

AN INTRODUCTION TO THE ESSAYS ON CAPITAL SUBSYSTEMS

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Capital subsystems theory (CSST), as it will be discussed here, is not so much an *inter alia* theme in the field of Political Economy but comprises Political Economy.

The latter, undoubtedly, cries out for a long due updating; it is the mission of CSST to respond to such exigency, which it can only accomplish by furthering the immanent critique initiated by Karl Marx. It is a fact, however, that a third party is involved in this mission, besides CSST and Political Economy. For, in today's common acceptance, rather than the older and wiser Political Economy, it is the shallow *Economics* that holds the place of honor reserved to the official exponent of economic science. While, one decade after another, the long neglected science turned increasingly slovenly and unpalatable, its inflated vicar swelled, and still does. It is certainly one of the greatest intellectual anachronisms of our epoch that even now it depicts its own economic and social life on such a narrow canvass.

This, we are certain, will not last long. For even in its present sorry state, notwithstanding its protracted abandonment, Political Economy surpasses Economics - both in scope and in concept. CSST endeavors to reach beyond Political Economy proper; not only farther than its classical version (Smith, Ricardo), but even clearly ahead of what has been so far its more advanced critical development (Marx). In such pursuit, CSST bears upon the entire field of the so-called social sciences.

Such integration was never methodically achieved, but many attempts towards it were made in past epochs, that laid out the general principles for the conceptual foundations of CSST. The opposite

tendency, that tore up those basic principles into analytically irreducible categories, made the decisive contribution, however, to the acknowledgement of subsystems in the commodity-cum-capital system.

A very rough and simple formula can be provisionally suggested regarding the prevalence of either synthesis or fragmentation in social science. A dichotomized and specialized focus signals a general sense of normality in the state of common affairs: things are expected to go on following what seems to be their present general course, in spite of minor or major downturns in business and morals, expected to be followed by the consequent upturns. Contrarily, attempts towards a more integrated vision may be expressing the insightful anxiety that announces a crucial historical event, or the need urgently felt (be it in hope or anguish) for a turnabout in the institutional order. Are we now on the eve of a revolutionary social change? We do believe we are, and that it will be the greatest heretofore.

Social change, we will try to show, is coming up as the necessary outcome of a long-drawn-out period of capital differentiation. Capital differentiation itself, however, is only very confusedly grasped by the economic doctrine and consequently by the present host of gurus and advisors *à la mode*, lavishly sponsored to this effect, who masticate daily for public consumption several ready-made unsavory notions (such as globalization, “emerging” nations, self sustainable growth, and so on, plus smaller pieces of renewable business and financial jargon). Yet there is a vague popular awareness of imminent but yet undetermined major events: that the epoch is on the verge of profound economic cataclysm, social upheaval, political transformation, historical change. Amid this admixture of popular awareness and academic stolidness, Political Economy is rudely reminded once and again of its intellectual mission.

Thus, it goes without saying that we are not speaking of the usual syncretic “interdisciplinary” approach, which leaves basic theoretical

foundations unawakened and makes neighboring concepts blind and deaf to their reciprocal exigencies. This certainly does have a special meaning in terms of social class. For indeed class structure in capitalism can only be fully conceptualized by acknowledging the wider and all-embracing differentiation processes that cut across the social framework as a whole. This is seemingly, indeed, the dichotomy within the dichotomy: international subsystem differentiation and class differentiation. Are these to be treated separately, as different and unrelated problems, as they usually are? If not, which comes first, methodologically, conceptually, historically?

It may be anticipated at this point that CSST considers these two processes of social differentiation (class and nation) as subservient to (or indeed subsumed under) *capital* differentiation. Thus, having as its object capitalist society, CSST is concerned with the multifarious expressions of this process, inasmuch as subsystem differentiation expresses capital differentiation. It is among such expressions, and only by considering them all as part and parcel of capital development in its historical setting, that we can focus significantly on the well known (but formerly hardly explained) fact that while capitalism displays a splendid potential for civilization in national subsystems of a certain kind, and in these it sets free the most extraordinary creative human capacities, in others it just achieves poverty, wrings out distress, and sufferings untold.

