

# **Ajay Sinha aka Don Quixote de la Patna's Disastrous Encounter with Marx's Theory of Ground Rent (and Marx's Political Economy in General)**

## **And the Pernicious Impact of the Intellectually-Challenged Congregation of Clowns Gathered Around the Magazine 'The Truth'/'Yatharth'**

• **Abhinav**

What kind of idiot is the most annoying one? The one who does not know that he is an idiot and lives in the illusion of being intelligent or knowledgeable! This is precisely the case with Ajay Sinha, General Secretary of PRC CPI (ML), popularly known as Don Quixote *de la Patna* and Maatsaab these days, for the reasons that will become clear as the readers read this entire article.

Though, it is very difficult to make such an idiot understand his sheer lack of understanding of any issue. It is only when one comes across someone like Ajay Sinha that they will understand what Harishankar Parsai meant when he said: "*Confidence is of many kinds; confidence of money, of power, of knowledge...however, it is the confidence of idiocy that ranks the highest.*" Borrowing terms from psychoanalysis, out of the continents of 'known knowns', 'known unknowns', 'unknown knowns' and 'unknown unknowns', Ajay Sinha always, invariably grazes in the barren pastures of 'unknown unknowns'. He simply does not know that he does not know!

**The entire bunch of intellectually-challenged individuals gathered around this magazine 'The Truth' is no different at all.** It is a motley crew of passive radical armchair "intellectuals" with backgrounds of social-democracy of one of the worst and most ridiculous kind (SUCI) and, of course, the "general secretary", Don Quixote *de la Patna*, Mr. Ajay Sinha. What is the commonality that binds this coterie together? Unbelievable levels of sheer ignorance, idiocy and stupidity, as we shall see with evidence in what follows.

However, sometimes, tragically enough, situations oblige you to respond to such idiocy too. If this idiocy is affecting people at large, it becomes the duty of a Marxist to refute it whether one likes it or not.

**I am responding to this intellectual pygmy for one and only for one reason, and for the first and the last time: Ajay Sinha has dealt with my article on MSP and has not only displayed an unbelievable incapacity to understand the Marxist theory of ground rent, as we shall see, but has also presented such a**

**muddle-headed presentation of the entire issue, that is detrimental to the intellectual health and political understanding of many comrades, especially, the young and new comrades.** Moreover, Ajay Sinha has also shown his inherent inability to understand, not only a complex issue of Marxist political economy such as ground-rent, but also, the very basic concepts of Marxist political economy. For instance, he constantly confuses *market-price* with *market-value*, fails to understand the concept of prices of production or average prices, mistakes one for the other, so on and so forth, as we shall see.

**Secondly, however, since it is a torturous process to even read his article, not only for its ridiculously poor and sometimes incomprehensible language, but also due to its incorrigibly twisted and confused presentation of the issue, I will not respond to his further explorations in the realm of ignorance and inanity in the future.** I decided to respond this one time, the first and the last time, to demonstrate the monstrous mediocrity that this person is and why he cannot be taken seriously by any, not only Marxist, but by any reasonable person. **This is also my note of caution to sensible and well-read comrades in the revolutionary Left circle of Patna,** and, there are many such comrades there, even if, we have our comradely disagreements on various issues: *Beware of this intellectual imposter and this laughable enterprise called 'The Truth'. This bunch of idiots and know-nothings are not even familiar with the basic categories of Marxist political economy, as I will demonstrate with evidence in this article, and confidently and arrogantly propagate ignorance and sheer stupidity in the name of Marxism. They are simply hazardous for the revolutionary left circles and potential young revolutionaries.*

Ajay Sinha's recent article on Marx's theory of ground-rent (written as a critique of my article on MSP as a form of monopoly-rent: ([https://m.facebook.com/story.php?story\\_fbid=3997245660359876&id=100002234457183](https://m.facebook.com/story.php?story_fbid=3997245660359876&id=100002234457183))) is illustrative of his amazing ability of muddle-headed and confused thinking as well as of his misunderstanding and misinterpreting the quotes of Marx and other authorities (see PRC CPI (ML), 'Transformation of Surplus Value into Ground Rent and the Question of MSP: Here too Our Self-proclaimed "Marxist Thinker" Looks so Miserable', *The Truth*, Year 2, Issue 1).

**Maatsaab has not only not understood averaging of the rates of profit, prices of production/average price, market-price, surplus-profit, Absolute Ground-Rent, Differential Ground-Rent, Monopoly-Rent, Monopoly-Price and categories that are a bit complicated owing to their relation with the arena of what Marx called 'many capitals', that is, the arena of competition; but he also miserably fails to comprehend the categories of basic Marxist political economy like market-value/social-value and individual value, the difference between market-price and market-value, etc.** Also, Ajay Sinha reveals his utter incapacity to understand the historical social categories associated with the agrarian question in general, for instance, small peasant economy, small tenant farmer, capitalist tenant farmer, territorialization of the bourgeoisie in land, the capitalist rentier landlord (CRL) and capitalist farmer landlord (CFL) as well as feudal landlord and its difference with capitalist landlord.

As a consequence, following are just some of the ridiculous blunders that he has committed in his article:

1. *Confusing market-value with market-price*

2. *Confusing average price (another name for prices of production) with market-value*
3. *Considering constant undersupply of agricultural goods as a necessary prerequisite for the existence of Absolute Rent*
4. *Mistaking ‘territorialization of the bourgeoisie in land’ with abolition of capitalist landed property and confusing it with nationalization of land*
5. *Confusing capitalist landed property with feudal landed property*
6. *Confusing the transitional small peasant proprietorship with existence of small peasants under developed capitalist mode of production*
7. *Failing to understand types of monopoly that can give rise to monopoly-price and monopoly-rent*
8. *Failing to understand different kinds of surplus-profit that arise under capitalist mode of production*
9. *Confusing the surplus-profit that is transformed into Differential Rent with the surplus-profit that arises due to monopoly of landed property and is transformed into Absolute Rent*
10. *Arguing that India has no capitalist landed property but has capitalist as well as small peasant tenants!*
11. *Claiming that in India, we already have nationalization of land*
12. *Constantly quoting Marx against himself, while being under the impression that he is vindicating himself with these quotes, owing simply to not understanding what Marx is saying as he is not familiar with the very basic concepts of Marx’s political economy!*
12. *And finally, contradicting all that he says incessantly!*

As a result, his article has become a puddle of mud, a stinking pile of silly mistakes, a mountain created by heaps and heaps of idiotic but confident proclamations, which are neither supported theoretically, nor with concrete data and facts. That is why my refutation has become a bit lengthy and I apologise in advance to considerate serious readers. Because, in refuting Ajay Sinha, I was obliged to bring into relief the very basic concepts of Marx’s political economy, in general, and his theory of ground-rent, in particular.

I am exposing the character and extent of idiocy of this intellectual hack living on the margins of intellectual grub street, once and for all, as I know that in future, he will come up with an equally or even more asinine article in trying to prove that he is correct! I understand this obligation as he has to save his prestige in front of the kids’ club of his Sancho Panzas which he calls a “party” of which he is the “general secretary”! As readers finish this article, they would realize the irony implicit in this.

Now let us move to my response, without further ado. Before we move on to Ajay Sinha’s misadventures in the realm of Marxist political economy, let us begin by exposing a few false claims that he makes, due to sheer lack of understanding of basic concepts.

## **1. Don Quixote de la Patna’s First False Claim**

Ajay Sinha claims that I have called surplus-profit as ground-rent. He claims:

“Rather, in his anxious attempts to do so he has further distorted Marx by treating surplus profit and rent as synonyms.” (PRC CPI (ML), ‘Transformation of Surplus Value into Ground Rent and the Question of

MSP: Here too Our Self-proclaimed “Marxist Thinker” Looks so Miserable’, ‘The Truth’, Year 2, Issue 1, p. 9)

Is it correct? Let us see, what I wrote:

“Marx points out that under conditions of monopoly ownership of land in capitalism, the entire value produced in the agricultural sector remains in the agricultural sector and this ensures surplus-profit due to lower organic composition of capital. This surplus-profit, originating due to monopoly ownership of land, **is transformed into Absolute Ground Rent** and goes to the capitalist landlord. Marx calls this the transformation of surplus-profit into rent.” (Abhinav, ‘What are the Remunerative Prices or Minimum Support Price (MSP): A Marxist Political-Economic Analysis’, *emphasis ours*)

Again:

“Likewise, the monopoly landowner will not rent out its land if he/she does not get rent (which is nothing but **the transformed form of surplus-profit**) because, obviously, he is not there to do social service.” (ibid, *emphasis ours*)

More:

“*The total surplus-profit (Absolute Rent and Differential Rent) that the capitalist tenant receives over and above the average profit, is transformed into Total Ground Rent and goes to the capitalist landlord. Marx had termed this the transformation of total surplus-profit into ground-rent.*” (ibid, *emphasis ours*)

As the readers can see, we have constantly talked about *the transformation of surplus-profit into ground-rent under the conditions of monopoly ownership of land by a class of capitalist landlords*. Had we regarded surplus-profit as a synonym of ground-rent, there would have been no need to talk about *the transformation of surplus-profit under the conditions of capitalist landed property*. Any reader with a sane mind could not have made such an observation. Only a person as asinine as Don Quixote *de la Patna* could have achieved such a feat!

Moreover, in the case of Absolute Rent, *the surplus-profit comes into existence precisely due to monopoly of landed property* and causes an increase in the market-price of the commodity, since it is a *monopoly-price* over and above the *average prices* or, what is the same, the *prices of production*. This is something that our Don Quixote *de la Patna* has totally failed to understand, as we shall see, even though he quotes Marx where Marx makes this distinction crystal-clear.

