

VOLUME XXIX

NUMBER I

Kyoto University Economic Review

MEMOIRS OF THE FACULTY OF ECONOMICS
IN THE KYOTO UNIVERSITY

THE THEORY OF DEVELOPMENT OF CAPITALIST

PRODUCTION

Hideichi HORIE 1

TREASURY AND MONEY MARKET IN JAPAN

Yasuhiko SHIMA 25

THE CONCEPT AND SYSTEM OF BUSINESS

MANAGEMENT

Takehiko FURIHATA 32

A P R I L • 1 9 5 9

PUBLISHED BY THE FACULTY OF ECONOMICS
KYOTO UNIVERSITY • KYOTO, JAPAN

KYOTO UNIVERSITY
ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
IN
THE KYOTO UNIVERSITY

VOLUME XXIX (APRIL 1959) NUMBER 1

**THE THEORY OF DEVELOPMENT OF
CAPITALIST PRODUCTION**

THE STRUCTURE OF "CAPITAL" [I]

by Hideichi HORIE*

I. The Method of "Capital"

In the preface to the first edition of "Capital", Marx proclaimed, "it is the ultimate aim of this work, to lay bare the economic law of motion of modern society¹⁾". "Modern society" in this context, is not the industrial capitalist society itself in England, in the middle of the nineteenth century, which he mentioned as an example of it, but it is, as he made clear in chapter 52, "Classes", the last chapter of Bk. III in "Capital," the abstracted, pure capitalist society which consists only of the three big classes, namely, capitalists, landowners and labourers and from which other elements that obscure it have been removed. "Modern society" which Marx meant in the above context was not modern society, as it was, in England in the middle of the nineteenth century, but the abstract and typical "modern society" in which only pure industrial capitalism is the most important among motive elements of society. Therefore, the objection, that actual capitalism is far more complicated, is of no use. Feudalistic relations and

* Professor of Economic History at Kyoto University.

1) Marx, K., *Capital*, Moscow, 1954. Vol. I, p. 10.

immature capitalistic relations which remain in actual society are not the object of study in "capital" from the outset.

The object of study in "Capital" is, as mentioned above, pure capitalism—economic living conditions of the three big classes which are its components, and economic living conditions of these three big classes are the unified complex of various elements. Marx successively decomposed this unified notion, that is, the economic living conditions of the three big classes, into simple components, and in "Capital", he explained his theory by the method in which his analysis is put forward from the stage of simplest elements to that of unified complex of elements through successive stages. Therefore, simple elements explained in "Capital" are but one aspect of pure capitalism at the stage of industrial capitalism and does not belong to any historical category in the period before that stage, even if it seems historically to be so. For example, the factory which is one of the component elements of pure industrial capitalism, mentioned above, is a unified complex of machines, division of labour and co-operation. Hence, in fact, manufacture which is a unified complex of co-operation and division of labour is one of the components of the factory. Manufacture which is a component of the factory concept is also the unified complex of the division of labour and co-operation. Therefore, simple co-operation is an aspect which is a part of the manufacture concept. This is the reason why simple co-operation and manufacture are placed as components of the factory notion in "Capital". It is not from the point of view of historical development that they are placed there. "The economic law of motion" of modern society, quoted above, is the law of the inter-relation among various component elements of modern society—the anatomical law, but not the historical law. Since manufacture and simple co-operation are placed as components of the factory notion, we can understand the reason why they are explained separately from their historical environment.

However, "Capital" clarified the law of development of capitalist production—the law of the rise, growth, and decline of capitalist production. According to Marx and Engels, the logical structure of "Capital" itself reflects the law of development. In "Capital" as explained above, real and concrete categories are decomposed into a unified complex of simple abstract categories. Though it is the simple and abstract categories which composes the real and concrete categories, it is also that historical phase which presents itself at an earlier stage than the real and concrete categories. Thus, manufacture appears earlier than the factory and simple co-operation presents itself earlier than manufacture. In this way, the logical structure of capitalist economy reflects the law of its development. But this can be seen only in

Bk. I of "Capital" and not in Bk. II or Bk. III. It is in Bk. I "Capitalist Production" that the law of development of capitalist production is presented. Though the fundamental forms of industrial capitalism are "machinery and modern industry" and explained in Chapter XIII of Part IV of Bk. I, various sides of "machinery and modern industry" and the development of capitalist production towards it are explained in the preceding parts of Bk. I of "Capital". In "the Accumulation of Capital" Part VII of Bk. I, "machinery and modern industry" is reformulated from the point of view of the accumulation process in capitalist production and the fact that the contradictions necessitate the fall of capitalist production is explained. Bk. I describes the rising and falling process of "machinery and modern industry." But Bk. II "Circulation of Capital" and Bk. III are written for the concrete reformulation from the circulation process and general processes of capitalist production at the stage of "machinery and modern industry". In those parts of the book, the stage in the development of capitalist production, as "machinery and modern industry," is concretely reformulated in an integrated form with other aspects.

As explained above, Bk. I of "Capital" clarifies the theoretical structure of the capitalistic relations in production, and at the same time, shows the rise, growth and decline of capitalistic relations in production. But it does not show the whole process of development of capitalistic relations in production. Capitalist economy was born in a feudalistic economy and opposed it and finally destroyed it through its development. The law of development of capitalist economy which is considered in Bk. I of "Capital" is capitalistic economy in which feudalistic economy is removed from the full process and in this sense "pure" capitalist economy. Actually, a serf in a broad sense might be a capitalist and also a labourer. But in "Capital", the character of the serf is taken away and only the relationship between capital and wageman is abstracted. Therefore, even if it is the law of development of capitalist economy that is explained in Bk. I of "Capital", for example, even if Part I "Commodities and Money" is the historical starting point of capitalist economy, it is not the actual historical fact, it is only its capitalistic aspect. Moreover, even if various categories which are shown logically in Bk. I of "Capital" represent such historical categories, they are found in a "purely cultivated" form as long as they are abstracted from the reality of the middle of the 19th century. In actual history they are a tendency, as it were. We might have mistaken it for actual history itself and have considered that there is in actual history the stage of pure and simple commodity economy as seen in Part I "Commodities and Money", but it is a great mistake.

