

MARXISM *versus* REALITY

To commemorate the Centenary of Marx's death, San Fairy An Press have brought out this pamphlet as an introduction to and an aversion therapy from the thought of Karl Marx. If you've ever tried to read Capital and given up because it was so mind bogglingly boring then this pamphlet could be for you. When they are properly set out (ie: not the way Marx did it) the essentials of Marxism are quite easy to grasp, it's also quite easy to see what's wrong with them. Hoping this pamphlet will persuade you not to become a Marxist, or if you are one to help you see the errors of your ways,
the author.

*San Fairy An
Press*

£1.00

MARXISM *versus* REALITY

Brian Moseley

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At first encounter Marxism appears as a political creed, as the political programme of a political party or parties. Ordinarily a political party has a set of policies which it will put into operation if it manages to become the government (and the question of whether state power is to be achieved by election or by revolution is secondary, to be returned to later.) In the case of Marxism the policies centre on widespread or even total nationalisation of industry. But to think that Marxism is no more than a political creed is to seriously misunderstand it. Marxism is also, and primarily, a science. Marx examined his society, the one produced by the Industrial Revolution, and came up with a scientific analysis of capitalism (as he called it). Thus Marxism, most unusually, is both science and politics. As a politician Marx advocated the overthrow of capitalism and as a scientist he predicted that overthrow. These two aspects of Marxism, as science and as politics, are quite distinct and will be treated separately. Marxism as science

Published by
San Fairy An Press
London

Printed by
Aldgate Press
84b Whitechapel High St
London E1 7QX

1. MARXISM

The rise of Marxism is one of the most important phenomena of recent times. When Karl Marx died in 1883, he had only a handful of followers and was almost unknown to the general public. Today many countries, including two of the largest and most powerful, are officially Marxist and organisations seeking to promote Marxist ends exist in all of the non-Marxist countries. A knowledge of Marxism might be regarded as almost obligatory and this for two reasons. Firstly, there is the desirability of understanding Communist societies such as Russia (and the assumption made here is that a knowledge of Marxism will assist this aim) and secondly, there is the intrinsic value of Marx's ideas, separate from the fact that these ideas have had widespread success. This establishes the why of studying Marxism and the next step is to set out a plan of study.

At first encounter Marxism appears as a political creed, as the political programme of a political party or parties. Ordinarily a political party has a set of policies which it will put into operation if it manages to become the government (and the question of whether state power is to be achieved by election or by revolution is secondary, to be returned to later.) In the case of Marxism the policies centre on widespread or even total nationalisation of industry. But to think that Marxism is no more than a political creed is to seriously misunderstand it. Marxism is also, and primarily, a science. Marx examined his society, the one produced by the Industrial Revolution, and came up with a scientific analysis of capitalism (as he called it). Thus Marxism, most unusually, is both science and politics. As a politician Marx advocated the overthrow of capitalism and as a scientist he predicted that overthrow. These two aspects of Marxism, as science and as politics, are quite distinct and will be treated separately. Marxism as science

takes priority over Marxism as politics and the next objective of this study is therefore to present the essentials of Marxism as science. Only after this has been done will Marxism as politics be considered.

Marx never made a suitable synopsis of his work and so this study has done the work for him by assembling a selection of quotations from his writings into an ordered structure. When this has been done it will be seen that the various elements of Marxism come together to form a whole. Since Marxism forms this whole it would be premature to make any criticisms before everything has been put together and so the synopsis of Marx's thought which follows is, as far as possible, without comment. Also, the plan for the rest of the study has been suggested. Following the chapter containing the exposition of the essentials of Marxism comes a chapter of criticism. Then the theory of Marxism is related to the practice of Communist Russia and, finally, there is a chapter of conclusions. There are also two appendices which deal in fuller detail with matters introduced in the main body of the study but not properly dealt with there because to do so would have unbalanced the study's structure.

Probably the best way to begin the presentation of Marx's analysis of capitalism is to follow Marx himself and ask what determines price. This appears to be a rather humble and uninteresting beginning but an understanding of what determines price is essential to an understanding of Marx's analysis of capitalism. From the determinant of price Marx's analysis builds up, step by step, into a logical argument, the dramatic conclusion of which more than compensates for the apparently unimportant original premiss. It is only just an exaggeration to say that the whole of Marx's economic analysis is developed by discovering unsuspected consequences of his explanation of price. Now it is time to discover what determines price and this is accomplished by asking why certain quantities of articles (Marx calls them commodities) are exchangeable for each other - that is, why they sell for the same price.

Marx wrote *Let us take two commodities, e.g. corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given quantity of corn is equated to some quantity of iron: e.g. 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things, in 1 quarter of corn and x cwt. of iron, there exists in equal quantities something common to both. The two things must therefore be equal to a third, which in itself is neither the one nor the other.*¹

The question now is to discover what this third must be and Marx's answer is that it is the amount of physical work, labour, required to produce the respective quantities of corn and iron. Stripped down to basics the two commodities: *have only one common property left, that of being products of labour*² and so a commodity *has value only because human labour....has been embodied or materialised in it*³. And the greater the amount of labour required to produce an article, the greater its value. *How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article.*⁴ Marx summarised all this by saying *Price is the money name of the labour realised in a commodity*⁵ and the labour theory of value, as it is usually known, is the essence of Marx's economic thinking. The first of its startling consequences emerges when the LTV (as it will from now on be abbreviated) is applied to the concept of profit.

A normal profit-seeking capitalist enterprise buys raw materials, pays its own workers to perform some operation on those raw materials and then sells the result at a profit. The price of the raw materials is determined by the amount of labour embodied in them, as is the price of the finished goods. The price of the firm's own workers, their wages, is deter-

ined in the same way and it is the addition of their labour to the raw materials that causes the price of the finished goods to be higher than that of the raw materials. But here a strange paradox is reached. If everything sells at a price exactly corresponding to the amount of labour required to produce it, then the firm's expenditure and revenue will cancel out, leaving nothing over for a profit (or loss). So where does profit come from? The capitalist *must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting.*⁶ The solution to this paradox lies in the special nature of human labour.

The price of labour is set by the LTV, as is the price of everything else. *The value of human labour-power is determined, as in the case of every other commodity, by the labour-time necessary for (its) production*⁷ and this will be the labour-time needed to produce the food, clothing and so on required to keep the labourer alive and working. (And able to rear the next generation of workers.) In fact *the value of labour power is the value of the means of subsistence necessary for the maintenance of the labourer*⁸ (and thus wages are fixed at subsistence level and the poverty Marx saw in the industrial slums is explained). The paradox of profit can now be explained. If the labourer can produce value equivalent to *the means of subsistence necessary for the maintenance of the labourer* in less than a day's work, then whatever work is done after this point will accrue to the capitalist. To simplify matters Marx assumed that exactly half a day's labour would be enough to reproduce the value of the means of subsistence (but no significance is attached to this assumption). *The fact that half a day's labour is necessary to keep the labourer alive during 24 hours, does not in any way prevent him from working a whole day. Therefore the value of labour-power and the value which that labour creates in the labour process, are two entirely different magnitudes.*⁹ Labour creates new val-

ue. *The action of labour-power, therefore, not only reproduces its own value, but produces value over and above it.*¹⁰ So the working day is divided into two parts. In the first the worker does *necessary labour* in which he reproduces the value of his means of subsistence and in the second he does *surplus labour* and this creates *surplus value*.

*During the second period of the labour process, that in which his labour is no longer necessary labour, the workman, it is true, labours, expends labour-power; but his labour being no longer necessary value, he creates no value for himself. He creates surplus-value, which for the capitalist has all the charms of a creation out of nothing.*¹¹ Surplus value is the capitalist's missing profit and, in its essentials, the paradox of profit has been solved. Human labour has the unique property of creating surplus value and this point must be emphasised here, although its significance will not emerge until later. Surplus value comes from human labour and only from human labour. This is so important that Marx distinguished between expenditure (from the capitalist point of view) on labour and all other forms of expenditure, calling the first *variable capital* and the second *constant capital*. In the new terminology the point emphasised here is that *Surplus value arises from variable capital alone*¹² and the significance of this will appear shortly.