The dichotomy between two kinds of nations, the wealthy and the miserable, has been perceived extensively yet superficially; the unsteady jargon usually worded to the effect (development/underdevelopment, center/periphery, third world, or, again, “emerging” countries) testifies to the disease affecting mainstream economic doctrine - the dearth of concept.

To elucidate the perspectives of Socialism, inasmuch as these derive from capital differentiation, is the ultimate mission of CSST. While the whole question lies beyond the grasp of Economics, it calls for a

further critical updating of Political Economy –quite beyond the critique partially achieved by Marx.

It is clear that for this purpose all those abstract and chiefly empirically oriented disciplines that were splintered off from social science are to be transformed and brought back together into a common conceptual medium. This would restore, *mutatis mutandi*, the philosophical basement that social sciences shared with natural sciences; thereby, the differentiated unity of universal knowledge comprising Science and Philosophy. Not Social Science, mind, but Science.

It is not just a matter of opinion, nor is it a question to be settled down and done away with in a Preface, whether the idea of Science *sans phrase*, in which the division social/natural is conserved just as an inner distinction, is necessary, or sustainable, or makes sense at all. But it may be pointed at, in contradistinction to artificially established thematic boundaries, that the academic corporation erects in the guise of professional territoriality. Such conventions are more akin to barbaric rituals of homage and fealty than to conceptual exigency; the upshot being an overall ideological trap, built on the stolid principle that any intelligible object may be sliced out thoroughly enough so that it turns incomprehensible.

Intelligibility however, is itself intelligible in a class setting. In particular, academic standards bearing the brunt of capital, and thereby institutional mechanisms of validation and legitimization of scientific production, all these have undergone evolution throughout modern history -and involution too. The dialectics therein of progress and regression belongs to the innermost processes of capitalistic development. The following essays will turn the readers attention to the fact that capitalist development is presently overridden by a process of capital differentiation, which has been the main transforming force in the capitalist world since the death of Karl Marx. This transformation can hardly be accounted for, while its

nature and consequences remain incomprehensible, in the dichotomous notion that science pertains to the superstructure of capitalist society.

Capital differentiation (as it will be shown) brings to completion the tendency that was inherent in capitalist accumulation, to subsume science. In the hindsight, the prevailing attitudes towards the primeval desideratum for which Science and Philosophy point to each other (keeping themselves distinct in their essential unity without falling off this unity), renders a good measure of the scientific quality of an epoch in Modern science. A measure, indeed, to be weighed against the technological potentials of knowledge. When good science is frowned upon as “philosophic”, and common understanding holds this as a scientific impairment, it is signaled that the furtherance of science calls for a social change of guard.

At present, academic bureaucratic norms, routines, procedures, rituals and the like, for the allotment of budget and prestige, establish that science assessment has to be made on a piecemeal basis; individual scientists and individual projects are judged by approaches and proceedings that closely follow those that are customarily applied to capital investment projects. The subsumption of science to capital is not only real but also formal.

Beneath scientific dressings the criterion that counts is *ipso jure* of a corporative character. Indeed, the merits and consequent deservingness, that make an applicant “eligible” (for tenures, scholarships, subsidies, rewards and recognition, or just for the right to be taken seriously by his colleges), is whether or not the candidate either belongs to the club or yearns to become a member; and if he is ready and is willing, nay, anxious, to abide by the established rules and bow down under the consecrated hierarchies. Not surprisingly, special courts and tribunals are set up for this purpose and their pronouncements usually have the form of non appealable dictums.

The criterion of science, it turns out, is not science, but scientists; scientists, furthermore, acting within a corporative judicature.

Such is the meaning of the oft repeated and widely accepted (albeit rather stupid) definition of science, that science is... what scientists do. If this is believed to be both meaningful and true, then by extension it should be expected that economic science went on maturing in recent times. According to the same suppositions, as the natural fruitage of the economists' endeavors, there must have been a significant progress in this particular science, which is to say, in the scientific representation of its object.

