

Marx and Modernity

*A Political and Economic Analysis
of Social Systems Management*



edited by

Marina L. Alpidovskaya
Elena G. Popkova

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Elena G. Popkova, *Series Editor*

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A Political and Economic Analysis of Social Systems Management

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INTRODUCTION

May 5, 2018 marked the 200th anniversary of the birth of Karl Heinrich Marx, German scientist, philosopher, economist, and sociologist. His creative genius developed a system-functional model of his contemporary society, defined its socioeconomic nature, and formulated scientific and ideological approaches to cognition. Marx also developed methodological keys for identifying and substantiating the economic nature of phenomena, processes, and socioeconomic relations mediating them, which are so relevant today. Before Marx, political economy was an eclectic combination of individual theories and concepts belonging to different thinkers and philosophers. Karl Marx was able to transform it into a holistic science with a single systems approach.

It is generally accepted that today researchers in the domain of social and economic problems and phenomena have a certain indisputable advantage over Marx's genius. Nevertheless, modern generally accepted mainstream economics faces certain difficulties in its attempts to explain in detail the causes of the current global economic crisis. They believe that on the edge of the 21st century, capitalism has no tendency to "dissolve." G. Hodgson, modern representative of Cambridge School, in his work "Economics and Institutions: A Manifesto for a Modern Institutional Economics" notes that despite the endless flow of publications after World War II the state of economic theory as a science remains disappointing. The main accusation made against economic theory is that "... within the framework of the main direction of theoretical thought, it is not possible to convincingly explain

many economic phenomena and to develop policy recommendations that allow to explicitly resolving urgent economic problems.”

Nevertheless, the problem areas of modern socioeconomic system are becoming increasingly apparent. It turns out that the capitalist system is not that stable and durable, and the former “bourgeois” were not superseded by the generation of new leaders, armed with new management methods and able to fix the situation. Philosophical background of the capitalist economic system has knocked out the pivotal basis of sustainability from under the whole of modern economy, politics and ideology. Capitalism as a development system, apparently, ceases to exist... However... Truth extracted in the past should not be turned into a museum exhibit, nor can it be completely rejected.

The purpose of this publication is to reactivate fundamental philosophical, political, economic, and managerial studies of the laws governing the functioning of the global geo-economic system from the perspective of contemporary interpretation of Karl Marx’s concept of objective processes in the modern socioeconomic system under conditions of a systems crisis of capitalism.

The authors of the presented monograph tried, maintaining the traditional classical Marxist understanding of economy, to combine it with the modern theoretical interpretation, to show the evolution of its development from the moment of its emergence to the present day. The 200th anniversary of Karl Marx is an excellent opportunity to trace how the ideas of his central work, “Capital,” influenced the development of economic thought, including in terms of core theoretical trends in economic, management, political and philosophic science formation. The team of authors presented their vision of modern socioeconomic contradictions and outlined ways to resolve them within the existing socioeconomic system.

The material of the monograph is informative, natural, rather complex, but interesting. It requires considerable learning and information processing skills. The authors tried to modernize existing approaches and are not limited to “past achievements.” Staying abreast of all the latest trends, the authors retained the core of their own conceptual principles. In almost all subjects the studied context is applied to the realities of Russian and global economy.

—Marina L. Alpidovskaya

PART I

THE RELEVANCE OF THE MARXIST METHODOLOGY

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CHAPTER 1

THE PROBLEM OF THE RELEVANCE OF THE WORKS OF KARL MARX IN THE 20TH AND 21ST CENTURIES

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LIFETIME ASSESSMENT OF THE WORKS OF KARL MARX

Karl Marx is one of the most famous theoreticians of the 19th century. German economist, philosopher, literary and public figure, the author of the

most famous work in the sphere of economy- “Capital.” His main work, “Capital,” belongs to the section of political economy, contains a critical analysis of capitalism. The main work of Marx was created in 1867 and is an extended continuation of the “The critique of political economy.”

This is a multifaceted work. In addition to economic aspects, numerous scientists and practitioners-revolutionaries saw in this Marx’s work the justification of the mandatory destruction of capitalism, the eve of the proletarian revolution, and even viewed it as a kind of call to action. It is the conclusion about the inevitability of the collapse of capitalism that attracts particular attention in the period of economic crisis.

Attitude towards Marx among his contemporaries in the Western world was mostly neutral. If Marx’s works interested his contemporaries, it was rather an interest of an academic environment. “If the workers had an idea of the sacrifices made to complete this work, written only for them and in defense of their interests, they probably would have shown a little more interest,” Jenny Marx wrote with bitterness and irony [2]. The “Capital” of K. Marx, after its publication in 1867, was poorly sold, despite the efforts of F. Engels to promote it. American authors D. Smith and F. Evans with a fair amount of irony cite the words of Marx’s mother, Henrietta: “It would be better for you to earn money than to write about them” [8, p. 21].

Interest in the works of Marx, and especially in “Capital,” grew gradually. In the 20th century, the teachings of Marx gave rise to many branches and transformations, such as Juche (North Korea, Kim Il Sung), Hoxhaism (Albania, Enver Hoxha), Titoism (Yugoslavia, Joseph Broz Tito), Prachanda (Nepal, Pushpa Kamal Dahal), Luxembourgeoisism (Poland/Germany, Rosa Luxemburg), Guevarism (Cuba, Ernesto Che Guevara).

HSE scientist O. Ananyin believes that in the West, Marx’s perception has undergone a complex evolution. In the late nineteenth and the early twentieth century Marx was known rather as the ideologist of the proletariat movement than a scientist. He was better known in the left-wing political circles than in the academic environment; better in Germany and Central Europe than in the Anglo-Saxon world. The contemporary leaders of academic science, with the exception of the Austrian O. Böhm-Bawerk and the Italian V. Pareto, did not consider the polemic with Marx an urgent task [10].

KARL MARX AND SOCIAL SCIENCE IN THE TWENTIETH CENTURY. “NEW LEFT.”

At the beginning of the 20th century, Russian economic, political and public figures showed a keen interest in the theoretical developments of Karl Marx. Studying Marx’s interpretation of the crises, the special attention they paid to his criticism of Say’s law.

“Say’s law of markets,” according to the economic teachings of Marx and his followers, is one of the manifestations of vulgarization in bourgeois (class) ideology, i.e., one of the attempts to glide over the surface of real (objective) economic phenomena, and, therefore, a lack of understanding that “old bourgeois society with its classes and class opposites is replaced by an association in which the free development of each is a condition for the development of all” [6, p. 447].

G. Plekhanov, a well-known follower of Marxist teachings, agrees with K. Marx on the fact that, contrary to the interpretation of J. B. Say, economic crises do not appear as a random phenomenon of a particular imbalance between the aggregate demand and aggregate supply [7, p. 235].

Marx’s criticism of Say’s law corresponded to the ideas of V. Lenin, for it indirectly confirmed that proletarian revolution was close. V. Lenin interprets the essence of the economic crises as a temporary and transient phenomenon of a “disturbed equilibrium” [4, p. 353].

As you can see, the followers of the Marxist doctrine, in particular, V. Lenin and G. Plekhanov, in their critical perception of “Say’s law of markets,” agree with K. Marx. At the same time, it is also quite obvious that to prove their case, they also used “a thoughtful and sophisticated device designed by Marx,” the essence of which, according to Blaug, is the following: “What really affected people and convinced them was sometimes just brilliant rhetoric on the pages (of Karl Marx’s works), which, instead of boring abstractions, contained vivid descriptions of working class poverty under capitalism and apocalyptic predictions of an inevitable collapse of capitalism with the categorical confidence which is common to the predictions in the sphere of natural science” [1 p. 202–203].

Economic provisions Karl Marx, who viewed crises as an impetus to social protest and the eve of the proletarian revolution, were put in practice on the one-sixth of the Earth’s land surface. Proletarian Revolution swept away the capitalist way of life in Russia. The world experienced tremendous changes. The attitude towards K. Marx and his works has also changed.

In the first third of the twentieth century, after a difficult period of revolutions and the Great Depression in the USA and Europe, Marx was studied on the one hand, as a Teacher who opened the road to a bright future for all humanity (Soviet Russia and its followers), and on the other hand as a prominent economist, one of the founders of the study of crises in the economy.

After World War II, the West witnessed changes in the economy, ideology and culture, which had an effect on the interest towards the main work of Karl Marx. It balanced on the verge of “economy”/political science. The 1960s were particularly notable in this regard, when after the youth revolution of 1968 in France, the “new left” became more active. They considered the study of Marx as a certain challenge to the old society; Marx, as an economist, did not particularly attract them. From Marx’s “Capital” and

the works of his follower, V. Lenin, they carried out the ideas that a) capitalism itself dug its grave [3, p. 119] b) capitalism's death is inevitable c) such death is most likely close because capitalism has long been in its last stage-imperialism. For them, the position developed by Marx in Chapter 24 in Volume 1 of "Capital" was important: "The centralization of the means of production and the socialization of labor reach a point where they become incompatible with their capitalist shell. It explodes. It beats the hour of capitalist private property. The expropriators are expropriated . . . Capitalist production creates . . . its own denial. This is denial of denial. It restores not private property, but individual property on the basis of cooperation and common ownership of the land and the means of production produced by labor itself" [5, p. 773].

But the "new left" were criticized by scientists; from the pedantic scientific point of view, Marx, who wrote that the developed countries all at the same time approach the barrier of the revolution, which will declare the end of capitalism, was not quite right. It was illustrated by the practice of transition from capitalism to socialism in the USSR. This provision gave rise to a heated discussion, the main points of which were advanced in the journal "History of Political Economy" in 1995. In this controversy, the British expert on classical political economy, S. Hollander, noted that the Marxist forecast was more contradicted by an establishment of the Soviet command system at the beginning of the twentieth century than by its collapse at the end of the century, and the Soviet experience itself cannot testify against Marx, because he had no elaborated project of a communist society. "The absence of Marx's portrait on the Red Square," Hollander summed up, "is not a reason for Marxist economic thought historians to review their research programs" [15, p. 170]. In general, summarizing, we can say that the "new left" attitude to Marx was a kind of attempt to explain the changing world, economy, culture, to find priorities.

For the "new leftists," to which such figures as D. Lukach, N. Poulantzas, L. Althusser, and others can be attributed, Marx was interesting not as an economist, but rather as a philosopher and social theorist. L. Althusser claimed: "My main goal was to show what exactly Karl Marx asserted in reality [14, p. 18]. L. Althusser believed that economic contradictions of capitalism, which Marx described in Capital, are important, but they do not appear in their pure form, remaining an internal structure, hidden by external political and ideological contradictions. He appreciated Marx as futurologist, sociologist and philosopher more than as an economist. He was no alone in his attitude. Many of the ideas of the "new left" were reflected in the works of representatives of "European communism": Santiago Carrillo, Enrico Berlinguer, Antonio Gramsci.

But the ideas of the "new left," particularly vividly expressed in the views of the representatives of the so-called "Frankfurt School," gradually lost

their popularity and by the 1970s and had much less followers than a decade earlier. The views of the “new left” differed from Marxist positions. They believed that the social base of the “new” revolution has radically changed. It consisted of the society “bottom”: lumpens, migrants, unemployed, rebellious youth, a small group of intellectuals, drug addicts, representatives of sexual minorities. The “New Left” of the 1970s were confident in the coming social revolution, and therefore relied on Marx as on a futurist. They believed that capitalism and bourgeois ideology have no future.