This is a natural conclusion which may be derived from the method of "Capital". In "Capital", in order to show the structure of economic living conditions of the three major classes which compose industrial capitalistic society, it is decomposed into its constituent elements. In this way, the books are constructed "upwards" from simple elements to complex elements. "Capital" is fundamentally constructed upon this principle. Hence, all constituent elements of "Capital" are components or sides of the economic living conditions of the three major classes which are assumed by it and other elements, for example, feudalistic economy, is ignored from the outset. "The real assumption" itself which is the object of study in "Capital" does not include non-capitalistic and feudalistic elements. Therefore, even if Bk. I of "Capital" which is constructed "upwards" or "vertically", describes the structure of capitalistic relations in production from simple moment to complicated moment, it shows the relationship of development one another among the components of capitalist production. Thus, Bk. I of "Capital" analyses systematically the development of capitalistic relations in production as well as its structure. Next, the structure and manner of development of capitalistic relations in Bk. I of "Capital" will be briefly explained. With this problem, we have stepped into the field of historical study.

II. The Theory of Development of Capitalist Production

Bk. I "Capitalist Production" of "Capital" can be divided into "Commodities and Money, that is Part I in which "general and abstract formulation" is shown, and "capitalist production" that is, from Part II to VII. The latter part, in which "capitalist production" is dealt with, can be subdivided into four parts, that is Part II "The Transformation of Money into Capital", Part III "The Production of Absolute Surplus-Value", Part IV "Production of Relative Surplus-Value" and Part VII "The Accumulation of Capital". Other Parts V and VI are the summary (Part V) or the theory of phenomenal forms (we may say the essential part of Bk. I of "Capital" consists of the above five parts).

Descriptive processes of these five parts show the following "upwards" processes.

Part I "Commodities and Money": after capitalist production is removed from capitalistic commodity society, economic phenomenon of social division of labour which is the most general and abstract foundation of capitalistic relations in production is explained. Part II "The Transformation of Money into Capital": in order to transform money into capital, it is necessary to introduce not only formulations of "simple" commodities and money,

but also elements such as the change of labour power into commodity, and the relation between capital and wage-labour. Part III "The Production of Absolute Surplus-Value": the production of absolute surplus value is made clear by the introduction of only one element of capitalistic relations in production, that is, the relation between capital and wage-labour. Part IV "Production of Relative Surplus-Value": by introducing elements which compose the production power of capitalist economy, the relative surplus-value is made clear. Part VII "The Accumulation of Capital": by introducing elements, such as simple reproduction and the advance of organic composition of capital, the contradiction which accumulation of capital accompanies is revealed. The contradiction mentioned in this part, is the most advanced contradiction that capitalist relations in production have, so that it is called "the absolute general law of capitalist accumulation".¹⁾ Let me explain how the logical "upward" process of thinking in Bk. I of "Capital" which moves upwards from the most simple to complex represents the process of development of industrial capitalism. It will be explained in the following four "steps of abstracted thinking" in Bk. I of "Capital".

1. Commodities and Money (Book I, Part I.)

As repeated above, in Part I "Commodities and Money" of Bk. I of "Capital", "simple" commodities and money in which capitalist production is removed from capitalist society—social division of labour is formulated. Therefore, it is the general and abstracted side of capitalistic society and capitalistic relations in production. "Simple" commodities and money or social division of labour is not only a side of capitalistic society without capitalistic character.

Moreover, at the beginning of Part II "The Transformation of Money into Capital", in Bk. I of "Capital" Marx showed that "simple" commodities and money are the "historical ground work of the existence of capital", by saying that "the circulation of commodities is the starting point of capital. The production of commodities, their circulation and that more developed form of circulation—form the historical groundwork from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market".²⁾

Let me explain "simple" commodities and money which are brought into existence only by the social division of labour and which does not include capitalistic relations in production—so to speak, the historically existent form of "simple commodity economy".

1) Marx, *ibid.*, p. 644.

2) Marx, *ibid.*, p. 146.

“The value of commodity” is valid not only historically but theoretically in “the state in which means of production belongs to labourers”. If we regard “simple” commodities and money—so to speak, “simple commodity economy” as an independent historical existent form, it appears when there exists the social division of labour among labourers who own or possess means of production, and it is the form that their products have, when they enter into social division of labour. In the case of peasant farmers and handicraftworkers, commodities and money which are found there are a typical “simple commodity economy, if they enter into the social division of labour.”¹⁾

2. The Transformation of Money into Capital=Primitive Accumulation (Book I and Part VIII.)

The position of Part II “The Transformation of Money into Capital” in the structure of “Capital” is determined by the intrinsic logical method of “Capital”, not from the historical point of view.

Marx clearly formulated this point as follows—“we have no need to refer to the origin of capital in order to discover that the first form of appearance of capital is money. We can see it daily under our very eyes. All capital, to commence with, comes on the stage, that is, on the market, whether as commodities, labour or money, even in our days, in the shape of money that by a definite process has to be transformed into capital.”²⁾

The transformation of money into capital, in this context, means $G-W$, in $G-W-G'$ or $G-W-P-W-G'$. In order that this transformation of money into commodities becomes a transformation of money into capital, there must exist the commodity that is called labour-power, i. e. wage labour-power, among bought commodities. In Part II “The Transformation of Money into Capital”, the new element which is called wage labour-power and is the theoretical basis for the whole analysis of the following parts in “Capital” is introduced. Its introduction is the introduction from the movement of capital

1) Cf. Marx, *ibid.*, p. 717-8 “Simple commodity economy” which is the ground work of capitalist production is called “the wealth of people” by Marx. He thought that it was established after money rent was realized at the end of the 14th century, speaking of England. This can be proved by the fact that in Chap. XXVIII “Expropriation of the Agricultural Population from the Land” of Part VIII “The So-Called Primitive Accumulation” of Bk. I begins with the famous statement that “In England, serfdom had practically disappeared in the last part of the 14th century”.

