

Elementary Concepts of Historical Materialism

Chapter 4:

The Economic Structure of Society

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Introduction. 1. Relations of production and relations of distribution. 2. Relations of production and relations of consumption. 3. Relations of production and relations of exchange. 4. The determinant role of relations of production. 5. The economic structure and the Marxist concept of structure.

INTRODUCTION

The previous chapters have given us all the theoretical elements necessary to understand the Marxist concept of economic structure. Nevertheless, we shall not begin with Marx's work but rather end up there. We will start with a critique on a definition of economics which reflects the way in which bourgeois economists present the problem.

In the Lalande dictionary, political economy is defined in the following manner:

A science whose object is the understanding of the phenomena and ... the determination of the laws which concern the distribution of wealth, as well as those of production and consumption in as much as these phenomena are linked to that of distribution.

In this definition, the preponderance of distribution over the other aspects of the economic cycle is clearly accentuated. We will examine each one of these aspects in order to determine which of them determines the whole process.

We begin by examining the relationship which exists between the relations of distribution and the relations of production.

1. RELATIONS OF PRODUCTION AND RELATIONS OF DISTRIBUTION

Distribution is the way in which the total social product is divided among the different members of society.

We will call the total social product the entirety of goods produced in one year. Let us suppose that a capitalist society produces in one year a total social product equivalent to 100 million dollars.

Of this quantity, the capitalists and landlords receive a much larger part than the workers and employees.

We could imagine a division of the \$100,000,000 in the following manner:

Capitalists	30 million
Landlords	20 million
Workers and Employees	50 million

The capitalists and landlords, who constitute a small group of individuals within society, in this example receive half of the total social product.

Therefore the following question arises: Why do the capitalists and landlords receive such a large part of the social product when they are just the ones who do the least work?

Why are there people who have enormous cars and two or three houses when, on the other hand, there exist people with nothing?

Is it because the capitalists and owners are more intelligent, better endowed, or harder working than the workers and peasants?

It is Marx's great merit to have demonstrated, through his study of the capitalist mode of production, that unequal distribution does not depend on the greater or lesser endowment of human capability, but rather it depends fundamentally on the ownership or lack of ownership that individuals have over the means of production. It must be that the capitalists are the owners of the industrial means of production and the landlords are the owners of the land, that they are able to appropriate the major part of the social product.

The struggle of workers for better wages is basically a struggle for a better distribution of the social product. But while the means of production are private property in the hands of a small group of individuals in society, this group will oppose a more just distribution; it will only make small concessions in order to calm the workers' protests.

The distribution of the social product depends, therefore, on a previous distribution of the means of production. It is the way in which the means of production (elements of the process of production) have been distributed which fundamentally determines the way in which the social product will be distributed. To affirm this is to state that the relations of distribution are determined by the relations of production. This is what Marx says in the following text:

Let us moreover consider the so-called distribution relations themselves. The wage presupposes wage labor, and profit-capital. These definite forms of distribution thus presuppose definite social characteristics of production conditions, and definite social relations of production agents. The specific distribution relations are thus merely the expression of the specific historical production relations. (*Capital*, Vol. III, p. 882)

And later, on the following page:

The so-called distribution relations, then, correspond to and arise from historically determined specific social forms of the process of production.... (*Ibid.*, p. 883)

2. RELATIONS OF PRODUCTION AND RELATIONS OF CONSUMPTION

Consumption is understood to mean the act of using an object to satisfy a determined need. In this we do not mean only the consumption of food, but also the consumption of cars, radios, etc.

If we look at the whole society, we see that not all the objects produced in the production process are consumed directly by individuals. For example, tractors, sewing machines, all the products of the extractive industries in general, etc.

These products are not consumed directly but are used as means of production in other production processes.

Thus, two types of consumption can be distinguished:

a. Individual Consumption

Direct consumption of use value by individuals in the society. Examples: food, clothing, automobiles, etc.

b. Productive Consumption

Here, use values are not consumed directly by individuals of the society, but rather they intervene in new production processes as means of production. They are consumed productively; that is, they are used in the production of new use values. For example, tractors are consumed in agricultural production.

What is called individual consumption is the direct consumption of use value by the individual.

What is called productive consumption is the consumption of use values as means of production.

At this point, we can see that it is by beginning with production that we are able to define the different types of consumption. We will now examine the role of production in individual consumption.

