workers as well as place their struggles in historical perspective, and they turned to Engels for guidance.

Against the backdrop of a veritable 'second industrial revolution' in Germany, interacting with spectacular advances in natural science, Engels highlighted the materialist side of Marx relative to the historicist aspect. In his notes and editorial approach to the later volumes of *Capital* he saw to press, or in the *Anti-Dühring* (a popularised, didactic polemic intended to provide an overview of historical materialism), Engels emphasised the material aspect, and economic determinism was a logical corollary of this. The labour leaders, involved in the same social development but also keen on simplification and concerned to offer the workers a doctrine close to their direct experiences, in their correspondence with Engels encouraged this naturalistic-materialist tendency.

Of course, elaborating either materialism or idealism into theoretical systems was always the work of intellectuals. But as Gramsci notes (1971: 389), while idealist tendencies in Marxism (e.g., the Austro-Marxist school, but also G. Lukács in Hungary) were the work mainly of 'pure' intellectuals, materalism has been strongest among intellectuals 'more markedly dedicated to practical activity and therefore more closely linked ... to the great popular masses.'

Mehring and Kautsky in Germany, Plekhanov (*cf. Archive*) in Russia, and Labriola (*Archive*) in Italy, all corresponded with Engels (Anderson, 1978: 16), and his letters in the 1890s (more particularly those to Bloch, Schmidt and Borgius) indeed contain such famous statements as those on 'economic causation in the final instance' later elaborated by Louis Althusser.

Thus, pressed on the one hand by leaders concerned with practical organisational tasks, and in the setting of an industrial revolution deeply affecting a hitherto landed society, Engels in his concern to codify a critical theory into doctrine tended to present a materialism more positive, objective, and obeying a compulsive logic, than anything Marx (and he himself in an earlier phase) had ever contemplated. However, as Shlomo Avineri argues (1968: 144), 'considering only the objective side of historical development and not its subjective elements, is open to all of Marx's criticism in his *Theses on Feuerbach* … Such a view ultimately sees in man and in human will only an object of external circumstances and, *mutatis mutandis*, of political manipulation.'

For Labriola, this verdict is not entirely justified because he emphasises historical consciousness and action (Gramsci, who borrows the term 'philosophy of praxis' from him as a designation for Marxism, contrasts him in this respect with Plekhanov, cf. Gramsci, 1971: 386-7; Nemeth, 1980: 26-7). But Kautsky's influence on German and European Marxism (he was the editor of Marx's *Theories of Surplus Value* and the author of a series of authoritative works, e.g. on agriculture), is plainly in the naturalistic-materialist tradition. Even before he shifted to a centrist political stand around 1910, Kautsky's thinking assumed an automatic process of (economic) transformation, in which the party was admonished to wait for events to come about (G. Fülberth in Kautsky, 1972: xix). Kautsky actually rejects Bernstein' claim that there is a contradiction between Engels' later letters and the main body of Marxism. As evidence he (Kautsky) refers to the revised, 1894 edition of ...the *Anti-Dühring*. There Engels says that the root causes of all social changes and political transformations are to be found not in ideas or philosophy, but in the economy (Kautsky, 1974: 535-6; cf. on the materialist conception of history, 1903, in *Kautsky Archive*).

This line of argument was also followed by the Marxist labour movement in Russia. Plekhanov's *Fundamental Problems of Marxism* of 1908 (which incidentally was inspired by Labriola but also includes a critique of the latter's 'idealist distortions') built straight on Feuerbach. Plekhanov claims that Marx and Engels 'completed' Feuerbach's materialism (Plekhanov, 1969: 31; cf. Gramsci's judgement of Plekhanov as a 'vulgar materialist', 1971: 387).

Lenin's *Materialism and Empirio-Criticism*, written also in 1908, places Plekhanov, Engels, Feuerbach and Joseph Dietzgen in a single tradition (*Coll. Works*, 14: 27). Although Lenin after the shock of August 1914 turned to the study of Hegel that led to the 'Philosophical Notebooks' and inspired works like his *Imperialism...*, and all subsequent writings (cf. Löwy, 1981: 72), the 1908 tract became the foundation Soviet Marxist orthodoxy under Stalin. Actually it was only the translation and propagation abroad of *Materialism and Empirio-Criticism* in 1927 that prompted Pannekoek to write his critique, *Lenin as a Philosopher*.

In this booklet, Pannekoek demonstrates that Lenin, in his angry polemic against the founders and followers of neo-positivism (Mach and others, cf. our Chapter 3), did not so much defend Marxism, but the materialism of Feuerbach (Pannekoek, [1938]: 8, 65). As a trained physicist and professor of astronomy, Pannekoek easily demonstrates that Lenin in his argument with the new natural scientists strays far beyond his competence, confusing key concepts such as matter, energy, nature, and so on. One might indeed say that the pre-World War I generation of labour leaders who rose to prominence as Marxism spread further to the east (for all their differences, Lenin, Hilferding, Luxemburg, Trotsky (*cf. Archive*), Preobrazhensky, and Bukharin—see Anderson, 1968: 17) were all influenced by modern industrial society and the new natural science that accompanied it. As a consequence they entrenched in a materialism (and a corollary positivistic scientism) which turns Marxism into a footnote to bourgeois economics.

