

Das Kapital and political economy in the broad sense: a review on Wang Yanan's research

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Abstract

Purpose – Wang has focused on the relationship between *Das Kapital* and the political economy in the broad sense. Numerous ideas covering the political economy in the broad sense are involved in the overall structure of *Das Kapital*, methodology of historical materialism and analyses of the historical fate of capitalist system. The paper aims to discuss these issues.

Design/methodology/approach – In broad outline, the Asiatic, ancient, feudal and modern bourgeois modes of production may be designated as epochs, marking progress in the economic development of society (Wang, 2007b). Historical materialism provides a new, scientific and objective explanation for understanding the dialectical development laws of society. It is crucial for constructing the theoretical system of a political economy in the broad sense. It could be said that it is the key to solving the puzzle of the historical course of social development.

Findings – Today, economic relations between the world's top two economies have merged with each other. How can two countries with different systems trade with each other so well? These questions can no longer be answered with traditionally narrow political economic theory. The authors have to seek these answers from the perspective of a political economy in the broad sense.

Originality/value – Numerous ideas covering the political economy in the broad sense are involved in the overall structure of *Das Kapital*, methodology of historical materialism, and analyses of the historical fate of capitalist system.

Keywords *Das Kapital*, Wang Yanan, Political economy in broad sense

Paper type Research paper

What are the key objects studied in *Das Kapital*? This question has long existed in academic circles. In the preface to the first volume of his book, Marx said, "In this book I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode. Up to the present time, their classic ground is England" (Marx and Engels, 2004). Marx hoped to reveal the economic operation law of the capitalist system, so the economics studied in *Das Kapital* is defined as a political economy in the narrow sense. By 1867, Marx and Engels had completed many works, including *Economics and Philosophic Manuscript of 1844*, *The German Ideology* and the *Communist Manifesto*. From the perspective of logical structure and methodology, the research objects of these works were not limited to the scope of the capitalist economic system. Characteristics of political economy in the broad sense were also included. While Marx did not clearly propose the concept of a political economy in the broad sense, this does not mean that Marx did not



understand the importance of a political economy in the broad sense for dissecting the general rules of human social development. Thus, Marx did not oppose Engels's opinions in *Anti-Duhring*. Engels said, "Political economy, however, as the science of the conditions and forms under which the various human societies have produced, exchanged and distributed their products – political economy in this wider sense has still to be brought into being" (Marx and Engels, 2009d). The well-known Chinese scholar Wang Yanan has contributed much to the study of political economy in the broad sense. He once publicly suggested, "It has been my long-held wish to do research on political economy in the broad sense, and I have made preparations for this over several years" (Wang, 2007a). Wang has focused on the relationship between *Das Kapital* and the political economy in the broad sense. Numerous ideas covering the political economy in the broad sense are involved in the overall structure of *Das Kapital*, methodology of historical materialism, and analyses of the historical fate of capitalist system.

1. The possibility of taking *Das Kapital* as the starting point for studying political economy in the broad sense

According to the definition, if we look at history's natural development process, the starting point for studying political economy in the broad sense should begin with primitive society, followed by the studies of slave society, feudal society, capitalist society and communist society. This research order is in accordance with Marx's theory of "five types of social formation" and it can better fit the history and logic. The other basis of the research is Marx's theory of "three types of social formation," which classifies societies into human-dependent society, substance-dependent society and the society in which people can develop comprehensively and freely. From the viewpoint of human liberation, this research method values historicity and also embraces various social systems. Therefore, this theory is the best choice for foundation of the study of political economy in the broad sense. Where is the entry point for political economy in the broad sense? As is known to all, *Das Kapital* is mainly about the economic operation of capitalist systems, so there is no conflict when analyzing the capitalist economy with it. However, what can be the reference point for researching the economic law of non-capitalist systems? Non-capitalist systems include social formations before and after the capitalist system. Is it possible to begin with the commodity stage just as in *Das Kapital*? Wang's answer is "yes," "The question is how to interpret and analyze it comprehensively" (Wang, 2007a). It is convenient to study China's economic operation law from the aspect of the commodity because before its liberation, China was in a semi-colonial and semi-feudal society. "Regarding the economic analyses of the feudal society, slave society and even the end of primitive society, I think, even if it is not necessary to start from the value relationship of commodity, at least it should be started from the labor formation that is closely related to the value of the commodity" (Wang, 2007a). According to Wang, it is possible to regard *Das Kapital* as a starting point for research on political economy in the broad sense.

As a work that focuses on general laws of capitalist social economic operation, *Das Kapital* contains a wealth of ideas on political economy in the broad sense using both theoretical logic and historical logic. Wang states, "In his famous book, *What Are the Friends of the People*, Lenin emphasised that, in *Das Kapital*, Marx had drawn the economic relation from all social relations, and then had drawn the productive relation from the economic relation, as the foundation for the entire superstructure. Further to this, he set a productive relation to a certain level of productive forces. Marx had not only correctly handled the relationship between various social phenomena and demonstrated the regularity of their relationship, but also had shown an inevitable law that the social formulation would evolve to a superior one without thinking about any factors except social and productive relations" (Wang, 2007b). Furthermore, he said, "Capitalist society is the most developed and most complex production organization in history, so the categories that express its various relationships, the understanding about its structure, as well as structures and the production relations that have perished all provide a possibility to

comprehend it thoroughly” (Wang, 2007b). These concepts are the indispensable components of political economy in the broad sense. In another example, on the commodity economy, Marx studied the duality of goods from the duality of labor, and then put forward the law of surplus value. A product is of use value and exchange value, and the social and economic relation it implies can be deduced from the relation of the commodity economy.