Differential Rent on the other hand is merely a formal transformation of a surplus-profit *that does not originate due to any kind of monopoly*. It is the difference between the *market-value (social-value)* of the commodity (which in agriculture is determined by the worst conditions of production, unlike other sectors, where it is determined by average conditions of production) and the *individual values* of the commodity on all lands, other than the worst land. Therefore, it does not have any bearing on the market-price as it does not lead to formation of monopoly-price. *By definition, Differential Rent is not a monopoly-rent, whereas Absolute Rent is a kind of monopoly-rent*. Only for the sake of theoretical simulation, let us hypothesize: even if monopoly of landed property ends under capitalist conditions, Absolute

Rent *will* vanish, not the Differential Rent, precisely because the latter is not any kind of monopoly-rent. Maatsaab does not understand this, as we shall see later.

## 2. Don Quixote *de la Patna*'s Second False Claim

Then Maatsaab claims that we have called MSP as ground-rent. No. We have not. We have called MSP a monopoly-rent that comes into existence as a result of a monopoly-price originating due to *state monopoly over determination of the prices of certain agricultural commodities*, unlike Absolute Rent which does not come into existence due to a monopoly-price, but gives rise to a monopoly-price. We shall come to this distinction between Absolute Rent and other kinds of monopoly-rent in a little while. But first let us see what this intellectual fraud has written:

“At the very outset, it can be said that while he looks miserable when he discusses formation of average profit and market price, he has failed altogether in *establishing theoretical connection of ground rent with MSP.*” (PRC CPI (ML), op.cit., p. 9, *emphasis ours*)

Again:

“...he wants to anyhow prove that absolute ground rent exists in India and that this is being realised through government assured MSP.” (*ibid*, p. 10)

And finally:

“Having so proved, he goes to say that as MSP is a government assured price above market price, so it is a *surplus profit* and as we have discussed just above, according to his own understanding of surplus profit, *it automatically becomes ground rent.*” (*ibid*, p. 14)

Did I really say so? Readers who have read my article know that nothing can be farther from the truth. Let us see what Don Quixote *de la Patna* fails to understand.

**First of all, MSP does not ensure a surplus-profit over market-price, but over and above prices of production which cause an increase in market-price.** But more on this confusion of Mr. Scatterbrains, later.

Maatsaab intentionally skips the part where I talk about the *kinds of monopoly* that can, through a monopoly-price, give rise to surplus-profit and therefore the existence of other kinds of monopoly-rent. Or another possibility is that he does not understand that Absolute Rent is not the only kind of monopoly-rent, but there are other kinds of monopoly-rent as well that can come into existence due to monopolies of different kinds, other than the monopoly of landed property. Whatever is the case, the fact remains that failing to understand that MSP is not Absolute Rent in itself, but a different kind of monopoly-rent, Maatsaab charges me of saying that MSP is surplus-profit that is transformed into ground-rent automatically!

First of all, as we shall see, I have not called MSP ground-rent, but monopoly-rent that comes into existence due to monopoly-pricing by the State in favour of rich kulaks and capitalist farmers. This shows that Maatsaab does not understand the

difference between different kinds of monopoly and monopoly-prices and different kinds of rent arising thereof. Here is the quote from my article that he produces:

“Now we can understand what is the system of profitable remunerative prices or MSP. ...The *MSP is nothing but a surplus-profit, which is created by the determination of prices by the government at a level that which ensures a surplus-profit over and above the average rate of profit, in order to serve the class interests of rich farmers and kulaks.* The remunerative price or *MSP is nothing but a surplus-profit or monopoly-rent* imposed by the capitalist landowners, capitalist farmers, and capitalist tenant farmers on the entire society including the working masses and it originates due to the government's monopoly over determination of prices. It is a type of a tribute extorted from the society and, therefore, is outright anti-people.” (Abhinav, *op.cit.*)

And then he says triumphantly:

“He just equates surplus profit with monopoly rent without any other consideration.” (PRC CPI (ML), *op.cit.*, p. 14)

Yes! Because here the surplus-profit is created by what Marx calls an ‘independent monopoly-price’ and is handed over to capitalist farmers and landlords; it is not due to monopoly of landed property, *per se!* Here it is not the rent (as is the case with Absolute Rent) that is giving rise to a monopoly-price, but the other way round, as is the case with what Marx called ‘independent monopoly-price’, where it is the price that creates surplus-profit and therefore the rent. We will later see the exact quotations where Marx explains this difference, as this is something, about which Don Quixote *de la Patna* is particularly dense.

Secondly, nowhere have I said in the portion quoted by Maatsaab that surplus-profit created by monopoly-price fixed by the government is automatically ground-rent (as I have shown above), nor have I said that MSP is ground-rent. Let us see the section from my article that this imbecile failed to understand.

First I have explained in my article how a surplus-profit over and above average profit comes into existence and is transformed into Absolute Rent due to private monopoly of landed property. Second, I say that surplus-profit over and above average profit does not come into existence solely because of monopoly of landed property, but also due to other types of monopoly. Third, we say that state's monopoly over fixing of agricultural price as a monopoly-price over and above prices of production, ensuring a surplus-profit over and above average profit gives rise to a monopoly-rent. See what has been intentionally omitted by or not understood by this intellectual pygmy that we wrote in our article:

“Marx points out that ***surplus-profit can emerge not only due to the monopoly ownership of land but also from other types of monopoly.*** For example, if the economic monopoly of a company gets established in a sector, it can determine prices at a level that ensures surplus-profit over and above the average rate of profit. This is what we call monopoly-pricing. This too happens due to the free flow of capital getting obstructed as it becomes difficult for new capitals to enter that sector.

**“Similarly, the determination of a price of a commodity under the government monopoly to a level (just like the MSP regime), which gives profits over and above the average rate of profit of the economy, can give rise to surplus-profit. In other words, any type of monopoly that obstructs the free flow of capital or holds a monopoly over the determination of prices, can give rise to surplus-profit/monopoly-rent.**

**“Now we can understand what is the system of profitable remunerative prices or MSP.**

**“The MSP is nothing but a surplus-profit, which is created by the determination of prices by the government at a level which ensures a surplus-profit over and above the average rate of profit, in order to serve the class interests of rich farmers and kulaks.** The remunerative price or MSP is nothing but a surplus-profit or monopoly-rent imposed by the capitalist landowners, capitalist farmers, and capitalist tenant farmers on the entire society including the working masses and **it originates due to the government's monopoly over determination of prices.** It is a type of a tribute extorted from the society and, therefore, is outright anti-people.” (Abhinav, ‘What is the Remunerative Prices or Minimum Support Price (MSP)? A Marxist Political-Economic Analysis’)

**Have we called MSP as ground-rent? No! Actually, we make a distinction between Absolute Rent and the monopoly-rent that comes into existence due to MSP. From what we have written, what kind of intellectual lilliput can make this kind of leap? Only, our Don Quixote de la Patna!**

As the readers can see, at the very outset we distinguish between different kinds of monopolies that give rise to a surplus-profit over and above the prices of production and thus a monopoly-rent over and above the average rate of profit. First is the private monopoly ownership of land by a class of capitalist rentier landlord (CRL); the second is the economic monopoly of a capitalist in a particular branch of production; and third, state monopoly over pricing of a commodity.

The first, that is, capitalist landlord’s monopoly private ownership of land, gives rise to Absolute Rent, and here it actually gives rise to the surplus-profit, rather than simply transforming a surplus-profit existing due to differential in natural conditions of production; that is the reason why Differential Rent does not lead to a rise in the market-price, whereas Absolute Rent leads to a rise in the market-price itself, as we pointed out earlier.

The second and third give rise to monopoly-rent not due to capitalist landed property, but due to different kinds of monopoly and therefore they do not give rise to Absolute Ground Rent, but simply to a different kind of monopoly-rent. Marx very clearly showed that it is not simply the private monopoly of land ownership, but also other kinds of monopolies that can give rise to a monopoly-rent. MSP is simply a monopoly-price ensuring monopoly-rent. It is not Absolute Ground Rent *in itself*. The difference between Absolute Rent and monopoly-rent of other kinds is that in the case of the former, the surplus-profit over and above the average profit has an upper limit: the value produced in agricultural sector and therefore Absolute Rent (AR) is the difference between this value and the prices of production; whereas, in the case of the latter, the limit to the surplus-profit is *the*

*effective demand for that particular commodity.* We will come to this point later as well, as Maatsaab does not at all understand this and arrives at a theory of monopoly profit that is “maximum”, in the sense, not regulated by any economic law. But, on that, later.