Marx stressed the importance of the conflict within society between different economic classes, writing that *The history of all hitherto existing society is the history of class struggles.*¹³ and class struggles take differing forms, depending on the type of society. In modern times *Society as a whole is more and more splitting up into two great hostile camps, into two great hostile classes directly facing each other: Bourgeoisie and Proletariat*¹⁴ whereas in feudal society, for example, there was class antagonism between peasants and lords. In addition to

the work that they did on their own plots of land, peasants were forced to perform unpaid work, several days a week, on land belonging to the feudal lord and this form of extortion defined the class antagonism between the two groups. The new industrial society of capitalism would appear to have nothing in common with the primitive exploitation of feudalism but Marx's analysis reveals a perfect analogy. *Surplus labour* takes the place of the unpaid work that the peasants did on the lords' land. Again using his simplifying assumption of exactly half a day's labour being necessary and the other half surplus, Marx wrote *Suppose the working day consists of six hours of necessary labour and six hours of surplus labour. Then the free labourer gives the capitalist every week six times six (or 36) hours surplus labour. It is the same as if he worked three days in the week for himself, and three days in the week gratis for the capitalist.*¹⁵ So the class struggle under capitalism is defined by the fact that the capitalists appropriate the surplus value produced by the proletariat and this explains the conflict between the *two great hostile camps*. There can be no community of interest between robber and robbed and the conflict between capitalist and proletariat is fast approaching crisis point as will shortly be seen, after taking a closer look the two contestants.

In any conflict the relative strength of the parties involved is a vital factor in the outcome. And while the capitalist camp is decreasing in strength, the proletarian camp is doing the opposite. *The lower strata of the middle-class - the small tradespeople, shopkeepers and retired tradesmen generally, the handicraftsmen and peasants - all these sink gradually into the proletariat, partly because their diminutive capital does not suffice for the scale on which Modern Industry is carried on, and is swamped in the competition with the large capitalists, partly because their specialised skill is rendered worthless by new methods of production. Thus the proletariat is recruit-*

*ed from all classes of the population.*¹⁶ Meanwhile in the capitalist camp *competition rages in direct proportion to the number, and in inverse proportion to the magnitudes of the antagonistic capitals. It always ends in the ruin of many small capitalists*¹⁷ and the short of the matter is that *one capitalist always kills many*¹⁸ So while one side to the conflict is becoming weaker, the other is becoming stronger. This creates a situation unparalleled in the history of class struggle. *All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian movement is the self-conscious, independent movement of the immense majority, in the interest of the immense majority*¹⁹ The potential of the fact that one side to a conflict is far stronger than the other is obvious and the conflict is now coming to a head.

The paradox of profit is resolved by the unique ability of labour to create surplus value, which Marx expressed by saying *Surplus value arises from variable capital alone*. The corollary of this is that *Machinery, like every other component of constant capital, creates no new value*²⁰ and increasing expenditure on machinery, an essential element of industrialisation, has an unintended consequence.*the use of machinery....converts what was formerly variable capital. invested in labour-power, into machinery which, being constant capital, does not produce surplus value.*²¹ Since the rate of profit is the ratio between surplus value and total capital (that is, variable capital plus constant capital) increasing mechanisation will reduce the rate of profit.*the gradual and relative growth of the constant over the variable capital must necessarily lead to a gradual fall of the average rate of profit.*²² Since capitalists get their profits by exploiting the proletariat, the only way to offset the fall in the rate of profit is to increase that exploitation, the rate at which capitalists appropriate the surplus value produced by the proletariat. A small minority, the capitalists, attempt to depress the already low living standards of

the immense majority, the proletariat. The intensified conflict and the disparity in the strength of the two sides can only have one outcome. *Along with the constantly diminishing number of the magnates of capital....grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production which has sprung up and flourished along with and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist property sounds. The expropriators are expropriated.*²³ In less flowery language, there is a revolution in which capitalist rule is overthrown. *The development of Modern Industry, therefore, cuts from under its feet the foundation on which the bourgeoisie produces and expropriates products. What the bourgeoisie, therefore, produces above all, is its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable.*²⁴

Marx's economic analysis of capitalism leads directly to the prediction of revolution and so we now turn to his description of that revolution. The ultimate aim of the revolution is a society in which the economy operates according to the principle *from each according to his ability, to each according to his needs*,²⁵ but such a society cannot be reached at one step. *Between capitalist and communist society lies the period of revolutionary transformation of the one into the other. There corresponds to this also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat.*²⁶ The key phrase here is *dictatorship of the proletariat* and its definition is the description of the

first phase of the revolution. Marx wrote that *the first step in the revolution by the working class is to raise the proletariat to position of ruling class*²⁷ which in turn means that *the proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the state, i.e., of the proletariat organised as the ruling class.*²⁸ This is the dictatorship of the proletariat, all of industry taken over by the state.

It is now necessary to introduce a new topic - Marx's view of the state, of political power. *Political power, properly so called, is merely the organised power of one class for oppressing another*²⁹ and in capitalist society the oppression is of the proletariat by the capitalists. *The executive of the modern state is but a committee for managing the affairs of the whole bourgeoisie.*³⁰ The state is a sort of reflection of the economy *since political power is precisely the official expression of antagonism in civil society.*³¹ But the class conflict in capitalism is caused by profit-making industry where capitalists appropriate the surplus value produced by the proletariat. State control of industry will abolish profit-making and will thereby also abolish class conflict. *Political power, properly so called, is merely the organised power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled by the force of circumstances, to organise itself as a class, if, by means of a revolution, it makes itself the ruling class, and, as such, sweeps away the old conditions of production, then it will, along with the conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class.*³² So the dictatorship of the proletariat will abolish class conflict and, the necessity for government having vanished, the state will *wither away*, a phrase due not to Marx but to his friend Friedrich Engels. After the *political transition period of the revolutionary dictatorship of*

*the proletariat expires, the state will be no more and the final goal of the revolution will have been reached. In a higher phase of communist society, after the enslaving subordination of individuals under division of labour, and therewith also the antithesis between mental and physical labour has vanished, after labour has become not merely a means to live but has become itself the primary necessity of life, after the productive forces have also increased with the all-round development of the individual, and all the springs of material wealth flow more abundantly - only then can the narrow horizon of bourgeoisie right be fully left behind and society inscribe on its banners: from each according to his ability, to each according to his needs.*³³

It was said earlier that no attempt would be made to criticise Marx's thought until it had been presented as a whole. This has now been done and the following is a summary of that whole. There is a class struggle between capitalist and proletariat defined by the former's appropriation of the surplus value produced by the latter. The capitalists continually decrease in number while the proletariat, whose living standards are at subsistence level, do the opposite. The ever-increasing use of machinery causes a fall in the rate of profit and when the capitalists attempt to offset this by increasing the rate at which they exploit the proletariat, the latter revolt and overthrow their handful of oppressors. Centralisation of industry in the hands of the state abolishes the class conflict caused by profit-making industry and so, the necessity for government

With this synopsis to hand it is easy to see the attractiveness of Marxism as a political creed. A strictly scientific analysis of society pinpoints the reason for the existence of poverty and predicts a radical and inexorable transformation of society such that all the problems associated with the old type of society no longer exist. There is an intellectual grandeur to

Marxism, a boldness of vision, rarely found in politics and anyone seriously interested in the elimination of poverty will find Marxism a very enticing philosophy. Ordinarily, politicians have the problem of how to gain power in order to put their programme into operation. By combining politics with science Marx solves this problem since the execution of his programme is scientifically predicted. But there is a crucial flaw to Marxism. Marx set out his philosophy over a century ago and so his ideas have been subjected to the test of history. The result has been their complete refutation. Marx predicted that in the industrially advanced countries working class living standards, already at subsistence level would be lowered to the point of inciting revolution. Exactly the opposite has occurred. In the industrially advanced countries of Western Europe working class living standards have continually risen since Marx's time and today even those unable to find work live well above subsistence level. Many people employed full-time in the 3rd world would be materially better off if they were unemployed in, for example, Britain. As for Britain's proletariat being driven by poverty into revolution... In short, Marx's economic analysis which leads to his prediction of revolution has been refuted.