Another reason to consider *Das Kapital* as a starting point for the study of political economy in the broad sense is the evolution of the labor division theory. With a historical logic of labor division theory, the book finds the connection between the social formations before and after the capitalist society. “How far the productive forces of a nation are developed is shown most manifestly by the degree to which the division of labor has been carried,” said Marx in *German Ideology*, “Each new productive force, insofar as it is not merely a quantitative extension of productive forces already known (for instance the bringing into cultivation of fresh land), causes a further development of the division of labor” (Marx and Engels, 2009a), “The division of labor inside a nation leads at first to the separation of industrial and commercial labor from agricultural labor, and hence to the separation of towns and countries, and to the conflict of their interests. Its further development leads to the separation of commercial labor from industrial labor. At the same time through the division of labor inside these various branches, various divisions develop among the individuals co-operating in definite kinds of labor. The relative position of these individual groups is determined by the methods employed in agriculture, industry and commerce.” “The various stages of development in the division of labor are just so many different forms of ownership, i.e. the existing stage in the division of labor determines also the relations of individuals to one another with reference to the material, instrument, and product of labor” (Marx and Engels, 2009a). In chapter five, volume three of *Das Kapital*, Marx said, “The rise in the rate of profit in one branch of industry is the result of the increase of the productive power of labor in another [...] Such a development of the productive power is again traceable in the final analysis to the social nature of the labor engaged in production; to the division of labor in society; and to the development of intellectual labor, especially in the natural sciences. What the capitalist thus utilizes are the advantages of the entire system of the social division of labor” (Marx and Engels, 1974). These arguments demonstrate the status of the social division system of labor in Marxist economics. In fact, the division of labor can indeed be a main line throughout the study of political economy in the broad sense. *Anti-Duhring* divides the social division of labor into natural division of labor, spontaneous division of labor, and conscious division of labor, which corresponds to natural economy, commodity economy, and product economy. At the same time, they also coincide with human dependence, human independence and human comprehensiveness.

2. The research methods of *Das Kapital*: applicable to the study of political economy in the broad sense

Research methods found in *Das Kapital* are the fundamental guarantee of the rigor of its theoretical system. Since its publication, many scholars have tried to overthrow the economic system theories constructed by Marx, but all failed. Why? The reason is that Marx’s research method is scientific. “As a concept of historical materialism, a key to the study of human social history, *Das Kapital* has changed from a scientific hypothesis into a universal truth that can be applied to all social forms” (Wang, 1959). In practice, historical materialism and dialectical materialism are the basic methods for studying economic activities in society in various historical forms and they are the only accurate methods. Both *Das Kapital* and political economy in the broad sense are inseparable from historical materialism. “Lenin once stated that if it is said that Marx has not put forward professional dialectics, his *Das Kapital* is the most vivid dialectics; or people may regret that Marx did

not leave behind a special work on historical materialism, while in fact, *Das Kapital* has made up for this deficiency with extremely rich content and variety” (Wang, 2007b).

What is historical materialism? Marx answered this in the preface to *A Critique of Political Economy*. “At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure [...] In broad outline, the Asiatic, ancient, feudal and modern bourgeois modes of production may be designated as epochs marking progress in the economic development of society” (Wang, 2007b). Historical materialism provides a new, scientific and objective explanation for understanding the dialectical development laws of society. It is crucial for constructing the theoretical system of a political economy in the broad sense. It could be said that it is the key to solving the puzzle of historical course of social development.

In *Das Kapital*, the dialectics is shown from the beginning to the end, during its research and narration. According to the dialectical principle of materialism, Marx launched a critique to bourgeois political economy and established a new theoretical system. Wang pointed out that according to *Das Kapital*, capitalist commodity production was developed on the basis of the production of small commodities, and capitalism bred the material and human conditions for realizing socialism. For example, Marx’s rigorous analysis of dialectical logic can be shown when labor-products become goods, certain goods become currency, currency turns into capital, and the process of capital movement leads to its own *aufheben* of capitalist system when capitalism finally perishes. Of the most essential and fundamental requirement for historical materialism, its essence and features should be understood from the overall capitalist economic phenomena, economic relations in social lives and fundamental productive relations should be further explored. Further to this, two aspects should be considered: the basic productive relation and social productivity, and the economic foundation and superstructure. This enables the investigation of the law of economic movement in an overall capitalist society.