THE WORKS OF KARL MARX IN THE ASSESSMENT OF THEORISTS OF THE TWENTIETH CENTURY: AN INCREASE IN INTEREST

In the last third of the 20th and early 21st centuries, interest in Marx's works increased in the academic environment. In 1970s–1980s, basing on the Marxist theory of value, neo-Ricardians formed their theories. Huge discussions among Marxist scholars were provoked by Pierro Sraffa (Cambridge School), who emphasized the transformation of value into the price of production, highlighting the quantitative emphasis [19]. On the basis of the mathematical equations of simple and extended reproduction, P.Sraffa tried to construct a special theoretical model of the primary comparison of goods in terms of the cost of a certain “standard product.” This attempt subsequently caused a storm of heated debates among Marxist researchers; Sraffa's ideas have found both advocates and opponents.

Some researchers of this period believed that a kind of synthesis of Marx's theory of labor and the concept of Sraffa should be created. A. Chepurenko names representatives of this point of view: R.P. Wolff, S. Bowles, H. Gintis and others [9] Other scientists believed that the teachings of Marx should be freed from extraneous loadings, ideas and their synthesis (A. Bhaduri, P. Garenyani, S. Pak).

Since the 1970s, claims about the need to revise the concepts presented in Marx's “Capital,” were increasingly being heard. In 1973 M. Morishima published the work “Marx's Economics: A dual theory of value and growth.” [17] where he put forward the idea of “theoretical reconstruction” of Marx's theory of surplus value.

In the academic environment, advocates of Marx's concepts foundations revision do not always find support In 1977, Roman Rosdolsky published the work “The making of Marx's “Capital”“, where he examines the main work of the great economist, its structure, content, responds to it by some contemporaries of Marx, and also analyzes the works concerning the issues of Marxism by Marxist scientists and politicians of the twentieth century. His assessment of Marx's Capital, from the standpoint of the scientist of

end of the 20th century, is very high: "... we hope to show that we are dealing with a very complex and delicately structured theoretical construction, which, despite the considerable period of time that separates us from its origins is still, apparently, in good condition today and has the character of a sharp analytical tool,"—writes Rosdolsky [18, p. 313]. He thinks that the degradation of Marxist theory and its development in the first half of the 20th century is not an accident and caprice of history, but the result of the predominance of conservative interests in society (excluding, of course, socialist society—E. L.). Rosdolsky considered these "conservative interests" the main obstacle to the development of contemporary Marxism. He is opposed to the idea of distillation and purification of Marx's teachings to the state of certain "eternal values," believing that "eternal values" "are difficult to reconcile with Marx's critical and revolutionary dialectic" [18, p. 572]. Rosdolsky believes that it is necessary "to combat the pressure of conservative interests in all spheres. This is the only way to move beyond neo-Marxism (or rather "vulgar Marxism") both in sociology and economy" [18, p. 572].

In the 1980s there appears a direction which has received the name of "analytical Marxism" (J. Roemer, J. A. Cohen, J. Hodgson). Representatives of this trend abandon Marx's labor theory of value, but partially apply the theory of surplus value, replacing it with the "surplus concept." A school of the University of Tokyo of Professor K. Uno has also contributed to the development of Marxism. K. Uno tried to clarify which ideas of Marx's "Capital" can be attributed to the general laws of the capitalist mode of production, and which ones—only to its pre-monopolistic stage [20].

In the 1980s, among Marxist scholars, there emerges an idea of creating a "general theory of exploitation" based on the concepts of Karl Marx (M. Stephenson and P. Roberts). In 1982, on the threshold of the year of Marx (1983), J. Roemer, professor of the University of California, publishes the book "The General Theory of Exploitation and Money," where he abstracts from Marx's theory of value and puts forward the proposition that modern capitalist exploitation is adequate to Marx's theory of surplus value. He is developing a universal theory of exploitation, including the exploitation in socialist society, and this has made him a lot of enemies. The interest in Marx of the 1980s is completed by the work of B. Mazlish "The Meaning of Karl Marx" (1984).

But in the 1980s, the direction that is defined by the term "post-Marxism" and focuses on the study, analysis and updating of Marx's teachings related to class theory, is still more developed. Representatives of this socio-philosophical trend, which emerged from neo-Marxism by the 1970s–1980s, emphasize both their loyalty to the ideals of Marxism and their willingness to radically overcome the "theoretical deadlocks" of the Marxist heritage.

CHANGING ATTITUDES TOWARDS CLASSICAL MARXISM IN THE EARLY TWENTY-FIRST CENTURY

A new round of interest in Marx's "Capital" and his other works appeared in the early 2000s, with the economy falling into a long crisis period.

Representatives of Western society, familiar with the works of the "new left," during the crisis of the early 2000s were preoccupied with the situation, given the fact that the social composition of the leading Western countries continued to change, increasing groups of migrants, poor elements, drug addicts, etc. In search of an answer to the question who can become the new grave-digger of capitalism, they turned to the works of Marx. They also wondered, how to avoid the coming social explosion in the crisis condition, and whether Marx had the answer to this question.

Before the crisis of the early 2000s, the attitude towards K. Marx and his "Capital" among economic history scientists was mainly critical. O. Ananin writes about this, referring to the article in the journal "History of Political Economy" published in 1995. Western researchers believed that Marx's works did not have a significant impact on the development of economic science and were mainly "shifting of known ideas into new terms" [10], therefore, the study of Marx's works is necessary only for further criticism and establishing a "deadlock" of his research. But after the crisis of the 2000s, there was a growing public interest in Marx's "Capital," and economic history scientists were forced to reconsider their views.

Why interest in Marx's "Capital" persists today? In "Capital" Marx highlighted a tendency to marginalize direct labor from the modern production process and expanding the technological application of science. He foresaw the era of automated production, where "... the means of labor passes through various metamorphoses, of which the last is a machine, or rather, an automatic system of machines" [5, p. 203], in which the human fulfils only informational and organizational and managerial functions. This will certainly create certain difficulties. Karl Marx foresaw that the transition to such (automated and informational-auth.) type of production would entail drastic social and economic consequences.

We must also pay attention such Marx's idea, as the transition of the role of the main source of wealth to scientific knowledge. It is in this context that Marx's catch phrase about "universal public knowledge ... turning into an immediate productive force" appears [5, p. 2-3]. Speaking about the role of science, Marx assumes that the man of the future will not be able to do without it in the production process [5, p. 215]. It gives food for thought for the modern worker in evaluation of its competitiveness in the labor market. In search for an answer, people turn to Marx.

At the beginning of the XXI century, interest in the main work of Karl Marx has seen a new rise. The Associated Press reported that the crisis that

the world economy is experiencing now has boosted the sales of *Capital*, the main work of Karl Marx, the founder of scientific communism. Karl-Dietz Verlag, Berlin Publishing house of political literature since the beginning of 2008 printed 1.5 thousand copies of “*Capital*” [12] In September alone, 200 books were sold—in previous years the same number was sold over a year “Definitely, the book is now in fashion,” says the director of the publishing house, Jorn Schüthrumf. According to J. Schüthrumpf, the book is bought mainly by educated representatives of the young generation who doubt the correctness of the political and economic policy chosen by their parents and the usefulness of decisions taken by the Government in response to the global financial crisis. “There is a younger generation of scientists who pose difficult questions and seek answers to them in Marx’s work” [12], says J. Schüthrumff.

During the crisis, the publication of Marx’s “*Capital*” became a successful commercial project. In October 2008, *Capital* became the best-selling book at the Frankfurt book fair, and in Britain the demand for the main work of Marx tripled. “*Capital*” began to be republished in Turkey, where not so long ago it was on the list of banned books. Over the past two months, 40,000 “pilgrims” visited the homeland of Marx. Amid market crashes, defaults and credit system collapse, Karl Marx began to be perceived as a kind of prophet.

After the crisis of 2008, the book by Chris Yarman “*Zombies of Capitalism: A Global Crisis and the Relevance of Marx*” was published, in which the author tried to answer the question of how much Marx is needed by modern society and whether his doctrine can answer the questions posed by the modern economy in period of crises [21]. In 2012 the festival “Marxism-2012” was held in London. The festival organizer, Joseph Chunaru, a member of the Socialist Workers Party, notes that an increasing amount of young people are seen the participants of the festival [13]. In 2011, the book devoted to the contemporary crisis was published: *The Failure of Capitalist Production: Underlying Causes of the Great Recession* [16]. Its author, Andrew Kliman, professor of economics at Pace University in New York, standing in Marxist positions, proves that the current crisis was inevitable; moreover, his certain characteristics, yet unknown in the time of Marx, deepen the crisis and accelerate the inevitable end of capitalism predicted by the great economist.

Marx’s “*Capital*” does not contain any guidance or calls to action. This rich intellectual heritage is still true and can be interpreted from different positions. “Marx is a toolbox. The challenge of modern theorists is use them correctly” [11], said Dr. Manfred Neuhaus, a member of the International Editorial Board for the publication of works by K. Marx and K. Engels in the original.

Thus, considering the increased interest of the early 2000s. to the works of Karl Marx as a whole, and to the “Capital” in particular, we can distinguish three levels of interest:

1. The interest of academicians, theorists, fighting purity of Marxism or vice versa, building a variety of theoretical constructs on the basis of Marx’s teachings;
2. The interest of the left radicals, seeking a response to pressing social issues and a kind of program of struggle for freedom of the lower social classes in Marx’s works;
3. The interest of the ordinary people who in difficult times for the economy, especially in times of crisis, try to cope with their own problems by addressing to the works of the classical economists.

The first level is characterized by a traditional passion for science, for study and analysis, criticism, dialectics, and the construction of new theoretical constructs on the basis of well-known works and concepts. The second level attempts to reconsider Marx’s “Capital” as a social-political theory that is true at all times and as a blueprint for action. The third level is characterized by an attempt to find the answer to personal questions in the writings of Marx—how to survive a crisis and become more competitive. Despite the differences in approaches and objectives, the mere fact of an increased interest in Marx and his main work “Capital” indicates that the ideas of Karl Marx remain relevant even a century and a half later.

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CHAPTER 2

THE REALIA OF THE PROGRESSIVE DEVELOPMENT OF ANTAGONISTICAL ECONOMIC SYSTEMS

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ACTUALIZATION AND RETHINKING OF K. MARX'S THEORY

The transformation of the philosophy of development of interstate relations and the relations of states themselves over the past thirty years, the advancement of the new world order, profound changes in the institutional

sphere, the growth of global contradictions and crisis tendencies in the modern world have actualized the new study and rethinking of K. Marx's theory. Discussions in the philistine environment, as a rule, boil down to a kind of quiz on the topic: whether Marx was right or wrong, whether his theory withstood the test of time, what was confirmed and what was not. Let us cite the opinion of one of the most authoritative experts, Corresponding Member of the Russian Academy of Sciences, Doctor of Economics, Professor Greenberg R.S., who, to help the interested public, published his reasonings on this issue. In his view, K. Marx's predictions came true concerning the following points: capitalism objectively leads to the concentration of production and monopolies; to the deepening of material inequality and income polarization; financial speculation can cause and exacerbate economic crises; Marx foresaw globalization; he pointed out that the bureaucracy subjugates the state; he substantiated the transformation of scientific knowledge into a direct production force; he advocated overcoming the alienation of labor, that is, the isolation of a person from the results of his work. K. Marx was wrong in the following: he considered inevitable the clash (conflict) of the proletariat with the bourgeoisie, idealized the revolution, believed in the victory of world revolution and communism. [1]

We will not comment on the conclusions of the distinguished professor. It is not only legitimate but also inevitable to examine Marx's doctrine to confirm his conclusions in the realities of the 21st century. Collisions of positions on the "omnipotence and fidelity" of Marx's doctrine, as a phenomenon, arose during Marx's lifetime and have never stopped from then onwards; apparently, they will never stop. Marx left a profound imprint on science and social practice. However, let us be aware that events and changes that have occurred in the world over the past 200 years have repeatedly turned over all the perceptions. Marx had no opportunity to take into account the realities of the next centuries. Therefore, it is possible to correctly assess the correctness (wrongness) of Marx only with the support of real information and scientific research tools that he could have.