If Marxism were nothing more than science (or, rather, failed science), then the remainder of Marx's thought would be left at a loose end. But here Marxism as politics has come to the rescue of Marxism as science. Following the Russian Revolution of 1917 a Marxist political party, the Bolsheviks under first Lenin and then Stalin, succeeded in putting into effect Marx's programme of complete state control of industry. Marx said that this would be followed by the disappearance of government, leaving behind a classless society. On the contrary, the government in Russia is as strong and as much in evidence as ever and it rules over a society at least as stratified into social classes as any Western capitalist society.

Worse, there is more poverty and far less political freedom in Russia, the supposed improvement on capitalism, than in any advanced capitalist country. Communist rule in Russia is so oppressive that it can only be maintained by vicious repression enforced by a vast and powerful network of secret police. Barbed wire and guns line the borders to the West in order to prevent escape. But our current concern is with Marxist theory and the lesson of Russia for Marxism is that Marx was wrong not only in his economic analysis of capitalism but also in his view of revolution. This is shown by what happened in Russia. But establishing that Marx was wrong is not enough. It must also be shown why he was wrong.

More importantly, if what happened in Russia was what Marx had predicted, then what did happen there? In order to answer this essential question it is necessary first to show why Marx's failure is two-fold. Firstly there is the non-appearance in the industrially advanced countries of the predicted revolution (and of course, the associated failure of the other predictions such as increasing misery which were to converge in that revolution). Secondly, there is the failure of the government in Russia (and elsewhere) to follow any following the implementation there of Marx's economic programme of placing all industry under state control. So both components of Marxism as science are refuted - the economic analysis of capitalism that predicts revolution, and also the description of that revolution. The two failures are intimately connected since the theory of withering away relies partly on Marx's economic analysis for its justification. Class conflict, according to the economic analysis, occurs within profit-making industry where profits (read surplus value) created by the proletariat are appropriated by the capitalists. Nationalisation of industry will abolish profit-making and thus eliminate class conflict and therefore the necessity for government. Given the dependency of Marx's description of revolution on his economic analysis of capitalism, it is to be expected that an understanding of why the economic analysis is wrong will help towards an understanding of why the description of the revolution is also wrong. But because of the Russian Revolution the failure is one of practice as well as theory. Recall the distinction between Marxism as science and Marxism as politics. Somehow, shortly to be shown, Marxism as science is incorrect but the other aspect of Marxism as politics is left untouched. And after the Russian Revolution of 1917 the Bolsheviks headed by Lenin and then Stalin succeeded eventually in enforcing complete state control of industry. The result, as it relates to Marxist thinking, was the refutation of the theory of withering away. Whatever else the post-revolution state in Russia may have done, it has not withered away.

2. CRITICISM

Marx's failure is two-fold. Firstly there is the non-appearance in the industrially advanced countries of the predicted revolution (and, of course, the associated failure of the other predictions such as *increasing misery* which were to converge in that revolution). Secondly, there is the failure of the government in Russia (and elsewhere) to *wither away* following the implementation there of Marx's economic programme of placing all industry under state control. So both components of Marxism as science are refuted - the economic analysis of capitalism that predicts revolution and also the description of that revolution. The two failures are intimately connected since the theory of *withering away* relies partly on Marx's economic analysis for its justification.. Class conflict, according to the economic analysis, occurs within profit-making industry where profits (read surplus value) created by the proletariat are appropriated by the capitalists. Nationalisation of industry will abolish profit-making and thus eliminate class conflict and therefore the necessity for government. Given the dependency of Marx's description of revolution on his economic analysis of capitalism, it is to be expected that an understanding of why the economic analysis is wrong will help towards an understanding of why the description of the revolution is also wrong. But because of the Russian Revolution the failure is one of practice as well as theory. Recall the distinction between Marxism as science and Marxism as politics. Somehow, shortly to be shown, Marxism as science is incorrect but the other aspect of Marxism, as politics, is left untouched. And after the Russian Revolution of 1917 the Bolsheviks headed by Lenin and then Stalin succeeded, eventually in enforcing complete state control of industry. The result, as it relates to Marxist thinking, was the refutation of the theory of *withering away*. Whatever else the post-revolution state in Russia may have done, it has not *withered away*.

More importantly, if what happened in Russia was not what Marx had predicted, then what did happen there? In order to answer this essential question it is necessary not just to show what is wrong with Marxist ideas but also to provide alternatives to them. What happened in Russia must be explained and Marxism cannot do this. (It is also, from a psychological point of view, advantageous to supplement destructive criticism with constructive, to give the right answer as an alternative to the wrong.) Marx's argument for revolution and beyond, as set out previously, will therefore now be retraced but this time showing where Marx was wrong and also, when necessary, supplying the correct answer to the question Marx was trying to answer.

The fundamental assertion of Marxist economics is that the price of a commodity is directly related to its value, the amount of human labour required to produce it. The greater the amount of labour needed to produce an article, the greater the price of that article. But this is wrong and even obviously wrong. It is perfectly easy to imagine an instance where adding labour to something (and thereby increasing its value) does not correspondingly increase its price. Sufficiently unskilful work will not add to price but subtract from it and so, very simply, the LTV fails. Price is in reality subject not to the LTV but to the law of supply and demand. Marx was well aware of the law of supply and demand and also of the objection just made to the LTV. But instead of admitting his mistake, Marx tried to modify the LTV in such a way that it escapes criticism. He also tried to discredit the law of supply and demand. His failure on both counts is looked at in an appendix since to do so here would interrupt the retracing of Marx's argument. Just as the whole of Marx's thought was set out without any criticisms interrupting, so the criticisms will be set out without Marx's replies interrupting. So for the time being the falsity of the LTV and the correctness of the

law of supply and demand are taken for granted and we continue with the retracing of Marx's argument.

When price is explained as *the money name of the labour realised in a commodity*¹, then profit becomes a paradox, explicable only on the assumption of a value-creating substance. But since price is not determined by magnitude of value, profit is not a paradox and there is no need to assign to human labour (or anything else) the special character of being a *source of more value than it has itself*.² Explaining profit by the law of supply and demand is quite simple and does not result in any paradox. If the aggregate price of everything sold exceeds the aggregate price of everything bought (and each price is governed by the law of supply and demand) then the result is a profit. Different conditions of supply and demand could result in a loss. All perfectly simple and the concept of surplus value, necessitated by the LTV's paradox of profit, has disappeared. This in turn destroys Marx's account of class struggle under capitalism which states that capitalist and proletariat oppose each other because of the former's appropriation of the surplus value produced by the latter. Now surplus value has disappeared the class struggle cannot be explained by reference to it. An alternative account of the class struggle under capitalism is therefore needed and it goes as follows: the demarcation line in industry is between those who give orders, management, and those who take them, workers. This is very different from Marx's account of antagonism between employer (capitalist) and employee (proletariat). For a start, many of the people reckoned by Marx as proletarian are in fact on the other side in the class struggle. Many employees are managers or foremen or similar and therefore on the side of the management. This is very important. A conflict between an *immense majority* of proletarians and a handful of capitalists is likely to end, very quickly, in a victory for the larger side. A conflict between more evenly

balanced forces could be quite different. And not only have the opposing camps in the class struggle been altered, the nature of the class struggle has changed. On the basis of capitalist appropriation of surplus value Marx saw the relationship between capitalist and proletarian as one of total enmity. Only the capitalists got any benefit from the relationship. In reality, workers benefit too. In the absence of physical coercion the fact that workers do a job shows that they get some benefit from it (however minimal that benefit). Managers and workers may not like each other but their interests are only superficially opposed. Workers benefit from having a job or they wouldn't do it and managers benefit from having workers or they wouldn't hire them. The *two great hostile camps* of Marx's misconception are in reality co-operating with each other. Possibly an uneasy co-operation but co-operation nonetheless. The class struggle will be returned to shortly but it is now time to consider another consequence of the refutation of the LTV.

