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MARX'S CAPITAL AND CONTEMPORARY CAPITALISM*

Marx's Capital is the basic work of Marxism-Leninism, of the doctrine of the victorious socialist revolution. Capital, along with Marx's other works, the writings of Engels and Lenin, and the documents of our Party, form the theoretical basis of the new Program of the Soviet Union, as they have of all its preceding programs.

The Communist Manifesto, The Introduction to the Critique of Political Economy, The Eighteenth Brumaire of Louis Bonaparte and other of Marx's works are an integral part of Marxism, but Capital is its nucleus. Marx himself always considered Capital as his life's work.

Capital is the ideal scientific work: it combines the most profound and detailed factual research with the broadest generalizations, analysis of the essence of the capitalist mode of production and the laws of its development with scientific foresight of its inevitable downfall.

During my own long life I have carefully studied Capital innumerable times. But in rereading it I again find ideas which I had not given sufficient attention to before, whose significance I had underestimated, ideas that even today retain their full import. Let me take just one example. Concerning the supremacy of the Catholic Church in the Middle Ages, Marx writes, "The more able the ruling class is to draw the most outstanding people of the oppressed classes into its midst, the more stable and dangerous is its rule." (1)

And actually one of the major reasons for the relative stability of bourgeois power in the highly-developed capitalist countries is the capacity of the ruling classes to win over systematically some leading representatives of the working class movement, to "draw them into their midst" and transfer them into counter-revolutionary bourgeoisie.

An inexhaustible wealth of ideas makes Capital an eternal source of wisdom for serious investigators into the present, past and future history of mankind. It is not our aim to consider all of Capital. I should only like to point out that, in contrast to many bourgeois economists who, with the exception of

certain classical economists like Quesnet, Smith and Riccardo, glide over the surface of phenomena, Marx reveals the inner essence, the laws of development of capitalism.

The exploitation of man by his fellow man is the basis of the capitalist mode of production, as it is of all other class social formation. Under capitalism, however, in contrast to the previous formations, this exploitation is veiled by the sale and purchase of labor power as a commodity, according to value; it is masked by a seeming equality between the buyer and seller of labor power on the labor market. Marx's purpose in Capital was to reveal the inner essence of capitalism and expose the mechanism of exploitation. Marx shows how surplus value is created by the workers in the process of production and is appropriated by the capitalists, how it is realized by selling commodities at their market value, is turned into profit, and finally is distributed among the various strata of the ruling classes in the form of employers' income, interest and ground rent. Under capitalism any unearned income, in whatever form it may appear, has as its only source the surplus value produced by the proletariat. The motive force of capitalism is the striving to appropriate surplus value, the thirst for profit.

Marx, the supreme scholar, gives us an example of an objective and thoroughly scientific analysis of the capitalist mode of production. But he does not remain an indifferent observer. Capital is a highly emotional work; it breathes hatred for the bourgeoisie and contempt for all apologists of capitalism and falsifiers of political economy, history and philosophy. It is permeated by a warm sympathy for the exploited workers, especially for the women and children, whose situation Marx studied most carefully through official English statistics, Marx speaks ecstatically of any revolutionary action by the proletariat, even the most insignificant. Capital is a book about the class struggle; it is a scientific substantiation of the inevitability of the ultimate victory of the proletariat throughout the world.

The economic analysis of capitalism found in Capital is closely interwoven with Marx's ideas on pre-capitalist social formations, the historical

* On the occasion of the publication of Volume 23 of the second edition of the Collected Works of K. Marx and F. Engels.

premises and the process of emergence of the capitalist social system, and the methodology of economic analysis; it is interwoven with a critique of bourgeois economists (although in less detail than in his Theory of Surplus Value), with observations on the common features of the economies of all social formations, and on the future socialist and communist society, with thoughts and observations concerning philosophical problems — the dialectic method, the dependence of the consciousness, the ideology of men, on their social being, etc.

Therefore attempts to present the economic doctrine of Marx in isolation meet with failure. They are almost always undialectical, dry, and devoid of the spirit of class struggle. (2)

Marx always emphasized the difference between the laws of the capitalist mode of production and the laws of nature. According to Marx, a law, being an internal relationship between phenomena and processes, manifests itself through a struggle between various tendencies as the ruling tendency. He writes: "Generally under capitalist production every general law is realized in a very confused and approximate way, simply as a prevailing tendency, as some sort of average tendency which is constantly fluctuating and which is never firmly established." (3)

Marx consistently applies the dialectical method in his analysis. I would like to recall for the reader these words of Lenin: "At the beginning of Capital Marx analyzes the most simple, ordinary, rudimentary, generally apparent, commonplace relationship, which one meets up with billions of times in a bourgeois (commodity) society: the exchange of goods. Analysis reveals in this simplest of phenomena (in this little "cell" of bourgeois society) all the contradictions (resp. the seeds of all contradictions) of contemporary society. Further exposition indicates the development (both growth and movement) of these contradictions and of this society, in the Σ of its separate parts, from its beginning to its end.