Marx devoted his tremendous work to the problems and laws of the reproduction of social and economic activity under capitalism:

- discovered and formulated objective laws, substantiated antagonistic contradictions of capitalist society;
- proved that antagonisms are insoluble within the framework of this economic system, therefore, capitalism is doomed;
- stated that capitalism will be replaced by a new economic system, which is free from antagonisms, economically and socially effective.

In substance, Marx's doctrine passed the test of time. Capitalism, which Marx researched, played its historical role, endowed mankind with both

outstanding achievements and global, systemic losses and remained in the distant past. K. Marx, noting heterogeneity and dynamism of nature and the institutional organization of the social and economic process, wrote: “Bourgeois society is the most developed and the most complex historic organization of production. The categories which express its relations, the comprehension of its structure, thereby also allows insights into the structure and the relations of production of all the vanished social formations out of whose ruins and elements it built itself up, whose partly still unconquered remnants are carried along within it, whose mere nuances have developed explicit significance within it” [2, p. 731].

V. I. Lenin stated, pointing to the continuity of social and economic development: “But who does not know that if we consider any social phenomenon in the process of its development, then it will always contain remnants of the past, the basis of the present and grounds of the future?” [3, p. 181]. Modern social and economic systems, in full accordance with the methodology of K. Marx and V. I. Lenin, are extremely mobile and difficult in their interpenetration.

Separate topics are a new reading and development of Marx’s doctrine. In fact, this work is the rethinking and deepening of our ideas about this doctrine, the possibilities of its modern application. Hypothetically, it is possible to assume, at least, the ambiguous attitude of the ingenious Marx to the conclusions of his enlightened descendants.

There is a diametrical divergence of views on the following issues: the authenticity of modern Marxism, the relevance of this doctrine, its right to exist in the realities of the 21st century and the right of scientists to call themselves Marxists. The monograph of professors of Moscow State University, doctors of economics, representatives of the school of “critical Marxism,” A. V. Buzgalin, A. I. Kolganov is one of the most significant modern scientific theory of research of K. I. Global Capital, [4] the contents of which will summarize hundreds of publications of famous authors, whose works have been translated into many languages. The work critically applied the methodology and theoretical legacy of Karl Marx’s Capital and revealed the anatomy of the modern global capitalist economy.

In the view of V. L. Inozemtsev, a representative of neoliberalism, “Marx (...) was one of the greatest thinkers in Europe (...) Nearly two centuries ago he caught the most important lines of history and his methodology remained unsurpassed. But this is about general methodology, not about particular forecasts. There is no such phenomenon as modern Marxism and, actually, it cannot exist. (...) Personally, I treat Marx as a scientist with great respect. And, therefore, I wish his modern “followers” to respect their teacher and not call themselves Marxists” [5].

We fully share the attitude of V.L. Inozemtsev to K. Marx and his doctrine, though, it is hard to agree with the judgments that Marxism was denied the

right to exist (“There is no such phenomenon as modern Marxism and, actually, it cannot exist.”), as well as reproaches to colleagues who consider themselves Marxists, in their disrespect to Marx. Moreover, Marx did not give “particular forecasts,” there were scientific concepts and hypotheses.

The specificity of Marxism in modern realities is that K. Marx’s laws (primitive accumulation of capital, the universal law of capitalist accumulation, concentration of capital, capitalist competition, the basic economic law of capitalism, etc.), predicting capitalism’s inevitable death, continue to operate. However, the economic system, which, in the old manner, continues to be called capitalism, has been transformed, though, it lives and develops with all its contradictions, crises and antagonisms. Its role remains dominant in the modern world. It is manifested in the development of global and national markets, collapse and disintegration of the socialist system, and the application of market mechanisms in a number of socialist states (China, Vietnam). Social and economic activity is extremely dynamic and changeable. New circumstances pose new problems and dictate new solutions. *The reality of the progressive development of antagonistically contradictory social and economic systems in the modern world requires reflection.*

LIBERATION OF LABOUR FROM EXPLOITATION AND ALIENATION

In this regard, it is interesting to justify the problem of the liberation of labour from exploitation and alienation in modern conditions.

In the present arrangements, the use of the concept of the “exploitation of labor,” as a rule, means coercion in an attempt of an employer to assign the results of *unpaid* labour of workers, that is, their *oppression*. But are the notions of exploitation and oppression of labour synonymous? And is the question of the eradication of the exploitation of labour appropriate?

First of all, let us talk about the very concept. Exploitation is the use (production, profit, business turnover, etc.) of diverse objects (resources) for self-interest. But self-interest is an inevitable attribute of economic activity in all its manifestations. In addition, common sense and centuries-old economic practice clearly indicate that the exploitation of man by man is an objective reality and is the content of every labour act. The labour process in all cases consists in the exchange of activities between people who, one way or another, exploit each other. It is the way how people live and how income is generated. This non-contradictory conclusion gives reason to believe that, in the prevailing social and political practice, the generally accepted concept of exploitation preferred inversion to the true meaning of the phenomenon, absolutizing the meaning of only one of its sides, that

is, abuse in the form of oppression. As a result, the fundamental, semantic meaning of the concept and phenomenon of exploitation was lost.

The problem is not the presence of the phenomenon of exploitation itself in the labour process (I repeat, it is present in all cases), but its real content, according to which the interests of workers may be violated, but which can be quite rational and civilized. For the 19th and the first half of the 20th century, discrimination of the interests of workers in the process of exploitation of labour by capital was not only a typical but also structural phenomenon. The problem of infringement of the interests of workers (and employers) has not left the agenda today. It should be noted, in all fairness, that in the modern world (Russia is far from being an exception), the intensity of the conflict between the interests of labour and capital sometimes goes off scale.

However, from the second half of the 20th century to the present moment, humanity has passed a certain path and accumulated valuable experience on the way to its resolution by *institutional means*. People learned to regulate the degree to which the conflict between workers and employers develops in the process of labour exploitation in a civilized way, avoiding the means of “expropriating the expropriators” accompanied by massacre.

The goal of putting an end to exploitation in the modern world is actually reduced to the civilizational problem of liberating a person's labour from oppression, the resolution of which requires an effective system of protecting workers from arbitrariness. We are talking about the development, introduction and monitoring of the implementation of institutional conditions that ensure the legal and mutually beneficial nature of the labour process (nowhere near the proletarian revolution followed by dictatorship). Thus, the liberation of labour consists not in the rejection of exploitation, but in the civilized deliverance of workers from arbitrariness and oppression.

As we defined our attitude to the exploitation of labour, let us now turn to the question of whether the economic liberation of labor really requires an end to its alienation?

First of all, the problem is not seen in a positive or negative attitude towards the very phenomenon of alienation, since alienation is a necessary component of the economy, serving as the division of property between subjects of appropriation. Let us refer to K. Marx: “Alienated labor has resolved itself for us into two component parts, which mutually condition one another, or which are merely different expressions of one and the same relationship. Appropriation appears as estrangement, as alienation; and alienation appears as appropriation, estrangement as true admission to citizenship” [2, p. 44], he wrote. That is, any “one's own” is really only relative to the “alien.” In this sense, there cannot be property, as well as labour, without alienation.

But the basis of civilized labour relations in the economy is the inalienability of an individual, his inviolability, the preservation as a subject of ownership of himself, his own resources (temporary, institutional, economic, qualifying, professional, nervous, physiological, moral, cultural, etc.). An individual acquires the economic freedom to choose between the appropriation and alienation of the resources of his own life activity only as a real subject of the economic system.

By alienating his time, strengths and skills consciously and voluntarily, an individual retains invaluable capital, i.e., a thing that represents absolute value both for society and for himself. By this, we mean the ability to freely determine the meaning of one's own economic activity. Exploitation, which is carried out on the basis of inalienability and protection of the main subject-forming function of its participants, the free meaning of creation of their economic activity, serves as a natural, civilized form of realization of relations of appropriation and alienation of man by man.

The validity of this statement is determined by the fact that only under this condition in each labour process does the employer alienate and assign not the whole individual, but only a certain function of it, limited in time and space. What is more, it is done deliberately, based on the mutual agreement of the parties of the transaction. At the same time, the individual, as a subject of ownership, belongs to himself, that is, labour relations are reproduced as free economic and subject ones, in opposition to the tyranny and arbitrariness of societies alienating the person himself.

Referring to the history of the issue, we note that in Economic and Philosophical Manuscripts of 1844 Marx defines the alienation of labour in four forms: the alienation of the product of labour, of the labour process itself, of the labor activity of the clan essence of man; of man from man [2, p. 86–89] and characterizes this process extremely negatively, as “the worker’s self-estrangement, which turns his life activity, his essence only into a means for maintaining his existence” [2, p. 93].

However, from the text of Economic and Philosophical Manuscripts of 1844 it clearly follows that, according to Marx, the worker’s alienation in his product has, at least, two meanings: a natural one, as a necessary element of society; and the one brought about by circumstances related to the rising cost of things, while “the human world is simultaneously devaluing.” The alienation of the worker in his product—K. Marx wrote,—has not only the meaning that his work becomes an object, acquires an external existence, but also the fact that his work exists outside of him, independently of him, as something alien to him, and that this work becomes an independent force opposing him. [2, p. 88]

A clear preference for the second of the given meanings, however, does not cancel the value of the first one, which, upon closer inspection, turns out to be no less significant. Emphasizing that labour produces: himself, a worker as a commodity and the goods themselves in general, K. Marx states

by this that production, even being a capitalist one, is not limited only to the enslavement of hired labour, its alienation by acts of buying and selling labour. Though it is precisely these acts that characterize capitalism in England in the first half of the 19th century, by virtue of which Marx is interested in them, so they become the subject of his research.

As a result, the opposite between labour and capital, formulated by K. Marx as “(...) the opposite between the absence of property and the property (...) in its active relationship, in its internal relationship” [2, p. 113]—acquires fatal forms of its manifestation. The self-sufficient, objective essence of capitalism is absolutized, alienating its essence from man. Marx treats a worker with sympathy, but denies that he has a human nature: “(...) a worker has the misfortune to be alive and, therefore, he needs capital (...)” [2, p. 100]. With regard to a bourgeois, Marx calls him a man, but with the proviso that he is a stranger, opposing the worker. The absolutization of capitalism basically contains a conflict between “people who have completely lost themselves”: an absolute exploiter and an equally absolute exploited. Then the latter, as it is well known, turns out, despite the loss of everything human to such an extent that he has nothing more to lose, “except for his chains,” to be the most advanced and revolutionary class.

The question occurs: is it true that people really become materialized and dehumanized under capitalism? It is all about the circumstances. Taking as a starting point the situation when “(...) the worker becomes poorer the more wealth he produces” [2, p. 87], Marx explains this economic fact as modern (which is underlined by him). The power that dominates people in the conditions of private property, as evidenced by the experience of modern civilization, can be quite reasonable, constructive and humane.