A corollary of the LTV is that machinery cannot produce new value and that the continual introduction of new machinery will cause a fall in the rate of profit. But in reality there is no reason to think that the rate of profit is falling and, it might fairly be asked, if mechanisation hits profits, why do capitalists continue to mechanise? The fact that capitalists do continue to invest in new machinery shows that it doesn't hurt their profits (quite the reverse!) and therefore that any theory stating the reverse must be wrong. Since there is no fall in the rate of profit, there is no necessity for the capitalist (read manager) to attempt to inflict *increasing misery* on the proletariat (read worker). In any case, on the basis of the LTV *increasing misery* is impossible. The LTV states that proletarian wages are fixed at subsistence level and it should therefore be impossible for capitalists to push them any lower. The observable fact that many proletarians sup-

posedly living at subsistence level are well paid or even highly paid, both management and workers, is another refutation of Marx.

It is instructive to summarise the results just reached. The LTV does not explain price and there is no paradox of profit requiring the postulation of a value-creating substance, whether this be labour or anything else. Surplus value is a myth and the class struggle is not between capitalist and proletarian, employer and employee, but between manager and worker, order giver and order taker. This, the real class struggle, does not have the dramatic nature of Marx's misconception and the two sides are, for the most part, co-operating with each other. It is true that in Marx's sense the proletariat do form the *immense majority* of society but since his claim that the class struggle is between capitalist and proletariat is false, the numerical dominance of the proletariat does not have the significance Marx gave it. Many proletarians are in the management camp and the two sides to the class struggle are far more evenly matched than Marx supposed. There is no fall in the rate of profit due to mechanisation and this is additionally proved by the fact that capitalists continue to invest in new machinery. Thus there is no pressure on capitalists or managers to have to try and rescue their profits by depressing the living standards of proletarians or workers and this is any case impossible on the basis of the LTV which asserts that proletarian living standards are fixed at subsistence level. There is therefore no *increasing misery* and no reason whatsoever to expect revolution in industrially advanced countries. In short, Marx was completely and utterly wrong in his economic analysis of capitalism. Indeed later on an explanation will be given of how Marx came to devise an analysis of society that is so totally at odds with reality. For the time being it remains to examine the consequences of the failure of Marx's economic analysis for his description of revolution.

Marx's concept of revolution was that the complete nationalisation of industry (the *dictatorship of the proletariat*) would end the class struggle caused by profit-making industry and that *since political power is precisely the official expression of antagonisms in civil society*³ the removal of those antagonisms would cause the state to *wither away*. The state is considered to be rather like a reflection in a mirror which will disappear when the object of which it is the reflection is removed. This has been refuted by the experience of Russia and indeed Marx's view of revolution is as defective as his economic analysis of capitalism. One important error in his description of revolution is derived from his economic analysis but others are errors in their own right. The error arising from the inadequacy of Marx's economic analysis will be looked at first. Marx thought that state control of industry would end the class struggle caused by profit-making industry. But Marx's view of the class struggle is, as has been shown, completely wrong. Thus there is no reason to suppose that the elimination of profit-making industry will abolish the order giver / taker relationship that characterises class society. This relationship is independent of profit-making industry and quite capable of surviving its annihilation. In other words, there are no grounds for believing that the Marxist programme of nationalising the whole of industry will result in a classless society. What it will result in is quite another matter.

Another essential component of the theory of the withering away of the state subsequent to the total nationalisation of industry is that the political is nothing more than the reflection of the economic and a corollary of this is that political or governmental action is powerless to affect the economy. This is as easily refuted as the LTV. All that is needed to refute the reflection theory is to find an example of a political action having an effect on the economy and this is simply done.

Consider how the political action of raising or lowering tax levels can depress or stimulate industrial production. Finis. It may well be that the technological cum economic level of a society is the single most important factor in determining the nature of that society but to say that it is all important and that government is impotent is false. Marx tacitly accepted this when he contradicted himself and said that the political action of seizing state power by insurrection would affect the economic relationship between capitalist and proletariat. If the political merely reflects the economic, then the political action of gaining control of the government and nationalising all of industry cannot influence the economy. And if the political can affect the economic, then Marx was wrong to assert the opposite. Heads Marx wins and tails he loses. The assertion that the political is the reflection of the economic was necessary to Marx in order to support the idea of the state withering away to leave behind a classless, ideal society. He presumably failed to notice that the reflection theory involves a self-contradiction.

The final objection to the Marx's concept of revolution is that the expression *dictatorship of the proletariat* is incoherent. The dictatorship of the proletariat means state control of industry and, fairly obviously, governmental power can only be exerted by a minority. But the proletariat are the great majority of society. How can a majority do what is possible only for a minority? An interesting riddle but one which will not be answered until later. The criticism of Marx's view of revolution is now complete and, as before with his economic analysis, Marx's failure will now be summarised. State control of industry will not eliminate class conflict and even if it did, the government is not simply the reflection of the economy and would therefore not disappear. The belief that the political is the reflection of the economic refutes the idea that state control of industry could eliminate class antagonism.

The idea of the dictatorship of the proletariat is incoherent. Marx's theory of revolution is as complete a failure as his economic analysis.

Fortunately it is not necessary to speculate on the possible consequences of the failure of Marxism as science for Marxism as politics. It is not necessary to try and work out, theoretically, what would happen if Marx's programme of nationalising all of industry were put into operation. This is no longer a theoretical question. Following the Russian Revolution of 1917 the Bolsheviks succeeded, after a time, in enforcing complete state control of industry. What happened in Russia answers the questions concerning the implementation of Marx's programme and supplants purely theoretical answers.

3. RUSSIA

Russia's was not the type of society in which Marx's revolution was to take place. Tsarist Russia was, compared to countries such as Britain and Germany, industrially backward and had a mostly peasant population. The cause of the Russian revolution was not the immiseration of the industrial working class but Russia's disastrous involvement in the First World War. Popular disturbances due to food shortages multiplied and the army, after several years of being slaughtered, disintegrated as soldiers mutinied and returned home. But whereas the destruction of the Tsarist dictatorship might fairly be regarded as the work of the Russian people, the imposition of a Marxist dictatorship was the work of the Bolshevik Party. After a lot of confusion, fighting and with a great deal of determination, the Bolsheviks, headed by Lenin, succeeded in gaining sole control of the government and in implementing Marx's programme of complete state control of industry. So Marxism as politics succeeded where Marxism as science had failed and provided a practical test of the theory that following the abolition of profit-making industry by nationalisation the state would disappear. That *withering away* was refuted in practice is unsurprising: the theory's two components (that the political is the reflection of the economic and that the class struggle is defined by the appropriation of surplus value) are false and the theory is in any case self-contradictory. The real question is to discover what did happen in Russia since, whatever else it was, it certainly wasn't what Marx had predicted.