"In general, this should be the method of exposition (resp. study) of the dialectic...." (4)

Capital is a model of dialectics, an example of its proper application. A lack of understanding of dialectics is at the basis of the assertion by bourgeois critics that Capital contains "innumerable repetitions." There are no repetitions in Capital! What appears to the person who does not think dialectically as "unnecessary repetition" is investigation of the subject from various points of view. The analysis of capital itself can serve as an example.

From the point of view of the formation of value and surplus value, capital is divided into constant and variable capital. The latter gives rise to new

value, which is in itself surplus value.

From the viewpoint of transferring existing value to a new product, capital breaks down into fixed capital (buildings, machines and equipment) the value of which is transferred to a product gradually, over an extended period of time, in the process of several turnovers of capital and circulating capital (raw materials, secondary materials, etc.), the value of which is entirely transferred to a new product with each turnover.

From the point of view of function, capital exists in three forms: industrial, loan, and trade. Industrial capital assumes different forms. It begins its activity in a monetary form; as a result of purchases of means of production and labor power, it takes the form of productive capital which in the course of a certain period is found in the production process where it absorbs surplus value. After the completion of the production process it once again assumes the form of a commodity. However, this again produced commodity has a value which is greater than it was at the beginning of the production process. After this, if the commodities are sold, the capital once more assumes a monetary form, but this sum of money is now larger than the initial amount.

After a comprehensive analysis of individual capital, Marx analyzes the movement of aggregate social capital. This is no by means "repetition"; it is a necessary step in analysis. Marx writes: "We are not talking about definitions, under which things can be classified. The discussion concerns definite functions, which should be expressed in definite categories." (5)

The reproach of bourgeois professors that Marx supposedly does not have a "complete theory of crises" is also due to their lack of understanding of dialectics. Actually Marx created the only correct theory of crises. At the stage of analysis of simple reproduction he demonstrates the possibility of crises. In analyzing the process of capitalist production as a whole, he demonstrates the inevitability of periodic crises of overproduction. The validity of Marx's theory has been confirmed by the experience of an entire century.

Is Capital actually a difficult or, as many bourgeois critics maintain, a completely incomprehensible book?

Capital is not, of course, a work of belles-lettres. Patience and effort are necessary in order to understand it. This is due to the depth and wealth of thought which it contains, as well as to the fact that the essence of the capitalistic mode of production, which Marx brought to light, is sharply different from customary "reality," that is, from the

outward manifestation of this essence.

Subjectively, therefore, Capital is read with difficulty. Objectively, however, this book is quite comprehensible. It is constructed in a completely logical way; every part is based on the results of the previous parts. There are no vague or indefinite parts, no non-dialectical contradictions. Bourgeois economists write incomprehensible books, although they are easy to read. The superficial manifestations of capitalism are examined in them rather than its essence. That is why these books can be interpreted in various ways; they are lightweight by virtue of their external erudition. They are objectively incomprehensible, since they contain nothing rational.

What are the reasons for the subjective difficulties in studying Capital? The first reason has to do with the greatest virtue of the work, that it analyzes the essence of capitalism and not its superficial phenomena. Under capitalism people are filled from childhood with the illusion that the capitalist provides the worker with work and bread, that he "maintains" them. (The efforts of the apologists of "free enterprise" have helped in this in no small measure.) That is why Marx's completely correct thesis that "the money given to the worker is essentially only a transformed, equivalent form of a certain part of the value of the commodity produced by the worker himself" is difficult to understand subjectively. (6) It is also difficult to understand that it is not the capitalist who "gives bread" to the worker, but in reality it is the worker who maintains the capitalist.

Under capitalism people are accustomed from childhood to the idea that anything can be bought for money. Therefore it is difficult to understand subjectively that the ability to serve as a purchasing agent is not a property of money itself, but an expression of a definite social relation, an expression of a commodity economy.

People know that they can put their money in a savings bank and receive interest on it. As a result it is easily possible to believe the assertions of vulgar economists that capital, by itself, possesses the property of creating profit. In order to understand the actual source of all profit, it is necessary to overcome the firmly entrenched illusion that money automatically yields profit.

A capitalist selling commodities on the market and the consumer buying these commodities are convinced daily that the prices of commodities depends upon the relationship of supply and demand, on competition. It is difficult for them to get to the essence of the phenomenon, which is that the market price of the commodity is, in the final analysis, determined (excluding chance fluctuations) by social value. The entire "life experience" of the person

who lives in a capitalist society, his "common sense," make it difficult to understand the essence of capitalism as revealed in Capital.