The twentieth century, with all its development proved that the individual, who is **alienated**, not self-owned, not exploited on the basis of an employment contract by other owners, can really only pay the highest price for his actions and results of work. Science and historical experience provide grounds for concluding: the choice between extremes—to maintain social and economic inequality or to end it, in principle, does not solve the problem of social and economic justice. Rational and socially effective economic systems are implemented not by the absolutization of private property and not by its destruction, not by the dictatorship of power and not by market arbitrariness. In these cases, it is not the alternatives that work, but the mechanisms of social and economic integration and evolution such as private property, social and economic subjectivity of individuals and protection of the interests of society and its members from economic and social upheavals, from the arbitrariness of business and government.

COORDINATION OF SOCIAL PRODUCTION WITH THE CAPITALIST FORM OF APPROPRIATION

In the second half of the twentieth century, humanity gained a firm conviction that class contradictions (antagonisms) cannot be resolved through revolutions and civil wars (mutual destruction of antagonists). Radical decisions are politically, economically, socially inhuman and impracticable, which is why they are unacceptable. *Labour and capital are doomed to social and economic coexistence and cooperation.* The civilized method of reducing the tension of the contradictions between the interests of the working class and the bourgeoisie has not only required, but also brought to life a system of institutions that harmonized the social nature of production with the capitalist form of appropriation.

The state administration of social production and the social sphere received a huge development in the capitalist countries. D.Sc., Ph.D. in Economics, Assoc. Y.V. Latov, while characterizing this process, drew attention to the strange dissonance between the mainstream of modern economics, that is neoclassicism, which is actively protecting market self-regulation from the “totalitarian” aspirations of state regulation, and the reality in which Western states create and develop systems of social insurance, antitrust regulation, central banks, large-scale government orders. “Now, in the XXI century (...) there is not a single developed country where the state would not play the role of one of the leading actors of economic life, but supporters of the” invisible hand of the market “still remain the mainstream.” [6, p. 5]

At the same time, the economy fell into a state of deep decline and non-competitiveness, and production did not meet social needs in countries that, at one time, got rid of private property, entrepreneurship, competition, and used the resources for the development of socialist production. The experience of the historical development of the countries, where socialism got the victory, convincingly proved the vital necessity of including market mechanisms in social and economic processes.

The forcing of a revolutionary conflict of class antagonisms, that explode the established world order, does not have a scientific justification. A key argument in favor of this judgment is that both capitalism and socialism (both the plan and the market) are institutional systems. Institutions (rules of the game, forms of organization, structural structures, etc.), in their meaningful purposes, are elements of the aggregate, which K. Marx defined as a category of “means of production.” In all their diversity, they are used more and less efficiently as mechanisms and instruments of economic development but they cannot and should not serve as meanings and goals of social and economic development.

It is also significant that the results of revolutions at all times were impressive social and economic losses, the deepening of problems and contradictions. Progressive development requires the preservation of the world order and creative work. The antagonisms, which are unabated and not eradicated, in all cases cost the society less than the results of revolutionary coups and civil wars.

Loyalty to orthodox ideas, principles and meanings, the destructive role of which has been tested and confirmed by history, social and economic practice has no other perspective than the dynamic, progressive movement of countries and peoples into economic dead ends. “Fundamentalism” in politics, presented in any of its variants (“market,” “state”) is absolutely unacceptable and should remain in the past.

Today it has become obvious that the basic contradiction of capitalism formulated by Marx—between the social nature of production and the capitalist form of appropriation—has not led and will not lead humanity to the world proletarian revolution. The reality indicates that the future of humanity will not be either capitalist or communist. And this means that *the possibility of transforming capitalism into a system capable of reconciling social production with the capitalist form of appropriation, which (we mean possibility), according to the fair conclusion of Marx, was not implemented in the 19th century, but is implemented in social practice of the second half of the 20th and the beginning of the 21st century.*

THE MAIN SOCIO-ECONOMIC CONTRADICTION OF THE MODERN WORLD ORDER

It seems to be logical that the classical definition of the main contradiction of capitalism continues to operate in modern conditions. However, its manifestation is characterized by a number of particular features. In the modern world, the global financial capital and the subjects of the global economy, that is MNCs, are the dominant, governing, priority beneficiaries of the mega economic system.

There is a need to identify the main social and economic contradictions, corresponding to the realities of the 21st century. It is in the approval of the priority of global interests over the interests of national states that contributes to the implementation of the newest model of the conquest of the world by global powers, in terms of its resources, scale, dynamics and effectiveness, which has no analogues in world history. According to the author, in the realities of the 21st century, *the role of the main social and economic contradiction objectively belongs to the conflict between global interests, which are aggressively dominant (politically, financially, economically, informationally, etc.) over national-state (public) interests of peoples and states.*

The 20th century was marked by a global, irreconcilable confrontation of two world systems. In the 21st century, the social and economic system has excluded and does not imply the very possibility of such a collision, due to the absence of them (two world systems). Today, social and economic systems exist in various forms and configurations, but not in the form of capitalism, socialism, etc. Using the Marx methodology, we state: diverse forms of economic activity are organically integrated in modern economic systems at all levels.

In a number of countries, economic systems have been formed and function (they are not ideal, which, in principle, do not exist) providing quite acceptable, decent living conditions for national communities. The movement of countries and peoples along this path is a permanent and long process, which is filled with contradictions and conflicts. However, this is the only possible, rational way of the implementation of public interests, the provision of progressive growth, the limitation of excessive social and economic differentiation and discrimination.

Countries with market economies have successfully introduced and developed social development institutions. Socialist countries have introduced and mastered market institutions, having achieved the improvement of economic efficiency, the well-being of the population, the competitiveness of national economies in the global economy on this path.

The realization of public interests, which is the function of the most effective, in social and economic terms, ensuring the process of reproduction of the life activity of society and its actors, acts as a dominant, priority goal of the social and economic development of civilization. The decisive criterion of the progressive importance of economic systems is their ability to economically ensure social development that corresponds to the modern level of civilization. The solution of this problem is possible only in economic systems that integrate and effectively implement the resources of a market economy, public administration and planning, and global development. The great Marx laid the foundations of current methodology and progressive sense-making of the 21st century.

In conclusion, we will quote the contemporary French politician, political scientist, economist, one of the leading theorists of globalization, the author of K. Marx biography, Jacques Attali: "(...) he had all the features all that constitute the essence of the modern Western man (...), he was the first to rationalize the world as a unity of political, economic, scientific and philosophical unity." [7, p. 13].

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CHAPTER 3

A NEW VIEW ON “THE CAPITAL” BY KARL MARX

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THE CONTRIBUTION TO SOLVING THE PROBLEM OF THE REALIZATION OF A SOCIAL PRODUCT

Marxist school of political economy (the founders—Karl Marx and Friedrich Engels) is one of the most developed in terms of methodological schools of economic thought.[1] This is largely due to the fact that Marx and Engels began their scientific activities as followers of Hegel’s highly developed methodological dialectical logic. In many respects, it was precisely the use

of the Hegelian method of “ascent from the abstract to the concrete,” the method of “filling the concrete with the abstract” as a *method of exposition* and gave K. Marx a powerful analytical and evidential force. Marx himself admitted the following: “Of course, the method of presentation cannot, on the formal side, be any different from the method of research. The study should become familiar with the material in detail, analyze the various forms of its development, and trace their internal connection. Only after this work is completed can the actual movement be properly depicted. Once it was possible, and the life of the material received its perfect reflection, it may seem that we have an a priori structure.” [2]

Indeed, “The Capital” in *general methodological terms* is distinguished by clarity, severity of reasoning, consistency in reliance on empirical facts.[3] In contrast to classical political economy, Marx widely used historical and evolutionary methods in presenting and substantiating his doctrine, using the principle that has long become classical: “human anatomy is the key to monkey anatomy,” that is, considering economically more developed stage of society, you can get and reliable knowledge of the less developed economically stages.

Other characteristic features of the economic methodology of Marxism include: “economic materialism (determinism)” in the problem of interaction between different spheres of society; a pronounced *politicization* of economic doctrine, the desire to put political economy at the service of a particular ideology (this can be regarded as the ideological ideal of Marxism;[4] modification of the goals of political economy—from the theory of economic efficiency, it turns into the theory of economic justice; the use of the *basic* labor theory of value and the *essentialist concept* connected with it that the phenomena inherent in capitalism inadequately reflect its essence.[5] As a first example, we can consider the problem of the realization of a social product in the works of K. Marx. Marx devoted the third section of the second volume of *Capital* to the problem of the realization of a social product:[6] Reproduction and circulation of all social capital. He singled out two types of reproduction: simple (there is no accumulation of capital) and expanded, implying the capitalization of part of the surplus value. Extended reproduction is characteristic of capitalism. There are two divisions in production: the first is the production of means of production, the second is the production of consumer goods. Accordingly, the social product consists of these two parts. In his analysis, Marx uses digital models. In a more general form of the scheme of reproduction of K. Marx can be represented as follows:

$$(C1 + V1 + M1) = P1$$

$$(C2 + V2 + M2) = P2$$

where $C1$ and $C2$ are consumed means of production in both divisions;
 $V1$ and $V2$ —the fund for the existence of workers in both divisions;
 $M1$ and $M2$ —surplus value in the relevant units;
 $P1$, $P2$ —products of the relevant units.

The main thing that the author of "Capital" pays attention to is the problem of implementation.

Conditions of realization with simple reproduction:

$$(V1 + M1) = C2; P1 = (C1 + C2); P2 = (V1 + M1 + V2 + M2)$$

With extended reproduction:

$$(V1 + M1 > C2); P1 > (C1 + C2); P2 < (V1 + M1 + V2 + M2)$$

$(V1 + M1 + V2 + M2)$ in the model of Marx stands for a national income. With simple reproduction, it is all "eaten" by workers and capitalists, with an expanded reproduction—part of it (part $M1$ and $M2$) accumulates, providing economic growth.

We give a digital model of Marx for the case of simple reproduction:

$$\begin{aligned} 4,000\ C + 1,000\ V + 1,000\ M &= 6,000 \text{ in the means of production} \\ 2,000\ C + 500\ V + 500\ M &= 3,000 \text{ in commodities} \\ 6,000\ C + 1,500\ V + 1,500\ M &= 9,000 \text{—the entire social product} \end{aligned}$$

Despite the unarguable advantages, this model is so conditional that it is an unreliable tool for analyzing the real economy. It has significant drawbacks:

- it allowed the summation of the intermediate product, which is here the product of the first division, and the final product;
- the final product is less intermediate, which means production for the sake of production.

The American economics scientist M. Blaug combined the scheme of formation of the price of production, which is quite logical, with the scheme of reproduction of K. Marx, having introduced the third division—the production of luxury goods. To the resulting system of three equations, two conditions of invariance should be added, introduced by K. Marx:

- the sum of values (values) is equal to the sum of prices;
- the sum of surplus values is equal to the total profit as an element of price.