With the Tsarist system in ruins there was conflict as to what would replace it. There were competing political parties, including the Bolsheviks, and there were also the soviets, local councils of workers, peasants and soldiers, set up to run society following the collapse of central government. These had

previously appeared in the abortive revolution of 1905 (which revolution had also been sparked off by a Russian military defeat, this time in a war against Japan). Soviets were in fact an alternative way of organising society and their popularity was such that at one time the Bolsheviks main political slogan was *all power to the soviets*. But Marx's programme calls for centralisation of industry, not decentralisation, and later on the Bolsheviks were to destroy the soviets. But before the soviets could be dealt with the Bolsheviks had their rival political parties to defeat. Elections to the Constituent Assembly were held in early 1918 and the Bolsheviks lost. They promptly dissolved the Assembly by force. Presumably they were prepared to run in the elections only on the understanding that they would be allowed to win. For a while the Bolsheviks shared power with the left-wing of the Social Revolutionary Party but Bolshevik unwillingness to make this a genuine partnership soon led to a split. In the meantime the supporters of the old Tsarist system, the White Russians, had begun to regroup.

Marx said that the class struggle was between an overwhelming majority of proletarians and a small handful of capitalists. In reality the supporters of the old Tsarist system were far more numerous than this and they were not militarily defeated for several years. Marx's view of the class struggle was wrong and in any case Russia was an agricultural country, not an industrial one. But the Bolsheviks did not fight only against White Russians. They crushed all the other political parties and also the soviets. To do this required a large army and the Bolsheviks' Red Army was not enough. They also needed a secret police force, known originally as the Cheka, and this organisation is still today the main support of Communist rule. As the alliance with the Social Revolutionaries broke up the Cheka resorted more and more to execution without trial and to arbitrary terror. They also were in charge of the steal-

ing of grain from the peasants in order to provision the Red Army and this activity, coupled with Cheka brutality, produced widespread popular resistance to Bolshevik rule. A member of the Social Revolutionaries, Dora Kaplan, tried to assassinate Lenin but was unsuccessful. A long-time political activist, Kaplan had previously attempted to assassinate a Tsarist official. For that she had been given a trial and had been sentenced to a term in prison. Under the new Marxist regime she was executed, without trial, the following day. This did not become known for many years since the Bolshevik victory enabled them to impose censorship. The last real opposition to the Bolsheviks came at the naval fortress of Kronstadt in early 1921. A popular uprising against the Bolsheviks was defeated but news of it was brought to the outside world. Some of the rebels escaped across the ice-bound sea to Finland and the reality of Bolshevik rule is shown by the nature of what they had been fighting for. They had demanded new elections to the Bolshevik dominated soviets, freedom of speech, freedom of assembly and the release of political prisoners. The Russian people were paying heavily for Marx's theories.

Marx had demanded state control of industry and the Bolsheviks had put this into operation. All their rivals had been defeated and soviet control of industry was ended. The Bolsheviks handed over the factories to those, often former experts from the Tsarist system, who would be accountable not to the soviets but to the Bolsheviks. Lenin argued the economic efficiency of *one man management* but efficient would not be the correct word to use in describing the Bolshevik management of the economy. On top of the stealing of grain and the domination of the factories came a ban on private markets. (Quite what this has to do with the LTV is not clear.) An unknown number of peasant revolts had to be put down in order to maintain Bolshevik rule and Kronstadt forced Lenin

to allow a partial return to capitalism. The economic inefficiency of state control of industry was creating too much unrest. Markets were permitted and small scale industry was allowed to stay in private hands. Peasants kept the land they had seized from the old Tsarist landlords. This was known as the New Economic Policy and the pretence was made that what had gone before was merely War Communism, a temporary measure. In fact War Communism was exactly what Marx had wanted and the NEP was a defeat and an admission of the economic failings of Marxism. Lenin's pragmatism let the economy revive to the point of preventing further popular revolts against Communist rule (the return to the old name came soon) but there was no corresponding relaxation of the political tyranny. All dissent was still forbidden and the Cheka maintained its grip. Russia was again a stable society and in place of the old Tsarist dictatorship was the new Communist dictatorship. This state of affairs continued for some years. In 1924 Lenin died and the ensuing power struggle eventually resulted in victory for Stalin and a new era for Russia.

The NEP had been a defeat for the Communists and when Stalin came to power he was determined to avenge that defeat and reimpose the already discredited programme of state control of industry. Starting in 1929 vast new building projects were begun: steel plants, power stations and so on. The labour for these projects was to be provided by peasants displaced by the other part of Stalin's strategy. All land was taken into state ownership and the peasants forced into collective farms. It was a disaster. Industry expanded but agriculture collapsed as peasants resorted to passive resistance, often slaughtering livestock rather than hand it over to the government. To smash resistance the secret police used their old weapon - terror. Thousands were killed and hundreds of thousands taken into forced labour camps but in 1932 there

was a terrible famine in the Ukraine. Opposition to Stalin's rule grew even within the ranks of the Communist Party and in 1934 the Party's 17th congress attempted to limit Stalin's power. Stalin retaliated by unleashing the secret police on the previously exempt Communists. Over half of the hundred odd members of the Central Committee were executed and the famous show trials were put on. Prominent Party members were imprisoned and mistreated until they would confess to absurd plots against Stalin. Later they too were executed, as were thousands of lesser Party members. Of particular note, perhaps, was the execution of the former prominent Marxist theoretician Bukharin. He had been the author of the famous joke that there were lots of political parties in Communist Russia: one in power and the rest in prison. Stalin's terror was extended to the army, to the Russian people as a whole and finally to the secret police. Quite how many people died in Stalin's forced labour camps is unknown - one estimate gives a minimum figure of twenty million and that is only a minimum. Stalin maintained his tyranny until his death in 1953 and neither he nor his successors have chosen to say. Russia's present dictators have kept the system of forced labour camps Stalin built but the open terror of Stalinism has been relaxed. The economic system remains strictly Marxist, however.

The main lesson of Russia is this: complete state control of industry is a disaster. In place of the free, egalitarian society of *from each according to his ability, to each according to his needs*¹ is a new type of class society - the one party state. In Russia there is more poverty and a greater disparity of wealth than in the capitalist countries of Western Europe. There is an almost total lack of political freedom in Russia. Over half a century after their rise to power the Communists still require a vast secret police force to protect them from the people of Russia. Marx wrote that *the proletarian movement is*

*the self-conscious, independent movement of the immense majority, in the interest of the great majority.*² In reality the Marxist programme of complete state control of industry is wholly opposed to the interests of the majority and benefits only a minority - the new Communist ruling class. The imposition of the programme requires a vast system of repression since there is no question of it being accepted voluntarily. Stalin's reign of terror was not an aberration from normal Marxist practice but an extension of it. And the responsibility for making possible Stalin's terror rests with those who created the system that made Stalin possible.

4. CONCLUSIONS

It was earlier stated that Marxism is both science and politics and that if Marxism as science were correct then the question of the advisability of Marxism as politics would be redundant since whatever Marx had predicted would come true regardless. In fact considered as science Marxism is false (as has been more than adequately shown) and it was therefore necessary to deal with Marxism as politics separately. This was done in the account of the Russian Revolution and after and now it is time to return to the subject of Marxism as science. That still takes precedence since it is the inadequacies of Marxism as science that lead to the disaster of Marxism as politics. Marx's failure, summarised, earlier, is now repeated.