Marx has explained many a times that monopoly-rent comes into existence due to different kinds of monopoly. In case of private monopoly of landed property this monopoly-rent is AR; but other kinds of monopoly give rise to other kinds of monopoly -rents. Marx makes a difference in AR and other kinds of monopoly-rents:

“But we have seen how there are only *two cases* in which rent and hence capitalized rent, the price of land, can go into the price of the agricultural product as a determining factor. **Firstly, if the value of the agricultural product stands above its price of production, as a result of the composition of agricultural capital - a capital which has nothing in common with capital laid out on the purchase of land - and market conditions enable the landowner to valorize this difference. Secondly, if there is a monopoly price**” (Marx, *Capital, Volume 3*, Penguin Edition, p. 946, *emphasis ours*)

Again, Marx differentiates between AR (determined by the difference between value of the product and prices of production) and monopoly-rent of other kind, limited only by the effective demand of the consumer of the product:

“But, it may be asked: If landed property gives the power to sell the product above its cost-price, at its value, why does it not equally well give the power to sell the product above its value, at an *arbitrary monopoly price*? On a small island, where there is no foreign trade in corn, the corn, *food, like every other product, could unquestionably be sold at a monopoly price, that is, at a price only limited by the state of demand, i.e., of demand backed by ability to pay, and according to the price level of the product supplied the magnitude and extent of this effective demand can vary greatly.*” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, p. 332)

Marx points out:

“In any case, this absolute rent arising from the excess value over and above the price of production, is simply a part of the agricultural surplus value, the transformation of this surplus-value into rent, its seizure by the landowner; just as differential rent arises from the transformation of surplus profit into rent, its seizure by landed property, at the general governing price of production. These two forms of rent are the only normal ones. **Apart from this, rent can derive only from a genuine monopoly price, which is determined neither by the price of production of the commodities nor by their value, but rather by the demand of the purchasers and their ability to pay.**” (Marx, *Capital, Volume 3*, Penguin Edition, p. 898, *emphasis ours*)

Marx explains this distinction most succinctly in this passage:

“It is necessary to distinguish whether the rent flows from *an independent monopoly price* for the products or the land itself, or whether the products



are sold at a monopoly price because there is a rent. ***By monopoly price here we mean any price determined simply by the desire and ability of the buyer to pay, independently of the price of the product as determined by price of production and value.*** (ibid, p. 910, emphasis ours)

### **Thus, what did Mr. Dimwit Ajay Sinha fail to understand?**

First, Don Quixote *de la Patna* fails to understand that surplus-profit can be created not only by monopoly of landed property but by other kinds of monopolies as well that give rise to a general monopoly-price, not dependent on the prices of production and value of commodity, but by the effective demand for that commodity.

Secondly, due to the first failure, Ajay Sinha reduces all kinds of monopoly-rent to only one kind: Absolute Rent.

Thirdly, then building upon these mistakes, he concludes that *I am* calling MSP a ground-rent, whereas, I have precisely explained that MSP is a monopoly-rent based on the monopoly-price fixed by the state, to benefit the class of kulaks and rich farmers.

*It does not obviously mean that Absolute Rent does not exist in Indian agriculture, as we will show later with concrete facts and data in this essay, in order to demonstrate the ludicrous claim of Ajay Sinha that capitalist landed property does not exist in India and therefore AR too does not exist. But first things first!*

### **3. Sir Duncelot's Blunder of Equating Marx's Pre-capitalist Transitional Small Peasant Economy with Today's Indian Agriculture**

Sir Duncelot, Ajay Sinha, our knight in whining clamour, argues that the reasons why I (Abhinav) fail to understand the fact that Absolute Rent does not exist in the Indian case are the fact that Indian agriculture is dominated by small peasant proprietorship, *as explained by Marx in the 47<sup>th</sup> Chapter of 'Capital' Volume 3*; and, secondly, the fact that the bourgeoisie has territorialized itself in land completely, which supposedly leads to the elimination of capitalist landed property and therefore of Absolute Rent according to Sir Duncelot.

We will show later that territorialization of the bourgeoisie in land has nothing whatsoever to do with the elimination of capitalist landed property and Absolute Rent and Ajay Sinha has not at all understood what 'territorialization of the bourgeoisie in land' means; in only one situation can Absolute Rent vanish under capitalism: nationalization of land, and it is precisely the territorialization of the bourgeoisie which *prevents* the bourgeoisie from undertaking the nationalization of land, as Lenin so forcefully argued.

However, we will come to the question of the relation between territorialization of the bourgeoisie in land and Absolute Rent after a while. First let me deal with the question of Ajay Sinha's claim that Indian agriculture is characterized by the dominance of small peasant proprietorship, as explained by Marx in 47<sup>th</sup> Chapter of 'Capital', Volume 3. Let us see what this dimwit claims:

“The reasons of his failure are manifold but the chief reason is that he nowhere investigates concrete conditions as existing in India (such as predominant existence of small landed property, while Marx himself has invested a whole sub-chapter on this in capital volume III “metayage and peasant proprietorship of land parcels” of the chapter 47, capital, volume III)...” (PRC CPI (ML), *op.cit.*, p. 9)

Here is the quote of Marx that Ajay Sinha cites claiming that *he is not able to hold back his temptation to produce this quote:*

“ “This form of landed property presupposes, as in the earlier older forms, that the rural population greatly predominates numerically over the town population, so that, even if *the capitalist mode of production otherwise prevails, it is but relatively little developed*, ... In the nature of things, *the greater portion of agricultural produce must be consumed as direct means of subsistence by the producers themselves, the peasants*, and only the excess above that will find its way as commodities into urban commerce. No matter how the average market-price of agricultural products may here be regulated, differential rent, an excess portion of commodity-prices from superior or more favourably located land, must evidently exist here *much as under the capitalist mode of production*. ...The assumption here is generally to be made that no absolute rent exists, i.e., that the worst soil does not pay any rent ...precisely under this form where the price of land enters as a factor in the peasant’s actual cost of production ... because in the course of this form’s further development either the price of land has been computed at a certain money-value, in dividing up an inheritance, or, during the constant change in ownership of an entire estate, or of its component parts, the land has been bought by the cultivator himself, largely by raising money on mortgage; and, therefore, where the price of land, representing nothing more than capitalised rent, is a factor assumed in advance, and where rent thus seems to exist independently of any differentiation in fertility and location of the land.” (bold ours) [p. 791, MECW Vol. 37, Capital Vol. III, Lawrence & Wishart Electric Book]”

He produces another quote of Marx from the same chapter:

“ “For, absolute rent presupposes either realised excess in product value above its price of production, or a monopoly price exceeding the value of the product. *But since agriculture here is carried on largely as cultivation for direct subsistence, and the land exists as an indispensable field of employment for the labour and capital of the majority of the population*, the regulating market-price of the product will reach its value only under extraordinary circumstances. But this value will, generally, be higher than its price of production owing to the preponderant element of living labour, although this excess of value over price of production will in turn be limited by *the low composition even of non-agricultural capital in countries with an economy composed predominantly of land parcels*.” [p. 791-792, Ibid.]”

And another:

“ “For the peasant owning a parcel, the limit of exploitation is not set by the average profit of capital, in so far as he is a small capitalist; nor, on the

other hand, by the necessity of rent, in so far as he is a landowner. The absolute limit for him as a small capitalist is no more than the *wages he pays to himself*, after deducting his actual costs. So long as the price of the product covers these wages, he will cultivate his land, and often at wages down to a physical minimum. As for his capacity as land proprietor, the barrier of ownership is eliminated for him, since it can make itself felt only vis-à-vis a capital (including labour) separated from land-ownership, by erecting an obstacle to the investment of capital." [Ibid.] "It is true, to be sure, that interest on the price of land – which generally has to be paid to still another individual, the mortgage creditor -- is a barrier. But this interest can be paid precisely out of that portion of surplus-labour *which would constitute profit under capitalist conditions*. The rent anticipated in the price of land and in the interest paid for it can therefore be nothing but a portion of the peasant's capitalised surplus-labour over and above the labour indispensable for his subsistence, without this surplus-labour being realised in a part of the commodity-value equal to the entire average profit, and still less in an excess above the surplus-labour realised in the average profit, i.e., in a surplus-profit." [Ibid.] "For the peasant parcel holder to cultivate his land, or to buy land for cultivation, it is therefore not necessary, *as under the normal capitalist mode of production*, that the market-price of the agricultural products rise high enough to afford him the average profit, and still less a fixed excess above this average profit in the form of rent. It is not necessary, therefore, that the market-price rise, either up to the value or the price of production of his product. *This is one of the reasons why grain prices are lower in countries with predominant small peasant land proprietorship than in countries with a capitalist mode of production*. One portion of the surplus-labour of the peasants, who work under the least favourable conditions, is bestowed gratis upon society and does not at all enter into the regulation of price of production or into the creation of value in general. This lower price is consequently a result of the producers' poverty and by no means of their labour productivity." [Ibid.]"

Just look at the italicized portions (italicized by me). Any person with a sane mind would understand that Marx is not talking about a country where capitalist mode of production has developed or where it has taken root in agriculture. Marx is discussing the *transitional forms* of land ownership that come into existence in certain countries after or during the dissolution of feudal landed property. **However, our Don Quixote de la Patna fails to understand the whole context of discussion.**

***After seeing what Maatsaab makes of these quotes and how he applies this in present Indian scenario, we are obliged to say that it would have been better had Maatsaab controlled his temptation! Temptation leads to fall from grace!*** Because, here Ajay Sinha reveals his complete lack of understanding as to what Marx is discussing here. Also exposed is the fact that in order to maintain his prestige in front of the children's club of his Sancho Panzas, Don Quixote de la Patna has produced quotes without understanding what they mean! *He has simply used the 'search' tool of computer to hunt and gather quotes from Marx and as a result has made a fool of himself. Let us see how.*

In this chapter, Marx *first discusses the form of rent that preceded capitalist rent, that is, feudal ground-rent*. He shows how the feudal ground-rent differed from capitalist ground-rent. One of the most important distinctions is the fact that *in*

*the form of feudal ground-rent, the entire surplus-labour is appropriated. There is no category of profit and the entire surplus-labour of the producers, who are still in possession of a plot of land and agricultural implements, assumes the form of ground-rent. This ground-rent is originally in the form of labour-rent and it historically develops, first into rent-in-kind and finally, towards the twilight of the feudal mode of production, it assumes the form of money-rent, which signals the beginning of the disintegration of the feudal mode of production, though money-rent in itself is not capitalist ground-rent.*