The solution of a system of five equations with four unknowns (the rate of return, the prices of the means of production, consumer goods and luxury goods) does not allow us to recognize both conditions of invariance as fair: if we recognize that the sum of values is equal to the sum of prices, then the total surplus value is not equal to the sum of profit. And vice versa: the recognition of the second means the non-recognition of the first. Thus, the theory of K. Marx is full of internal contradictions. "The trick that makes Marxist political economy so attractive, if perceived uncritically, is to apply a two-story proof: first you see it, but then you don't. There is the first floor of the building, namely the visible world of prices, wage rates and profit margins, and there is the basement floor of this building—the unobservable world of labor value and surplus value. The point is not only that we observe the first floor, but we do not observe the basement; the economic agents who are on the ground floor do not know anything about the world that is located under them in the basement. The reception used by Karl Marx is aimed at moving the basement floor to the first floor and the first floor to the second floor, skillfully hinting that in a certain sense the first floor is more real than the second floor, and that the true criterion of science is under the cover of the apparent motivation of the workers and capitalists on the second floor to break through to the "essence" of the business on the first floor. This is nothing but a skillful juggling, through which more than one generation of readers have been fooled.[7] "He," writes M. Blaug, "made logical mistakes, distorted facts, made unreasonable conclusions from historical data and almost deliberately closed his eyes on weak points in his research." [8]

CONTRADICTIONS IN THE LABOR THEORY OF VALUE. PRODUCTION WITHOUT CAPITALIST LABOR

Most of all, the contradictions of the theory of K. Marx manifested themselves in the labor theory of value. According to the concept of Karl Marx, the capitalist is refused to be in production, which means that he who takes the place of worker V in the formula $C + V + m$, is not a worker in capitalism, he is someone else. But who? Abstract splitting allows you to see that each independent peasant or artisan combines in himself: the function of the capitalist, the function of the worker. They create a product, as a result of two functions. Elimination of one of the functions will exclude the very possibility of the production process and, consequently, its result. Well, it is impossible, after all, to cut off from the peasant, the artisan, the part that performs the function of capital. And how to measure this part for cutting? It is clear that the peasant himself and the artisan will perish. That is why suspicions have arisen: who nevertheless takes the place of V in the

construction of "The Capital"? Abstract splitting, found together between the capitalist and the worker, confirms: independent peasant and artisan produce goods as a result of two functions. Further in the text the explanations of this provision will be given.

But in capitalism, for some reason, the goods produced are the result of only one function.

By labor, or the ability to work, we understand the totality of physical and spiritual abilities that an organism possesses the living personality of a person, and which are used by him whenever he produces any use-values. But in order for the owner of money to find labor as a commodity on the market, various conditions must be met. The exchange of goods, in itself, does not contain any other relationship of dependence, except for those that arise from its own nature. And if this is so, labor can appear on the market as a commodity only and when it is brought onto the market or sold by its own owner, that is, by the very person whose labor it is. In order for its owner to sell it as a commodity, he must be able to dispose of it, therefore, he must be the free owner of his ability to work, his personality. He and the owner of money meet on the market and enter into relations with each other as equal commodity owners, differing only in the fact that one is the buyer and the other is the seller, therefore both are legally equal. To maintain this relationship, it is required that the owner of the labor force sells it permanently only for a certain time, because if he sold it completely once and for all, he would sell himself at the same time, turn from a free person into a slave commodity owner in the goods. As an individual, he must constantly maintain his attitude to his labor as his property, and therefore to his own goods, and this is possible only as long as he always provides the buyer with the use of his labor or consume it only temporarily, only for a certain period. Therefore, since alienating labor, he does not give up ownership of it. [9]

Where is the real capitalism? It is there, where the product is the result of two functions of living labor, or where the product is the result of one function of living labor? The question relates to the conditions of capitalism. With an independent peasant and artisan sorted out. Total clarity: they are in the "position" of the capitalist and the workers for the future of capitalism. Of course, there are workers at the machine, but the engineers invent and improve the machines, and the capitalist organizes the process of efficient production. Together with the ability, the worker must sell and the person for the period of work.[10] Consequently, the sale of labor can be considered slavery for a period of work. Capitalism can be viewed as such limited slavery. But the conclusion of an employment contract can be considered as a rental workplace. In this case, capitalism is not slavery, but rent relations, or a partnership, a partnership of the owners of the means of labor, or production. What is the capitalism: slavery or partnership? The answer to this question depends on whether the manufactured product, a

thing, the property of the entrepreneur, as Marx argues or not? What does a worker sell—labor itself, or a commodity made by labor? Is labor a commodity? Is there a market within the enterprise? This is a question about the relationship of people in society, the question about the essence of human society, about the ways of its development.

The answer to these questions is given by the paradox of the turner, considered in the work of S. Yuferov.[11]

The essence of the turner's paradox is shown by the following question.

What should an entrepreneur have to pay to an employee, a turner who machined a lathe on his instructions, any shaft, if this shaft itself, in accordance with the teachings of K. Marx, originally belongs to the entrepreneur?

If the manufactured shaft is owned by an entrepreneur, then there is no point in buying his own shaft, paying for it. Marx says that you have to pay a turner for his labor. But why pay for labor, i.e., buy it, that's what the entrepreneur doesn't need, when he already has the shaft he needs?

Pay for labor, i.e., buy it, too, it makes no sense. Before the manufacture of the shaft, the working power of labor has not yet ran out, and there is nothing to buy, and after the shaft has been manufactured, the working power of labor has already ran out, and power is no more, and there is nothing to buy either.

There is a paradox of a turner. An employee, a turner, has no reason to receive payment for his work, neither for his labor, nor for labor, nor for the goods he has made.

What does the turner paradox say? That production, in which the manufactured product does not belong to its manufacturer, the worker, simply cannot exist. The manufacturer loses his livelihood to continue working. The turner paradox arises as a direct consequence of K. Marx's assertion that the shaft, any manufactured product, originally belongs to the entrepreneur.

If we assume that the relationship between the worker and the entrepreneur is somewhat similar to the relationship that occurs between the tenant and the landlord, then this paradox can be resolved. Legally, the machine and the workpiece from which the shaft is made belong to the entrepreneur, but in fact uses the workpiece and the machine turner. Therefore, the workpiece and the machine satisfy the needs of the turner.

"A commodity is first of all an external object, a thing which, thanks to its properties, satisfies any human needs." [12] Here is fixed the generic attribute of the goods. But, we know that legally the dinner that you ate in the cafe belongs to the owner of this cafe until we paid the bill.

Apartment under a rental agreement meets the needs of its tenant.

Turner works on the lathe. The machine, as a commodity, satisfies the needs of the turner.

The lathe has satisfied the needs of a turner who turned a shaft on it, and not the legal owner of the machine. A product that belongs to one person, but which another person eats, belongs to the first only legally. What does legally mean?

This means that the cafe owner is legally entitled to pay for dinner from the person who ate the dinner. After all, the bill in the cafe is brought to you when you have already eaten dinner. In other words, the legal owner sold the dinner, and the actual owner must pay its price. Similarly, the relationship turner and the legal owner of the machine.

Version of S. Yuferov of the difference of legal and actual ownership is confirmed by the system of piecework and time-based payment existing in enterprises. Time wage differs in that the employee is paid the time that he actually worked. Piece wages take into account the amount of products that the worker has manufactured. And with piecework, and time-based payment set the price for each manufactured product. Without knowledge of the price of the manufactured product, it is impossible to charge either time-based or piece-rate payment, which cannot exceed the selling price of the product.

The existence of the price of the product, and the exchange of the price is the evidence of the exchange of the product, its sale.[13] Shaft, and like a shaft, every product, every detail made in a factory, has a price. The price belongs to the details. What does this price say? Every price says the same thing—for how much the product that belongs to a price is sold and purchased. Bought from whom, by whom? If K. Marx is right, and the shaft not only legally belongs, but actually satisfies the needs of the entrepreneur, then the hired worker really cannot sell anything except his labor force. Then society really has a class, antagonistic nature. If we recognize that the actual position of the worker is similar to that of the tenant, in this case the employee is the tenant of the equipment, and the same participant in market relations as the entrepreneur who has leased the equipment. In this case, society has no class nature. This is the case. The turner's paradox is easy. Turner is a tenant of equipment. The entrepreneur, renting out the equipment, advances the turner. And payment for rent serves as the shaft made by the turner.

Therefore, wage labor is categorically contraindicated in the labor market. Every carrier of hired labor, as an independent person, in a civilized society was given a capital inoculation against the sale of himself: everyone is free. There must also be an erroneous theory that justifies this production error. This error exposes the paradox of form and content. Marx argues that the only source of profit for an entrepreneur is the purchase and sale of labor, or the exploitation of labor by him is the only source. Consequently, if it is shown that there is another source of profit not related to the exploitation of labor, then all the accusations of K. Marx regarding the

capitalist structure will turn out to be false. In accordance with the ideas of Karl Marx, each product has a cost, and there is a price.

Price, according to Marx, is a form of value. Marx notes that the form may not be equal to the content—the price may not be equal to the cost.

Consequently, the possibility of a quantitative discrepancy between price and value of value, or the possibility of price deviation from the height of value, is already contained in the form of price itself... the rule can make its way through the chaotic chaos only as the blind law of averages.[14]

Here Marx argues that the price may not be equal to the cost. Marx says that the reason that the value of the price may differ from the height of the value lies in the fact that there are circumstances that allow this possibility.

But if circumstances make it possible to set the price of this quarter at £ 3 or forced to reduce it to 1 p.st., it is obvious that 1 p.st. is too small, but 3 p. is too large for an expression of height of value—nevertheless, 1 p.st. and 3 p.st. are the essence of the price of wheat, because, firstly, they are its form of value...[15]

THE DIFFERENCE IN PRICE AND COST

We conclude. The value of the price and the value of the cost of the same product may vary.

The question arises, what is the difference between price and value?

Obviously, this is also value—surplus value, or profit. (If a wheat quarter has a value of 2 f.st. and is sold at a price of 3 f.st., then a difference of 1 fs. Is the profit of the owner of the wheat.) Consequently, surplus value or profit may arise in the sale process. This surplus value, or profit, arises in the sale process, as K. Marx says, during which circumstances arise that allow you to assign different prices. Consequently, the cost, or profit from the circumstances obtained not from the exploitation of labor, but in a different way, from the sale.

“No matter how you look, but the fact remains: if equivalents are exchanged, no surplus value arises, and if non-equivalents are exchanged, no surplus value also arises. Handling, or barter, creates no value.[16]

But Marx himself denies all his theoretical constructions with a single practical observation. “But if circumstances make it possible to set the price of this quarter at £ 3.”[17]

By profit, according to circumstances, K. Marx contradicts himself. The content of these circumstances is not important for us, it is important that they exist, and that it is in exchange that they create surplus value and

profit. From the point of view of common sense, this difference in price and value should not be at all, as the logical difference between the form and content, the price (form) and the value (content) is impossible in general. But at the same time, this difference practically exists, and this is the profit that arises during the sale process. It is impossible to understand how the exchange of goods, the sale of goods, how the difference between price and value can create a profit within the framework of the Marxist theory.

Cost, as the amount of labor costs refers not to the product, but to the consumed products. The difference between value and price, between the form and content of one labor, is not permissible. The difference between productive and consumer labor, between the cost and price of one labor, and the cost and price of another labor is quite acceptable. This difference is surplus labor, or surplus value—profit. Profit suggests that it is not possible to receive it in commodity production outside the exchange, out of sale. Consequently, the hiring of labor, and its work does not create added value. Labor power creates not a surplus value, but a product. Manufactured product can create added value. Whether the manufactured product becomes surplus, or not, whether the product creates surplus value, or not, it will only show the exchange and the profit.