Therefore, “simple commodity economy” which is the historical groundwork of capitalist production is not a “simple commodity economy” included in the general notion of the primitive community, slavery and feudalism, but it is present after about the end of the 14th century, speaking of England,—“the last half of the middle ages”, according to Marx, in other words at a definite historical stage which is formed at the particular level of development of production power.

2) Marx, *ibid.*, p. 146.

which "we can see daily under our very eyes", so that it is the materialization of the theory by reintroduction of the component aspects which have been removed from the object of study. The capitalistic relations in production, that is, capital and wage-labour are already given in capitalist economy itself which is the object of study in "Capital" and its "real ground-work". Therefore, what is to be done is the introduction of the relation between capital and wage-labour, which is already given and exists, into the logic as an element. "We can see it daily under our very eyes."

But wage-labour and capital were actually not given, but formed historically. "Nature does not produce on the one side owners of money or commodities, and on the other side men possessing nothing but their own labour power...It is clearly the result of a past historical development, the product of many economical revolutions, of the extinction of a whole series of older forms of social production".¹⁾ Thus, the ground-work itself, which is considered as given theoretically must be explained historically from the process of its formation. Moreover, the historical process of formation of the relation between capital and wage labour, not like its logical introduction which is accomplished at a stroke, as mentioned above in Part II "The Transformation of Money into Capital", is performed as long as simple commodity economy, exists historically, hence, co-existing with the mode of production by "small masters", handicraft-like beginnings of manufacture, manufacture properly so called and factory which will be explained below. We may say that the historical formation of the relation between capital and labour includes all stages of development of capitalist economy. But this history of the formation is not the subject of Part II "The Transformation of Money into Capital". "We cling to the fact theoretically, as the owner of money does practically."²⁾ "The transformation of money into capital" as a historical process is explained in Part VIII "The So-called Primitive Accumulation" of Bk. I.

As mentioned above, the simple commodity economy in the form of historical existence which is presented in Part I "Commodities and Money", that is, "individual private property, as founded on the labour of the proprietor" or the commodity economy, whose groundwork is natural adhesion of labour-power and means of production is the historical ground-work of capitalist economy. But only under such a simple commodity, capitalist economy cannot be born. For the development of simple commodity economy into capitalism—for the historical "transformation of money into capital", it is necessary that" the owner of money must meet in the market with the free labourer, free in the sense, that he has no other commodity for sale, is

1) Marx, *ibid.*, p. 169.

2) Marx, *ibid.*, p. 169.

short of everything necessary for the realization of his labour power",²⁾ the dissolution of natural adhesion of labour power and the means of production. It comes from the fact that the essential side of the historical process which is presented in Part II "The Transformation of Money into Capital" as a theoretical category, is the dissolution of natural adhesion of labour-power and the means of production—expropriation of the independent producer from the means of production and the reintegration of labour-power and means of production by the owner of money (G-W $\left\{ \begin{matrix} Pm \\ A \end{matrix} \right.$).

Part VIII "The So-called Primitive Accumulation" deals with this historical process in itself. There are two meanings in what I have called "in itself." One meaning is that the transition from feudalism to capitalism is considered here only from the side of dissolution of the natural adhesion of labour-power and the means of production which is an essential side of feudalism. Although Marx said that "the economic structure of capitalistic society has grown out of the economic structure of feudal society. The dissolution of the latter set free the elements of the former," and also "the starting-point of the development that gave rise to the wage-labourer as well as to the capitalist, was the servitude of the labourer. The advance consisted in a change of form of this servitude, in the transformation of feudal exploitation into capitalist exploitation,"³⁾ he could deal here with the transition of feudalism to capitalism only from the side of the dissolution of natural adhesion of labour-power and the means of production. Because, the problem of feudalism is mainly the problem of landownership and the latter problem is dealt with in Bk. III, Part VI "the Transformation of the Excess Profit into Rent" for the first time. The famous statement at the beginning of Chap XXVII "Expropriation of the Agricultural Population from the Land" of Part VIII, the statement that "in England, serfdom had practically disappeared in the last part of the 14th century. The immense majority of the population consisted then, and to a still larger extent, in the 15th century, of free peasant proprietor, whatever was the feudal title under which their right of property was hidden",⁴⁾ does not mean that the free peasant proprietor took the leading part in history at that time, neglecting the "feudal" title, as commonly interpreted in our country. Part VIII ignores the "feudal title" which farmer's landownership had,—those days were at the stage of money rent—and it describes farmers as the "free peasant proprietor", in other words,

1) Marx, *ibid.*, p. 763.

2) Marx, *ibid.*, p. 169.

3) Marx, *ibid.*, p. 715.

4) Marx, *ibid.*, p. 717.

farmers who own land which is the most important means of production.

The other meaning of "in itself" is that the transformation of simple commodity economy which developed under feudalism to capitalist economy is dealt with here from the point of dissolution of the natural adhesion of labour-power and the means of production which is the essential formulation of simple commodity economy. This is the natural conclusion coming from the fact that Part VIII continues from Part VII "The Accumulation of Capital" in Bk. I, whose object of study is the direct reproduction process of capital. Thus, the problem in this context is the natural adhesion of labour-power and means of production, after ignoring feudalism —and the dissolution of this essential side of feudalism and simple commodity economy and also its capitalistic re-integration.

This Part VIII "the So-called Primitive Accumulation" consists of three sections, excepting the last chapter, Chap. XXXII "Historical Tendency of Capitalist Accumulation". In Chap. XXVI "The Secret of Primitive Accumulation", it is explained that the dissolution of natural adhesion of labour power and means of production, in other words, the transformation of labour power into wage-labour and the means of production into capital—"the so-called primitive accumulation" is the historical groundwork of capitalist accumulation. This can be understood as an explanation of the historical concepts of primitive accumulation.