*Capitalist ground-rent, on the other hand presupposes the formation of average rate of profit, the class of capitalist tenant farmers, the separation of the landlord from the land, that is, from the production on land, as a consequence of which the landlord is stripped of all his extra-economic powers, and is left only with the title to rent. Capitalist farmers are now in control of production on land and the appropriation of surplus-labour, which has now assumed the form of surplus-value. A part of this surplus-value (that is equal to the average rate of profit) is pocketed by the capitalist tenant farmer, whereas the part of surplus-value over and above this average profit, goes to the capitalist landlord. This part is capitalist ground-rent. In the feudal rent, whenever the peasant was able to keep a part of his surplus-labour as a matter of exception (especially in the case of money-rent), it was regulated (limited) by the feudal rent. Feudal rent determined its limits. However, in capitalist ground-rent, it is the average rate of profit and the total surplus-value produced in agriculture that determines the rent. In other words, now it is profit that determines rent.*

**Marx, however, points out that in the process of transition to capitalist mode of production in agriculture and therefore the emergence of capitalist ground-rent, a number of transitional forms emerge, for example, share-cropping and small peasant proprietorship, which are still not properly capitalist.** These forms are transitional forms and are not fully capitalist. Marx says:

**"Like the earlier forms, this form of landownership presupposes that the agricultural population has a great numerical preponderance over the urban population, ie. that even if the capitalist mode of production is dominant it is relatively little developed, so that the concentration of capitals is also confined to narrow limits in the other branches of production, and a fragmentation of capital prevails. By the nature of the case, a predominant part of the agricultural product must be consumed here by its producers, the peasants, as direct means of subsistence, with only the excess over and above this going into trade with the towns as a commodity."** (Marx, *Capital, Volume 3*, Penguin Edition, p. 940-41, *emphasis ours*)

He points out further:

**"But since the rural economy here is largely one of agriculture for immediate subsistence, with the land being an indispensable field of occupation for the labour and capital of the majority of the population,** the governing market price of the product only reaches its value *under extraordinary conditions*; this value, however, will stand as a rule above the price of production, on account of the preponderant element of living labour, even though the excess of the value above the price of

production will be limited again by the **low composition also of non-agricultural capital in countries where a smallholding economy prevails.**" (*ibid*, p. 941, *emphasis ours*)

As the readers can see, Marx clearly stipulates the basic characteristics of this kind of small peasant proprietorship. All these characteristics are mentioned in the quotes of Marx presented by Ajay Sinha himself! What are these basic characteristics? **The bulk of production is for direct subsistence of the peasant producer, the agricultural population predominates over the non-agricultural population (here urban population coincides with non-agricultural population), the capitalist mode of production even outside agriculture is characterized by low level of development.**

**According to Ajay Sinha, Indian agriculture is characterized by the dominance of such small peasant economy as described by Marx in the 47<sup>th</sup> Chapter of the third volume of 'Capital', the temptation of quoting which, he could not resist!** Apparently, he has confused the co-existence of small peasants in a developed capitalist mode of production along with the class of capitalist landlords, capitalist farmers and agricultural wage-labourers, *with the transitional small peasant economy of the period when feudal mode of production was declining, the feudal land ownership was disintegrating but capitalist mode of production was yet to take hold of agriculture, that is, the bourgeoisie has not yet territorialized itself in land, which simply means the establishment of bourgeois forms of property, most importantly, capitalist landed property and secondly, capitalist farmer's ownership of land has not taken place.*

**Due to this confusion, Mr. Scatterbrains, Ajay Sinha, has created an irresolvable paradox for himself. In his article, he iterates and reiterates that capitalist mode of production has fully consolidated itself in agricultural sector and the bourgeoisie has territorialized itself in land (that simply means that bourgeois forms of land ownership, namely the capitalist landed property and the ownership of land by capitalist farmers, have been established and consolidated), and he also claims that small peasant proprietorship of the kind that Marx describes in 47<sup>th</sup> Chapter of 'Capital', Volume 3, preponderates in the Indian agriculture today!**

**Does this small peasant proprietorship as described by Marx in the quotes presented by Don Quixote de la Patna, that signifies a transitional form, really predominate in Indian economy? Does small owner peasant in Indian economy produce mainly for direct consumption, that is, is he involved mainly in subsistence agriculture, selling only the surplus product after his direct consumption? Is he mainly dependent on this subsistence agriculture for his livelihood? The answer is a resounding NO! The predominance of this small peasant proprietorship means that the bulk of agricultural production is carried out on small peasant land parcels and the bulk of land is under such production. Is that true? Again, the answer is a resounding NO! Let us see some facts.**

In 2012, the *marketable surplus* of entire agricultural production of rice and wheat in the major agricultural states was *83 percent of total output*. Even in *marginal farms*, the marketable surplus was *64.8 percent*; for *small farms* it was *72.2 percent*; and for the *larger farms*, it was *85.4 percent*. (see Vijay Paul Sharma, 'Marketable and Marketed Surplus of Wheat and Rice in India: Distribution and

Determinants', *Indian Journal of Agricultural Economics*, Vol. 71, No. 2, April-June 2016).

Of course, it does not mean that agriculture is the dominant means of livelihood for marginal and small peasants, as we shall see. *It only means that they are not practicing subsistence agriculture and the bulk of their produce is for sale, even if, this sale does not provide them with sufficient means of livelihood.*

According to the NSSO Survey of 2013, one-third of all peasants in India with less than 0.4 hectares of land, earn only 16 percent of their annual income from land and the rest comes from wage labour; another one-third of all peasants with 0.4 to 1 hectare of land, earn 60 percent of their income from wage labour. *In other words, nearly 70 percent of small peasants do not depend mainly on land for their livelihood; their principal source of income is wage labour.* What are the conclusions to be drawn from this? They are as follows:

**This overwhelming majority of small peasants in India are not the 'small peasant proprietors' that Marx discusses in the 47<sup>th</sup> Chapter of 'Capital', Volume 3.** They do not produce mainly for direct consumption, they do not depend on cultivation as their principal source of income, and whatever they produce is for sale in the market, though this sale has to be supported by income from wage labour in order to make ends meet. **These small peasants constitute the semi-proletariat, who are in principal wage-labourers. They do not constitute the small peasant proprietor practicing subsistence farming, depending mainly on land, signifying a 'small peasant economy' and characterizing a transitional form before the consolidation of capitalist mode of production in agriculture as well as outside agriculture. Obviously, Ajay Sinha, due to hunting and gathering of quotes with the 'search' tool has miserably failed to understand the context of Marx's discussion of 'small peasant proprietorship' in the 47<sup>th</sup> Chapter of Volume 3 of 'Capital' and has quoted Marx against himself, shooting himself in the foot.**

What does the preponderance of small peasant proprietorship in agriculture mean? Don Quixote *de la Patna* thinks that it is the large number of small peasants! But it is not this *demographic yardstick* that is the determinant here. Again, Ajay Sinha forgets class analysis. *In many countries with developed capitalist production, the small peasants numerically predominate in the peasant population. However, they do not dominate the agricultural economy as the major share of land is concentrated in the hands of capitalist landlords and capitalist farmers. In fact, the capitalist landlords and farmers never generally predominate numerically.* It is the wage-labourers that predominate numerically. What is the case in India today?

**According to the 10<sup>th</sup> Agricultural Census of 2015-16, farmers who own 2 to 10 hectares of land (semi-medium, medium farmers) own 43.6 percent of crop area (cultivated land), though they constitute only 13.2 percent of all farmers. The 86.2 percent small and marginal farmers own only 47 percent of the crop area. And 0.6 percent large farmers (>10 ha) own approximately 10 percent of the crop area. In other words, the middle to rich farmers who are just 13.4 percent of all peasant population own almost 60 percent of entire cultivated land. What does this show? It shows high levels of land concentration in the hands of capitalist farmers and capitalist landlords.**

**Do small peasants dominate in the overall population, or even in the agricultural population in India today, as the transitional small peasant economy would have it? NO! In 2011 itself, the agricultural population was only 263 million. Out of this, landowning peasants/farmers were only 118 million, whereas the agricultural workers were 145 million. In the decade that has passed since then, the rate of depeasantization has been even higher and almost another 10 million peasants have “left agriculture”, that is, have been proletarianized. As one can see, the small peasant population not only does not predominate in the overall population today, but it does not even predominate in the rural population or even agricultural population.**

The class differentiation has developed to considerably high levels, the small peasants have been turned into agricultural semi-proletariat depending mainly on wage labour, whatever they produce, they produce for the market as the data on marketable surplus shows and they neither preponderate in the overall economy nor in the population. **In other words, all the characteristics of the transitional small peasant proprietorship described by Marx and quoted by Ajay Sinha to argue that such a situation prevails in India, finds no place in the description of Indian situation today.** Moreover, if Ajay Sinha still claims that such indeed is the situation in India, then he cannot make simultaneously the claim that capitalist mode of production has entrenched itself in India and the bourgeoisie has territorialized itself in the land, because that precisely means the destruction of this pre-capitalist peasant proprietorship described by Marx in the 47<sup>th</sup> Chapter of the third volume of ‘Capital’ and which according to Ajay Sinha is the dominant feature of Indian agriculture today!