1. Production supplies to consumption its object. Consumption without an object is not consumption. How does one consume an auto if it has not been produced.

2. Since the product is not an object in general but a particular object which must be consumed in a determined way, the object of consumption also imposes, therefore, the form of consumption. The act of consuming a car, for example, implies a knowledge of how to drive it, etc.

3. Production not only supplies the object of consumption and determines its form, but it also continually creates new consumption needs. If we observe contemporary capitalist society, we see how producers of merchandise exert a great deal of effort through advertising to create new needs. The change in fashion is one of the most notorious examples. In summary, production produces: the object of consumption, the form of consumption, and the consumption instinct.

But the relationship between production and consumption is not unilateral. Consumption also has a role in production. If the objects produced are not consumed, a paralysis of production results. It is consumption which creates the necessity of new production.

3. RELATIONS OF PRODUCTION AND RELATIONS OF EXCHANGE

The necessity for exchange arises from the division of labor. When a man does not produce all the objects necessary for survival, he must exchange his surplus products for other needed products.

The exchange of products is a phenomenon that is intermediate between production and distribution.

The intensity, extent, and form of exchange are determined through the relations of production. Limited exchange corresponds to limited production. Private exchange corresponds to private production, etc.

4. THE DETERMINANT ROLE OF THE RELATIONS OF PRODUCTION

After analyzing the different relations that are produced within the economic process, we arrive at the conclusion that the relations of production constitute the determinant element. As Marx put it:

A distinct mode of production thus determines the specific mode of consumption, distribution, exchange and the specific relations of these different phases to one another. Production in the narrow sense, however, is, in its turn, also determined by other aspects ... there is an interaction between the

various aspects. Such interaction takes place in any organic entity. (*Introduction to a Critique of Political Economy*, Progress Publishers, Moscow, 1970, p. 205)

It is this determinant character of the relations of production that explains why Marx would have these relations intervene exclusively in the definition of the economic level.

Let us see how Marx defines this level. In Volume III of *Capital*, in the chapter on the trinity formula, he says:

For the aggregate of these relations, in which the agents of this production stand with respect to nature and to one another, ... is precisely society, considered from the standpoint of its economic structure. (*Capital*, III, p. 818)

In this text, he is referring both to the technical relations (agents/nature) and to the social relations of production (agents/agents).

Also, the text of the *Preface to the Critique of Political Economy* confirms this definition:

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely, relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society... (*Op. cit.*, p. 29)

But this text not only confirms the definition of the economic structure as the totality of the relations of production of a given society, it also adds something else of importance: the material base on which are established these relations of production, that is, the degree of development of the productive forces. This is important in order to understand the dynamic character of the economic structure which is at the same time a structure and a process.

Until now we have seen that the relations of production define the economic level according to Marx, and that these relations are conditioned by the forces of production, and that Marx employs the concept of *structure* to account for its specific form of combination in the different historical epochs.

But what does Marxism mean by structures?

5. THE ECONOMIC STRUCTURE AND THE MARXIST CONCEPT OF STRUCTURE

In developing the Marxist concept of structure, we will try to arrive at an explanation of why Marx does not take into account, in order to define the economy, the other aspects of the economic cycle: distribution, exchange, and consumption as do most other definitions.

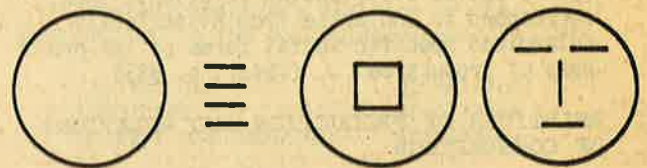
We should begin by differentiating two concepts: the concept of totality and the concept of structure.

The concept of totality is a very broad notion which is commonly applied in an undifferentiated way to any conjunction of elements from the simplest to the most complex like society itself.

In a strict sense, we define as a totality that "whole" which is formed by the conjunction of juxtaposed elements which have no specific form. For example, a bag of sugar. This "whole" is formed by a certain quantity of tiny sugar crystals, which will take the form of its container, and without the change of location within the totality affecting any individual crystal.

The concept of structure, on the other hand, refers to a "whole" in which the elements are not juxtaposed, but on the contrary, are distributed according to the organization of the entirety. It is this organization which determines the function each element fulfills within the totality.