In Chap. XXVII "Expropriation of the Agricultural Population from the Land", expropriation of the agricultural producers and farmers from the land which is the basis of the whole process of primitive accumulation—the processes of 400 years from the first enclosure movement in England beginning in the last third of the 15th century to the clearing of estates in 1866 is explained in detail. Independent producers who combine labour-power and the means of production which is the fundamental formulation of simple commodity economy remained widely at all stages of development of capitalism and also at the stage of factory production, as the historical process. Therefore, the primitive accumulation has not the character that ends in the establishment of industrial capital, not like the common view held in our country, and it proceeds as long as independent producers remain. Marx's explanation extending over the 400 years proves this fact. Though "expropriation of the agricultural population from the land" is the basis of the process of primitive accumulation, it is not the whole process of primitive accumulation, but merely an aspect of it. "Expropriation of the agricultural population from the land", on the one hand, creates free labour-power which is derived from the most important means of production, and on the other hand, it creates a large landownership which is freely available. Since it is

all that the expropriation can do, it can not immediately be concluded that free labor-power and large landownership becomes an element of capitalistic production. In Chap. XXVIII "Bloody Legislation against the Expropriated from the End of the 15th Century. Forcing Down the Wages by Acts of Parliament", cruel legislation to transform vagabond farmers who were expropriated from the land into free and cheap labour-power for capitalistic industry are introduced in detail.

As explained above, the expropriation of the peasant proprietors from the land and the establishment of large landownership do not immediately mean the establishment of capitalist production, from the theoretical point of view. Since the primitive accumulation of capital is the creation of capital, mentioned above, both has been reintegrated in the form of variable capital and constant capital after they have been bought by capitalist's money. The primitive accumulation is the integration of the dual processes of division and reintegration of labour-owner and the means of production. Thus the process of reintegration must be explained.

Chap. XXIX "Genesis of the Capitalist Farmer" gives the explanation of the reintegration process by the agricultural capitalist called the capitalist farmer of labour-power and the means of production, particularly land, both of which were combined in the case of the peasant proprietor. The capitalist farmer is a capitalist who leases land from a large landowner and employs labour-power and carries on capitalistic production. Chap. XXXI "Genesis of the industrial capitalist" deals with the process of the creation of the integration in industry—industrial capitalist. This method of dealing with it is slightly different from that in the case of agriculture. In this chapter, it is not the genesis of the industrial capitalist himself, but the motives for the accumulation of monetary capital which is the starting point of industrial capital—the system of colonization, of national bonds, of modern taxes, of the protection and exploitation of children are explained in detail. Chap. XXX "Reaction of the Agricultural Revolution on Industry. Creation of the Home-Market for Industrial Capital." will be explained in future.

Finally, let us notice an important thing that Marx explains primitive accumulation entirely in terms of violence. When he explains "Expropriation of the Agricultural Population from the Land" which forms the former half of the processes of primitive accumulation, he specially noticed that "we leave on one side here the purely economic causes of the agricultural revolution. We deal only with the forcible means employed."¹⁾ In "Genesis of the Industrial Capitalist", which deals with the reintegration of labour-power

1) Marx, *ibid.*, p. 723.

and the means of production in industry, Marx stated that "they all employ the power of the State, the concentrated and organised force of society, to hasten, hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode, to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power."¹⁾ From this statement, the widely prevailing common view which explains the rise of capitalism entirely from governmental policy, has come.

As understood from the above quoted statement, Marx considered, in this context, primitive accumulation as an entirely forcible process. However, needless to say, the primitive process is not only a forcible process, but a purely economic process, called competition, which is intrinsic in commodity economy. Marx purposely neglected here the purely economic causes and considered only the forcible means. He abstracted only "forcible means" by removing "the purely economic causes"—the economic process, and explained at the level of abstraction. In Bk. I which deals with production—reproduction process of individual capital, it was impossible to introduce competition directly. Therefore, Marx's explanation does not cover all aspects of the primitive process, but only one side—the forcible side.²⁾

3. The Production of Absolute Surplus-Value (Book I, Part III)

Let us look back on the logical framework of Part III "The Production of Absolute Surplus-Value". The production of absolute surplus-value exists on the basis of "the transformation of money into capital", i.e., of the factor of capital-and-labour relations only. This means that the concept of the production of absolute surplus-value has been evolved in removing the

1) Marx, *ibid.*, p. 751.

2) As explained above, primitive accumulation proceeds at any stage of capitalistic development, as long as there is a simple commodity producer. This means that the result of primitive accumulation, that is to say, of dissolution of simple commodity producer is not uniquely determined. Its result can be found in the "small master's" production, in manufactory, corresponding to the stage of development of capitalism.

Though it may be going a little ahead in explanation, the development that simple production→"small master's production"→simple co-operation→manufacture→factory is not a simple quantitative development, but the qualitative development, the succession of stages, therefore, is a discontinuity within continuity. Hence, there is a particular management method and a particular management ability required, corresponding to each stage of development. It is not true that a manager at a former stage becomes a manager at a latter stage also. The common view in our country which regards the development of production as the genealogy of the development of a capitalist, is not correct.

If we regard the development of production as development consistent of stages, and if primitive accumulation appears in a form corresponding to each stage, it turns out that a capitalist and a labourer at each stage, for example, at the stage of factory, come often from the dissolution of a simple commodity producer. At any rate, the development of production in this chapter has no relation to the genealogy.

components of capitalist productive power (machinery, division of labour, co-operation) from the process of production in individual industrial capital, e.g., factory, and then in abstracting the capital-and-labour relations therefrom. Marx accordingly writes, “at first, capital subordinates labour on the basis of the technical conditions in which it historically finds it. It does not, therefore, change immediately the mode of production. The production of surplus-value—in the form hitherto considered by us—by means of simple extension of the working-day, proved, therefore, to be independent of any change in the mode of production itself.”¹⁾ The absolute surplus-value exists on the basis of such an abstract means that the working-day consists of necessary and surplus working-time—the exploitation in general of wage-labour by capital.