Actually, however, only very seldom (if ever) economists feel called to cope with the workings of the capitalist world system in its totality - be it in knowledge or in practical deed. This being the case, they can hardly grasp more than a dim and dizzy notion of the system's economic nature: of its historical capital-specificity in form and substance; thence, of its indwelling character. In sum, of this particular production *system* as a *production* system -and vice versa.

Economists, however, in spite of such recondite blemish, that remains mostly secluded, are seen by others and like to regard themselves as professionals with a sound scientific background. In the mind of the public and in their own minds they evoke the illumination of society that gleamed as achievement and promise in Political Economy at the close of the XVIII century. Since then and especially during the XX century the profession's best institutional-cum-academic success story was underscored (and still is) by an astonishingly vivid imitation of the prestigious intellectual model cast in the XVII century by the physical sciences, in the sequel of Kepler, Galileo, Leibniz, Newton, but meticulously stripped of their Metaphysics and Philosophy.

It is mainly due to this attribution that the economist's analytical panoply is extensively believed to be apt for the task... and the task itself is deemed to be the right one. Which it is, as far and as long as

the Commodity Cosmos resembles the object of Celestial Mechanics. Which it does, all along. We will presently dwell on the apparent movements and visible determinations of those objects orbiting by the myriads through the Commodity-cosmos...

When Economics (the present name for the forlorn science that was once called Political Economy) vindicates itself, as it now usually does, for having become mathematical, it should be noted that its impoverishment is not due to this true merit but has come about in spite of it. To treat insufficiently conceptualized categories in a mathematical way became a fashionable anachronism throughout the XX century.

Renewal mimicking progress is the essence of fashion; once and again it made for the grand academic crusade, led by the very most noteworthy colleges in the profession, who gained noteworthiness by complying with powerful patrons, wealthy sponsors, and capitalists *in propria persona*. Experience, observation, practice, were applauded and conveniently stimulated by these same clients, and it might have been expected that a prolonged and demanding exposure to things and processes as they objectively exist, especially during the most eventful century ever, was a guarantee that the trend of the profession would be towards increasing realism.

But an altogether kind of "realism", moral, or, rather, immoral, prevailed: nothing to be proud of, but just compliance with power. Sponsors and funding agencies increasingly set the general academic standards, while economists were thrown onto the Procrustean bed. Those standards have to be met, or else... The mostly ritual exigencies of a standardized scientific or professional career led economists to cultivate a particular kind of sophistication that immediately turns into sophistry.

In spite of that pressure, or indeed on account of it, economists fell into the false dichotomy which is the distinguishing trait of

Economics, between two equally abstract stances. Accordingly, they either restricted their attention to empirically sliced portions of the CWS (capitalist world system); or procured an overall picture, by handling those grand social accounting figures -across-the-board. In both stances, they were equally unable to conceive parts of the system as subsystems, and to represent the system as a concrete totality. The concept of the latter is, however, the foremost theoretic asset economists may lay claim to.

This concept (like any other) is quite different from a ready-made contraption. While CWS is the singular object of modern economic science, nobody has ever had a direct evidence of the nature or even the existence of the system itself, except for “shadows on the wall”, i.e., the experience gathered from observing and handling certain parts of it. The point being, that if experience is to be meaningful, then even careful and repeated observation and practice are always mediated by concept. (Somewhat paradoxically, while experience includes experience of the concept, the concept is concerned solely with itself; yet, both the concept of experience and the experience of concept; or conceptualized experience and concept experienced, etc., are included in the concept, in its life and circumstance).

Thus, it is only by means of good economic theory that empirical observations may render significant clues to the concept of the CWS. This is how the mission of economic science, namely, to set forth the class meaning of immediate social evidence, can ever be accomplished. It is with a view to this mission, that CSST is not to be considered as a province or a specialized field within Political Economy, but as Political Economy at large.