The LTV does not explain price and there is no paradox of profit requiring the postulation of a value creating substance, whether this be labour or anything else. Surplus value is a myth and the class struggle is not between capitalist and proletariat but between management and workers. The bitter class struggle of Marxian fallacy is really the demarcation line in industry separating two sides who, though they do not like each other, co-operate to make production possible. Although the proletariat do form the great majority of society this does not have the significance Marx gave it since his account of the class struggle is so wrong. Whereas a fight between the *immense majority* and a small handful may be expected to end, quickly, in favour of the larger side, a fight between more evenly balanced sides is likely to last longer and cause far more casualties. There is no fall in the rate of profit due to continuing mechanisation and the possibility of such a fall is denied by the fact that capitalists continue to invest in new machinery. Thus there is no pressure on capitalists (or managers) to try and rescue their profits by depressing the living standards of the proletariat (or workers). This is in any case

impossible since the LTV fixes wages at subsistence level. It is not true that *in proportion as capital accumulates, the lot of the labourer...must grow worse*¹ and there is no reason to expect revolution in the industrially advanced countries. The *dictatorship of the proletariat* is, on a strict interpretation, impossible since it assigns to a majority what is possible only for a minority. State control of industry (the real meaning of the *dictatorship of the proletariat*) will not end the class struggle since this depends on the order giver / taker relationship and not on the appropriation of (mythical) surplus value. The political is not merely the reflection of the economic and the idea that it is refutes the idea that state control of industry will eliminate class conflict. This is an astonishing record. Anyone tackling as difficult a subject as sociology is going to make mistakes but Marx appears to have made nothing except mistakes. So how did he come to devise a philosophy so completely at odds with reality? The answer emerges when Marxism is presented in the order in which it occurred to its founder.

The exposition of Marxism given earlier follows the one given by Marx in his most important work *Capital*. It began with Marx's account of how value determines price and built up, via a detailed argument to the conclusion of the inevitable collapse of capitalism and its replacement by a classless, stateless society. But the order in which Marx set out his philosophy was exactly the reverse of this. Consider the following quotations from the *Communist Manifesto* which was published in 1848. *But not only has the bourgeoisie forged the weapons that bring death to itself; it has also called into existence the men who are to wield those weapons - the modern working class - the proletarians*² *and the development of Modern Industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropri-*

ates products. Its fall and the victory of the proletariat are equally inevitable.³

In 1848 Marx was already claiming that capitalism was doomed but his reasons for believing this, his economic argument the conclusion of which was the collapse of capitalism, did not appear until almost 20 years later with the publication in 1867 of volume 1 of *Capital*. The conclusion came first and the (spurious) proof later. Now the reason Marx wanted to see the destruction of capitalism is simple enough. He was one of many who protested against the social conditions of the industrial working class in the middle of last century. His friend Engels wrote a book on the subject but Marx went further than just describing the poverty found in the industrial slums. He wanted to see an end to this poverty and constructed a philosophy, an analysis of capitalism, that promised exactly that. He thought that he had scientifically proved that capitalism would collapse and be replaced by an ideal society. But criticism shows that his philosophy is wildly defective and quite unable to prove what he wanted it to. How did Marx not notice that he was so wrong? The answer lies in his personal psychology - he was unable to admit that he was wrong and even unable to make any criticisms of his own work. (Though he found it very easy to criticise that of other people.) To illustrate this, three elements of Marx's philosophy will now be looked at more closely than before. They are the falling rate of profit, mechanisation and the production of surplus value, and the numerical strength of the capitalists.

Marx had to show that the rate of profit was falling since this is essential to his idea of *increasing misery*. But even on the basis of the LTV (which theory is in any case false) he was unable to formulate a law stating that the rate of profit was falling and he ended up referring to the *law of the falling tendency of the rate of profit*.⁴ The trouble with this is that the

word *tendency* cancels out the word *law*. If Marx had a law he would state it, and the fact he doesn't, shows that he hasn't. His use of the word *tendency* is simply a refusal to admit his failure. An equally glaring failure concerns mechanisation and surplus value (which Marx thought synonymous with profit). Marx's argument was that surplus value could only come from variable capital, labour, and not from constant capital, e.g., machinery. But if Marx were right then capitalists would cease to invest in machinery since it damages their profits. Marx had to admit that *the application of machinery to the production of surplus value implies a contradiction*⁵ and he then went on to talk about something else as if the fact that his LTV had been contradicted and refuted by reality did not matter. Marx's curious view of contradictions is examined later in an appendix. For the moment, another of his failures is to be considered - his failure to prove that the number of capitalists is appreciably falling. Again, he could find no law setting out what he wanted and referred instead to the *tendency to centralisation*.⁶ The alternative would have been to admit that he was wrong and this he never did.

In addition to promising the replacement of capitalism by utopia, Marx's philosophy had a special attractiveness for Marx himself. Like all politicians Marx sought power and in the curious guise of the *dictatorship of the proletariat* his theories assigned control of the government to himself and his political associates. How convenient. The *dictatorship of the proletariat* is supposed to benefit the proletariat by abolishing the profit-making industry which causes the class struggle between capitalist and proletariat. Marx went one step further. Subsequent to complete state control of industry the state will *wither away* (the time scale is never made explicit), leaving behind a classless utopia. This is unfortunate. If state control of industry is so beneficial, why will the state have to disappear? And the idea of withering away involves a self-

contradiction. Since the political is only the reflection of the economic, abolishing profit-making industry which is the root of class conflict will cause the political expression of that class conflict, the state, to disappear. But if the political is only the reflection of the economic then the political action of seizing state power must be impotent to remedy class conflict caused by an economic relationship. In fact *withering away* has a curious origin. Marx wanted to centralise all industrial production in the hands of the state (represented by himself) but within his small political circle he faced as opponents the advocates of a type of socialism which demanded not the strengthening of the state but its destruction. The idea that following the centralisation of industry government would disappear was a brain wave on Marx's part for neutralising these peoples' opposition to him. By being strengthened the state would, paradoxically, be nullified. It seems clear that Marx never intended this seriously. With the eclipse of anarchism, as the anti-state socialism became known, Marxists have dropped the pretence that they seek power in order to relinquish it.

Just as Marx refused to accept his failure so, by definition, have his followers. The desire to believe outweighs the inadequacies of Marxism. And there are good reasons for failing to see that Marxism is intellectually bankrupt. Marx never made a synopsis of his thought and his philosophy is spread out through hundreds of pages of obscure prose. When the core of his philosophy is collected and assembled it is easy to see its failings but in Marx's own writings the mass of detail acts as camouflage. However, as time passed the continuing failure of Marx's various predictions forced his followers to come up with a series of ad hoc hypotheses designed to explain away the failure. The first of these was given by Engels who decided that the British proletariat did not create revolution because a *labour aristocracy* had been formed. Lenin developed,

if this is not too strong a word, this idea into an account of imperialism whereby *super-profits* from the colonies bribed this labour aristocracy. Later still, Trotsky, the former commander of the Red Army who was first exiled and then murdered by Stalin, admitted that *the objective prerequisites for the proletarian revolution have not only 'ripened'; they have become somewhat rotten.*⁷ His idea was that the proletariat were continually being betrayed by their leaders. (He thought that the problem could be solved by the proletariat adopting his own leadership.) All three were wrong. Marx's philosophy states that there cannot be a labour aristocracy, that profits from the colonies should be no higher than from anywhere else and that the political reflects the economic: therefore it cannot betray it. These arguments only work on the assumption that Marx was wrong. There is no need to refute them in detail. The failure of Marx's predictions is not a mystery requiring ingenious explanation: Marx was wrong from start to finish and what would require explanation would be if his predictions did come true. Given sufficient determination, Marxists can produce saving explanations for Marx indefinitely. Some of them, however, don't bother.