The reader's class status and political convictions are also an important subjective factor. Although a worker in a capitalist society seldom has the opportunity to understand the details and subtleties of capital as a social relation, he can from his own experience easily understand its essence — exploitation. He must work hard every day, and lives poorly, whereas the capitalist lives well without working. It is easier for a communist, who is fighting against the capitalist system, to understand Capital than for the defenders of the system.

Capitalists, bourgeois professors of political economy who serve capitalism, and all those who have an interest in preserving the capitalist system find Capital incomprehensible because they do not want to understand it as a result of their class interests. To understand Capital is to uncover the untruths about the benefits of the bourgeoisie and capitalism, and to recognize that capitalism is a social formation which is historically doomed to destruction, and is not eternal.

Bourgeois critics of Capital often reproach Marx for allegedly paying too much attention to production and for not attaching suitable significance to consumption. This is incorrect. Consumption and production form a dialectical unity and Marx always examined them in their mutual connection. Marx clearly and accurately characterizes consumption as the ultimate goal of production. He writes: "...the production of constant capital never occurs for its own sake; it occurs only because this constant capital is consumed in greater quantities in those branches of production whose products are for personal consumption." (7)

It is generally known that Marx regards the contradiction between capital's striving for unlimited expansion of production and the limited effective demand of the masses under capitalism as the ultimate cause for the inevitability of overproduction crises. Marx is the first economist who analyzed the consumption of labor power in the production process and pointed up its significance in the creation of surplus value.

Bourgeois criticism of Capital is superficial and incorrect because the critics, not understanding dialectics, consider only separate parts of the work, taken out of context. Capital can only be understood as a single entity.

The debate over interpretation of the schemes of reproduction of aggregate social capital at the beginning of the 20th century show what can result when these demands are disregarded. "Orthodox" opportunists (Kautsky, Hilferding and others)

declared that capitalist reproduction, according to Marx's schemes, could supposedly be realized without hindrance. In 1926 Hilferding went so far as to state at a meeting of a bourgeois scientific society that it is well that the second volume of Capital is seldom read, because from the schemes of reproduction it is possible to draw the conclusion that capitalism is eternal. On the other hand, the revolutionary Rosa Luxemburg asserted that Marx's schemes show the inevitability of capitalism's automatic collapse as a result of the impossibility of accumulating capital.

It is clear that both sides were wrong, since they ignored Capital as an entity and proceeded from the mistaken viewpoint that Marx drew up a scheme of the actual, real process of capitalist reproduction. The opportunists' assertion contradicts Marx's doctrine as a whole: the inevitability of disproportions, of periodic crises of overproduction, and the inevitable overthrow of capitalist rule by the revolutionary proletariat. Rosa Luxemburg's conception runs counter to the whole spirit of Capital as the scientific basis of the class struggle. Although fifty years have passed since her book was published, the accumulation of capital continues at high rates despite the general crisis of capitalism.

The most general conditions in which the process of capitalist reproduction can proceed evenly are given in Marx's schemes. But Marx never thought that constant equilibrium, a constantly restored proportionality, an even course of capitalist reproduction were really possible. He himself says the following about these schemes: "The fact that commodity production is the general form of capitalist production...gives rise to certain conditions of normal exchange, hence of a normal course of reproduction on both a simple and expanded scale, which is characteristic of this mode of production. These conditions, which are transformed into so many conditions of an abnormal course of reproduction, into so many possibilities for crises, since equilibrium, given the spontaneous character of this production, is itself accidental." (8) (Italics mine — E. V.)

Capital contains many analogous statements, and it is strange that both sides could so incorrectly understand Marx's schemes.

After the publication of the first volume of Capital, the exploiter classes launched a violent attack against Marxism. At first the bourgeoisie generally attempted to suppress the book. When they did not succeed, they unleashed against Capital a whole army of apologists for capitalism, in the front ranks of which were professors of political economy. In the last quarter of the 19th century one could hardly find a single German professor of economics who

had not published a book or brochure which "refuted" Capital.

But the campaign of the bourgeois professors did not have the expected effect: Marxism increasingly became the ideology of the revolutionary workers. The bourgeoisie then changed its tactics. Instead of the crude frontal attack, a "laudatory" discrediting of Marxism, an emasculation of the revolutionary spirit of Capital, was begun. For this purpose the bourgeoisie mobilized the leaders of right-wing social democracy. The "scientific" works of Bernstein, David, Hertz, Hildebrandt and others, which criticized individual propositions of Marxism and strove to dilute the revolutionary content of Capital, appeared one after the other. Nowadays we find this same line of attack against Marxism in the books of Laski, Strachey, Browder and others.

