

THEORISING MILITARISM

CHAPTER ONE, SECTION A

THE CIRCULAR MOVEMENT OF CAPITAL AND MARX'S ANALYSIS OF CONSUMPTION

1. Introduction

In this first instalment in my series on military production and economic theory, I propose to review Marx' analysis of the 'circular movement of capital'. In the second Volume of his *Capital* (henceforth to be referred to as *Capital II*), Marx sets himself the task of explaining how the overall process of capital accumulation, i.e. in society as a whole, can take place. His ultimate aim is to show how by a series of exchanges between the departments of the system, a more-or-less smooth expansion in production can occur. The first step he undertakes for this purpose, is to analyse the various transmutations that the capital of an individual entrepreneurs undergoes, - via the purchasing of commodities for production from his initial, money-capital, through the actual process of manufacturing, to the final market sale of new commodities. Marx terms this process to which the whole first Part of *Capital II* is devoted the 'circular movement of capital', and he presents it by way of an original formula (see below).

A critical review of this Part of *Capital II* is already essential, if we are to theorize the role of military production within the capitalist system. Why is this so? In describing the circular movement of capital - from money capital, through commodity capital to capital-in-operation and onwards - Marx employs a terminology that, unfortunately, reflects a certain bias in his own understanding. Thus, a key term which re-appears repeatedly in the first Part of *Capital II*, is the term '*productive consumption*'. With this term Marx indicates the capitalist aim for which purchases are made on the market by an (individual) entrepreneur, i.e. the use of commodities such as raw materials, product components and labour power for the manufacturing of new commodities with a higher value. The question that needs to be answered for the sake of our understanding of militarism, is whether Marx's usage of the term '*productive consumption*' is truly appropriate, whether this usage helps us grasp the functioning of the whole economic system or not.

Further, a certain bias is also apparent in Marx's presentation of what happens in the final stage of the circuitous movement of capital, namely when the new commodities that have been manufactured are sold on the market. This stage, in common sense usage, is equated with sales for consumption by private individuals. Marx' use of the term 'consumption' in the context of his discussion on the re-conversion of commodity capital into money capital, i.e. his discussion on the purchases and sales of the entrepreneurs' products, is similarly biased as is his use of the term 'productive consumption'. He presumes that all buyers of the entrepreneur's products are *private* individuals: they are either workers buying daily necessities, or members of the entrepreneurial class buying luxury goods. The question to be answered here is whether militarism can be understood if all 'consumers' are understood to be private, whether this interpretation does not tend to mask a portion of the purchases and sales that take place under capitalism, namely the sales and purchases of the output of society's military sector.

2. Three Phases in the Circuit of Capital

Let's, to start, try to give a concise summary of the circuitous movement of capital, as presented by Marx. Marx describes and analyses this process as a series of metamorphoses, which he furthermore suggests can be understood through the use of the following formula: $M - C \dots P \dots C' - M'$. The first phase covers the transformation of money capital M into commodity capital C . It involves the purchases of raw materials, equipment and other means of production, as well as the purchase of labour power, for the purpose of production (P). Then, in the second phase, the commodities so purchased are put to work, - a phase of interruption of the circuitous movement (hence $\dots P \dots$). The outcome of this manufacturing phase is commodity capital with a higher value than the value represented by C in the initial phase. Hence, Marx uses C' to designate the newly manufactured commodities with a higher value. Similarly, the money capital that emerges from the re-conversion of commodity capital in the final phase has an enhanced value, - the reason why Marx refers to the money capital that emerges from this metamorphosis as M' .

Now, to understand Marx's thought process, it is appropriate to indicate what in his eyes is characteristic for each phase of capital's circular movement. In the initial chapters of *Capital II*, Marx records these characteristics. Thus, regarding the first transmutation from money capital M into commodity capital C , he states that it consists in the purchases of two types of commodities, means of production (MP) and labour power (L), of which the latter is the 'characteristic moment'. This is so, because means of production are 'merely' necessary to put into action human labour power which is the *sine qua non* for the manufacturing of new, additional value, which is capital's aim. Using even stronger language, Marx terms the transformation of M into L the very hallmark of the capitalist economic system, for it uniquely involves the purchase (from the side of the entrepreneur) and sale (from the side of the worker) of human activity. "Generally, $M - L$ is regarded as characteristic of the capitalist mode of production" (1).