In the labor theory of Marx there is no concept of labor consumption. Marx has only one productive labor, using which he tries to determine the surplus value, dividing it into two, into abstract, and concrete labor. In his analysis of the goods, Marx makes two mistakes. The first mistake is that Marx calls the quantity of labor expended as the value of the goods produced. However, he does not explain where the consumed labor comes from, which is the source of the labor expended, the source of value. Obviously, the source of value, the source of labor expended, its energies are consumed products. Means the amount of labor expended, or cost, refers to the consumed products, and not to the manufactured product. The second mistake is that K. Marx calls the quantity of the consumed product the value of the produced product, without taking into account the usefulness of this produced product. Price becomes a form of value, a form that changes without changing the content. There is an incomprehensible difference between price and cost, between form and content. As a consequence of this, surplus value arises, which should not be. There is a dead end of the theory, the absurd. Labor is dual, but it is not abstract and concrete of one productive labor. Labor may be consumption. That explains everything. Both the origin of the surplus value, and its appearance, as the quantity of the surplus product, and the source of the surplus product, is the quantity of the consumed product. In this situation, exploitation arises as a disproportionate distribution of the surplus product. Such exploitation is fully regulated by the state.

The turner's paradox reveals another mistake of Marx. The turner's paradox shows that the position of the turner is similar to that of the tenant. This means that the capitalist advances the turner by leasing the workplace. Marx asserts the exact opposite, asserting that the peculiarity of capitalist labor is that the worker always advances or credits the capitalist.

"Thus, everywhere the worker advances to the capitalist the use-value of his labor power; it gives the buyer to consume his labor before the latter has paid its price, in a word—everywhere a worker credits the capitalist..." [18]

It clearly follows from this that the entrepreneur does not pay the worker until the end of the labor process. Marx calls this capital lending. But is it? In order for the labor process to be perfected, the means of production are necessary—equipment, materials, tools, energy. All this is extremely difficult, costly.

The question arises, why, having invested considerable funds in capital, does not pay for the work of the proletarian, but waits for the proletarian to credit it himself? "In all countries with a capitalist mode of production, labor is paid only after it has already been functioning during the period established by the contract when it is bought, for example, at the end of each week." [19]

It follows that capital always pays only when labor is already done, i.e., when the product is created. Marx sees in this fact the lending of the capitalist, on the part of the employee. This fact should be looked at differently. The fact of payment for work after its completion speaks not about crediting, but above all that the work is finished and that the goods are made. Payment for work after its completion means the fact of purchase of manufactured goods. Payment for work after its completion means that the capital has bought the goods for which it paid, and accordingly, the proletarian has sold it. Consequently, capital does not pay for labor, but for manufactured goods.

This means that it is not an employee who lends capital, but on the contrary, capital loans an employee by leasing him a workplace. An employment contract is a lease for a workplace. For this lease, the employee does not need to have financial resources, since the rent is paid for the goods produced. Capital advances, leases a workplace, why not buy capital, neither labor nor its labor. The capital buys the goods already manufactured by the proletariat, the tenant.

The employment contract is actually similar to the lease agreement. Under this contract, capital leases to the proletarian a workplace, with equipment, materials, tools, before paying for it, therefore, capital always advances the proletarian. It is the capital that advances the proletarian, and the goods manufactured by the proletariat are the means of payment for this rent, the remainder of which becomes the salary. The proletarian sells not labor, but the product he produces.

An employment contract is not a legal act of buying labor, but there is a lease contract. The political theory of Capital is based on the statement that the shaft made belongs to the entrepreneur. The idea of Karl Marx about the classes that sell and the classes that buy labor leads to the class structure of society. According to Karl Marx, each society consists of two classes that are in irreconcilable contradictions among themselves—in class antagonism. One of the main proofs of the existence of class antagonism, Marxists call exploitation, is the sharp division in the distribution of income between the owner of the enterprise and the hired worker. That it exists is not denied by anyone. But exploitation, its rate, as well as the amount of rent, is not proof of class antagonism.

One of the main ideas of Capital is the need for revolution, the need to destroy private ownership of the means of production in order to create a just society. But there is another way to create such a society. Marxists are convinced that exploitation, a significant difference in income between an entrepreneur and hired workers cannot be eliminated within the framework of the capitalist system, that a revolution is needed to overthrow private ownership of the means of production.

It is proposed to consider another option. Every dissatisfied worker can become an entrepreneur. There are no bans on business, income distribution in a capitalist society does not exist. Nowadays, more and more opportunities appear for business activities. The "Uber" application has made entrepreneurs of all the taxi drivers who have ever used it. Now, taxi drivers do not need to wait for commands from the operator. They themselves determine when they connect or disconnect this application. Thus, everyone who can afford to buy a car today (most of them) can become entrepreneurs. 3-D Printers, in turn, reduce the cost and individualize production. It should be noted that all these wonders of technology would not have appeared on the market without building a national innovation system (NIS), and building an effective NIS, in turn, implies the existence of basic elements of capitalist relations.

It is an entrepreneur in a competitive environment that is interested in creating competitive products and forming new markets. Socialist enterprises have no need to form them, since under socialism there is no competitive driving force that would induce civilian production managers to implement the achievements of the NTP. The basic idea of a well-functioning and functioning NIS is an economy that is overtaking self-adjusting modernization (and, as a cumulative result, innovative technological leaps) provided by the "learning society." Since the late 60s of the 20th century, starting with the work of Robert Hutchins,[20] the phrase "learning society" began to denote a new type of society, where the acquisition of knowledge is neither limited by the walls of educational institutions (in space), nor the completion of primary education. In an increasingly complex world where

it may be necessary for everyone to perform various tasks during their lives, it becomes necessary to continue their studies throughout their lives. At the same time that the notion of a learning society was being created, Peter Drucker noted the emergence in the world community of a knowledge society, where “learning to learn” is the most important thing.

The innovation process is a unique process that combines science, technology, economics, entrepreneurship and management. It consists of obtaining an innovation and extends from the inception of an idea to its commercial realization, thus encompassing the whole complex of relations: production, exchange, and consumption. In the modern theory, the NIS is defined as “such a set of different institutions that, jointly and individually, contribute to the creation and dissemination of new technologies, forming the basis for governments to formulate and implement policies that affect the innovation process. As such, it is a system of interconnected institutions, designed to create, store and transfer knowledge, skills and artifacts that define new technologies. A non-free person can be educated, but only a free person has the incentive to realize their knowledge in a new civilian competitive product. In the USSR, there was no competition in the civil industry. Nevertheless, she remained in the military sphere. As a result, our tanks were fast, and civilian Soviet cars, unfortunately, did not show brilliant results on the racing tracks. Freedom in capitalism has guarantors: the subjective guarantor (subjective prerequisite) is the function of capital, the carrier of which is the living labor of the capitalist; objective guarantor (objective premise)—the market for the results of the production and service sectors. All of it is in the free world of exploitation, which as a category has, without triviality, a normal meaning: exploitation is the extraction by the participants of a relationship, useful property links from somebody, anything.[21] With common sense, a legally free person can exchange his freedom only for . . . freedom.

Under capitalism, there is a social division of social labor of an “*economic-technological*” nature, in contrast to the previously existing social division of labor of an *economic-substantive* nature.[22] The “technological” division of labor is caused by an objective requirement: budding off the functions of accumulation and the application of capital. This is the first in the sphere of the production process the social division of labor “according to technology” and the fourth in the series of the previous social division of labor “on the subject.”[23] The objective process is subjectivized in the capitalist. Since the XVI century, the function of capital takes over the capitalist for the execution of their living labor directly in production.[24] It is against this function of capital that the critique of Capital is directed. If a society creates a production scheme without a capitalist, then as a result he has to return to the division of labor of an “*economic-objective*” nature. The real possibility of depriving even limited freedom is an invisible chain that chains

everyone to economic relations. This reality is enshrined in the Constitution—the protection by the state of the socialist forms of ownership of the means of production and the Criminal Code. All at the same time deprived everyone of their liberty and in the name of the society retain this state. The function of capital outside production. In a sense, the analogy of pole points the historical vector of material production: in natural habitat—every person is not free because of the conditions, so to speak, of the global nature of “totalitarianism” from nature, which does not create tools for people; in an artificial environment—every person is not free, so to say, global totalitarianism by the economic system that works for on the basis of socialist forms of ownership of the means of production, and that is, the system does not create the necessary conditions for the function of capital. The organic capital structure does not change.

Central abstraction is an assumption in the schemes of reproduction of K. Marx. Be present the capitalist in $C + V + m$, he would certainly not allow this. Because here his work is just a function of capital.[25] It is in the organic composition of capital that the living capitalist manifests itself, the goal of which, in order to live well both for him and for the worker, one must constantly ensure production “by the normal character of the material factors of labor.” From the foregoing, it can be concluded that a return to the capitalist system of production in countries in the post-Soviet space had rational motives. From myself, adding to them—these were certainly necessary, but, in my opinion, hasty changes.

THE CONNECTION OF THE WORLDVIEW, EMBODIED IN THE WORKS OF KARL MARX, WITH THE PECULIARITIES OF BUILDING CAPITALISM IN THE POST-SOVIET SPACE. WAYS OF COMPLETION OF CAPITALISM

Sustainable economic development primarily implies political stability. In the PRC, they were able to switch to the capitalist mode of production while maintaining external socialist attributes. It may seem a paradox to the fact that today in this country, corporate owners are being accepted into the Communist Party. However, it is no less paradoxical that in Russia, after the hasty privatization of the 1990s, many new owners of the means of production, brought up, unfortunately, on K. Marx’s “Capital” did not even think about the organic composition of capital. In the 1990s, the role of owners of the means of production in Russia was, in many ways, the same as K. Marx saw it, and those who were called oligarchs at that time, “were just very rich co-operators. “Nowadays, for Russians to look confidently into the future, it is advisable to take Henry Itskowitz’s concept as the basis for the further development of Russia.

In his opinion, two key models dominate the world today: the administrative-command management model and the market model of state non-intervention (*laissez-faire*). Innovative development implies a third way—the Triple Helix model,[26] in which the mandatory participation of key actors (the state, enterprises, universities) is foreseen, with the possibility of each of them taking leadership at a certain stage of development, and at the same time forming an “agreement space.” The source of development in this model is the University. One of the key functions of the University in the model of “triple helix”—conducting research and development, scientific activities. On the other hand, the university should be entrepreneurial—both in terms of the educational process, and in terms of regulations and management procedures.

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CHAPTER 4

THE CONCEPT OF TIME IN ECONOMICS AS A MODERN TREATMENT OF KARL MARX'S THEORY

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For ensuring the completeness of the picture of the modern global economic system, it is necessary to supplement the spatial (structural) aspect, which has been studied and described in multiple scientific works and publications, with the time (dynamic) aspect of development of the global economy.

In the context of starting the tendency of innovational development of economic systems, interests of the modern scientific community to the issues of innovations grew. However, the essence of novelty cannot be opened without comparing it to the existing process, knowledge, product, technology, etc. Therefore, the Theory of innovations should develop in connection to the Theory of time in economics, and innovations should be studied not separately but in comparison with traditions, retrospective, and routine phenomena and processes.

This explains the importance of time in economic analysis and actuality of studying the time aspects of development of economic systems, which is the purpose of this work. For achieving this goal, the authors solve the following tasks, which determined the parts of this scientific work:

- the Law of time saving of Karl Marx as a foundation of the modern concept of time in economics;
- Time machine in economics: the problem of co-existence of economic systems that are at different stages of development;
- economic “vintage”: essence of the phenomenon and means of measuring;
- time as the main category of the modern Theory of innovations. Innovations in comparison with traditions.