As the reader can see, Ajay Sinha has failed to understand Marx’s discussion of the category of small peasant proprietorship signifying a transitional form, as discussed by Marx in the aforementioned chapter of ‘Capital’, Volume 3, and has confused it with the small peasants of present India, who are in principal, wage-labourers, *totally subsumed* in advanced capitalist mode of production. **Such are the disastrous results of hunting and gathering for quotations in Marx’s ‘Capital’ to support one’s idiotic thesis, without reading the entire work of Marx in totality.**

Marx explains that, obviously, Absolute Rent does not exist in the case of this small owner peasant, though Differential Rent might exist, though it will be pocketed by the small peasant as surplus-profit, as he is the owner of the land. However, the value of agricultural production is not much higher than the prices of production, because, even in the non-agricultural sector, capitalist production is less developed and is characterized by low organic composition (OCC). Here is what Marx writes:

“No matter how the average market price of agricultural products is governed here, there must evidently be a differential rent, an excess portion of commodity price, for the better or better-located lands, *just as there is in the capitalist mode of production.* It is simply that the peasant whose labour is realized under more favourable natural conditions pockets this himself. In this form, the land price makes up an element of the peasant’s production costs, since, as things develop further, either the price of land is computed at a certain money value in dividing up an inheritance, or as a holding or its component parts changes’ hands the land is ‘actually bought by the peasant himself, often by raising the money’ on mortgage. Where the price of land,

which is nothing but capitalized rent, is an element assumed in advance, and the rent seems to exist independently of any differentiation in the land's fertility and location - precisely here, in this form, it is to be assumed in the average case that there is no absolute rent, i.e. that the worst soil does not pay any rent; **for absolute rent assumes either a realized excess value of the product above its price of production or an excess monopoly price for the product above its value. But since the rural economy here is largely one of agriculture for immediate subsistence, with the land being an indispensable field of occupation for the labour and capital of the majority of the population, the governing market price of the product only reaches its value under extraordinary conditions; this value, however, will stand as a rule above the price of production, on account of the preponderant element of living labour, even though the excess of the value above the price of production will be limited again by the low composition also of non-agricultural capital in countries where a smallholding economy prevails.**" (*ibid*, p. 941, *emphasis ours*)

As one can see, Marx categorically distinguishes between developed capitalist production in agriculture and small peasant proprietorship of the transitional period. Marx explains that even the interest on the price of land, that the small peasant has purchased, that is equivalent in essence to the rent that he would have paid as a tenant, is not a surplus-profit over and above the average profit, but a deduction from his surplus-labour or the wage that as a "petty capitalist" (which here simply means an owner who is also his own worker, and not capitalist *per se*, who exploits wage labour) pays to himself and this deduction often leaves the small peasant only with the physical minimum for subsistence. The reason for this is that the capitalist mode of production has not sufficiently developed and the majority of agricultural production has not yet assumed the form of commodity, because it is for the direct subsistence of the producer. **Therefore, the two limits of capitalist ground-rent have not yet been formed in a solid fashion: the total value of agricultural production and the average rate of profit, because it is the difference between the two that forms the surplus-profit, that, under conditions of capitalist landed property, is transformed into Absolute Rent.** Here is what Marx says about this transitional period of an agricultural economy dominated by small peasant proprietorship:

"The smallholding peasant's exploitation is not limited by the average profit on capital, in as much as he is a small capitalist; nor by the need for a rent, in as much as he is a landowner. The only absolute barrier he faces as a petty capitalist is *the wage that he pays himself, after deducting his actual expenses. He cultivates his land as long as the price of the product is sufficient for him to cover this wage* ; and he often does so down to a physical minimum. In so far as he is a landowner, he does not face any property barrier, since this can present itself only in opposition to a capital (including labour) separate from it, by imposing an obstacle to its application. **The interest on the price of land is a barrier, however, as it generally has to be paid over to a third party, the mortgagee. But this interest can precisely be paid out of the part of the surplus labour that under capitalist conditions would form the profit.** The rent anticipated in the price of land and the interest paid on it, therefore, can be no more than a part of the capitalized surplus labour of the peasant over and above the labour indispensable for his own subsistence, but this surplus labour does not have to be realized in a portion of commodity value equal to the entire surplus



*profit, and still less in an excess above the surplus labour realized in the average profit, i.e. a surplus profit.* The rent may be a deduction from the average profit or even the only part of this that is realized. **In order for the peasant smallholder to cultivate his land or to buy land to cultivate, therefore, it is not necessary, as in the normal capitalist mode of production, for the market-price of the agricultural product to rise high enough to yield him the average profit, and still less an excess over and above this average profit that is fixed in the form of rent.** Thus it is not necessary for the market price to rise either to the value of his product or to its price of production." (*ibid*, p. 942, *emphasis ours*)

As the reader can see, Marx here again makes a clear distinction between capitalist mode of production in agriculture and this small peasant economy, which according to Maatsaab, characterizes present Indian agriculture, even though, he simultaneously claims that capitalist mode of production has completely subsumed agriculture in India! See what Marx has to say about it.

**Marx explains that this kind of small peasant proprietorship exists only in countries where feudal landownership is slowly disintegrating, subsistence agriculture dominates and low level of capitalist development prevails and that too of an incomplete kind:**

***“This form of free smallholding ownership by peasants who farm their land themselves, as the dominant, normal form, constitutes the economic basis of society in the best periods of classical antiquity, while we find it among modern peoples as one of the forms that arise out of the dissolution of feudal landed property.”*** (*ibid*, p. 942, *emphasis ours*)

Does Ajay Sinha believe that such a situation prevails in India today? How did he land himself in this piling heap of intellectual cow-dung? **Here is my guess: what he did was to find through ‘search’ tool in Marx’s ‘Capital’, Volume 3, in what circumstances AR does not exist and he tumbled upon this portion where Marx is describing pre-capitalist transitional small peasant economy, became giddyheaded, got euphoric, cut-pasted quotes from this portion to claim that such a condition predominates in India today, without even for a second realizing that it goes against his own claims that bourgeois mode of production has hegemonized Indian agriculture from top to bottom and that the bourgeoisie has territorialized itself in land!** This is how the mind of this intellectual midget works, as the readers can clearly see.

Further.

Marx explains that this form of small peasant ownership is a transitional step between dissolution of feudal property and capitalist mode of production in agriculture. It *hinders the development of productive forces and concentration of social capital*. Marx says:

**“The free ownership of the peasant who farms his land himself is evidently the most normal form of landed property for small-scale cultivation, i.e. for a mode of production in which possession of the land is a condition for the worker's ownership over the product of his own labour, and in which, whether he is free or a dependent proprietor, the tiller always**

**has to produce his means of subsistence himself, independently, as an isolated worker with his family. Ownership of land is just as necessary for the full development of this activity as is ownership of the instrument of labour for the free development of *the handicraftsman's trade*.** It forms here the basis for the development of personal independence. **It is a necessary transition point in the development of agriculture itself.** The causes of its decline show its limitations. These are : the destruction of rural domestic industry, its normal complement, by the development of large-scale industry; the gradual impoverishment and exhaustion of the soil which has been subjected to this form of cultivation; the usurpation of communal property by large landowners, this communal property always forming a second complement to the small-holding economy and being the only thing which makes possible the upkeep of livestock; the competition of large-scale agriculture, whether in the form of plantations or the capitalist form. Improvements in agriculture also contribute to this, by leading to a fall in the prices of agricultural products, while also requiring greater expenditures and more abundant objective conditions of production, as in England in the first half of the eighteenth century.

“The agricultural small-holding, by its very nature, rules out the development of the productive powers of social labour, the social concentration of capitals, stock-raising on a large scale of the progressive application of science.” (*ibid*, p. 943, *emphasis ours*)

In India, as we saw above with statistics, the small peasant is nothing like the above small peasant proprietor producing for his subsistence, predominating the overall population of the country, and depending solely on land for his livelihood. He is in the main a wage-labourer, a semi-proletariat.

Marx explains that there are only two ways in which rent can enter the price of product, first, value of agricultural product over and above prices of production is realized as surplus-profit and therefore Absolute Rent, or, a *monopoly-price* and *monopoly-rent*. But this does not apply to a small peasant economy:

“But we have seen how there are only two cases in which rent and hence capitalized rent, the price of land, can go into the price of the agricultural product as a determining factor. Firstly, if the value of the agricultural product stands above its price of production, as a result of the composition of agricultural capital - a capital which has nothing in common with capital laid out on the purchase of land - and market conditions enable the landowner to valorize this difference. *Secondly, if there is a monopoly price. And these conditions obtain least of all in the case of the smallholding and petty landownership, since it is precisely here that production is designed to a very major extent to satisfy the producer's own needs, and proceeds without being governed by the general rate of profit.* Even where smallholding economy is pursued on leased farms, the lease-price includes far more than under any other conditions a part of the profit, and even a deduction from wages; *it is then only nominally rent, not rent as an independent category vis-a-vis wages and profit.*

....