“At large”, in the sense that it is on the loose, unchained, free from artificial commitments or confinements. And “at large”, also, in the acceptance that political economy is displayed therein at its full extent. Indeed, within CSST, political economy embraces its two main versions (heretofore known as “neoclassic” and “classic”, both of

which, we will argue, are misnomers). It is still wrongly believed that these two approaches, one abstracting from the system and another abstracting from subsystems, are reciprocally exclusive. Potentially, however, both belong to the same concept, as the latter works its way towards its full-blown scientific form. Each doctrine expresses a stage thereof, and thence an incomplete yet necessary form.

Similarly, the general study of commodity and money constitutes a preliminary approach to capital theory. But a closer consideration of this similarity will show (in the following pages) that two different kinds of stage-by-stage approach are involved in the basic economic concepts, the phenomenological and the conceptual.

CSST aims at tackling empirical manifestations of the CWS as significant parts of the whole. Considering that only the latter is fully real and only the former are immediately evident, it is arguable even at this early point that if scientific knowledge in this field is to be founded upon evidence; and that if it is to render a meaningful guide for overall action, then the problem of capital subsystems has to be addressed. Otherwise, both observation of the parts and speculation on the whole can only remain barrenly abstract.

The usual exigency that truth must find its ultimate proof in evidence, regardless of how the existence and properties of the object of knowledge is to be conceptualized against its reality, is indeed a far cry of what it believes it is. The right theoretical approach is the one that teaches us to depict by the observation of significant parts, the relevant movements and transformations involving the social system at large in its historical setting, and to figure out the forms of praxis most conducive to social progress.

The central question of the epoch is whether or not capitalist development brings about the conditions for the suppression of capital.

In our previous work: *Technological Capital* (of which an abridged English version is offered in the first Essays of the present series), we reformulate the question by showing the relevancy of capital differentiation. The book points at subsystems as a necessary consequence of capital's specific nature. It is now our purpose to investigate and expound subsystems more thoroughly: their nature, genesis and evolution, which is coterminous with capitalist development and capital differentiation. Moreover, we seek for an answer, both general and circumstanced, to the question of whether and how capital differentiation favors the transition to socialism. For this purpose the problem of subsystem has to be installed in its right place, that is, in the innermost center of the contradictions within CWS.

A difficulty arises, a veritable quandary, when we wish to open a dialog on this problem that so deeply involves political economy, with the professional economist, for whom in principle such question is non-existent, or is at most a composition fallacy that may be due to inadequate definition, or to logical flaw, or perhaps both. Mainstream economists have at best a basically neoclassic background; thereby, they embrace mostly unknowingly the thinned, unsteady, uninspired and uninspiring Benthamite philosophy that is standardly delivered in the same package together with such formation.

Nevertheless, the dialog must and will be sought with no concession to ideology. The concept, indeed, finds a steady foothold right inside the rival camp. For, indeed, provided economists have a theoretical reference at all, theirs is a version of political economy –conceptually impoverished, but analytically improved. While they certainly lack the notion of a reproduction system that was the greatest achievement of economic thought in the early modern times, it is *in rerum natura* that they point towards a system theory. A major contribution of their doctrine is the notion of general equilibrium, by which they garner a glimpse of an interdependent totality, even if the latter in their representation is reduced to the market. In this notion they most ably

make many analytical distinctions in the notion of equilibrium: existence, multiplicity, stability, types -general of partial, global or local, strong or weak, full or temporary.

It was not so much by parting with political economy -as it was by parting *from* it, that a vicar doctrine was construed. The procedure combined amputation and improvement, with utilitarianism as an inbuilt backbone. It will be shown in the following pages how these improvements are germane to CSST. We will argue further on, that two main inborn frailties in its previous versions (both the classical and the critical) left political economy temporarily defenseless against usurpation: a) it never took entire possession of the mercantilist heritage, to which it only frowned upon; and b) while it rightly acknowledged the relevance of the value concept as the founding stone of modern economic science, it never quite accomplished the development of this concept beyond its archaic (Aristotelian) form. Two bequeathals had been mismanaged -the one by ignoring it, the other by taking it at face "value".