This has remained the dominant tendency in Soviet and Western Marxism. Ernest Mandel in Belgium, considered by many the paramount representative of contemporary Marxism during his lifetime, most obviously pursued this line of analysis (cf. Mandel, 1962, 1972; cf. section on

marginalism, from Marxist Economic Theory, in *Mandel Archive*). Louis Althusser in turn has developed a variety of Marxism which, its sometimes original language notwithstanding, is basically a rehash of the anti-utopian, positivistic, and naturalistic-materialist version of the Marxism of the Second and Third Internationals.

Dialectics is absent from this interpretation, alienation considered a concept belonging to a youthful Marx still under the spell of pre-Marxist ideology. Gramsci in one of his letters from prison wondered whether it really meant anything 'that many of the so-called theoreticians of historical materialism have fallen into a philosophical position similar to mediaeval theology and have turned "economic structure" into a hidden god is probably demonstrable' (Gramsci, 1989:189).

Even so, the economistic Marxists produced analyses of the latest developments in capitalism, and connected them with the expansion into the periphery that accompanied late industrialisation.

Imperialism and Marxism

Rudolf HILFERDING's (1877-1941) 1910 *Finance Capital* was hailed as the 'fourth volume of Capital' by Kautsky). It takes up the idea of socialisation of capital as it assumed the new forms associated with the differentiations between owners, rentiers and managers, banks, capital markets, and joint stock companies in industry (cf. cf. *Böhm-Bawerk's Critique of Marx,* 1904, in *Hilferding Archive*).

To Hilferding, *finance capital* refers to the form of socialisation in which financiers (banks, especially investment banks) mobilise the vast masses of capital needed to float new enterprises. Thus the corporation, he noted, 'can draw directly upon the combined capital of the capitalist class'. It also draws on the savings of the non-capitalist classes which have been brought under the control of the banking system as well. As a result corporations had been *'freed from the bonds of individual property'* and can develop in response to technological and market opportunities

(quoted in Brick, 2006: 45). Thus finance capital 'socialises other people's money for use by the few' (Ibid).

The Bolsheviks in Russia took up these ideas too. N. Bukharin in *Imperialism and World Economy* (1915) saw socialisation as a state-centred process, leading to the fusion of state and capital, with fierce rivalries and war the result (cf. brief article by 'Dependencia' author Dos Santos, 1970; cf. Chapter 7). Lenin in one of his early writings he gives the following definition:

> The socialisation of labour by capitalist production does not at all consist in people working under one roof (that is only a small part of the process), but in the concentration of capital being accompanied by the specialisation of social labour, by a decrease in the number of capitalists in each given branch of industry and an increase in the number of separate branches of industry—in many separate production processes being merged into one social production process' (Lenin, *Coll. Works*, 1: 176)

In his tract on imperialism of 1916, Lenin applied the idea of socialisation to the role of the banks. It is these institutions which centralise the mass of money capital and distribute it over the different branches of production, including a distribution over the domestic economy or foreign credit, 'capital exports'. From the rival attempts to use capital exports as a means to secure overseas markets for railway and armaments deals, and given the fact that the distribution of the world among the imperialist powers by 1900 had been completed, Lenin concluded that only *war* still was available as a means to re-distribute capitalist spheres of influence. In this analysis, the critique of capital is combined with geopolitics (cf. Hudson, 2006).

Rosa LUXEMBURG (1870-1919) in the *Accumulation of Capital* of 1912 added her own accents to the analysis of imperialism.

On the one hand, she tried to 'explain', in a positivist sense, the expansion of capital by taking the numerical examples of Marx's analysis of the internal distribution among the departments of capitalist production. Since these reproduction schemes, which are

presented in *Capital* vol. II, do not explain how the particular increment of surplus value generated by expanded reproduction, is realised (i.e., how the goods in which it is embodied, can find a taker given the particular composition of the departments (producer, wage, and luxury goods), she therefore concluded that this 'explains' expansion, because capital must find a non-capitalist sphere (either at home, among the peasantry, or abroad) to accumulate.

Now at the level of abstraction where Marx intended this discussion to be situated, there can be no integral 'testing' because the input/output relations between departments are an internal aspect of the circulation of capital which only in Vol. III is reintegrated again with the contradictory logic that begins with the dual nature of the commodity. The claim, however, that capital accumulation *always requires a non-capitalist social (and natural) substratum*, is valid; but not the 'proof' (cf. Harvey, 2006).

Applying the Method

Since Marx replaces the 'species nature' of humans postulated by the materialists by a historical, social understanding of labour, the method is never a tool in the hands of an abstract 'observer', but an aspect of the consciousness of people living in a specific society. There cannot therefore be a (social) theory which entirely transcends the specific society in which it originates and to which it applies—'The real object retains its autonomous existence outside the head just as before; namely as long as the head's conduct is merely speculative, merely theoretical. *Hence, in the theoretical method, too, the subject, society, must always be kept in mind as the presupposition* (Marx, 1973: 101-2, emphasis added).