The production of absolute surplus-value is the most fundamental, but at the same time, the most abstract and general aspect of the process of capitalist production. Thus, the production of absolute surplus-value is the formulation which is found historically to apply in the whole history of capitalist production—it “proved to be independent of any change in the mode of production itself”. Chap. X “The Working-day” is a concrete and historical illustration of the struggle between capitalist class and wage-labour class centering round the surplus working-time, and there are presented pictures of situations from the Statute of Labourers in England in 1349 to the English Factory Acts, 1833 to 1864,—from the very beginning of capitalism in England to the time when “Capital” Bk. I was written. This is because the production of absolute surplus-value is the formulation which “proved to be independent of any change in the mode of production itself”.

However, can we find historically any production of absolute surplus-value without utilizing the components of capitalist productive power, i.e., co-operation, division of labour and machinery? Can we find historically any form of capitalist production which includes no more than the factor of capital and wage-labour relations? Sections 5 and 6 of this Chapter “the Working-day” are both titled “the Struggle for a Normal Working-day” and Section 5 is subtitled “Compulsory Laws for the Extension of the Working-day from the Middle of the 14th to the End of the 17th Century”, Section 6 “Compulsory Limitation by the Law of the Working-time, the English Factory Acts, 1833 to 1864”, respectively. It becomes immediately apparent from the above that the production of absolute surplus-value in itself is apt to appear more eminently in the rising period of capitalism prior to industrial revolution rather than in the period after it when machinery is adopted. This is quite

1) Marx, *ibid.*, p. 319.

natural from the very concept of the production of absolute surplus-value.

But, the whole period of rise of capitalism is not a historical form of existence of the production of absolute-value in itself, for there exists the simple co-operation and the manufacture which has already adopted division of labour. Then the problem of the historical existence of the production of absolute surplus-value in itself is the problem whether there existed any capitalist form of production which is neither factory, manufacture proper nor simple co-operation. To answer this problem, let us consider again what is involved in the concept of the production of absolute surplus-value. In considering the capitalist production, Marx assumes the minimum amount of capital invested—accordingly the minimum number of employees, e.g., 8 employees¹⁾—with which a capitalist is able to live only on the exploitation of wage-labourers without engaging himself in productive labour, and also to accumulate the surplus-value. At the same time, however, as co-operation and division of labour are omitted here, 8 wage-labourers above are not held as an integrated body or as a power of “mass”, and this capitalist business is held as the 8 fold exploitation relationship between a capitalist and a wage-labourer, reducing it merely to the relationship between one capitalist and one wage-labourer. Careful reading of Chap. XI “Rate and Mass of Surplus-Value” readily reveals this. In this way, the concept of the production of absolute surplus-value can exist also on the basis of the exploitation relationship between one capitalist and one wage-labourer.

When the historical form in which the production of absolute surplus-value exists in itself is considered, then it is such a form of capitalist production in which a number of wage-labourers employed is too small to organize co-operation—a form of production in which the capitalist himself participates in productive labour together with wage-labourers. Marx calls this “small master”²⁾, a hybrid between capitalist and labourer. An historical form of existence of the production of absolute surplus-value in itself is “small master” or rich farmer. It follows thus that the production of absolute-value in itself, the most abstract formulation of the very process of production of capital, represents a historical form in the period of rise of capitalist production.

4. The Production of Relative Surplus-value (Book I, Part IV)

The concept of the production of absolute surplus-value consists in the process of production of capital on the basis of the factor of capital-and-labour relations which remain as a result of omitting the factor of capitalist productive power. The concept of the production of relative surplus-value

1) Marx, *ibid.*, p. 308.

2) Marx, *ibid.*, p. 308.

consists in the process of production of capital which exists when capital-and-labour relations included the capitalist productive power, and is therefore the concrete concept which integrates capital-and-labour relations and capitalist productive power.

Marx describes this as follows :

“In treating of (absolute) surplus-value, we have assumed the mode of production to be given and invariable. But when surplus-value has to be produced by the conversion of necessary labour into surplus-labour, it by no means suffices for capital to trace over the labour-process in the form under which it has been historically handed down, and then simply to prolong the duration of that process. The technical and social conditions of the process, and consequently the very mode of production must be revolutionised, before the productiveness of labour can be increased. By that means alone can the value of labour-power be made to sink, and the portion of the working-day necessary for the reproduction of that value, be shortened.”¹⁾

Capitalist productive power is composed of co-operation, division of labour, and machinery. This order of co-operation, division of labour and machinery indicates the growth from what is simple to what is complex, just in such a way that division of labour includes co-operation and factory which is based on machinery includes co-operation and division of labour. The exposition of the production of relative surplus-value, which is more concrete than the production of absolute surplus-value, is given progressively (upwardly) from what is simple to what is complex as to its constituents and what is lower to what is higher in quality. The explanation thus far is a commentary on the logical framework of Part IV “The Production of Relative Surplus-Value”, in which this logical framework represents the historical development.