***“It actually contradicts the capitalist mode of production, for which the indebtedness of the landowner, whether his estate is inherited or bought, is on the whole immaterial. Whether he pockets the rent himself or has to pay it over to a mortgagee in no way affects the cultivation of the property leased.”*** (*ibid*, p. 946-47, *emphasis ours*)

Marx again explains the difference between preponderance of the small peasant economy and capitalist economy in agriculture:

“We have seen how, once the ground-rent is given, the price of land is governed by the rate of interest. If this is low, the price of land is high, and vice-versa. In normal conditions, therefore, a high price of land and a low rate of interest go together so that if the peasant has to pay a high price for land when the interest rate is low, the same low rate of interest will also procure him his operating capital at favourable terms of credit. ***In actual fact, though, things are different when smallholding predominates. Firstly, the general laws of credit do not apply to the peasants, since they presuppose that the producers are capitalists. Secondly, where smallholding predominates...and the smallholding peasant forms the backbone of the nation, the formation of capital, and thus social reproduction, is relatively weak, and still weaker is the formation of money capital for loan in the sense previously developed.*** This assumes the concentration and existence of a class of rich idle capitalists...Thirdly, *where landownership forms a condition of life for the greater part of the producers, as it does here, and an indispensable field of investment for their capital, the price of land will rise independently of the rate of interest and often in inverse proportion to it, because the demand for landed property will outweigh the supply. Being sold in this case in parcelled lots, the land fetches a far higher price than when sold in large estates, 'since the number of small buyers is large and the number of large buyers small...All these reasons lead to a rise in the price of land, even at a relatively high rate of interest. The relatively low interest that the peasant draws from the capital he lays out on the purchase of and (Mounier) contrasts with the high and usurious rate he himself has to pay to his mortgagee. The Irish system shows the same thing, simply in a different form.*

“An element that is foreign to production as such, the price of land, can thus rise here to a level which makes production impossible.” (*ibid*, p. 947-48, *emphasis ours*)

And in the end, Marx stresses upon the need to understand the semi-feudal (limited capitalist development with prevalence of pre-capitalist mode) character of this transitional phase:

***“On the other hand, this takes place only where the capitalist mode of production is developed only to a limited extent and does not yet display all its characteristic features; because it precisely depends on a situation where agriculture is no longer - or not yet - subjected to the capitalist mode of production, but is rather subjected to a mode of production taken over from forms of society that have disappeared.*** The disadvantages of the capitalist mode of production, with its dependence of the producer on the money price of his product, are thus combined here with the disadvantages that arise from its incomplete development. The

peasant becomes a merchant and industrialist without the conditions in which he is able to produce his product as a commodity." (*ibid*, p. 948, *emphasis ours*)

**Would Ajay Sinha claim that such is the situation in Indian agriculture today? But then how will he justify his *diametrically opposite claim* that capitalist mode of production has completely taken over Indian agriculture from top to bottom and that the bourgeoisie has territorialized itself in land? As the readers can see, Don Quixote *de la Patna*, in his attempt to save the last remaining threads of prestige in front of his play-school of toddler Sancho Panzas, has landed himself in a puddle of crap. This is the pitiable condition of this bunch of clowns, dancing obscenely around the magazine 'The Truth'.**

Marx argues that small scale peasant ownership and the economy based on it, as well as, large-scale capitalist agriculture with private ownership in land, both obstruct the optimum development of agriculture in a scientific and rational way; the real barrier is private property in land. ***But in the former, low level of development of productive forces and squandering away the social productivity of labour are the principal features, whereas in the latter, rapid development of productive forces and social productivity of labour by making use of science and technology, but a simultaneous decline of soil, are the main feature.*** Marx here again makes a clear-cut distinction between capitalist agriculture and small-scale peasant proprietorship of the transitional kind:

"The conflict between the price of land as an element of the cost price for the producer and as a non-element of the price of production for the product (even when rent is a determining factor in the price of the agricultural product, the capitalized rent which is advanced for twenty years or more never is) is just one of the forms expressing the contradiction between the private ownership of land and a rational agriculture, the *normal social use of the land*. Yet private ownership of land, and thus the expropriation from the land of the direct producers - *private ownership for some, involving non-ownership of the land for others* - is the basis of the capitalist mode of production.

"Here, in the case of small-scale agriculture, the price of land, as a form and result of private property in land, appears as a barrier to production itself. In the case of large-scale agriculture and large-scale landed property resting on the capitalist mode of operation, property similarly appears as a barrier, since it restricts the farmer in the productive investment of capital, which ultimately benefits not him but the landowner. In both forms, instead of a conscious and rational treatment of the land as permanent communal property, as the inalienable condition for the existence and reproduction of the chain of human generations, we have the exploitation and the squandering of the powers of the earth (not to mention the fact that exploitation is made dependent not on the level of social development reached but rather on the accidental and unequal conditions of the individual producers). **In the case of small-scale ownership, this results from a lack of the resources and science needed to apply the social productive powers of labour. In the case of large landed property, it results from the exploitation of these resources for the most rapid**

**possible enrichment of the farmer and proprietor. In both cases, from dependence on the market price.**

“All criticism of small-scale landownership is ultimately reducible to criticism of private property as a barrier and obstacle to agriculture. So too is all counter-criticism of large landed property. Secondary political considerations are of course left aside here in both cases. It is simply that this barrier and obstacle which all private property in land places to agricultural production and the rational treatment, maintenance and improvement of the land itself, develops in various different forms, and in quarrelling over these specific forms of the evil its ultimate root is forgotten.

**“Small-scale landownership presupposes that the overwhelming majority of the population is agricultural and that isolated labour predominates over social; wealth and the development of reproduction, therefore, both in its material and its intellectual aspects, is ruled out under these circumstances, and with this also the conditions for a rational agriculture. On the other hand, large landed property reduces the agricultural population to an ever decreasing minimum and confronts it with an ever growing industrial population crammed together in large towns;** in this way it produces conditions that provoke an irreparable rift in the interdependent process of social metabolism, a metabolism prescribed by the natural laws of life itself. The result of this is a squandering of the vitality of the soil, which is carried by trade far beyond the bounds of a single country.” (ibid, p. 948-49, *emphasis ours*)

Only a person ignorant of the global history of capitalism and the variety of trajectories that it followed in different countries would assume that after capitalist development in agriculture, small peasants themselves would vanish. Small peasants in most of the cases have remained and often in considerable number. However, they have been subsumed under the capitalist production after the advent of capitalist mode of production. Now they are producing for market, though their principal means of livelihood is not cultivation as independent peasant but is wage-labour and they do not form the majority of overall population anymore. Moreover, the increasing phenomenon of ‘reverse tenancy’ also underlines their complete subsumption in capitalist mode of production.

**As the readers can see, Ajay Sinha, the imbecile that he is, makes ridiculous contradictory claims that on the one hand Indian agriculture is characterized by the dominance of small peasant economy as described by Marx in 47<sup>th</sup> Chapter of ‘Capital’, Volume 3 (temptation of quoting which he could not control!!) and in the same breath claims that capitalist mode of production has totally established itself in Indian agriculture from top to bottom and the bourgeoisie has territorialized itself in land! How is that even possible? However, once you visit the imaginary world of Don Quixote *de la Patna*, you will realize that anything is possible!**

#### **4. Don Quixote *de la Patna*’s Sheer Incapacity to Comprehend...Literally Anything!**

Ajay Sinha presents a quote from my article. Here is the quote:

“The process of the averaging of the rate of profit in agriculture gets disrupted because of the monopoly ownership of land. Marx has treated this monopoly ownership of land as distinct from the ownership of land by an entrepreneur capitalist farmer. This is monopoly ownership of land by a class of rentier capitalist landlord who himself is not engaged in farming. He receives ground-rent by renting the land. There are also many capitalist farmers who are rentier capitalist landowners as well and in so far as they are rentiers enjoying monopoly ownership of land, they play the same role of obstructing the free flow of capital and, therefore, formation of the prices of production. Then there is also a class of capitalist tenant farmers who take land on rent as an enterprising capitalist, invests capital, and out of the surplus-value that is generated, pays the rent to the monopoly landowner, and keeps the average profit to himself... The capitalist landowner extorts from the capitalist tenant farmer a part of his profit owing to his private monopoly ownership over the land. Now that we have understood this much, let's move on.” (PRC CPI (ML), *op.cit.*, p. 10)

Then he asks:

“What exactly is he discussing? Is he discussing generalities or some concrete conditions existing in India's agriculture? Although there seems to be no clarity, yet there is enough of it. This is his wily method by which he subtly smuggles his own understanding into Marx's, of course with a purpose to leading the deliberation to prove his own pre-determined thesis. From one angle, it seems as if he is discussing some generalities, of course in the form of headlines, with regard to monopoly ownership of land or types of such land ownership and also about those who cultivate on rented land etc., while from another angle it looks like he is attempting to discuss India's concrete conditions. So, an unmindful reader would take it both ways and develop an understanding which is muddled from the very beginning. But please mark that he does nowhere in this article openly and explicitly discuss India's situation in particular and naturally handles no concrete question such as this: what type of landowner ship does predominantly exist in India?” (PRC CPI (ML), *op.cit.*, p. 10-11)

Those who have already read my article know that I even begin to discuss the specific case of India *only* when I explain what is Minimum Support Price (MSP). Before that I categorically tell the reader that he needs to know basic Marxist political economy in order to follow what will shortly be said. Here is what I write in the beginning:

“A caveat before we proceed: This post will be more accessible to comrades who are familiar with the basic principles of the Marxist political economy.” (Abhinav, *op.cit.*)

**Then I discuss Marx's concepts of averaging of the rate of profit, prices of production, surplus-profit, Absolute Rent and Differential Rent, in general, without referring to any particular case, leave alone the Indian case.** Laying the foundation by clarifying these concepts in theory, I come to the case of MSP towards the end of the article, with an explicit declaration:

“**Now** we can understand what is the system of profitable remunerative prices or MSP.”

Only an intellectual mediocre like Ajay Sinha would assume, despite explicit comments in the article as it proceeds from laying the theoretical basis of the discussion to the concrete discussion of the case of MSP, that, I had been discussing the Indian case from the very beginning, or I have left it ambiguous as to whether I am discussing the Indian case at the very outset or not!