KARL MARX’S LAW OF TIME SAVING AS THE FOUNDATION OF THE MODERN CONCEPT OF TIME IN ECONOMICS

The law of time saving is described by Karl Marx in the book *Zur Kritik der Politischen Ökonomie* in 1859. It should be emphasized that the law was not a self-goal of the research and was derived in the process of studying the public production. The title of the book shows that the law is a continuation (or result of criticism in Karl Marx’s formulation) of the classical political economy and, in particular, the works of Adam Smith. That’s why the foundation of the law is the labor theory of value. We formulated the following main provisions of the Law of time saving by Karl Marx, which pose certain interest in the aspect of reflecting the factor of time in the macro-economic analysis, (Marx, 1859):

- there are a lot of alternative means of using time in economics: this provision was taken by Karl Marx from Adam Smith, after that it was used in the works of Friedrich von Wieser, which reflects its high scientific value. In Marx’s treatment, its macro-economic aspect is viewed; it means that in the set period of time the socio-economic system can produce goods that are aimed at satisfaction of the initial needs of human (in Marx’s treatment, these are “production of wheat, cattle, etc.”) or goods aimed at satisfaction of the needs of a high level, including moral development of society. The scholar also gives the treatment of the micro-economic aspect of this provision, according to which human can conduct production activities or consumption of goods and, as an alternative, develop morally and spiritually;

- effectiveness of usage of time determines the intensity of socio-economic development of society: effectiveness of usage of time determines accessible combinations of alternative means of its usage. In micro-economic and macro-economic aspect, saving of time on production and consumption of goods leaves more time for moral development of a separate human and society on the whole. That's why intensity (or "comprehensiveness" in Marx's treatment) of socio-economic development of society depends on effectiveness of production and consumption of goods and, accordingly, on time that is left for spiritual development;
- time—the most important economic resources, which is the key object of economy; time is defined by Karl Marx as "form and space for socio-economic development" of society. As any socio-economic activities depend on time, it is the most valuable resource. As time is the basis of all socio-economic phenomena and processes, "any saving is brought down to saving of time."

Works of Karl Marx, including his book "A Contribution to the Critique of Political Economy," are a basis for conducting modern scientific studies, which include (Fulk, 2017), (Warren, 2017), (Economist Newspaper Ltd, 2017), (Smith, 2017), (Lewis, B. (2017), (Kangal, 2016), (Ince, 2016), (Shamis, 2016), (Simon, 2016), (Perović, 2016), (Baizakov et al., 2016), (Finelli, 2016), and (O'Hara, (2015).

The theory of public production and its first law—the Law of time saving—is also popular in scientific economic circles and is the object of close attention of various scholars, as well as discussion and reconsideration in view of new experience of socio-economic development of economic systems. Examples of their usage are the following publications of modern authors: (Furlan, 2017), (Chambers, 2017), (Rotta and Teixeira, 2016), (Collins, 2016), (Foley, 2016), (Cotter, 2016), (Roberts, 2016), (Petri, 2015), and (Ouellet, 2015).

Professor Oleg V. Inshakov shared views of Karl Marx on the issues of saving of time and wrote his fundamental works on evolutionary economics and economic genetics on their basis (Inshakov, 2005a), (Inshakov, 2005b).

Karl Marx formulated the Law of saving of time for the past and present time—which predetermined its static character. Scientific research in continuation of the works of Karl Marx allowed determining the dynamic aspect of this law, including future time into it. Based on the viewed provisions, the model of time saving in economics according to the Law of saving of time of Karl Marx and existing scientific supplements is seen in the following way (Figure 4.1).

Figure 4.1 shows the connection between the past, the present, and the future in the Law of time saving of Karl Marx. This is ensured by the fact

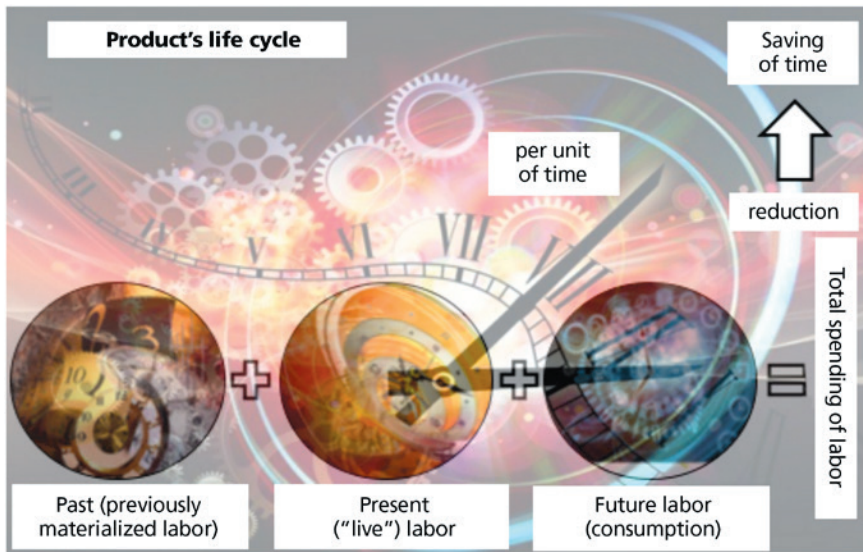


Figure 4.1 The model of time saving in economics according to the Law of time saving of Karl Marx. *Source:* Compiled by the authors.

that this law studies the whole life cycle of a product. As we see, the sum of past (previously materialized) labor, expressed in labor means, present (in Marx's formulation—"live") labor, and future labor, which is spent for consumption (in Marx's formulation—for obtaining useful effect), determines aggregate expenditures of labor.

**KARL MARX'S LAW OF TIME SAVING SAYS THAT SAVING
(REDUCTION) OF AGGREGATE LABOR EXPENDITURES
PER TIME UNIT LEADS TO SAVING OF TIME**

In other words, growth of labor efficiency in the past, the present, and the future stimulates saving of time. Increase of labor efficiency is accompanied by reduction of the sum of expenditures of the past, live, and future labor for production and consumption of goods. Despite the obvious advantages of Marx's Law of saving of time, related to precise and detailed fundamental description of the essence and peculiarities of the process of development of socio-economic systems, its drawback is its descriptive nature.

That is, the law shows the necessity for saving of time and causal connections of this process, but does not offer methodological tools for its management. Understanding the advantages of saving of time does not stimulate the increase of efficiency—for this, as is noted in the Theory of saving

of time of Adam Smith, it is possible to use the mechanism of labor division, specialization, and automatization.

TIME MACHINE IN ECONOMICS: THE PROBLEM OF CO-EXISTENCE OF ECONOMIC SYSTEMS THAT ARE AT DIFFERENT STAGES OF DEVELOPMENT

Present time is an instantaneous photo of the picture of reality. Looking at the photo, we can suppose what's going on in a certain country or the whole world. But what if the photo is just an illusion of the present? What if it shows only general outlines, leaving multiple connections between various events and their future consequences outside of the picture . . .

Present Continuous is time that has already come but continues. It is a moment in the present that has strong connection to recent past and future; a moment in which everything could be changed if one tries to understand the essence of what's going on in the photo. But how could this be done? It is necessary to cross the limit of time and objective reality and become a part of the photo! Let us start a marvelous journey in the instant photo of the modern global economy . . .

The key essence of "Present Continuous" consists in its continuity. Like human thought is developing, creating newer and more complex logical connections and conclusions (Christakou, 2014), there's development of socio-economic systems, each moment of existence of which is unique, but is related to the previous and future moment (Aydemir, 2011).

The first thing that we see in the photo is basketball players. Two players oppose each other, trying to win. However, they do not see that they are controlled from above. Obviously, the course of the game, behavior of players, and the winner will be determined by the hand that holds the basketball (Figure 4.2). From the scientific point of view, this picture could be explained in the following way: under the influence of intensive and comprehensive globalization, an integrated global economic system is formed (in Figure 4.2, we see only two players, but this is relative—as a matter of fact, whole teams could be hidden beyond them). However, expanded possibilities in the sphere of global economic cooperation, which ensure systemic character of interaction between economic systems (structural elements) in the global economic system, did not lead to their unification. On the contrary, competitive struggle increased, and the role of international organizations, which is symbolized by the hand in Figure 4.2, grew.

From the scientific point of view, this picture could be explained in the following way:

Under the influence of intensive and comprehensive globalization, a comprehensive global economic system has formed. However, expanded



Figure 4.2 Instant photograph of the modern global economy.

capabilities in the sphere of global economic cooperation, which ensure systemic character of interaction between economic systems (structural elements) in the global economic system have not led to their unification.

One of the features of globalization is reduction of time that is required for transactions. Therefore, if density of time is measured in time of the event, globalization accelerates time, including economic time. This means that growth of the level of internationalization of economic activities of socio-economic systems leads to acceleration of their economic time.

This phenomenon shows increase of growth rate (annual growth) of GDP with growth of the value of the globalization index. Dynamics of these values in Russia in 1992–2017 is given in Table 4.1.

Based on the data from Table 4.1, a regression curve is built, which reflects dependence of Russia's GDP in constant prices on the value of the index of globalization (Figure 4.3).

As is seen from Figure 4.3, acceleration of growth rate of Russia's GDP is by 55% explained by growth of the values of the index of globalization. This shows acceleration of the course of economic time in Russia over the recent thirty years under the influence of the process of globalization.

Specifics of various economic systems allow them to preserve competitive advantages in the global arena and are the reasons for structural disproportions in development of the modern global economy. Its systemic

TABLE 4.1 Dynamics of Values of the Index of Globalization and GDP in Constant Prices in Russia in 1992–2017

Year	Index of Globalization	GDP in Constant Prices, RUB billion	Annual Growth of GDP, Percent
1992	51.26	43,246.072	—
1993	50.78	39,483.664	–8.70
1994	51.32	34,469.239	–12.70
1995	53.99	33,056.000	–4.10
1996	55.94	31,863.300	–3.61
1997	56.56	32,303.500	1.38
1998	58.79	30,576.800	–5.35
1999	60.73	32,518.900	6.35
2000	67.52	35,785.800	10.05
2001	67.42	37,607.400	5.09
2002	67.95	39,391.500	4.74
2003	69.59	42,286.400	7.35
2004	67.98	45,320.700	7.18
2005	68.56	48,210.400	6.38
2006	69.34	52,141.300	8.15
2007	70.01	56,591.600	8.54
2008	69.90	59,561.400	5.25
2009	70.22	54,903.100	–7.82
2010	69.02	57,375.800	4.50
2011	70.12	59,698.100	4.05
2012	70.55	61,798.300	3.52
2013	70.53	62,588.900	1.28
2014	70.47	63,038.400	0.72
2015	70.98	61,249.400	–2.84
2016	71.01	61,097.500	–0.25
2017	71.03	61,952.886	1.40

Source: compiled by the author based on: (KOF, 2018), (International Monetary Fund, 2018)

imbalance leads to high risk of global economic crises and the necessity for using large resources for overcoming it.

The spatial (structural) aspect of the modern global economic system is has been studied and described in the existing scientific works, while the less elaborated time (dynamic) aspect of development of the global economy could pose even higher interest for the modern science, as it could allow finding answers to the questions that remain unanswered due to limitations of spatial (structural) aspect of studying the global economy.