A. Co-operation (Chap. XIII)

Chap. XIII “Co-operation” begins with the following sentences: “capitalist production only then really begins,.....when each individual capital employs simultaneously a comparatively large number of labourers; when consequently the labour-process is carried on an extensive scale and yields, relatively, large quantities of products. A greater number of labourers working together, at the same time, in one place....., in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting point of capitalist production. With regard to the mode of production itself, manufacture, in its strict meaning, is hardly to be distinguished, in its earliest stages, from the handicraft trades of the guilds, otherwise than by the greater number of workmen simultaneo-

1) Marx, *ibid.*, p. 315.

usly employed by one and the same individual capital. The workshop of the mediaeval master handicraftsman is simply enlarged.”¹⁾

“A greater number of labourers working together, at the same time, in one place……, in order to produce the same sort of commodity under the mastership of one capitalist”, that is, capitalist co-operation, constitutes historically the starting-point of capitalist production. “Capitalist production”, here mentioned, is to come after the following sentence which is found in the last part of Part III “the Production of Absolute Surplus-value”, and which takes a part as a bridging to Part IV——“a certain stage of capitalist production necessitates that the capitalist be able to devote the whole of the time…to the appropriation and therefore control of the labour of others, and to the selling of the products of this labour.”²⁾ “Capitalist production”, here mentioned, is a “capitalist production” at the stage where “quantitative change” of the increase in number of labourers employed by individual capital causes “qualitative change” that releases capitalists from productive labour. Therefore, co-operation must have a sufficient number of wage-labourers to cause such a “qualitative change”. Co-operation is a more advanced historical form than “small master” and rich farmer which are a historical form of the production of absolute surplus-value in itself, in the meaning that the “quantitative” increase of sufficient number of wage-labourers to cause such a “qualitative change” is seen in co-operation. But, “quantitative change” of the increase of number of labourers employed by individual capital not only raises “qualitative change” of releasing capitalist from productive labour by means of multiplying surplus-value of unit-labourer by the number of labourers, but also creates specific productive power in the form of combined labour or social labour——an integrated body “qualitatively” different from the sum of productive power of unit labourers, or the collective power of “masses”. And since this specific productive power is created by capital in combining unit-labour powers, it produces relative surplus-value as the productive power of capital.

Marx concludes Chap. XIII “Co-operation” with the following sentences: “in the elementary form, under which we have hitherto viewed it, co-operation is a necessary concomitant of all production on a large scale, but it does not, in itself, represent a fixed form characteristic of a particular epoch in the development of the capitalist mode of production. At the most it appears to do so, and that only approximately, in the handicraft-like beginnings of manufacture, and in that kind of agriculture, mainly by the number of

1) Marx, *ibid.*, p. 322.

2) Marx, *ibid.*, p. 306.

the labourers simultaneously employed, and by the mass of the means of production concentrated for their use".¹⁾

B. Division of Labour and Manufacture (Chapter XIV)

Division of labour is "co-operation which is based on division of labour" and is to introduce principles of division of labour into co-operation in which the individual capitalist collects a large number of wage-labourers. Therefore division of labour is a much more concrete concept than that of simple co-operation. Now, division of labour also takes place in the factory in which machinery is used, and the factory is a system of division of labour, setting machinery at its centre. Thus, division of labour is a much more abstract concept than that of factory. This is the logical stand of division of labour.

The historical form of existence of division of labour, and, therefore, of "co-operation which is based on division of labour" itself, is manufacture properly so called. By "proper" is meant that division of labour is adapted as distinct from simple co-operation. And manufacture properly so called stands historically at intermediate stage between simple co-operation and factory, as seen from the logical stand of division of labour just mentioned.

Marx writes :

"That co-operation which is based on division of labour, assumes its typical form in manufacture, and is the prevalent characteristic form of the capitalist process of production throughout the manufacturing period properly so called. That period, roughly speaking, extends from the middle of the 16th to the last third of the 18th century."²⁾

Simple co-operation does not "represent a fixed form characteristic of a particular epoch in the development of the capitalist mode of production", but, on the contrary, the manufacture is "the prevalent characteristic form of the capitalist process of production" of a particular epoch in the development of manufacture period properly so called. In the manufacture period, manufacture properly so called occupies dominant position in "the capitalist production" (if we consider ourselves only with the capitalist production).

In simple co-operation, "Capital" regards its many individually employed, as social, combined, unitary productive power which is under its own unified command and supervision, not as a mere sum of them. In manufacture, capitalist not only subject many labourers to his own unified command and supervision, but transforms them into detail labourers who perform a detail (fractional) process of the production of one commodity, and transforms the whole process of production into a productive mechanism in which different

1) Marx, *ibid.*, p. 335.

2) Marx, *ibid.*, p. 226.

detail labourers are combined, so that the rise of productivity is enhanced to a systematic one. Manufacture augments, and makes easy to acquire, the skill of detail labourers by reorganizing simple co-operation to co-operation of detail labourers, and causes simplification of instruments adequate for fractional process by reorganizing the whole process of production to integrated fractional processes. Manufacture is “a productive mechanism whose parts are human beings” or “combined collective labour”.

Now, it is true that reorganization of simple co-operation to co-operation of detail labourers makes labourer skillful in a fractional process, but it makes labourers an appendage of capital, by depriving him of technical potencies to produce a commodity independent of manufacture or capital and of intellectual potencies to manage labour process, and by transforming these potencies to those of capital. Capital's control over wage-labour becomes stronger here, as contrasted with capital's command and supervision of wage-labour in simple co-operation. Moreover, for example, in the case of type casting, tasks in the total process go on with due balance at the ratio of 4 founders, 2 breakers and 1 rubber, and if this ratio is disturbed, unbalance of tasks among detail processes occur. We can draw two conclusions from this: the first is that, a system of division of labour cannot be properly applied unless, in this case, 7 labourers in total are used, and production must be extended in such a multiple of 7, 14, 21 labourers—the minimum of the capital invested and the unit of extension of production are to be given objectively. The second is that the above-mentioned ratio in number of labourers among detail processes makes an organization which forces each labourer to work at a given intensity of labour—for example, the fact that a rubber is idle can be easily found by the pile of works delayed. In this way, control over wage-labour by capital becomes stronger, and more or less, systematic, as contrasted with simple co-operation.

But manufacture lays its technical basis on instruments, and is essentially “a combined collective labourer”. Therefore, “manufacture was unable, either to seize upon the production of society to its full extent, or to revolutionize that production to its very core. It towered up as an economical work of art, on the broad foundation of the town handicrafts and of the rural domestic industries. At a given stage in its development, the narrow technical basis on which manufacture rested, came into conflict with requirements of production that were created by manufacture itself.”¹⁾ This is quoted from the second paragraph in the last of Chap. XIV “Division of Labour and Manufacture”.