If Neoclassic economics ever had a rival, it was a disabled one, *hors de combat*. But when the victorious doctrine gathered momentum throughout the XX century (the first half, indeed), it definitely got itself stuck into a blind alley where now it has no destiny other than to develop itself back into an updated version of political economy.

Still, with just a half of the theory at their disposal (that hardly makes sense without the other half), mainstream economists valiantly proceed to "apply" what they believe are their scientific "tools", to the analysis of subsystems. For this purpose, they abstract in some degree from relevant features of the commodity-cum-capital system, both generic and specific; i.e., they first ignore reproduction, an assumption they will never completely "lift" up; then they assume away specific features of commodity circulation, such as, typically, random transactions -remaining all the time unaware of the meaning these assumptions certainly have in terms of subsystem and system.

No wonder that, consequently, the abstract notion of a global aggregate substitutes in their representation of the CWS for the concept of a concrete totality; no wonder again that even at the inescapable sight of the most vortical transformation ever, affecting capital's forms and structures and dynamics, changing them almost beyond recognition, the official science just marks its pace, and keeps polishing its shallow "growth models", while it remains stubbornly ignorant of the dialectics involved in capitalist development, and their epochal outcome. Or, alternatively, it renounces theory altogether, and takes refuge in the hollow ideological discourse of which the academic aspect is provided exclusively by heavy sponsorship and grand official recognition.

Whatever the source of the serious misconceptions ailing them, it is not that vulgar economists regard subsystems with contempt. In fact, they don't feel disdain at all towards subsystems, but, contrarily, they contemplate these, as it were, with irresistible fascination, for in them they believe true reality and real truth are to be found. And quite right they are! Their drawback is originated, instead, in that they have hardly ever dismantled to analyze the difference between subsystem and system. Moreover, they never quite understood the nature and source of the difficulties they invariably come against when they try to bring a general theory of the system to bear upon practical questions regarding subsystems, such as policies, investments, development, social progress.

In fact, the basic intellectual patrimony of the economist, as far as he may be entitled to one, is no other than the system theory bequeathed to us by Smith, Ricardo, Marx. This system theory is in principle the only theory relevant for subsystems, even if it is hardly "applicable" to these directly, without further conceptual exertion -and even less so or not at all to portions of the system fortuitous and accidentally cut off from the system at large (as not any part of the system is a subsystem). By ignoring or neglecting the exigencies involved in the reciprocal

transitions between part and whole, current economic theorization loses track of its object. Not being able to go beyond the system theory is bad enough for mainstream economics, but its most severe limitation lies in the weakness of its amputated version of the system theory.

For only by painstakingly exhausting the concept of capital system in the abstract can a capital subsystem theory be developed. But it is by first leaving out such partial configurations that the capitalist system's overall structure may be laid bare, and its specific principles taken account of. In sum, paradoxical as it sounds, if we set forward to understand capital subsystems we have to start by leaving them aside!

The abstract concept of the system (abstracted from subsystems) is not a small endeavour *–per se*. In fact, several centuries of economic science have not been enough to accomplish it thoroughly enough. Yet, having made the distinction from the start, between subsystem and system, we hope to bring out the separate notions of each, together with the concept embracing both. The latter is what we will call CSST.

This is why these essays on subsystems follow a rather circuitous path, instead of proceeding straightforwardly towards their target. The roundabout approach proceeds by first abstracting from sub-structural arrangements and eventually bringing them back to the fore; not extrinsically, though (not just by adding to the picture what had been subtracted from it), but by delving into the system *in search of transitions inbuilt therein towards capital subsystems*.

Having first put aside empirical subsystems in their worldly, trivial, everyday, unrevealing figures, it will become apparent in retrospect that the abstract concept of commodity form (seemingly free from such "impurities") lodged the genesis of capital subsystems –in sum, that the involution of commodity form is the necessary consequence of precisely this form's development.