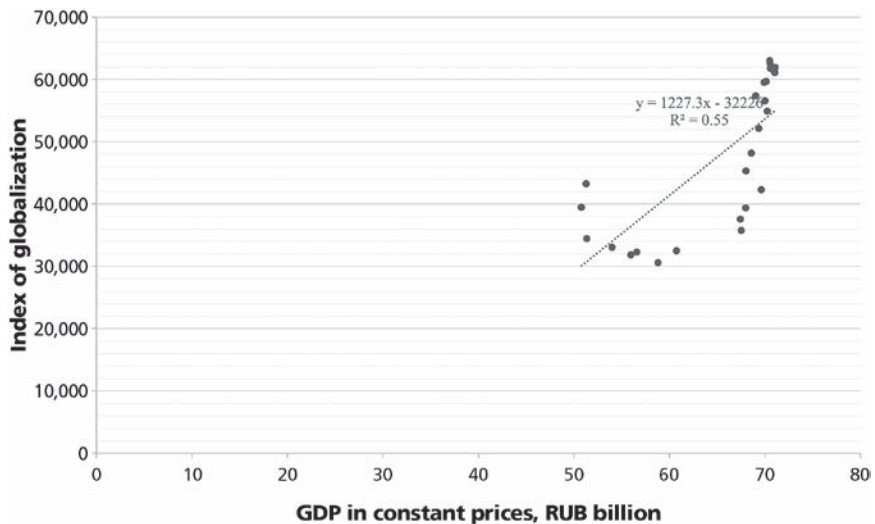


Figure 4.3 Regression curve that reflects dependence of Russia's GDP in constant prices on the value of the index of globalization. *Source:* Compiled by the author.

This work offers a scientific hypothesis that the problem of co-existence of economic systems, which are at different stages of development, has deeper roots and performed stronger influence on the modern global economy than is reflected by spatial (structural) aspect of its research. Additional analysis of this problem from the positions of time (dynamic) aspect will allow for more precise measuring of differences in the level of socio-economic development of various economic systems and for more precise forecasting (compilation of scenarios) of their further development.

For clarifying the picture, let us use the help of the modern economic science. The aspect of time in the works of modern economists is viewed in the works that are devoted to the following parts of economic science:

- the theory of economic cycles: within this part, cyclic fluctuations of economic systems are studied, as well as socio-economic systems—in particular, within the energy economics (Mohammadi et al., 2018)
- modeling of socio-economic processes with the help of time rows: within this part, dynamics of development of economies (Shahbaz et al., 2018), transformation processes (transitional periods) in economies (Güney et al., 2015), and time states of stock markets (Sarvan et al., 2014) are studied;
- forecasting of development of socio-economic systems: within this part, causal connections are studied and future consequences of

implementation of measures of state regulation in economies are forecasted (Jalles, 2017);

- extrapolation: within this part, transport and logistics schemes are developed (Pirker and Lichtenegger, 2018) and stages of production processes are studied (Mitrouli and Roupa, 2018);
- given indicators: within this part, investment design is conducted and net value of investment projects is calculated (Creemers, 2018);
- lost opportunities: within this part, alternative scenarios of development of socio-economic systems are studied (Stafford et al., 2011);
- the Theory of saving of live labor: within this part, the labor theory of value has formed and the modern labor economics is developing (Hecht, 2018), etc.

These theories are concerned with time in economics, in view of studying various economic phenomena and processes. The minimal interest to this aspect, which lasted for a long time, grew abruptly due to the global economic crisis. That's why "economic time" is considered through the prism of crisis in the recent scientific publications. This is explained by the fact that density of time, which grows during the rise of economic cycle, and, accordingly, the speed of its flow in crisis slow down—which leads to a resonance. As a result of systematization of the existing scientific and economic studies and publications on the topic, we distinguished three main approaches to treatment of such phenomenon as change of density and speed of the flow of time in economy in a crisis.

First Approach: Entrepreneurial

Within this approach, reduction of density and slowdown of speed of the flow of time in economy in crisis are explained by reduction of the level of business activities.

According to this approach, a group of scholars from Switzerland—Kuntz, A., Davidov, E. and Semyonov, M.—state that in crisis the economic conditions aggravate and international migration flows grow. This means the termination of a certain period of "economic time" (Kuntz et al., 2017). Polish scholars Raźniak, P., Dorocki, S. and Winiarczyk-Raźniak, A. state that in the conditions of the 2008–2012 global economic crisis, incomes of population and net profit of companies did not necessarily decrease. That's why each country has its own "economic time" (Raźniak et al., 2018). "Economic time" is seen by scholars as change of the phases of economic cycle (rise and fall).

Second Approach: Innovational

Within this approach, reduction of density and slowdown of the speed of time flow in economy in crisis are explained by reduction of innovational activity in economy.

Within this approach, Italian economists Castaldo, A., Fiorini, A., and Maggi, B. point out that “economic time is determined by the scientific and technical paradigm. Technological innovations have been always considered a stimulus for economic growth. High-speed Internet, provided due to development of broadband infrastructure, has been quickly developing since late 1990’s as is a technological determinant of acceleration of “economic time” of 23 countries of the OECD over recent 15 years. Overcoming of the 2008 global crisis requires activation of a new perspective technological innovation, for starting a new age of “economic time” (Castaldo et al., 2017).

Stages of development of economic systems are studied in detail within the Evolutionary approach and described in multiple works of various authors. Russian experts Afanasev, A.A., Kasyanov, V.F., Lukmanova, I.G., and Silka, D.N. note that development of spatially organized systems has a cyclic character (Afanasev et al., 2015).

Supporting this view, Albanian authors Kupina, Q. and Salko, D. Write that development of the banking system of Albania and Kosovo shows large growth with various intensity in different time periods (Kupina and Salko, 2015). Spanish scholars Gómez, M.A. and Neves Sequeira, T. B.E. point out that various industrial experiences of countries of the world, starting from innovations or education, could be explained not only by various structural parameters or state policy but also differences in the factors that influence them (Gómez and Neves Sequeira, T. B.E. (2014).

Third Approach: Structural

Within this approach, reduction of density and slowdown of speed of time flow in economy in a crisis are studied through the prism of differences of these indicators in different economic systems.

Within this approach, the problem of co-existence of economic systems that are at different stages of development is acknowledged by the modern academic community and belongs to the most important global problems of modern times. It is formulated as a problem of differentiation of countries in the global economy or disproportions in development of the global economic system. This problem is studied in the works of the following researchers. Turkish experts Ari, I. and Sari, R. State that differentiation between developed and developing countries is one of the most important tasks for implementation of the Paris Agreement (Ari and Sari, 2017).

The American scholar Syrquin, M. states that the modern economic growth is an age that is peculiar for wide application of science-driven technologies for production, which, starting from late 18th century, led to stable increase of incomes, number of population, and efficiency, as well as wide structural changes. However, a large part of humankind has not yet implemented the potential of economic growth, ensured by modern technologies, though GDP per capita of most countries is higher than in 19th and early 20th centuries (Syrquin, 2015).

By the example of differences in the level of socio-economic development of Russia's regions, Prof. Oleg V. Inshakov determined the features of regions' belonging to various stages of economic development. The scholar's views on this topic are given in his works (Inshakov, 2003; Inshakov et al., 2008a; Inshakov et al., 2008b; Inshakov and Mitrofanova, 2007a; Inshakov and Mitrofanova, 2007b; Inshakov et al., 2009a; Inshakov et al., 2009b).

The performed overview of the existing scientific literature on the formulated scientific problem showed that despite the high level of elaboration of its certain components, the modern economic theory lacks a clear and common formulation of the problem of existence of "time machine" in economics and methodological tools for its measuring and solving. This predetermines the necessity for further scientific study of this problem.

Methodology of this work is based on the methods of statistical and comparative analysis based on the materials of the official international statistics on socio-economic development of countries according to the International Monetary Fund, the UNDP, and the World Bank in dynamics for 2012–2022.

Based on the collected and systematized statistical information, we determined large differences in the level of socio-economic development of developed and developing countries (Figures 4.4–4.9).

As is seen from Figure 4.4, according to the level of GDP, developed countries are ahead of developing countries. Moreover, developed countries show much higher growth rate of GDP, which leads to increase of the gap between the studied categories of countries with time.

As is seen from Figure 4.5, developed countries are peculiar for higher level and growth rate of GDP per capita, which increases their progress, as compared to developing countries.

As seen from Figure 4.6, the level of GDP (PPP) in developed countries is higher. They also increase export, while developing countries are peculiar for reduction of export with time.

As is seen from Figure 4.7, while developed countries are peculiar for reduction of inflation, developing countries are peculiar for its large increase with time. At the same time, developed countries increase import, while developing countries decrease it. Unemployment rate in developing countries is much higher than in developed countries.

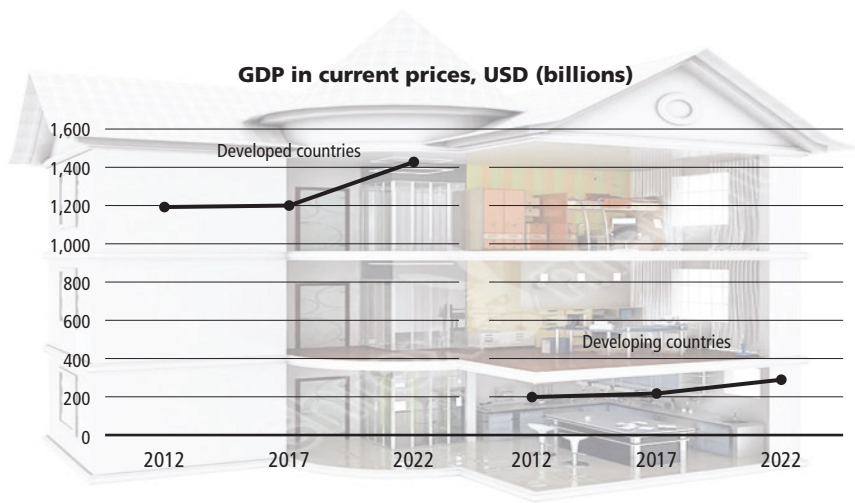


Figure 4.4 Dynamics of GDP in current prices in developed and developing countries in 2012–2022. *Source:* calculated by the authors based on: (International Monetary Fund, 2017).

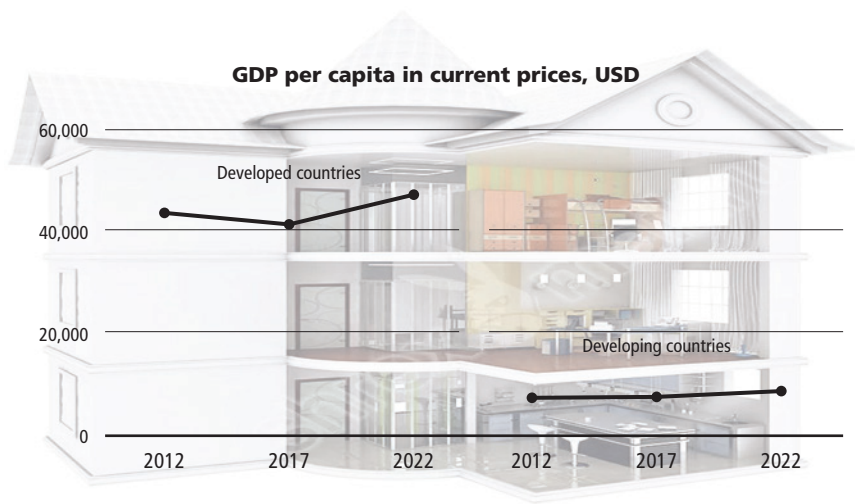


Figure 4.5 Dynamics of GDP per capita in current prices in developed and developing countries in 2012–2022. *Source:* calculated by the authors based on International Monetary Fund (2017).