The victory of the Russian proletariat in the Great October Socialist Revolution resulted in a new rise in Marxism's influence throughout the world. The revolutionary Third International replaced the bankrupt Second International. The bourgeoisie found that an ideological struggle against Marxism was insufficient. In a number of countries it brought fascism to power; communist and even socialist parties were banned. This is still the case in the United States, the Federal Republic of Germany, Franco's Spain, and a number of other countries.

After World War II the bourgeoisie once again changed its methods of struggle against Capital. It realizes that in a world in which one-third of humanity has thrown off the fetters of capitalism and is successfully building a socialist and communist society, Capital cannot be defeated by mere denial. The ideologists of the bourgeoisie and of right-wing social democracy now declare that Marxism was correct, but only for the underdeveloped countries; it is not suitable for highly developed countries, since in these countries capitalism has nothing in common with the capitalism of Marx's time, is radically different from it, and actually is no longer capitalism. Let us examine this most recent line of attack against Marxism, against Capital, in greater detail.

Contemporary capitalism remains the same social system it was when Capital was published. The laws of its development remain as they were before. As then, the pursuit of profits and still greater profits is the motive force of capitalist production. Now, as before, the source of profit is surplus value, produced by the workers and appropriated by the bourgeoisie. Even now the worker must sell his own labor power daily in order to live. Even now the capitalists can live in luxury

without working. As before, the concentration and centralization of capital continues, as does the process by which the small producers and small and medium capitalists are ruined. The basic contradictions of capitalism — between the social nature of production and private appropriation — continues to exist. That is why there are still crises, mass unemployment, and class struggle between capital and labor.

Moreover, capitalism today corresponds more closely in several important aspects to the theoretical conceptions in *Capital* than during Marx's time. As is well known, Marx, in order to simplify the analysis, examined a "pure" capitalist society, consisting of but two classes — the proletariat and the capitalists — although, of course, he was well aware that petty commodity producers constitute a substantial portion of the workers. At the present time the overwhelming majority of the population are proletarians (workers and employees). The figure for England, for example, is 95%.

Marx proceeded from the fact that capitalist production wholly and completely encompasses all branches of the economy, although at that time agriculture, with the partial exception of England, was carried on primarily by primitive methods and was, to a substantial degree, natural in character. Today agriculture in highly developed countries is carried on with the aid of complex machines and is a branch of capitalist production, in which the organic composition of capital often approaches the composition of capital in industry.

Now let us turn to the "arguments" of the defenders of the theory that capitalism has radically changed in the highly developed capitalist countries. They maintain that the workers in the "rich" capitalist countries have themselves supposedly become capitalists. What demagogic nonsense! Many American workers actually buy their automobiles and even their little homes on the installment plan; they insure their lives so that in the event of the breadwinner's death their families will not immediately be in need. Some even have some savings. But are they capitalists? Not at all! Just as before, they have to sell their labor power to a capitalist. Just as before, they are objects of exploitation. The capitalist is the one who can live without working, by exploiting others.

The widely publicized acquisition of stock by workers, especially American workers, is a special form of demagogy. Many capitalists foist the enterprise's stock on their workers and employees, hoping to give them an incentive for increasing the firm's income and to strengthen their control over the joint-stock company (the greater the number of small share-holders of the particular firm, the

smaller the amount of shares necessary for its control). We often encounter claims in the American press to the effect that there are millions of share-holders in the United States and, as a result, that capital belongs to "all the people." Consequently, they say, there is no difference whatsoever between workers and capitalists in the United States. What a lie! Possession of one or a few shares yields the worker an income of between 10 and 25 dollars a year. Therefore he was, and still is, an exploited worker — a proletarian.

Gaitskell, the leader of the British Labor Party, invented a new variant of this falsehood: he declared that England is no longer a capitalist country, since in England "everybody works." Mr. Gaitskell evidently regards as "work" a rentier collecting dividends, a landlord collecting rents, and a home owner collecting rent. Even for the exaction of this income the capitalist uses hired employees.

In the West one often hears talk about "managerial socialism," the essence of which boils down to the fact that capitalists are supposedly no longer the masters of their enterprises, insofar as direction of the enterprises is transferred to employees, directors, the so-called managers. This is nonsense! The real master of a firm is the owner of the controlling number of shares. McNamara, the present U.S. Secretary of Defense was once president of the Ford Motor Company, and Ford himself was only a member of the board. Ford could replace McNamara at any time, however, since McNamara was only Ford's employee.