**Secondly, the article never sets the analysis of forms of landownership and tenancy in India as one of its objects. Nor it calls MSP as Absolute Ground Rent, as I have pointed out earlier. The discussion on ground-rent is only to make readers understand how the monopoly of land ownership leads to monopoly-price and thus a particular kind of monopoly-rent, that is, Absolute Ground Rent, and then I clearly say that it is not only the private monopoly ownership of land, but also other kinds of monopoly that can give rise to monopoly-price, which in turn creates monopoly-rent. To accuse the article of not discussing the forms of land ownership and tenancy in India is absurd because the article never sets this task for itself.**

**Third, in the present article, we *will* show in detail and with concrete data, that contrary to the claims of Ajay Sinha, capitalist landed property and therefore the class of Capitalist Rentier Landlord (CRL) does exist in India and the class of Capitalist Farmer Landlord (CFL) too exists in India; besides, we will also see, that, though the forms of landed property are different, there is an overlapping between the two class, as Marx himself had pointed to be the general case in capitalism. In so far as a CFL leases out a part of his land to another Capitalist Tenant Farmer (CTF), he is a capitalist rentier in relation to the latter.** His income would include *entrepreneurial profit* equal to the average rate of profit in so far as he is CFL, *surplus-profit* due to natural differential, from land cultivated under his direct supervision if it is not the worst land, and *Absolute Rent* from the land leased out by him to another capitalist tenant farmer (who might also own some land and be a CFL in that respect.) This, we will do precisely because Maatsaap has revealed his complete ignorance, not only of the forms of land ownership in India, but also of the meaning of the categories of territorialization of the bourgeoisie in land, nationalization of land, tenant, Absolute Rent and Differential Rent and has, moreover, confused these categories with each other at numerous occasions. As Marx had explained, theoretical abstractions are the devices through which the social phenomena is explained; however, such economic categories do not walk on earth in their pure and pristine form; they exist in mixed and impure forms in the social phenomena. As Marx points out:

“Economic categories are ***only the theoretical expressions, the abstractions of the social relations of production.*** M. Proudhon, holding things upside down like a true philosopher, ***sees in actual relations nothing but the incarnation of these principles, of these categories, which were slumbering***--so M. Proudhon the philosopher tells us--***in the bosom of the "impersonal reason of humanity."*** (Karl Marx, *Poverty of Philosophy*, Progress Publishers, Moscow, p. 95, *emphasis ours*)

Thus, those, like our own Mr. Bumblehead, are looking for pure economic categories and forms in the real social phenomena are bound to be disappointed.

Further.

**When I do come to the discussion of MSP in India, I do not call it Absolute Rent, because MSP is not Absolute Rent in itself, but a Monopoly-Rent arising out of the Monopoly-Price fixed by the State in favour of rich farmers and kulaks.** Evidently, Maatsaab does not understand the difference between different kinds of monopolies giving rise to a monopoly-price. This is what I wrote:

**“Marx points out that surplus-profit can emerge not only due to the monopoly ownership of land but also from other types of monopoly. For example, if the economic monopoly of a company gets established in a sector, it can determine prices at a level that ensures surplus-profit over and above the average rate of profit. This is what we call monopoly-pricing.** This too happens due to the free flow of capital getting obstructed as it becomes difficult for new capitals to enter that sector.

**“Similarly, the determination of a price of a commodity under the government monopoly to a level (just like the MSP regime), which gives profits over and above the average rate of profit of the economy, can give rise to surplus-profit. In other words, any type of monopoly that obstructs the free flow of capital or holds a monopoly over the determination of prices, can give rise to surplus-profit/monopoly-rent.”**  
(Abhinav, *op.cit.*)

Maatsaab also does not understand the fact that Differential Rent is not *created* due to monopoly-price. It is only Absolute Rent and monopoly-rent created by different kinds of monopoly, but not Differential Rent, which is created by different costs of production on different plots of land with different fertility and location, or, with different magnitudes of investment of capital. *That is why at one place Ajay Sinha contends that differential rent too is **created** by capitalist landed property. Wrong! Even if the land is nationalized by the bourgeoisie and private monopoly ownership of land is eliminated and all land becomes the property of the bourgeois class, the State might appropriate the surplus-profit created due to differentials in productivity of different plots of land through progressive levies. It is still DR of the first kind, that is, transformation of the surplus-profit existing due to natural differential into DR.*

Also, the surplus-profit that is transformed into AR or monopoly-rent of any other kind, is *created* precisely due to the private monopoly of land, economic monopoly or monopoly over pricing of the commodity. The surplus-profit which is transformed into DR is not due to any kind of monopoly. It exists for all plots of land, except the worst land for two reasons: first, the determination of market-value/social-value of the product of sphere of agriculture is not based on average conditions of production, but on the worst conditions of production; secondly, the cost of production decreases as we go towards the better plots of land, which gives a surplus-profit to all lands except the worst land, without causing any increase in the market-price. **In other words, surplus-profit that is transformed into DR is different from the surplus-profit that is transformed into AR. The former does not affect the market-price whereas the latter does. Maatsaab fails to understand this as well, as we shall see later.**



## 5. Historical Premises of Emergence of Absolute Ground-Rent: Mr. Bumblehead's Self-inflicted Injury

Ajay Sinha claims that I have abandoned the premises that Marx sets for analysing capitalist ground-rent, especially, AR. He presents this quote of Marx for explaining these premises:

“The analysis of landed property in its various historical forms is beyond the scope of this work. We shall be concerned with it only in so far as a portion of the surplus-value produced by capital falls to the share of the landowner. We assume, then ...that agriculture is carried on by capitalists ...The assumption that the capitalist mode of production has encompassed agriculture implies that it rules over all spheres of production and bourgeois society, i.e., that its prerequisites, such as free competition among capitals, the possibility of transferring the latter from one production sphere to another, and a uniform level of the average profit, etc., are fully matured. The form of landed property which we shall consider here is a specifically historical one, a form transformed through the influence of capital and of the capitalist mode of production, either of feudal landownership, or of small-peasant agriculture as a means of livelihood ...” (PRC CPI (ML), *op.cit.*, p. 11)

Is Ajay Sinha saying that bourgeois landownership has not matured in Indian agriculture, capitalist mode of production does not dominate Indian agriculture, free competition of capital and therefore averaging of the rates of profit in the economy are not present in Indian case?

I have not attempted to demonstrate that these conditions are indeed present in India today: there is a general rate of profit, there is capitalist landed property, there is capitalist farmer's ownership of land, there is a class of wage-labourers and bulk of small peasants have, in the main, become wage-labourers. ***Why? I did not know at the time of writing this article that there can be such an intellectual dwarf who would claim that there is no capitalist landed property in India!*** I have, in fact, taken it for granted that these conditions are present in Indian economy in general and Indian agriculture in particular. ***Is Maatsaab claiming that bourgeois ownership in land has not come into existence in Indian agriculture through the 'action of capital' and pre-capitalist transitional forms characterized by small peasant ownership (which Ajay Sinha erroneously believes to be bourgeois property in land signifying capitalist mode of production, as we saw above), or feudal land ownership still predominate? If yes, then it is he who has the burden to explain how his claim, that capitalist mode of production has taken over Indian agriculture from top to bottom, holds?***

This is one of the representative examples of the confused and muddle-headed thinking of this half-witted person. Here the cause is that Ajay Sinha confuses the capitalist landed property with feudal landed property, as we shall see later in this article.

In nutshell, I depart precisely from the assumption that the conditions of capitalist mode of production are fulfilled in the Indian agriculture, one of which is capitalist landed property. I do not need to analyze feudal landed property before analyzing capitalist landed property, simply because that is not the aim that I set for myself

in the article, ***nor is there any need for such an exercise.*** Similar was the demand made by Rodbertus to Ricardo, as we shall see, for which Marx criticizes the former and approves of the latter.

In the present article, only to respond, just for this once, to the idiocy being broadcasted by this bunch of idiots who have gathered around this magazine called 'The Truth' and reveal their character as intellectual lilliputians suffering with projeria, **I would show that capitalist landed property does exist in India and so does Absolute Rent. I do this for this once, as I find myself duty-bound to refute all the non-sense being thrown at readers by this magazine 'The Truth' and the likes of Ajay Sinha and Mukesh Aseem.**

Ajay Sinha claims:

"So, on the one hand, unlike our self-proclaimed "Marxist thinker" who discusses landlords, Marx discusses landed property; On the other hand, unlike those who treated the capitalist mode of production in agriculture, and the form of landed property corresponding to it, not as historical but rather as eternal categories, Marx treats capitalist mode of production and landed property corresponding to it, both as a historical category that grew on the soil of the previous mode of production and landed property corresponding to that." (PRC CPI (ML), *op.cit.*, p. 11)

Then he produces this quote from Marx in support of his argument that I must analyze feudal landed property first in order to analyze and prove the existence of capitalist landed property:

" "From the standpoint of capitalist production, capital property does in fact appear as the "original" because capitalist production is based on this sort of property and it is a factor of and fulfils a function in capitalist production; this does not hold good of landed property. The latter appears as derivative, because modern landed property is in fact feudal property, but transformed by the action of capital upon it; in its form as modern landed property it is therefore derived from, and the result of capitalist production." [p. 153, Theories of Surplus Value (Part II), Capital Vol IV, Progress Publishers (Reprinted by From Marx to Mao Digital Reprints)]" (ibid, p. 11)

***Those, precisely, are the hazards of hunting and gathering quotes from Marx's writings with the help of 'search' tool, which presumably support one's idiotic claims, without reading the entire work. Let us see how.***

**Marx is here not criticizing Ricardo but Rodbertus who makes the same demand of Ricardo.** Marx argues that, of course, like all bourgeois political economists, Ricardo takes the categories of capitalism as eternal and that is something that applies in general to all bourgeois political economists. *However, in order to analyze capitalist ground-rent, it is not necessary to demonstrate the evolution of capitalist landed property from feudal landed property first, and therefore, here, it is Rodbertus who is at fault not Ricardo, as we shall see.*

**Marx says that as long as we are discussing capitalist mode of production in agriculture, not the cultivation of land in general, it is natural to begin with the categories of capitalist landlord, capitalist ground-rent and capitalist landed property (it does not make any difference because these categories**

**refer to the class, the form of income and the form of property which causes the origin of this income!).** Maatsaab, following Rodbertus, demands that landed property must, first of all, be analyzed in general, before analyzing capitalist ground-rent and capitalist landlord, and evolution of capitalist landed property be proven! **This dimwit thinks that Marx is here criticizing Ricardo for not doing so, whereas, Marx is actually critiquing Rodbertus for making such an unreasonable demand.** See what Marx writes:

“Well, here you have it, Herr Rodbertus. *Ricardo’s whole conception is only appropriate to the presupposition that the capitalist mode of production is the predominant one. How he expresses this presupposition, whether he commits a historical hysteron proteron is irrelevant to the theory. The presupposition must be made, and it is therefore impossible to introduce, as you are doing, the peasant, who does not understand capitalist book-keeping and hence does not reckon seeds etc., as part of the capital advanced! The “absurdity” is introduced not by Ricardo but by Rodbertus, who assumes that capitalists and workers exist “before cultivation of the land”* (l.c., p. 176).