It is in Marx' description of the second phase of the circuit, that the first problem of interpretation, relevant for our discussion of military production appears. Here, as stated, capital in the form of MP and L is put into operation. Thus, the formula covering both phases one and two, and specifying the commodity purchases that are made, is: $M - C (MP + L) \dots P$. It is in the second phase that capital 'consumes' the commodities MP and L in the manufacturing process, in order to create new value. This value which Marx terms 'surplus value' is the outcome of the fact that the workers when using their labouring strength to transform the raw materials, product components, etc., create more value than the value of the labour power that is embodied in the new commodities. The workers-in-action do so, however, as 'organs' of capital. Hence, when describing the second stage of the circuitous movement, Marx states that capital "consumes its own component parts for the purpose of transforming them into a mass of products of a higher value" (2). In short, he calls phase P the phase of '*productive consumption*', so as to highlight what happens during this phase (3).

In the third and 'final' phase of capital's circular movement, i.e. after the production of new commodities has been completed, the entrepreneur re-appears on the market, this time not as a buyer but as a seller of market goods. I have already indicated what is

characteristic for this phase, namely that commodity capital is reconverted into money capital, and that both forms of capital during this phase represent a higher value than capital's value in the first phase. Hence Marx's use of $C' - M'$ as formula for this phase. However, this metamorphosis is not an identical process for all value parts of C' . For the value part C of C' that existed at the outset of the process it is the second metamorphosis, whereas for the additional value created during phase P , i.e. the surplus value, it is the first metamorphosis. $C' - M'$ completes the series of metamorphoses summed up in the formula $M - C \dots P \dots C' - M'$. For our analysis of the military sector, - we will need to below take a fresh look at the role of the buyers, i.e. of consumers proper, during the third phase of the circuitous movement of capital (4).

3. Towards a Re-elaboration of the Concept of 'Unproductive Consumption' -

In the introductory section of this article I have already indicated that Marx's analysis of the accumulation process of capital presumed a distinction between '*individual*' or private consumption on the one hand - and '*productive*' consumption on the other. The latter term, as stated above, was employed by Marx to refer to the use by capital-in-operation of means of production and labour power for the purpose of the creation of new commodities for sale. 'Individual' consumption instead referred to the purchasing of commodities on the market, both by workers and by owners of capital, for consumption in the home. While workers' purchases in Marx' time were limited (largely) to daily necessities, articles of luxury were (almost) exclusively bought by members of the entrepreneurial class. Marx used the term 'unproductive' consumption exclusively in the context of the latter, i.e. to designate the waste of revenue by capitalists for their personal, luxurious consumption instead of employment of the revenue for capitalist expansion of production (5).

This limited usage of the concept of unproductive consumption is problematic, since it impedes, hampers, the making of a fully critical analysis of the capitalist system. While the wastage of resources to satisfy the personal whims of the owners of capital is objectionable, specially where millions of people continue to suffer from hunger and undernourishment, - it is necessary to address other forms of wastage, of the spoilage of material resources, when theorizing the capitalist system. Whereas we can maintain Marx's double usage of the term 'consumption', i.e. to refer both to the purchase of commodities on the market for ultimate usage by the various social actors, *and* to refer to the employment by capital-in-operation of means of production and workers' labouring strength to create new commodities, - it is necessary to apply the term '*unproductive consumption*' more extensively than Marx tended to do in the second Volume of *Capital*. Unproductive consumption in fact takes place in both spheres, in the sphere of consumption proper, and at the very locations where commodities are manufactured. Thus, '*unproductive consumption*' in an intrinsic sense refers to the purchases by consumers of means of destruction, and to the wastage of material and human resources for the manufacturing of weapons.

In short, the only possible way to re-conceptualise Marxist economic theory, so as to incorporate military production and thus build a more comprehensive theory, is to abandon the concept of '*productive consumption*' with reference to **all** surplus value production as unfeasible. We may want to refer to 'reproductive' consumption so as to describe the

purchases made by labourers for the purpose of their physical and mental survival, i.e. to refer to the transformation of wages into commodities and their usage by society's labourers. However, any capitalist usage of the term 'productive consumption' needs to be scrapped as deceptive, for the equation of productive consumption with the creation of surplus value eliminates the possibility of making a judgement on the utility, the usefulness or not of particular commodities manufactured by the owners of capital. The terms 'productive' and 'unproductive' consumption, when used to analyse capital-in-operation, should highlight precisely what contribution is being made towards the sustainance of human life and the welfare of living nature. The use of means of production and of people's labouring strength to manufacture means of destruction is 'unproductive consumption' in a very intrinsic sense.