The apologists of capitalism maintain that the economic successes of the Soviet Union and other socialist countries is due not to the socialist system but to successful planning. They also assert that planning can provide the same rates of economic growth under capitalism as it does under socialism.

This is either a deception or misunderstanding of the essence of socialist planning. A society can plan its economy only when the means of production, at least the decisive portion, are socialist property. Planning is impossible under capitalism, where the decisive portion of the means of production is in the hands of the capitalists, where the capitalists and their unions, in accordance with personal interests, can produce a certain commodity or discontinue its production, sell or not sell their manufactured articles, and increase or reduce their prices.

It is true that a number of bourgeois countries such as France and Italy have long-range plans. But what are these plans? The state plans only the development of the state sector. With respect to

the private sector, which is much larger proportionally, only prognoses of spontaneous development can be compiled, based upon the total of previous years. Insofar as the state sector co-exists with the private sector, and is intimately intertwined with it, it is subjected to the strong influence of the anarchy of the capitalist market. This makes even the planning of the state sector unreliable. "Regulation" of capital investment, price formation and foreign trade in the private sector by the state is effective only when it serves the interests of the great capitalists. If it does not serve their interests, they find many ways to circumvent it. Planning, in the present sense of the word, is impossible in the conditions of anarchy prevailing in capitalist production.

In emphasizing, notwithstanding bourgeois and social-democratic demagogy, that contemporary capitalism is the same social system, with the same laws of development, as in Marx's time, we by no means wish to say that capitalism has not undergone any changes. These changes are so vital and numerous that it does not seem possible to consider them in detail within a single article. Marx, however, foresaw these changes.

English capitalism of the third quarter of the 19th century, upon whose study Capital was primarily based, was, from a contemporary point of view, undeveloped, primitive and impoverished, despite England's "industrial revolution" at the end of the 18th century, and despite the fact that it had the most powerful colonial empire. Production techniques and transportation were backward. Steam power was the only form of energy used in factories, on railroads, and in ships. Sailing vessels still constituted the major portion of the navy. There were no electric motors, automobiles, airplanes, telephones, or radios. Heavy industry was poorly developed; only 4.7 million tons of pig iron were smelted in 1871, and the smelting of steel was insignificant. Light industry was most characteristic of English capitalism at the time. The textile industry occupied the most prominent position.

Labor productivity was not high because of general technological backwardness. The owners compelled their workers to toil 10 to 12 hours a day. Wages were low, the level of exploitation was high, and the workers lived in horrible poverty. The concentration of production was very slight; in 1870 an average of 165 workers were employed per factory in the leading branch — the textile industry.

In 1885 the national wealth of England was estimated at 10 billion pounds sterling, of which more than half took the form of land, housing, furniture, state and municipal property, rather than productive capital. Capital constituted only 4.5 billion pounds sterling, of which only 1.4 billion was invested in

industry and trade, and almost as much (1.3 billion) was invested abroad. By way of comparison, we note that the assets of "General Motors" in 1960 were 8.5 billion dollars, that is, 3 billion pounds sterling. Even if we take into consideration the depreciation of currency, this sum is approximately equal to the sum of capital invested in English industry during Marx's time.

The English government was also poor. In the fiscal year 1877-1888 government expenses amounted to 80 million pounds sterling, including 28.6 million pounds for the army and navy. At the present time, as we know, the military expenditures of England are reckoned at more than 1,500 million pounds annually.

Even the bourgeoisie was not rich by present day standards, although the England of that time had a substantial parasitical stratum of rentiers. The overwhelming majority of capitalists personally ran their enterprises; the bourgeoisie lived economically and accumulated means. It stands to reason that the other capitalist countries of the era were technologically even more backward, undeveloped and poor than England.

Marx's genius is confirmed by the fact that in analyzing this "classical" pre-monopoly capitalism, which existed on a comparatively small portion of the earth, he revealed the internal laws of its development and defined its future course. (9)

Yes, contemporary capitalism is incomparably more developed, more productive and richer than it was in Marx's time. This, however, is only a quantitative difference. What is decisive historically is the qualitative difference.

While Capital was being written, capitalism was historically a progressive social formation. It was to fulfill an important historical mission: by developing the productive forces, it was to create the material base for the building of socialism, convert direct producers into proletarians, rally the workers into great armies, make revolutionaries of them, create its own grave-digger.

Contemporary capitalism is historically an obsolete, dying social formation (it has already died on one-third of the earth) which has objectively turned into an obstacle to human progress. Here we have the decisive qualitative differences. The bourgeoisie now has but one goal: to preserve its obsolete system. As the Party Program points out, socialism today is increasingly becoming the decisive factor in world history.