1) Marx, *ibid.*, p. 368.

C. Machinery and Modern Industry (Chapter XV)

Machinery is the most complex and advanced constituent of productive power in capitalist society. The historical form of capitalist production which employs machinery is modern industry or factory. Capitalist production can now govern the whole social production in this stage of factory—capitalist mode of production become a ruling formation of society.

While in manufacture the revolution in the mode of production begins with division of labour, that is, the subjective element of production, in modern industry, it begins with the instruments of labour, the objective element in production. The factory is a huge automation, objective and mechanical organism of production in which motor mechanisms put working machines into motion through transmitting mechanisms. The labourer accepts it as given, and only operates the machine and feeds materials to it. Therefore, both division of labour and co-operation of labourers are technical necessities, so far as the factory consists of the combination of machines which perform various detailed processes. In this way, the factory overcomes technical narrowness on which co-operation that is based on division of labour, i.e., manufacture rests, and, in addition, it includes in it co-operation and division of labour as a technical necessity, which goes with machinery at a more advanced stage. The factory appears in itself as a unity in variety, as a complex, concrete formulation.

Now, as mentioned above, in factory, machinery plays the leading role in the labour process, and labourer shifts to take its supporting role. In capitalist production, means of production, or machinery is a stuff to absorb surplus-value acting as constant capital and is essentially against wage-labour. That machinery plays the leading role, the labourer its supporting role, means that capital's control over wage-labour becomes strengthened, and that the control is now forced on the objective technical basis. Machinery and factory, the means of producing relative surplus-value by raising productive power in such a way, heighten the intensity of capital-and-labour relations, or, capitalist relations in production. Machinery increases productive power by leaps and bounds, and provides conditions for emancipating human beings from labour, but under capitalist production, machinery is nothing but a means of producing relative surplus-value. Machinery, under capitalist production, makes causes and conditions for overworking wage-labourers in an ever increasing degree—capital demands constant movement without rest in order to insure a quick turnover of capital, and to decrease moral depreciation of the machine, and machine itself as an automation can move without rest according to capital's demand, that is, the appearance of the machine leads to the prolongation of the working-day, night-work, shift system, increased intensi-

fication of labour, and so on. The machine makes more or less, the skill of labourers unnecessary, and the acquirement of skill easy. This, indeed, is a condition in the development of society. But this operation of machines in capitalist production works to mobilize under the exploitation of capital not only adult labour power, but also, by eliminating it, such unskilled labour as the labour of women and children. This means, first, that the wage of the workman which is the living cost to maintain normal or standard family is now divided among the other working members of family, so that the wage is reduced and the degree of exploitation is raised, and, second, that the resistance of workmen against the despotic control of capital is weakened by women and children, and, lastly, that the capital-and-labour relations which had been under free contract between capitalist and adult workman is transformed to the selling by husband of his wife and children, and so on.

In this way, machinery and modern industry develop the productive power of capital, and consequently increases the production of relative surplus-value, and revolutionizes the whole of social production in the direction of capitalism to its very core. But at the same time they strengthen, both quantitatively and qualitatively, capital's control over wage-labour and establish capitalist relations in production.¹⁾

5. The Accumulation of Capital (Book I, Part VII)

Chap. XV "Machinery and Modern Industry" is, in the logical sense, the most concrete formulation of the direct process of production of capital, and the governing element of the then capitalist production when "Capital" was written. And also it is, in the historical sense, the latest stage, then, in the development of the capitalist production. Therefore, it is impossible then to formulate concretely the direct process of production of capital further.

We, thus far, have explained only the direct process of production of capital—the production of surplus-value. However, the actual capitalist production is not only the production of surplus-value, but the process of pro-

1) As explained thus far, capitalist production develops in the order of: simple commodity economy—→"small master" production—→simple co-operation—→manufacture properly so-called—→factory. In this order of development, there is a big break between simple commodity economy and those after "small master" business. Simple commodity economy assumes that the direct producer appropriates means of production, and those after "small master" production assumes the separation. In addition, Chap. XIV "Division of Labour and Manufacture", Chap. XV "Machinery and Modern Industry" have titles in which particular expressions of forms of production, such as manufacture and modern industry, are added to those of characters of productive power, contrasted to the simple form of Chap. XIII "Co-operation". This is because division of labour and machinery present themselves as forms of production which characterize each historical stage such as manufacture and modern industry, while co-operation does not present itself as a form of production which characterize any particular stage. In this way, Marx makes titles themselves include historical characteristics.

ducing more and more surplus-value by reinvesting the produced surplus-value in the form of capital, that is, the process of reproduction. Part VII "The Accumulation of Capital" is the materialization from the side of the process of reproduction, different from that before. This is an approach from somewhat different direction, as contrasted with "steps of abstract thinking" thus far.

We can reformulate and materialize, from the viewpoint of the process of reproduction, each logical and historical stage of the direct process of production of capital thus far explained, so far as it is an approach from different direction—we can reformulate, from the side of the process of reproduction, "the production of absolute surplus value" or small master production and "the production of relative surplus value" or the simple co-operation, manufacture properly so called and factory. But we must start from the last formulation of the direct process of production of capital, that is, factory.

Now, also in the consideration of the direct process of reproduction at the stage of factory, Marx goes on with the "upwards" description from the abstract to the concret, in the order of simple reproduction (Chap. XXIII)—the extended reproduction without regard for the advance of the organic composition of capital (Chap. XXIV)—the extended reproduction with regard for the advance of the organic composition of capital (Chap. XXV). The extended reproduction with regard for the advance of the organic composition of capital—Chap. "The General Law of Capitalist Accumulation" is the most concrete formulation including formulations of simple reproduction and extended reproduction, that is, simple and extended reproduction of capitalist relations in production. In addition, since "the production of relative surplus-value" explained before means the advance of organic composition of capital here treated, Chap. XXV "The General Law of Capitalist Accumulation" is the richest in the formulation of the direct process of production of capital—the most concrete in the reformulation of "the production of relative surplus-value", from the side of the process of reproduction. This is the goal which "the process of production of capital" can reach.