The following diagram should permit a better understanding of what we mean:



The elements that are combined are a circle and four line segments. In the first structure, the four line segments form a square in the center of the figure; in the second, the two upper segments represent the eyes, the one in the center represents the nose, and the lower one the mouth. Here, we see clearly that the same elements play a different role according to the organization of the whole and the place they occupy in it.

This is what Marx means when he writes, referring to the elements which form a part of the labor process:

... that whether a use-value is to be regarded as raw material, as instrument of labor, or as product, this is determined entirely by its function in the labor process, by the position it there occupies: as this varies, so does its character. (*Capital*, Vol. I, p. 178)

Nevertheless, the concept of structure in Marx goes beyond a simple organization of the elements in a whole which has been analyzed up to now.

What is fundamental in the Marxist concept of structure is the kind of relation which is established among the different elements of the whole. It is not the relation of one isolated element to the whole but the different relations that are established among the elements which determine, in the last instance, the type of organization of the whole. Already we have seen how the different elements of the labor process combine in two fundamental relations: the technical relations and the social relations of production.

These relations which articulate, in a determined manner, the distinct elements of the labor process, have a relatively stable character. The elements may change, but if the relations are maintained we can speak of the same structure. We can recall the case of manufacture. In this case, the structure was characterized by a combination of capitalist social relations of production (capitalist/wage laborer) and by technical relations in which the collective worker was formed through a combination of detail workers in such a way that their relation with the instruments of labor still formed an inseparable unity. While these relations existed, one had to speak of manufacture, although the kind of specialized labor and its number might also change (hammers, looms, hoes, etc.), and although the kind of specialized labor and its number might also change.

This structure only changes when the relations among the elements change with the introduction of the machine-tool. The relation of unity between the worker and means of labor is broken and a new unity is constituted between the means of labor and the object of labor which, in turn, determines a change of character in the collective worker who becomes specialized.

These relations are not visible at first sight. Any superficial observer would say that the difference between manufacture and large industry is limited to the greater degree of technical development of the instruments of labor.

They are so difficult to see that they can only be brought to light by a serious scientific labor. We have already said that many writers before Marx had referred to the situation of exploitation of the working class under capitalism, but no one before him was capable of describing the profound relations which are the origin of that exploitation. The effects of the capitalist system were described, but its structure and internal relations remained unknown.

Finally, the concept of structure in Marx is *inseparable from the concept of process*. When Marx studied manufacture at the same time that he studied the relations of production which characterize it as such, he also studied the way in which, through the internal contradictions appropriate to that structure, the conditions were being prepared so that the highly specialized labor of the detail worker was transformed into the detail labor of a machine-tool. He showed, at the same time, how the physical, organic limit, implied by the unity of the detail worker and the means of labor, falls into contradiction with the drive of the capitalist for profits.

We would say that what Marx did in *Capital*, in general, was not a *structural analysis* of the capitalist mode of production which accents stable relations but, on the contrary, a dynamic analysis of development of this mode of production, of its internal contradictions, of the conditions for its disappearance. But, although we put the emphasis on the *process*, this process can only be studied beginning with its fundamental structural relations, which determine what is specific to this process and what differentiates it from any other process.

From what has been said above, we can define the concept of structure in the following way:

We call an articulated totality composed of a conjunction of internal and stable relations which determine the function which the elements perform within this totality, a structure. (1)

Finally, it seems important to us to introduce a new concept to account for the complete economic cycle: production, distribution, exchange, and consumption.

For that we will begin by defining what we mean by *organization*. An organization is also an articulated totality, but of visible elements. When the organization of these elements follows a determined internal order, when it is subject to a specific hierarchy, we call it a *system*.

It is in this sense that we refer to the economic system of a determined society. When we speak of economic system we are including in the concept all the phases of the economic cycle.

Therefore, we will distinguish between two concepts: economic structure and economic system.

We call the conjunction of relations of production the ECONOMIC STRUCTURE. We call the complete economic process (production, distribution, exchange, and consumption) the ECONOMIC SYSTEM.

(1) The concept of structure and the relation between the Marxist concept of structure and structuralism will be amply developed in the book *The Fundamental Problems of Dialectical Materialism*, now in preparation. For now, we only want to advance, following Althusser in his unedited text, that "all structure in Marx must be understood as process" and that the failure to sufficiently point out this fundamental aspect of the Marxist concept of structure has led to the charge that the Althusserian trend presents a structuralist interpretation of Marx.