This does not mean that the capitalist countries have been compelled to conduct their politics in accordance with the demands of the socialist world. It does mean, however, that the great bourgeoisie

must take the mutual relations between the capitalist and socialist worlds into account in their foreign politics, and frequently even in their internal politics. The bourgeoisie cannot even develop its relations with the workers in the old way, following their own interests exclusively. They must take care not to accelerate the rate at which the working class is being made into a revolutionary class. Sometimes the bourgeoisie must restrain certain monopolies which, ignoring the general class interests of the great bourgeoisie, sharpen class contradictions. Nixon's intervention, while he was Vice-President, in the metallurgical workers' strike in order to achieve a compromise is a clear example of this. The existence of the socialist world and its successes are having an increasing influence on the entire life of the capitalist world.

Since Capital was written, joint-stock companies have supplanted individual enterprises everywhere. The growth of concentration has given rise to monopolies, to monopoly capitalism — imperialism.

Lenin has given us an excellently elaborated doctrine of contemporary capitalism. His Imperialism As the Highest Stage of Capitalism is a continuation and creative development of the ideas in Capital. Lenin frequently repeated that the laws which Marx revealed in Capital remain completely valid even under imperialism. Concentration gave rise to monopolies. Monopolies, which fleece the people and the small and medium sized capitalist enterprises, have brought concentration to an unheard of scale. At the end of 1960 the capital of the 100 largest industrial, trade and transport firms in the United States amounted to 176 billion dollars. Taking depreciation of currency into account, this sum exceeds all the capital invested in English industry, trade, and transport in 1885 by 17 times. Along with the increase in wealth, the parasitism of the great bourgeoisie grew to monstrous proportions. In the United States in 1960 dividends and interest amounted to 40.8 billion dollars. This sum is equal to the average annual wages of 12 million American industrial workers.

There exists a huge gap between the incomes of the financial oligarchy and the workers, and this gap continues to widen.

There is no statistical data on the incomes of the wealthier people in the United States, but we can make approximate estimations. It is estimated that the elder Kennedy, the father of the present President, has a fortune of roughly 300 million dollars. If we assume that this capital yields only 5% interest, his income amounts to 15 million dollars a year. It is clear that it is impossible to spend such a sum on personal consumption. Large capital continues to increase.

The luxury of American millionaires borders on madness. It was reported in the American newspapers that Ford arranged a celebration in honor of his daughter's 18th birthday, and for the occasion he sent for a gardener from Paris and had twenty thousand rose-bushes planted. All this cost 225 thousand dollars, a sum equal to the yearly earnings of 271 agricultural workers.

While American millionaires are thinking up the most fabulous schemes to spend their parasitically acquired incomes, it is estimated that there are over 5 million people completely unemployed in the United States. Of that number, more than one million are no longer entitled to unemployment benefits and live on a pittance which is given them by charity. While the bourgeoisie of highly developed countries accumulates incalculable wealth, the majority of the population of the underdeveloped countries of Asia, Africa and Latin America continue to live in poverty.

In contrast to Marx's time, the great bourgeoisie has become a completely parasitic stratum with no connection whatsoever with production. Its physical work is done by wage workers, engineers perform the technical direction of the enterprises, office work is handled by office employees, well-paid director-managers do the administrative work, and hired scientists carry on the scientific research. The great bourgeoisie squanders money and is involved with "high policy" and speculation.

A social system which leads to such results is historically ripe for destruction.

How does it, nevertheless, maintain its existence? The following are the most important means by which it does this.

A) State-monopoly capitalism, which combines the strength of the monopolies and the state for the purpose of preserving the capitalist social system in individual countries and throughout the whole bourgeois world. State-monopoly capitalism has yet another goal: to ensure, with the state's help, the enrichment of the monopolies by redistribution of the national income. These goals contradict each other politically. In its striving to preserve the capitalist social system, the monopolistic bourgeoisie enjoys the support of those strata whose source of income is exploitation. In reducing the income of these strata, however, monopoly capital is expropriating them on a mass scale. This leads to the growing isolation of the monopolists and creates, as the Party Program pointed out, the possibility of uniting the whole people in struggle against the rule of the monopolists.

One must carefully distinguish between state-monopoly capitalism and state capitalism. The former is historically reactionary, while the

latter, in the underdeveloped countries, is relatively progressive, in that it promotes the development of the productive forces.

B) The apparatus of suppression (the army, police, gendarmes, the courts, prisons, etc.), which has never been, throughout the history of capitalism, as strong or as costly as it is now.