However, the "steps of abstract thinking" from abstract to concrete in Part VII "The Accumulation of Capital" itself does not represent the historical development of capitalist economy. So far as it is the reformulation of its equivalent, the direct process of the production of capital, it does not represent the particular historical development, even though it is the reformulation of historical development which the formulations of the direct process of production of capital represents. Chap. XXV is the more concrete reformulation of factory, and is the concrete consideration of historical contradictions

involved in it.

With the introduction of machinery in capitalist production—at the stage of factory, productivity develops as an ever increasing pace. The development of productivity means that one labourer, using a bigger machine or more machines, transforms more machines, transforms more materials into products, and consequently, variable capital becomes less in comparison with constant capital—the organic composition of capital becomes advanced. Then, if the advance in the organic composition of capital is taken into consideration, the ratio of variable capital to constant capital decreases instead, even if capital is accumulated. Increase of capital and relative decrease of variable capital, i.e., total amount of wage, take place simultaneously. Marx summarizes this as follows: “accumulation of wealth at one pole is at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own produces in the form of capital.”¹⁾

Machinery and modern industry, in the direct process of production of capital, elevates the productive power of capital enormously and raises the rate of surplus-value and, in the direct process of reproduction of capital, expands the accumulation of wealth and accumulation of misery to the greatest extent. The development of the mode of production in “the production of relative surplus value”, that is, the intensification of capital’s control over labour which goes with the advance of productive power, can be concretely reformulated further in terms of “this hostile character of capitalist accumulation” which comes from accumulation of wealth and accumulation of misery in “the accumulation of capital”. From this, Marx illustrates the tendency towards the fall of capitalist economy.

6 The Theory of Development of Capitalist Production (summary)

“Capital”, as mentioned earlier, abstracting from capitalistic society in England at the time of its writing its constituent three big classes as “marginal formulations”, intended to explain the economic conditions of their lives. And the method of explanation was to analyze the economic conditions of their lives into components and then to explain in turn these components “upward” from the abstract to the concrete. Therefore, the elements which appear in the process of description, however abstract they may be, for example, “simple” commodity and money, are component elements or phases of “marginal formulations” which “Capital” intended to explain. Historians, when reading “Capital”, should never forget this.

1) Marx, *ibid.*, p. 645.

Now, "the steps of abstract thinking" from abstract to concrete in the method of description of "Capital" represents the development, up to the time of its writing, of "pure" industrial capitalism which is the object of the study of "Capital". In so far as "the steps of abstract thinking" follow the economic conditions of lives of the three big classes as the "marginal formulations", there is no way of representing such elements as are not their components. In brief, the development of capitalist production depicted here is the development of "pure" industrial capitalism in which feudalism is left aside.

Furthermore, the development of capitalist production means the development of the capitalist relations in production, but it is only in Bk. I of "Capital" that the capitalist relations in production only are described from the abstract to the concrete. Therefore, only the process of description of Bk. I only of "Capital" represents the rules of development of the rise, growth and fall of the capitalist economy.

*Logical Framework from the Abstract
to the Concrete*

Part VII Accumulation of Capital,
especially Chap. XXV the
General Law of Capitalist
Accumulation
↑
Part IV The Production of Relative
Surplus-Value
↑
Part III The Production of Absolute
Surplus-Value
↑
Part II The Transformation of Money
into Capital
↑
Part I Commodities and Money

*The Process of Development of Pure
Industrial Capitalist Production*

Trend towards Fall of
Capitalism
Modern Industry
↑
Manufacture
↑
Simple Co-operation
↑
Small Master
↑
Primitive Accumulation
(Part viii)
↑
Simple Commodity Economy

Machinery
↑
Division of Labour
↑
Co-operation

III. Historical Tendency of Capitalist Accumulation

As often suggested, the theme of "Capital" Bk I is broadly divided into three parts: simple commodity economy without regard for capitalist character (Part I); the direct process of production of capital which deals with the production of surplus-value (Parts III to V); the accumulation of capital which deals with the direct process of reproduction of capital. "The Transformation of Money into Capital" (Part II) is placed to mediate between simple commodity economy (Part I) and the direct process of production of capital, and "The General Law of Capitalist Accumulation" (Part VII, Chap.

XXV, sect. 4) is placed as the highest contradiction of capitalist production which denies capitalist production itself. If we see this logical framework of "Capital" Bk. I from the standpoint of the process of development of pure industrial capitalist economy, then the direct process of production of capital (Parts III to V) is the negation of simple commodity economy (Part I); Part VIII "The So-called Primitive Accumulation" makes clear the historical negation of simple commodity economy, and "The General Law of Capitalist Accumulation" involves motive element of historical negation of capitalist production. In this way, the logical framework of "Capital" Bk. I represents "historical tendency" from the rise to the fall of capitalism in the order of: simple commodity economy—→capitalist production as the negation of it—→socialist society as the negation of it.

Marx summarizes this "historical tendency" as follows:

"The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production".¹⁾

"The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic property, already practically resting on socialised production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people"²⁾

Chap. XXXII "Historical Tendency of Capitalist Accumulation" of Part VIII "So-called Primitive Accumulation" in Book I of "Capital" is a de facto conclusion of Bk. I of "Capital" and the above quotation comes from the last and concluding sentences in this chapter. This describes "historical tendency" of growth and fall of capitalist economy. And also, it shows that capitalist economy is the transitional form, the historical form between "individual private property as founded on the labour of the proprietor" = "scattered private property arising from individual labour" and "socialized property"

"Capital" describes, as explained thus far, the law of development of

1) 2) Marx, *ibid.*, pp. 763-4

the rise-growth-fall of capitalist economy. We have had no concrete explanation yet for the method as to how a "Capital" as the logical framework of capitalist production, can turn to "Capital" as the theory of development of capitalist production. Here, I tried to explain the method and its contents.