The Marxist takeover in Russia (and elsewhere) has obscured the inadequacy of Marxism as a philosophy. At first sight it is reasonable to assume that the practical success of Marxism argues the correctness of Marxist ideas but examination shows otherwise. The success is illusory. As science Marxism is false and as politics it has proved to be a catastrophe for the people of Russia. Russia is actually inexplicable in terms of Marxist ideas (as is the rest of reality). The Russian experience does show that complete state control of industry is a disaster but this study has not tried to say why this should be so. The principle aim was to refute Marx; to simultaneously have tried to give a correct sociology, either of Communism or capitalism, would have been far too ambitious. However, a

few brief notes on Russia are inevitable. Russia is not the classless utopia of Marx's prediction and Communist propaganda. It is a vicious dictatorship and not, that absurdity, of the proletariat, but of the new ruling class, the Communist Party. Without its huge secret police force the Communist dictatorship would collapse. Rather than being a new type of society Communist Russia closely resembles Tsarist Russia. The two are similar in both internal repression and external aggression: Communist Russia is simply more successful. There is a wide-spread myth that Communism and Communist countries are radically different from anything that has gone before and that there is a Communist plot for world domination. It is true that Communist Russia seeks to extend its influence beyond its borders, most recently in Afghanistan, but there were Russian troops in Afghanistan last century when Russia was under the Tsars. It is in the nature of powerful governments to try and expand and Communist Russia is no exception. There is no specifically Communist conspiracy for world domination and it is open to doubt whether the dictators of Russia even take their Marxist philosophy seriously. They reprint the old texts but do not attempt to explain the failure of the revolution in the capitalist countries. The reality of power is enough for them: Marx's theories are of little importance.

Communist Parties in non-Communist countries are odd. On the one hand they act like normal political parties in trying to get their programme accepted: on the other they function, to a greater or lesser extent, as an arm of Russian foreign policy. Their *raison d'être* is a deluded belief in Russia as the workers' paradise (and such a belief is no doubt very comforting to those capable of it). National Liberationists looking for arms will find the idea of the workers' paradise particularly attractive but Russia's willingness to supply arms to them is part of Russia's foreign policy of self-aggrandizement

and has nothing to do with any ideological support. Take Russia's involvement in the Horn of Africa for example. Once Russia backed Somalia and America backed Ethiopia. Now Russia backs Ethiopia and America backs Somalia. It is difficult to see any high moral principles involved, on either side.

More in Marx's personal tradition are the non-Communist Marxists, both Trotskyists and others. Trotskyists take their Marxist ideology seriously and are not simply supporters of Russia. (Though they back it against the West since it is still a *workers state*, albeit a *degenerated workers state*.) It is unfortunate that anyone should still believe in a philosophy as thoroughly sunk as Marxism and this study is partly aimed at such people.

It is sometimes said that Marxism is a theory of reformist and not revolutionary politics. This is not so. It is true that after Marx's death Engels renounced revolution and said that parliament was about to institute socialism but this is misleading. Engels never had any real reason to believe that socialism would come about through reform, any more than Marx had to believe that it would come about through revolution. The term *socialism* is commonly used today to denote not the utopia imagined by Marx and others but the dystopia of Stalin's Russia and Marx's megalomaniac delusions are largely responsible. Anyone seeking improvement in society will have to look elsewhere than Marxism. At the beginning of this study two reasons were proposed for studying Marxism: there was the intrinsic value of Marx's ideas and there was the question of how far a knowledge of Marxism would help with an understanding of Russia. It has now been shown that the intrinsic value of Marx's ideas is zero and that they are unable to explain anything, including Russia. Marx was wrong last century and he is wrong today. It is a strange thought that one third of humanity live in Communist dictatorships while

a sizeable proportion of the rest live in dictatorships whose principle justification is their opposition to Communism.

5. LABOUR THEORY OF VALUE

Earlier on the LTV was rejected in favour of the law of supply and demand. This must now be gone into in much greater detail since Marx was aware of the various objections to the LTV and produced arguments to support the LTV and discredit the law of supply and demand. Several objections to the LTV (only one was considered in the main text) will now be looked at, along with Marx's attempts to answer those objections. That he was unsuccessful will soon emerge.

The objection already made to the LTV is that there is no necessary correlation between price and labour. This is shown by the fact that if there were then it would be possible to increase the price of an article simply by taking longer to produce it. Marx was aware of this objection to the LTV and wrote *Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would this commodity be, because more time would be required in its production.*¹ Marx's view of the working class as *idle and unskilful* is interesting but not at issue here. More to the point is his response to the criticism just made. He modified the LTV in the following manner.*that which determines the value of any article is the amount of....labour-time socially necessary for production*² and *the labour-time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time.*³ Armed with the nebulous concepts of *normal* and *average* the LTV can now escape the *idle and unskilful* criticism. If a quantity of labour does not result in an increase in price then it is simply denied that the labour in question was socially necessary. In other words, labour is socially necessary provided it is socially necessary. This is fun but rubbish. The redefined LTV is no

longer a scientific assertion but a tautology and consequently without factual content. Marxists have a choice. They may either keep to the naive definition of labour - in which case the LTV is false - or they may adopt the socially necessary definition - in which case the LTV is without substance. Provided the LTV is rejected it hardly matters whether this is done on grounds of falsity or vacuity.

The next objection to the LTV concerns a price which should not exist. The LTV has the consequence of stating that something on which human labour has not been expended is without value and hence price. This is easily shown to be false - consider the price of uncultivated land. As before, Marx tried to answer this criticism and, as before, he was unsuccessful. Admitting that *an object may have a price without having value*⁴ he produced the astonishing answer that *the price in that case is imaginary, like certain quantities in mathematics*,⁵ Try buying a plot of uncultivated land with imaginary money. It is true that mathematicians refer to a certain type of number as imaginary but in the popular sense of the word these numbers are no more imaginary than any others. The fact that in mathematics the word imaginary has a special, technical definition does not allow Marx to escape from the reality of a price which the LTV denies exists. If the LTV were true, then uncultivated land would not have a price. Uncultivated does have a price. Therefore the LTV is false.

The rival theory to the LTV is the law of supply and demand and in addition to defending the LTV Marx tried to discredit its competitor. This involved looking at fluctuations in price. It is well-known that the prices of certain articles, especially those sold in professional markets like the stock exchange, change from day to day and even from minute to minute. On a strict interpretation of the LTV this can only mean that the amount of labour required for their production (the amount

of socially necessary labour, that is) changes with equal rapidity. Obviously this is not so and Marx therefore decided that such fluctuations in price are due to changes in conditions of supply and demand but that these fluctuations revolve around an average price which is the one set by the LTV. He also said that although the law of supply and demand can explain fluctuations in price, it is unable to explain the stable prices which result when conditions of supply and demand are in equilibrium, writing that *....change in the relations of supply and demand (explains) in regard to the price of labour, as of all other commodities, nothing except its changes, i.e., the oscillations of the market price above or below a certain mean. If demand and supply balance, the oscillation of prices ceases, all other conditions remaining the same. But then demand and supply also cease to explain anything. The price of labour, at the moment when demand and supply are in equilibrium, is its natural price, determined independently of the relation of demand and supply*⁶ and the natural price which *always finally predominates over the accidental market prices of labour and regulates them....can, as with all other commodities, be nothing else than its value expressed in money.*⁷ Several points have to be dealt with here. The first is that it is untrue that the law of supply and demand is unable to explain stable prices. Changing conditions of supply and demand explain changing prices and stable conditions of supply and demand explain stable prices. As for Marx's *certain mean*: around which market prices fluctuate, it doesn't exist. Marx refers to *the moment when demand and supply are in equilibrium* but equilibrium can be reached at many different points and so there is not just one point that can be identified with Marx's *natural price* determined by value. There is more than one mean, which destroys the concept. To put the point differently, prices may be averaged over a period of time but which period is to be chosen? Moving on, if one particular mean has been arbitrarily chosen, what importance

is to be attached to it? By way of illustration, take the mean of the faces of a normal, six sided die. In what sense can the individual throws of the die be said to oscillate around its mean? The mean is $3\frac{1}{2}$ and the die does not have a face with that value....