However, contrary to structuralism, the Marxist concept of structure has nothing to do with a simple "combination" of relation. The social structure is not, according to Marxist thought, a simple combination of relations which could be constructed independently of concrete history, on the one hand, and, on the other, Marxism recognizes a certain hierarchy in these relations. There exist dominant relations and relations which have a determinant role in the final instance. As Althusser says, it is a question of a "structure in dominance," determined in the final instance by the economic relations.

Neither is it proper to separate synchrony and diachrony. It is only a question of two points of view. When the stable character of these relations is emphasized and they are studied as such, this is thinking from the synchronic point of view, but this same structure perceived as a process implies putting into practice a diachronic point of view.

SUMMARY

In this chapter, we have begun by examining the existing relations between distribution, consumption, exchange, and production in order to arrive at a definition of economic structure as the conjunction of relations of production. In order to clarify this concept, we have needed to dwell on the Marxist concept of structure.

We have seen here the following concepts of historical materialism: *economic structure, productive consumption, and individual consumption.*

QUESTIONS

1. What is meant by relations of production?
2. Why is it important to clearly distinguish these two relations?
3. What is meant by relations of distribution?
4. Why do we find distribution determined by production?
5. What is meant by individual consumption?
6. What is meant by productive consumption?

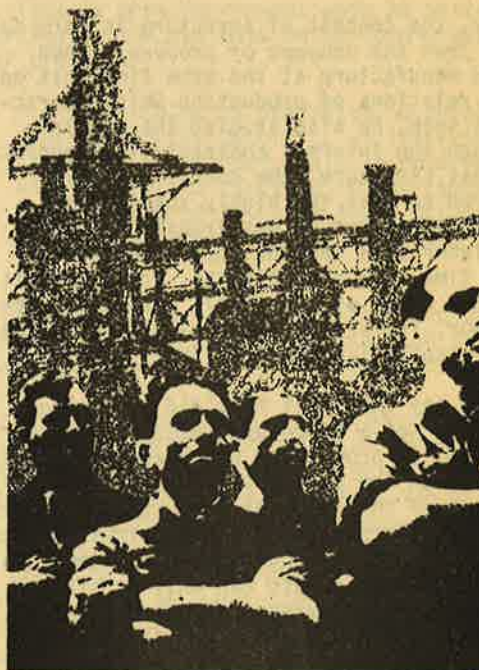
7. Why do we find consumption determined by production?
8. What is the origin of relations of exchange?
9. Why, when Marx defines the economic structure does he not refer to the processes of exchange, distribution, and consumption, which with distribution are the different moments of the economic process?
10. What is meant by economic structure?
11. What is meant by economic system?

THEMES FOR REFLECTION

1. Why is the notion of "industrial societies," which is used to designate the United States as well as the Soviet Union, not a Marxist concept? What are the implications of its use?
2. Can a restructuring of incomes be realized without changing the existing relations of production? In this case, we mean a restructuring of income that is in accord with the interests of the workers.

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3. Earl Browder, *Teheran - Our Path in War and Peace* (International Publishers, 1944).
4. Earl Browder, "Teheran - History's Greatest Turning Point," *The Communist* (January, 1944), p. 8.
5. *The Path to Peace, Progress and Prosperity. Proceedings of the Constitutional Convention of the Communist Political Association (CPA, 1944).*
6. *Marxism-Leninism vs. Revisionism* (New Century Publishers, 1946), p. 8.
7. *Ibid.*, p. 78.
8. Fergus McKean, *Communism versus Opportunism* (1946), p. 88.
9. *NCP Report*, No. 1, October 28, 1946.
10. *Ibid.*
11. Harrison George, *The Crisis in the C.P.U.S.A.* (1947).
12. William F. Dunne, *The Struggle Against Opportunism in the Labor Movement, For a Socialist United States* (New York Communication Committee, n.d.).
13. See the flyer "An S.O.S. to All Communists from the P.R. Club, C.P.," issued in October, 1946, and the article, "11 Rank-and-File Communists Ousted by Party for Rebellion," *New York Times*, November 6, 1946.
14. *Turning Point*, Vol. 1, No. 1, (July, 1948).
15. *Turning Point*, Vol. 1, No. 2, (September, 1948), p. 34.
16. *Ibid.*, p. 43.
17. *Ibid.*, p. 50.
18. For a discussion of the current debate on the Communist treatment of proletarian internationalism, see Paul Costello, "World Imperialism and Marxist Theory: On the International Line of the Communist Movement," *Theoretical Review*, #9 (March-April, 1979).
19. Burt Sutta, *Correspondence with Homer Mulligan* (n.p., n.d.), p. 33.
20. *Ibid.*, p. 1.
21. *Turning Point*, Vol. 1, No. 1 (July, 1948), pp. 4-5.
22. Quoted in *The Communist Trials and the American Tradition* (Cameron, 1956), p. 139.
23. *Turning Point*, Vol. XIV, No. 7 (July, 1962).