When applied to the analysis of economic issues, historical materialism can scientifically explain the nature and inherent laws of things. “Never has Marx used any factors except these productive relations to make explanations, but he has made it possible for us to see how commercial organizations of social economy have developed, how they become capitalist organizations and consequently created two opposing classes – the bourgeoisie and the proletariat (in the area of productive relations), as well as how people improve labor productivity and bring the factors that are in an irreconcilable contradiction with the foundation of this capitalist organization into the society” (Wang, 2007b). The categories of political economy such as commodities, currencies and capital all contain specific attributes of productive relations. Therefore, in the system of political economy, different specific people examined are the personification of specific economic categories. They are bearers of certain class relationships and interests. This research method thus reveals the general laws of human social development. “With regard to the discovery and study of the general law, the author of *Das Kapital* did not explore along the path of historical development, but rather explored a highly developed social formation. In other words, by analyzing capitalist social formation and its productive relations, Marx has provided clues to understanding all social forms in history and found general development rules” (Wang, 2007b). Wang further stated, “Because of its strict and complete scientism and extremely revolutionary nature, the *Das Kapital* system, which fully embodies historical materialism and the dialectics, made a decisive effect on the later study of political economy” (Wang, 2007b). We believe that “the later study of

political economy” mentioned here certainly includes political economy in the broad sense. Essentially, the research methods of *Das Kapital* are consistent with the research methods used for political economy in the broad sense.

3. The three-volume structure: concepts of political economy in the broad sense in *Das Kapital*

The three-volume structure of *Das Kapital* has its own particularity, especially as the first volume was edited by Marx himself. Fully reflecting the development of the history of the capitalist system, it contains numerous ideas covering the political economy in the broad sense. Consisting of seven parts, the first volume discusses the production process of capital. Beginning with prehistory of capital and ending with its future, the main body, including five parts, is concerned with how to produce capital. In chapter 24, Marx analyzed the historical fate of capital in depth: “The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated” (Marx and Engels, 2004). This points out that the capital production process is essentially the production process of surplus value, which is the fundamental mystery of capitalist economic operation. The capitalist economic system is only a particular stage of human social development. Once its historical conditions disappear, the system itself will cease to exist. In volume two, the first and the second parts analyze the individual capital movement; the third part focuses on social capital movement; the last part elaborates on the necessary ladder of research on individual capital movement stages to research on the capitalist overall process. Volume 3 mainly discusses the distribution of surplus value. The first three parts emphasize the conversion of surplus value into profit, the conversion rate of surplus value into profit rate, and the conversion of different rates of profit from different departments into general profit rate, thus forming the average profit rate and the productive prices, as well as the law of the falling tendency of the rate of profit. The fourth, the fifth and sixth parts discuss the distribution of surplus value.

With regard to the general three-volume structure of *Das Kapital*, Marx has thoroughly clarified the most complex and subtlest form of exploitation, namely, the form of surplus value. He has also corroborated that, “the history after the primitive society is a history in which the exploiting class exploits the exploited class” (Wang, 2007b). In the *Introduction to A Contribution to A Critique of Political Economy*, which was completed in 1857, Marx proposed the outline of the political economy that he intended to write about. “The disposition of material has evidently to be made in such a way that: Section One – comprises general abstract definitions, which, therefore, appertain in some measure to all social formations, but in the sense set forth earlier. Two - the categories which constitute the internal structure of bourgeois society and on which the principal classes are based. Capital, wage labor, land ownership and relationships among them. Urban areas and rural areas; the three large social classes; exchanges between them; Circulation. The (private) credit system. Three – the state as the epitome of bourgeois society. Analysis of its relations to itself; The ‘unproductive’ class; Taxes; National debt; public credit; Population; Colonies; Emigration. Four – international conditions of production. International division of labor; International exchange; Export and import; Rate of exchange. Five-world market and crisis” (Marx and Engels, 2009c). This writing plan is not in contradiction with Marx’s six-part plan, which refers to: capital (including some introductory chapters); land ownership; wage labor; countries; international trade; and world markets. This wide system actually not only goes beyond the political economy in the narrow sense as we understand, but also contains the characteristics of a political economy in the broad sense.

4. Conclusions and further reflection

“And even when a society has got upon the right track for the discovery of the natural laws of its movement [...] it can neither be clear by bold leaps, nor remove by legal enactments, the obstacles offered by the successive phases of its normal development. But it can shorten and lessen the birth-pangs” (Marx and Engels, 2009b). This is stated by Marx in the preface to “Das Kapital.” That is to say, the economic and social form is a process that does not follow the will of the people but is in accordance with the inevitable law. This is the full expression of the relationship between “Das Kapital” and political economy in the broad sense as explained in this article. Of course, the history of the world’s development is very complex, and the development of the human society has not been strictly in accordance with Marx’s basic assumptions. For example, Marx said that in the first phase of communism, there should be a tradition or trace of capitalism – but in some instances, human socialism skipped the development stage of capitalism. This situation happened not only in the USSR, but also in China. People cannot help asking how they could achieve such a leapfrog development. After its reform and opening up, China has established a socialist market economic system, but how can a socialist country develop a commodity economy? Today, economic relations between the world’s top two economies have merged with each other. How can two countries with different systems trade with each other so well? These questions can no longer be answered with traditionally narrow political economic theory. We have to seek these answers from the perspective of a political economy in the broad sense.

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