The results so far are as follows: interpreted naively the LTV is false and the *socially necessary* modification turns the LTV into a tautology, thus nullifying it as science. The concept of an imaginary price is a fraud and there is no *natural price* or *certain mean* around which prices set according to the law of supply and demand fluctuate. Nor is it true that the law of supply and demand is unable to explain stable prices. The LTV is unable to stand unsupported and requires the law of supply and demand to help it out. Marx admits the LTV cannot explain the particular case, this needs the law of supply and demand. How, then, can the LTV explain the general case? All of these difficulties stem from maintaining that price is determined without reference to those who pay it - consumers. This in itself is a decisive objection to the LTV. Marx envisages an economy where consumers do not exist and this is impossible. The truth is that price is set with reference to the law of supply and demand and here there is no pretence that consumers do not exist. They are the demand. Marx's attempt to set price in the absence of consumers went wrong as soon as he started and he was forced to try and slip them in round the back as being *socially necessary*. This caused the collapse of the LTV's claim to be science. Much better to let consumers in at the front as demand.

This study's investigation of Marx's economic analysis of capitalism began with the following quotation. *Let us take two commodities, e.g., corn and iron. The proportions in which they are exchangeable, whatever those proportions may be, can always be represented by an equation in which a given*

*quantity of corn is equated to some quantity of iron: e.g., 1 quarter corn = x cwt. iron. What does this equation tell us? It tells us that in two different things - in 1 quarter of corn and x cwt. of iron, there exists in equal quantities something equal to both. The two things must therefore be equal to a third, which in itself is neither the one nor the other.*⁸ It was Marx's opinion that in *something common to both* he had discovered a hidden economic truth - that value determines price - and he built his entire philosophy on the basis of this mistake. From the fact that two things are equal to each other it does not follow that they are equal to something else. The true explanation of why a certain quantity of corn will be equal in price to a certain quantity of iron is quite different. The price of both the corn and the iron is set by the law of supply and demand. Once this has been done and a quantity of one or the other is specified, it is simple arithmetic to discover what quantity of the other will be equal in price. Given three numbers, call them a, b and c, there is no difficulty in finding a fourth, call it d, such that a multiplied by b is equal to c multiplied by d. What would be remarkable is if d could not be discovered. Marx's attempt to find profundity where none existed was the first of his many errors.

6. CONTRADICTIONS

According to Marx *surplus value arises from variable capital alone¹ and the use of machinery...converts what was formerly variable capital, invested in labour power, into machinery which, being constant capital, does not produce surplus value....Hence, the application of machinery to the production of surplus value implies a contradiction.*² For anyone who accepts classical logic, this is a decisive argument against Marx's economics. Since they result in a contradiction, they must be defective and the only question is to discover what that defect might be. A few words on classical logic's view of contradictions are called for.

In classical logic a contradiction occurs when two statements cannot both be true. Given an arbitrary statement p , its negation $\text{not-}p$, cannot also be true. The reason for this is that if a statement and its negation are both true then any other statement, however absurd, can be proved to be true. Since it is undesirable, to say the least, to be able to prove true any piece of nonsense whatsoever, for example that the moon is a cube, the two statements forming the contradiction cannot both be true. They lead to absurdity and therefore one or the other must be false. The contradiction at issue here is between a statement describing a facet of reality and a statement that is a consequence of Marx's economics. Machinery either can or cannot produce surplus value but not both. By showing that his economics lead to a contradiction, Marx is showing that they are false. In the real world investment in machinery does not hurt profits (rather than surplus value) and therefore any reasoning saying that it does is wrong. (And what is wrong with Marx's economic thinking has already been shown.) As usual Marx refused to accept that he was wrong and instead found a different definition of contradiction with which to avoid facing the truth.

Consider what Marx means when he writes of the *contradictions inherent in the movement of capitalist society³ or the absolute contradiction between the technical necessities of Modern Industry and the socialist character inherent in its capitalistic form.*⁴ In contrast to classical logic where contradictions are purely verbal and exist between two statements Marx is talking about contradictions which, somehow, exist in the real world. He is using contradiction in the sense of conflict. Now definitions are only a matter of convenience and it would be pointless to say that either classical logic's definition or Marx's definition is correct. We accept both definitions and distinguish between them by referring respectively to classical contradictions and Marxian contradictions.

The fact that there is a special, Marxian definition of contradiction does not invalidate the impossibility of the two statements forming a classical contradiction both being true. Marx is tacitly saying that all contradictions are Marxian contradictions but this is not so. Consequently, his unworried acceptance that *the application of machinery to the production of surplus value implies a contradiction* must be rejected. The proof that Marx's economic analysis is defective holds good. Returning to the subject of contradictions, acceptance of the LTV implies, among other things, the acceptance that two statements, contradictory in the classical sense, can both be true. This leads to absurdity and there the matter must rest. There is ultimately no reasoning with someone who will say that one and the same statement is simultaneously both true and false. We must reject either Marxism or reality and this explains the title of this study — *Marxism Versus Reality*.

7. SOURCE OF QUOTATIONS

Quotations are indicated in the main text by italic type but sources are not given for all entries in italic. Sources are not given for concepts, e.g., the dictatorship of the proletariat.

MARXISM

- 1 Capital (C) vol.1 chap.1
- 2 C vol.1 chap.1
- 3 C vol.1 chap.1
- 4 C vol.1 chap.1
- 5 C vol.1 chap.3
- 6 C vol.1 chap.5
- 7 C vol.1 chap.6
- 8 C vol.1 chap.6
- 9 C vol.1 chap.7
- 10 C vol.1 chap.8
- 11 C vol.1 chap.9
- 12 C vol.1 chap.15
- 13 Communist Manifesto (CM)
- 14 CM
- 15 C vol.1 chap.10
- 16 CM
- 17 C vol.1 chap.25
- 18 C vol.1 chap.32
- 19 CM
- 20 C vol.1 chap.15
- 21 C vol.1 chap.15
- 22 C vol.3 chap.13
- 23 C vol.1 chap.32
- 24 CM
- 25 Critique of the
Gotha Programme (CGP)
- 26 CGP
- 27 CM
- 28 CM
- 29 CM
- 30 CM
- 31 Poverty of Philosophy (POP)
- 32 CM
- 33 CGP

CRITICISM

- 1 C vol.1 chap.3
- 2 C vol.1 chap.7
- 3 POP

RUSSIA

- 1 CGP
- 2 CM

CONCLUSIONS

- 1 C vol.1 chap.25
- 2 CM
- 3 CM
- 4 C vol.3 chap.13
- 5 C vol.1 chap.15
- 6 C vol.1 chap.25
- 7 Transitional Programme (Trotsky)

CONTRADICTIONS

- 1 C vol.1 chap.15
- 2 C vol.1 chap.15
- 3 C vol.1 afterword to
2nd German edition
- 4 C vol.1 chap.15

LABOUR THEORY OF VALUE

- 1 C vol.1 chap.1
- 2 C vol.1 chap.1
- 3 C vol.1 chap.1
- 4 C vol.1 chap.3
- 5 C vol.1 chap.3
- 6 C vol.1 chap.19
- 7 C vol.1 chap.19
- 8 C vol.1 chap.1

8. FURTHER READING

The books by Marx referred to in this study are all available in cheap editions printed in Russia, as are Lenin's *Imperialism* and Engel's *The Condition of the Working Class in England*. Trotsky's *The Transitional Programme - The Death Agony of Capitalism* is published by Trotskyist groups as a pamphlet. A Marxist account of Marx's and Lenin's ideas is found in *The ABC of Communism* by Bukharin and Preobrazensky, (Penguin, 1969). An introduction to the history of Russia subsequent to the Bolshevik takeover is G.E. Hudson's *50 Years of Communism*, (Pelican, 1971). The attitude taken to Marx in the present work was derived from a biography of Marx, the out of print *The Red Prussian* by Leopold Schwarzschild, (London, 1948).