C) The so-called "above-class" general welfare state. The ideologists of imperialism cultivate in every possible way the illusion that the activities of the capitalist state serve the workers' interests. In fact they serve only the interests of the great bourgeoisie. Government policy in the areas of social security, public health, and so on is intended, on the one hand, to maintain the workers' health at a level necessary for their exploitation, and, on the other, to bring the workers politically closer to the existing system. In view of the demands which present-day technology makes on workers, the capitalist cannot get along without general compulsory school education. In 1960, for example, the Association of English Employers requested that the government increase the term of compulsory school education because young workers do not calculate well enough for present-day technology and have a poor knowledge of the English language.

D) Reformism — right social democracy and its leaders, who have been bought off by the bourgeoisie and have joined it. The influence of reformism has grown in post-war years in the highly developed countries — in the United States (where the trade union leaders are the reformists) and in Western Europe, where there was no mass unemployment in the post-war years, where the growth of labor productivity without a corresponding reduction of working time facilitated a significant increase of surplus product appropriated by the bourgeoisie, and where this gave the bourgeoisie an opportunity to provide a somewhat higher standard of living to a considerably wider stratum of the workers than the previous labor aristocracy. This does not at all mean, as the apologists of American capitalism proclaim, that the entire American working class lives well. Nothing of the sort. Side by side with the millions of unemployed and partially employed there are many millions of poorly paid people: the unfortunate agricultural workers who wander all year from one part of the country to another, the negroes, immigrants (especially those who have illegally come across the country's southern borders), the workers in the tobacco and sewing industries. Official data indicating an increase in the proportion of elderly women who are working testifies to this as shown in the table on the top of the adjoining column.

It is not due to a good life that old women enter into wage labor.

	1940	1960
	(in %)	
Women from 55 to 64	19	38
Women 65 and over	6	11

E) The ideological subordination of the proletariat, historically rooted and preserved by the bourgeoisie in every way it can. About six million trade union members voted for candidates of the Conservative Party in the last parliamentary elections in England. It is especially in the highly developed capitalist countries that the powerful influence of church, school, press, radio and so on impede the dissemination of revolutionary ideology.

The bourgeoisie can perhaps delay somewhat the inevitable downfall of the capitalist social system, but it cannot prevent it. The internal contradictions which Marx revealed in Capital will inevitably bring this structure to ruin. In the United States, the richest capitalist country, where technology develops at the fastest rate, the bourgeoisie cannot assure employment to the workers. Production increases, but employment drops. Internal contradictions and wars against colonial peoples who are fighting for their freedom are weakening capitalism. Capitalist society is now without any sort of progressive ideology: anti-communism, the striving to maintain exploitation, and the pursuit, where possible of higher profit is its real ideology. Everything else is used to deceive those who are exploited. Capitalism is growing relatively weaker while socialism is growing stronger.

This change in the relationship of forces is determined by the following major factors.

A) The rates of growth of production under socialism are several times greater than under capitalism.

One English bourgeois institute, The National Institute of Economic and Social Research, calculated the annual rate of growth of production per worker in the major capitalist countries for approximately the last hundred years (up to 1959). The results shown in the table in the left column on Page 62.

We can say that the average annual rate of production growth per worker in the leading capitalist countries comes to 2% for the last century. There is no reason to suppose that it will be any higher in the future.

Apologists of capitalism, referring to the significant growth of industrial production after World War II, maintain that profound crises of

	Base year	Rate of growth in %
Japan	1880	2.1
Italy	1863	1.2
Germany	1853	1.5
France	1855	1.5
The Netherlands	1900	1.1
Sweden	1863	2.1
United States	1871	2.0
England	1857	1.2

overproduction like the one from 1929-1933 will never occur again. But this assertion has no scientific basis.

The crisis of 1929-1933 and the period of depression which followed it was the result of the operation of the laws of capitalism in the period of its general crisis. The upsurge of production and the temporary absence of profound overproduction crises in the post-war period in the highly developed countries is primarily the result of World War II. Tens of millions of young men were taken into the army. Millions of others were employed in military enterprises producing instruments of destruction which were destroyed on the battlefields without any benefit to society. Arms and military equipment constituted about one-half of all production. Items intended for long use were not produced. New homes were not built and old ones were not repaired. Supplies of raw materials and manufactured goods were exhausted. Fixed capital was worn out, especially in non-military branches. Tremendous values were destroyed by aerial and artillery bombardments. Instead of real values, monetary means were accumulated: money in peasant strongboxes, deposits in savings banks, state loans in the hands of the urban population, and huge sums in bank deposits and government securities held by the capitalists. This extraordinary and significant expansion of the capitalist market led to an intense growth of post-war production in such countries as the United States and Canada, which were not theaters of war. Somewhat later an analogous process unfolded in the countries which had been defeated (West Germany, France, Italy and Japan), where military destruction did not permit restoration to begin right after the war. Despite the new impetus to production growth in the United States provided by the Korean War, the factors which gave rise to the great expansion of the capitalist market after the war had exhausted themselves by this time. The constant laws of capitalist production, which lead to

a relative narrowing of the market, increasingly determine the course and contenance of capitalist reproduction. The dynamics of industrial production in those capitalist countries which were not theaters of military action clearly testifies to this.