The basic scheme for a general exposition of CSST has been thus cast out. Accumulation subsystems are a forceful outcome of capitalist development. Their aetiology, which is to be found in the transitions within and between commodity, money and capital, will show historically specific dimensions within them that were at first invisible in their merely empirical existence, thus rendering both hindsight and foresight into the history of capitalism.

In particular, the thesis will be expounded that the specific laws in-bedded in capital, that govern the general formation and transformations processes in overall subsystem structures, throw open unedited transitional alternatives to capitalism.

Hence, a new light will be shed upon a critical ingredient for the transition to socialism, and upon practical socialist planning, that has received scant attention, namely, the configuration of *non-capitalist capital subsystems*. We will try to answer a double question. What is the role of capital in early socialism? And, consequently, How can we now envision the suppression of capital?

It may help at this point to remember that capital was in the making long before capitalism, which shows capital may coexist with structures other than capitalist –and, to a point, thrive. Certainly, however, this same recollection also points at the hard fact that capital begets capitalism: just spare a seed of the ogre and sooner or later the nightmare will be back, all around! But we miss the point, and wander into an abstract discussion, unless we take into account capital differentiation. More generally, capital is not only historically specific but has its own history, and comes out of it deeply transformed.

Our argument will not be referred to capital in general but to capital in its latest forms and structures resulting from recent and present differentiation processes, which are the main concern of these essays.

Admittedly, expressions like “socialist planning of non-capitalist capital subsystems” may still look blatantly incongruous, but wait till we go beyond the abstract concept of capitalism (in the sense that it abstracts from subsystems). Wait also till we conceive the evolution of subsystems in the context of capital differentiation.

Then it will be clear a) that the attenuation and partial negation of commodity, money and capital, is the result and the necessary outcome of capital development and (more specifically) of capital differentiation; a consequence, of the exacerbated capitalism and the new surplus forms prevailing today; b) that part of the capital conforming certain subsystems, especially those resulting from technological differentiation, belongs to a special kind of (so to say) attenuated capital, later on to be determined as “simple” or “reduced”; and finally, c) that such subsystems, being as they are the natural *planning* ambit for technologically potentiated capital, render a new scenario for historically pregnant class struggle and eventually for incipient (transitional) *socialist* planning.

What class struggle is primarily and ultimately about on the eve of socialism can be summed up in only one word: Technology. As long as society remains a class society, the social class that governs human innovative powers on a social scale has and will have the upper hand in leading political transformation and in fashioning the new ways of life.

Socialism surely involves overcoming and eventually eliminating capital, but -it will be argued- a general sequence has to be followed, which is objectively imposed by the highly specific structures and substructures developed by late capitalism. Notwithstanding the general, worldwide, character of this sequence, it may not be followed in every instance. The same holds for the following picture in which the suppression of capital in its reduced form is *not* at stake.

The sequence comprises a stage in which workers take over and

actually run some of the largest and most powerful leading firms that dominate technology, taking charge of the heretofore exclusive function of *these* enterprises as the active agencies in the configuration and re-configuration of reproduction subsystems. As it will be explained further on, in an utterly differentiated structure of capitalism the process of capital reproduction is left to a special kind of capital which we call simple or reduced (*vis à vis* potentiated or technological capital).

In sum, socialism completes the subsumption of reduced capital before capital's full *Aufheben*. Even now, as we write, reduced capital is fairly widespread throughout the world as a natural fruit of late capitalist development – more particularly, of capital differentiation.

Capital differentiation was carried through during the mature stage of capitalism, sundering technical innovation from economic reproduction, and turning technology into a means of extortive control over production. Indeed, over social and political life. Socialism will eventually succeed in reverting this process, by and by, as social production, once free from its capitalist garments, will gradually become the highest human creative activity.

The first main impetus towards economic reform, however, of a political and social revolution aimed at creating a higher civilization, will have to concentrate in annulling capital in the very large firms of technological potentiated capital. Thus, in the very first stages of Socialism, however, we believe, *reduced* capital will mostly remain as it was carved out through capitalist differentiation (by a natural process, as it were) but will even be created anew as a powerful means of coupling and updating production processes in large portions of society, especially in those where capitalism left social ruins.