4. Private and Public Consumption

To incorporate the analysis of military production into Marxist economic theory, we need to re-conceptualise both the second and the third phase in the circular movement of capital. The above commentary on productive and unproductive consumption compels us to devise a different, general term with reference to the creation of surplus value. Capital's consumption of raw materials, labour power, etc. in the stage of manufacturing, may be termed '*expansive* consumption', since we need to continue to recognize that it results in the expansion of value for the owners of capital. Parallel to this, we also need to re-conceptualise the process of consumption that takes place in the third phase of the circular movement, for Marx' presentation of the third phase reflects as much a bias in thinking, as does his presentation of the second phase of capital's circular movement. Here too the terminology that Marx employs tends to mask a part of reality, and complicates our attempts to analyse the specific role that military production plays within the capitalist mode of production.

All through *Capital II*, from the section where he describes the trajectory **M - C ...P ... C' - M'** of an individual entrepreneur - to the final section where he presents mathematical calculations on the exchanges between the large departments of production in the system as a whole, Marx presumes that the buyers of the commodities manufactured by capitalist entrepreneurs are all exclusively individual, private persons. The purchasers of **C'**, i.e. those whom the entrepreneur encounters when he seeks to transform **C'** into **M'**, may be individual workers buying daily necessities, or individual members of the class of capital owners who purchase both articles for their own subsistence, and, more importantly, luxurious goods. In reality, however, those who act as consumers in the third phase of capital's circular movement have never been exclusively individual human beings, for the purchasers of **C'** have from the dawn of capitalism included a crucial public consumer, namely the state. Yet Marx's schematic presentation of the various buyers of **C'** entirely ignores the capitalist state! (6)

Thus, in re-conceptualising the process of consumption, we need to both extend the concept of unproductive consumption so as to cover the manufacturing of useless and wasteful commodities in the second phase of circulation, *and* extend our understanding of the consumers-actors in the third phase of capital's circular movement. This is of decisive importance for our analysis of military production. For although certain commodities that are produced in weapons' factories, such as pistols and guns, are (also) bought by individual

consumers and business intermediaries, - by far the largest consumer of weapons is the capitalist state. Where the second phase of the circular movement ...**P**... consists in the manufacturing of unproductive goods such as submarines, fighter planes and tanks, the re-conversion of commodity capital into money capital (**C'** - **M'**) is unthinkable without sales to the capitalist state. What is characteristic of capital's circular movement in the military sector, is that the first metamorphosis **M** - **C** consists of the purchases of commodities from private entrepreneurs, while the re-conversion **C'** - **M'** involves a public actor. Thus, the seller and buyer of military commodities during the last-mentioned metamorphosis do not mirror those during the first metamorphosis.

4. Conclusion

In this first instalment, I have mainly sought to review Marx's analysis of the circular movement of capital, presented in the first part of *Capital II*. My brief review has resulted in a changed understanding of consumption both during the second and during the third phase of capital's series of transformations. In order to incorporate the analysis of military production in economic theory, it is necessary to abandon the usage of the term productive consumption to designate all surplus value production that takes place during the manufacturing stage, for the manufacturing of weapons is wasteful, 'unproductive' *in an intrinsic sense*. It is obviously unproductive from the standpoint of the sustainance of life. Marx' understanding of the third phase of the circuit too needs to be re-conceptualised, for unless it be recognized that the buyers of newly manufactured commodities consist of both private and public actors, the specific process of capital's metamorphoses in the military sector cannot be understood.

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References:

(1) Karl Marx, *Capital. A Critique of Political Economy*. Volume II (Progress Publishers, Moscow, USSR, 1967), p.29;

(2) *ibid*, p.37;

(3) *ibid*, p.34-38;

(4) in Chapter Six, I will resume the discussion regarding Marx's formula for the circular movement of capital, to incorporate waste factors into the formula **M** - **C** ... **P** ... **C'** - **M'**;

(5) Karl Marx (1967), *op.cit.*, p.67 and p.401.

(6) a Marxist author who referred to consumption by the state as opposed to consumption by private individuals, and who moreover used the term '*unproductive consumption*' to characterise state purchases of weaponry is Rosa Luxemburg: see the appendix 'Militia and Militarism' to her writing '*Social Reform or Revolution*' (in: Rosa Luxemburg, *Selected Political Writings*, Monthly Review Press, New York/London, 1971, p.155/156); see also Peter Custers, 'Militarising Wereldekonomie' (*Vredesaktiekrant*, Amsterdam, the Netherlands, May/June, 1986, p.11); we may also note here that the consumption by animals raised to be employed as draught animals or to be slaughtered for human consumption, does not figure in Marx's analysis of consumption either; *animal consumption* under capitalism is ultimately commodified, and thus too needs to be analysed, alongside the different categories of human consumption discussed here.