Industrial Production

(1953 = 100)

Year	US	Canada	England
1956	109	120	113
1958	102	120	113
1960	119	130	128
1961 (first half)	121	128	130

In the last five years production has increased very slowly in these countries. There were no bases for a new upsurge. The contradiction between the social character of production and private appropriation was sharpened to such an extent that only 80% of the production capacity of these countries is being used. This hinders mass renewal and growth of fixed capital, without which a real upsurge is impossible. As the breach caused by the mass destruction of life during the Second World War is filled, unemployment will assume an even greater mass character. This will narrow the market for consumer goods. The agrarian crisis decreases the purchasing power of peasants and farmers. There will be no "golden decade of the sixties," as predicted by American economists. A 6% growth of production, predicted by Fortune, the organ of the great bourgeoisie of the United States, is unrealistic.

An extended upsurge is also impossible for those countries which suffered from the war and consequently began restoring their economies much later. Today the capitalist economy is more reminiscent of the 1930's than the 1950's in terms of the operation of its internal laws of development. The victory of socialism in the economic competition is assured.

B) The socialist world has common goals. The progress of one country strengthens all the other countries. The socialist countries are united by the common ideology of Marxism-Leninism.

The capitalist world is rent by innumerable contradictions: between the imperialist powers themselves; between imperialism and the colonial peoples who are freeing themselves, and so on. In some countries a struggle is going on between labor and capital. The contradiction between the

monopolists and all the other classes and strata of society is sharpening in the imperialist countries.

C) The material and, also, the scientific and technical base is developing more rapidly in the socialist countries than under capitalism, because under socialism it serves the interests of society as a whole, while under capitalism it serves the interests of capital in acquiring profits.

The Soviet Union has already outstripped the leading capitalist countries in important areas of science and technology. This has ensured a strengthening of the defense capacity of the Soviet Union and the entire socialist world. Warmongers can urge an attack on the Soviet Union all they like, but it must be supposed that responsible statesmen will carefully consider whether it is worth hastening the end of capitalism by unleashing a third world war.

Socialism is thus inevitably becoming the decisive factor in world development. In a certain sense, as indicated above, it already is the decisive factor. The whole policy of the ruling classes of the imperialist countries and their satellites is aimed at preserving the capitalist system and at struggle against socialism. The imperialists examine their every step, their every measure in the areas of economics, ideology and, first and foremost, politics exclusively from the viewpoint of whether it helps or harms socialism. It is precisely this fact which explains why all the imperialist countries, despite the contradictions which exist between them, have united in a military bloc. It explains why there are American, English, and French military units on German territory, why West Germany forces conduct maneuvers in England and France, and why the leaders of the "democratic" countries proclaim fascist countries as members of the "free" world and conclude military pacts with them. It explains why the imperialists, who have been shamelessly oppressing colonies for centuries (and which today, after the political emancipation of these

countries, are still exploiting them) pose as friends of the economically underdeveloped countries.

But the maneuvers of the ruling classes, which are aimed at preserving the capitalist system, are doomed to failure. The revolutionary theory of capitalism's downfall elaborated in Capital has become practice: in our historical epoch of the transition from capitalism to socialism, the complete victory of Marxism-Leninism, socialism and communism is historically assured throughout the world.

Footnotes

(1) Capital, Vol. III, 1955, p. 615 [Russian edition. All quotations from the works of Marx and Engels have been retranslated from the Russian — Editor.]

(2) The best known of such attempts was Kautsky's book Karl Marx's Economic Doctrine, which was popular in its day. Victor Adler, the leader of Austrian Social Democracy up to the First World War, said in reply to readers' complaints that Kautsky's book was difficult to understand, "I know a good commentary to Kautsky's book: Capital by Karl Marx."

(3) Op. cit., p. 168.

(4) Vol. 38, pp. 358-359 [Presumably reference here is to Lenin's Collected Works — Editor.]

(5) Capital, Vol. II, 1955, p. 222.

(6) Ibid., p. 67.

(7) Capital, Vol. III, p. 316.

(8) Capital, Vol. II, p. 496.

(9) Marx wrote: "The bourgeois economist, whose limited brain is not able to distinguish the form of a manifestation from that which is manifested in it, shuts his eyes to the fact that even at the present time everywhere on earth the labor fund only in exceptional cases appears in the form of capital." See K. Marx and F. Engels, Soch., Vol. 23, p. 581. (Italics mine — E. V.)