Not only will reduced capital be partly conserved, while technology becomes an effective social patrimony, but an unprecedented mass of reduced capital will be created anew, and will even prosper, as it

never did under capitalism, under the guidelines of the Socialist State, during a lapse that may well define an epoch in the foundation of the new society.

Thus a substantial socialist strategy can be centered on the thesis that differentiated capitalism is the last stage of capitalist development; and that capital differentiation brings about a radical turnabout in the perspective from which the transition from capitalism to socialism can be conceived – *vis à vis* the way it was posed from the perspectives of undifferentiated capital.

This strategy, the same as the former strategies founded on undifferentiated capital, aims at the transition from capitalist production relations to socialist planning. In the transitional approach the emphasis now is shifted, however, from the generalized suppression of private property over the material conditions of labour, to innovation planning and subsystem planning. The reason for this shift will be laid out in the right place, but a brief anticipation is opportune. For, again, while capital production, due to its general commodity character, dissects production into two distinct processes, the upshot of industrial capital differentiation is that a special kind of capital is *reduced* to the function of material production. Thence, regarding this type of capital, the material means of production are no more than the means of *material* production. Now, the rank and file of capital governed by potentiated capital in differentiated subsystems is of this particular kind, in which the character of capital has been partially annulled by capitalist development itself.

Our ulterior exposition on this matter will hopefully unclog some otherwise somewhat pointless dilemmas that have been knitted around the so-called “market socialism”. The problem of whether and how socialism will do away with commodity is surely highly relevant, and remains far from exhausted by the conceptual exclusion from the system superceding capitalism of both capital and capital’s necessary commodity basis. Consequently, we can see nothing sordid or far

fetches in the statement that both capital and commodity will still play a role in the transitional economy. Moreover, we are ready to expect that an entire historical epoch may be marked by the evolution of residual markets towards their tendential extinction.

But can we pass right away from this still rather abstract elucidation to conceive (right away, without further theoretical ado) residual markets and try to figure out their future scopes and roles? Why, how, under what conditions may these be regulated in a socialist planning framework? Wouldn't we be just wandering into a dizzy speculative fog? Provided the whole question makes sense at all, what consequences may be expected from its elucidation on present and proximate politics and class struggle? Our contention is that these questions can only be discussed rigorously, concretely, and fruitfully, after the problem has been posed and worked in its right theoretical background, which is, we will endeavour to prove, the concept of capital subsystems. Thus, we are not willing to involve ourselves in doctrinal squibbing; instead, we will contrive to understand the nature of ongoing transformations in capitalist society, and the problem of whether these may bring about socialism. And how.

For, indeed, those forms and structures that Marx took to be the final forms and structures of capitalism, belonged, we now know, to a particular phase of capitalist development, distinctively characterized (with caveats and qualifications to be ulteriorly considered in CSST) by the general trend towards profit rates equalization. Marx accordingly depicted the overall dynamics of capitalism upon the assumption that such trend holds. He was certainly aware that technological innovation brings this movement to a halt, but had a good reason to disregard *this* effect of innovation, namely, that the innovator's monopoly privilege is but local and short-lived.

Regarding innovation, however, individual competitors follow irreversibly divergent paths. A few firms meet technological success and engage in iterative innovation. The rest become excluded from

systematic innovation and are mostly constrained to mere (even if enlarged) capital reproduction. Thus, capital differentiation increasingly counterpoises technologically potent capital against simple or reduced capital, conforming an overall polarized structure where profit rates are extraordinarily high on potent capital and remain below social average on reduced capital.

In technologically differentiated capitalism, the trend towards equalization fades away and so does the reified average profit rate. A particular strata of capitalists has sequestered humanity's generic capacities to create new production techniques. The control of such capacities is the true and real object of class struggle, its transitional outcome involving the socialization of technology. Thereby, free associated workers would take charge of the present functions of technologically potent capital, namely, innovation and subsystem planning. The ultimate elimination of *reduced* capital is not in the offing.