Systems theorists face the same problem of submersion of the subject in the object. Here knowledge is gained by a more or less miraculous jump out of the determinations of the strong system, or by a practical positivism or any other subjectivist epistemology in the case of a weak system. The historical materialist method proceeds by a method of abstraction and re-concretisation, derived from Hegel's dialectics. It is always assumed that any (social) theory is a product of the society from which it originates—there is no objective dialectics, there is a critical method peculiar to late-bourgeois society and the epoch of the transition to socialism.

Given that the subject/'observer' is in the midst of things, (s)he is confronted not only with aspects of the lived reality but also with a ruling ideology in which the structural features of that reality are explained in a particular way. Marx's dialectical method, as van Erp has noted (1982) is therefore always aimed at developing a 'negative image' of its object, through a critique of the ruling ideology. So if neoclassical economics presents us with conceptions of equilibrium, harmony, end of history, all suggesting we live in the best of all possible worlds, this image, which is contradicted by the profound *dis*equilibria, perennial conflict, and ongoing changes in the real world, itself must be contested in the method.

Marx articulated his method in the Introduction to the *Grundrisse*, the sketches for *Capital*. It details a series of steps which go (here one should look back at the quote on Hegel's method and see the resemblance!) from the *imagined concrete* (the world at first sight) to ever-more abstract determinations (which the thinker actively constructs from his/her own contradictory experience, i.e., one is in the middle of conflicts and these have several sides pointing to certain more basic determinations; plus the fact that prior history of thought of course already offers a number of elements that can be classed as such. Say, 'value' was on offer when Marx began to think about these matters. Then, from the abstract determinations, the route is retraced back to more complex constellations, but now 'enriched' by understanding.

So the only way one can study a world in which one is in the middle, is by a process of abstraction. In the words of the *Grundrisse*, if one looks at society, one may first see the population, just as a mass of people. But that is an 'abstraction' already to begin with, en 'empty' abstraction, it tells us nothing.

> the population is an abstraction if I leave out, for example, the classes of which it composed. Classes in turn are an empty phrase if I leave out, for example, the elements on which they rest: wage labour, capital, etc. These latter in turn presuppose exchange, division of labour, prices, etc. … Thus, if I were to begin with the population, this would be a chaotic conception of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts, from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be

> retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations (Marx, 1973: 100).

This then leads to the *thought-concrete*, the view of the totality as it is at that moment, enriched with understanding of the inner structure of determination.

In *Capital*, this abstract starting point changed from 'population' in the *Grundrisse* to the commodity. The procedure of abstraction and re-concretisation then includes the development from the dual nature of the commodity, to the circulation process, and on to the complex totality of capitalist discipline imposed on society, in the way described earlier.

Does all this mean that empirical 'verification' is never involved in this method? The answer is that whereas in a positivist approach, the theory is supposed to be ready as theory; it thus generates certain testable propositions, and these are subjected to the empirical test. The proposition holds, or must be rejected. The method of historical materialism is different. Historical materialism is a form of mental labour; it produces results which are inherently 'made', elaborated from an outside reality, but *products of thought first of all*. Empiricists on the other hand assume that we merely register what exists already out there. To quote Pannekoek again ([1938]: 26),

> Historical materialism considers the work of science, its concepts, contents, laws and forces of nature principally as creations of the spiritual labour of man, even if they owe their emergence to nature. Bourgeois materialism, on the contrary, considers all this (seen from the scientific viewpoint) as elements of nature itself, which are merely discovered and brought to light by science.

In historical materialism, concepts and 'statements' always belong to one or another specific level of abstraction which is the product of the thinking head, not of 'reality' itself. The most abstract determination, such as the dual nature of the commodity in capitalist development, is almost an axiom in the sense that it is not a proposition meant to be tested—although of course it is being tested continually, because whether a good or service has both use value and exchange value, must be confirmed in the market, round the clock. At this level we will often see numerical examples to give the

idea. But one can equally present tables on particular aspects, except that these serve an illustrative purpose and are not (cannot be) meant to give the green or red sign of the theory (the critique) as a whole, but to demonstrate we are discussing something which as such exists, is subject to a particular type of development, etc. So when Marx writes in vol. I that the *absolute* trend is towards impoverishment of the workers, this is meant as a statement about what would happen if there were no complicating factors as we move towards concreteness. 'Absolute' here is derived from *absolvere*, to detach (by means of abstraction), not in the common sense of totally true, 'absolutely'.

At the level of abstraction of, say, the second volume of *Capital*, the same applies. As we saw in the case of Rosa Luxemburg, when one tries to subject the statements in this volume to an empirical test, one jumps over a level of abstraction, taking limited, 'isolated' statements as applying to the concrete. Only in the most complete presentation of a particular historical process, can one hope that all aspects have been accounted for.