The Club Network's critique of the fusion position on party building, as far as it goes, is a succinct and well-written polemic, which pinpoints many of the major errors of the fusionists. At the same time, by failing to delve into the roots of fusionism and its errors, the Club Network's critique is considerably limited.

Finally, the Club Network's decision not to join the Organizing Committee and its characterization of this formation is at variance with the views of a majority of the anti-dogmatist, anti-revisionist forces who see the Organizing Committee as a useful form within which to organize and advance the party-building debate.

The Club Network is a new organization, just coming into being. As it grows and matures, it will hopefully extend, deepen and even rectify its position on many of these questions and we look forward to participating with it in the process of creating a genuine Communist party in the USA.

FOOTNOTES

*The development of the primacy of theory line, as we have presented it, can be traced from the Tucson Marxist-Leninist Collective paper, *Party-Building Tasks in the Present Period: On Theory and Fusion*, through the various party-building articles in the *Theoretical Review*, especially "The Primacy of Theory and Political Line" in issue #7 (Sept.-Oct. 1978).

**A general political line is the overall strategic and programmatic orientation which guides all the various practices of a Communist organization. It is not merely the sum total of many specific political lines but the essential strategic conception of how to organize and prepare the masses for the seizure of state power in the specific national conditions in which the organization finds itself. A general political line is given political-ideological specificity in a party program.

ENDNOTES

1. See Irwin Silber's letter of resignation as *Guardian* executive editor, published in *Theoretical Review* #8 (Jan.-Feb., 1979).
2. *Developing the Subjective Factor* (hereafter called *Subjective Factor*), 1979, p. 5.
3. *Ibid.*, p. 13.
4. William Z. Foster, "On the Party Situation," *Political Affairs* (Oct., 1956), p. 42.
5. Earl Browder, *The People's Front International*, 1938), pps. 239, 240.
6. For an interesting, if contradictory, discussion of Communist theory and practice after 1935, see *On the Roots of Revisionism* (Revolutionary Road Publications, 1979), especially chapter 15.
7. In *Rectification vs. Fusion*, pps. 21-32.
8. Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, published in *On Revolution* (Karl Marx Library, vol. 1), p. 245.



9. On this last point see Paul Costello's "World Imperialism and Marxist Theory: On the International Line of the Communist Movement", in *Theoretical Review* #9 (March-April, 1979).
10. *Subjective Factor*, p. 36.
11. *Documents from the Founding Conference of the National Network of Marxist-Leninist Clubs* (hereafter called *Documents*), p. 31.
12. *Rectification vs. Fusion*, p. 49.
13. *Documents*, p. 34.
14. *Ibid.*, pps. 35-36.
15. *Subjective Factor*, p. 38.
16. *Ibid.*
17. *Documents*, p. 39.
18. *Ibid.*, p. 36.
19. *Subjective Factor*, p. 38.
20. The Red Boston Study Group was the author of "Primacy of Theory and the Guardian Clubs," published in *Theoretical Review* #3 (Jan.-Feb., 1978).
21. Lenin, *Collected Works*, vol. 5; pps. 421-22.
22. Charles Bettelheim, *Class Struggles in the USSR*, vol. 1 (Monthly Review, 1977).
23. *Rectification vs. Fusion*, p. 27.
24. *Documents*, p. 42.
25. *Rectification vs. Fusion*, p. 19.
26. *Documents*, p. 33.
27. *Rectification vs. Fusion*, p. 20.
28. *Subjective Factor*, p. 33.