...

“What utter nonsense! **Only when a capitalist has squeezed himself as farmer between the husbandman and the landed proprietor—be it that the old tenant has swindled his way into becoming a capitalist farmer, or that an industrialist has invested his capital in agriculture rather than in manufacture—only then begins, by no means “the cultivation of the land”, but “capitalist” land cultivation which is very different, both in form and content, from the previous forms of cultivation.**” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, Moscow, p. 155, *emphasis ours*)

As you can see, Ajay Sinha, by demanding that capitalist landed property and capitalist landlord must be separated first, then the historical forms of land ownership be analysed and only then one can proceed to study the capitalist landed property and capitalist landlord and capitalist ground-rent, is falling into the same pit of ridiculousness as Rodbertus!

First of all, *analytically*, the distinction means nothing, as capitalist landlord is function of capitalist landed property, which comes into existence by the ‘action of capital’ on feudal landed property; what is this ‘action of capital’? This is this action of capital: “*Only when a capitalist has squeezed himself as farmer between the husbandman and the landed proprietor*”. The very exercise of analysing the beginning of capitalist cultivation in land, *presupposes (“the presupposition must be made”)* the ‘action of capital’, *transformation of pre-capitalist landlord into the capitalist landlord*. Ricardo’s mistake that Marx points to is the historical limitation of all bourgeois political economy. **However, insofar as Ricardo begins his analysis of capitalist agriculture by presupposing the category of capitalist landlord and capitalist landed property, he is perfectly correct.**

That is why Marx says:

“Ricardo presupposes capitalist production to which, where it is in fact carried out, as in England **corresponds the separation of the farming capitalist from the landlord. Rodbertus introduces circumstances**

***which are in themselves alien to the capitalist mode of production, which has merely been built upon them.***” (ibid, p. 157, *emphasis ours*)

As the reader can see, due to hunting and gathering for what Ajay Sinha considers as ‘vindicating quotes’ from Marx, without reading the entire work, he neither understands the text, nor the context and quotes Marx, unknowingly, against himself! Here, he is treading the footsteps of Rodbertus (though like a drunkard!) instead of Marx, while at the same time, confusing Marx’s critique of Rodbertus with that of Ricardo and then imputes this compounded confusion on the reader! Such is the monstrosity that idiocy of this proportion can commit.

Besides, Maatsaab also fails to understand that **it is not capitalist landed property which first comes into existence by some kind of divine intervention and then creates capitalist landlord; it is ‘the action of capital’, that is, the insertion of capitalist farmer between the landlord and peasant, that simultaneously creates the capitalist landed property, capitalist landlord and the agricultural wage-labourer as one cannot exist without the other.**

**What is capitalist landlord? A class of landlords dissociated from production on land and enjoying only a title to a part of surplus-value, directly appropriated by capitalist tenant farmer; what is capitalist landed property? It is the title of ownership to a property in a limited natural resource of production, the monopoly of which enables the capitalist landlord to appropriate a part of the surplus-value from the capitalist farmer, surplus-value created by the labour of the agricultural wage-labourers and directly appropriated by the capitalist farmer; what is Absolute Rent? It is the form of income which that part of surplus-value assumes which is over and above the average profit, and which is appropriated by the capitalist landlord. The first is the class, the second is its form of property and the third is the flow of income originating from this form of property; all three are created by the intervention of capital in agriculture, rather than any of the three creating the other two.**

Therefore, the puerile insistence of Don Quixote *de la Patna*, that capitalist landed property must be considered *a priori*, before capitalist landlord, is height of stupidity, as it considers some *abstract idea of landed property*, the same mistake that was committed by Rodbertus, which Maatsaab approvingly adopts in the illusion that it is Marx’s argument!

If Maatsaab wants to show that I treat capitalist land ownership as *ahistorical* and eternal, and I should have begun with the process through which feudal landed property is transformed into capitalist landed property and only then, *post festum*, as it were, should have considered capitalist landlord as a derivative of capitalist landed property, *then he is following Rodbertus* and I need only reproducing what Marx called such an approach: *the approach of a Pomeranian landlord!* **There is no need to do so, because if one accepts that capitalist mode of production has taken hold of agriculture (as Maatsaab does!) then there is no need to present a historical evolution of capitalist landed property in order to probe the question of rent, as we saw above. Marx did the same in Volume 3 of ‘Capital’. That is why Marx writes:**

**“The analysis of landed property in its various historical forms lies outside the scope of the present work.** We are concerned with it only in so far as a portion of the surplus-value that capital produces falls to the share of the landowner. **We assume therefore** that agriculture, just like manufacturing, is dominated by the capitalist mode of production, i.e. that rural production is pursued by capitalists, who are distinguished from other capitalists, first of all, simply by the element in which their capital and the wage labour that it sets in motion are invested. As far as we are concerned, the farmer produces wheat, etc. just as the manufacturer produces yarn or machines. The assumption that the capitalist mode of production has taken control of agriculture implies also that it dominates all spheres of production and bourgeois society, so that its preconditions, such as the free competition of capitals, their transferability from-one sphere of production to another, an equal level of average profit, etc. are also present in their full development. *The form of landed property with which we are dealing is a specific historical form, a form transformed by the intervention of capital and the capitalist mode of production, whether the original form was that of feudal landed property or of small peasant agriculture pursued as a livelihood; in this latter case possession of the land and soil appeared as a condition of production for the immediate producer, with his ownership of the land being the most advantageous condition, the condition for his mode of production to flourish. If the capitalist mode of production always presupposes the expropriation of the workers from the conditions of labour, in agriculture it presupposes the expropriation of the rural workers from the soil and their subjection to a capitalist who pursues agriculture for the sake of profit. **It is thus completely immaterial for our presentation if we are reminded that other forms of landed property and agriculture have existed or still exist besides this.*** (Marx, *Capital, Volume 3*, Penguin Edition, p.751-52, *emphasis ours*)

As the readers can see, Marx is precisely saying that if the task itself is studying the capitalist ground-rent, then the point of departure must be the assumption that capitalist mode of production dominates agriculture, capitalist landed property does exist and so does capitalist landlords. The demand that the investigation of capitalist ground-rent must begin with the study of evolution of capitalist landed property from feudal landed property is unreasonable and it is the burden of those who assume that capitalist landed property is eternal. We do not make any such assumption and our task was simply to study the question of ground-rent theoretically, which does not require us to demonstrate the evolution. **It was precisely this demand that Rodbertus imposes on Ricardo and gets thrashed by Marx for the same. Now, the battered spirit of Rodbertus has entered the body of our Sir Duncelot. However, first as tragedy and then as farce! Therefore, Ajay Sinha commits this mistake in such a way that makes even Rodbertus look respectable! He confuses Marx’s critique of Rodbertus with Ricardo’s and mistakes the view of Rodbertus as that of Marx!**

If Maatsaab is only claiming the capitalist land ownership has not taken root in India and therefore my analysis of Absolute Ground Rent is misplaced, *then he is factually wrong*, as we shall see; however, he actually says the bourgeois property *has* taken root in India, and then makes totally outrageous claim that since the bourgeoisie has territorialized itself, therefore Absolute Rent does not exist, whereas, it is only after the territorialization of the bourgeoisie in land that Absolute Rent is established! In fact, as long as bourgeois private property in land

exists, there will be Absolute Rent. And territorialization of the bourgeoisie precisely means that feudal landownership and other pre-capitalist and transitional forms of ownership have become obsolete and bourgeois property, including capitalist landed property, has been established and consolidated in land. Bourgeois property in land assumes both forms: capitalist landlord's monopoly ownership of land as well as capitalist farmers' ownership of land. However, as we shall see, Maatsaab does not understand the meaning of territorialization of the bourgeoisie in land. We shall come to this later, but first see how Ajay Sinha fails to understand the distinction between feudal landed property and capitalist landed property.

## **6. Mr. Giddyhead's Confusion of Capitalist Landed Property and Capitalist Landlord with Feudal Landed Property and Feudal Landlord**

Precisely because Mr. Giddyhead, our own Ajay Sinha, presenting himself as a poor caricature of Rodbertus, considers landed property in abstraction, rather than linking it with capitalist landlord, who is created precisely by the 'action of capital', that is, insertion of capitalist farmer and capitalist production between the peasant and the landlord, he fails to understand the distinction between feudal landlord and feudal landed property on the one hand and capitalist landlord and capitalist landed property on the other. Don Quixote *de la Patna* says that Marx takes note of forms of land ownership and writes:

“he (Marx) emphatically notes that capital “dissolves the connection between landownership and the land so thoroughly that the landowner may spend his whole life in Constantinople, while his estates lie in Scotland.” [p. 612, MECW Vol. 37, Capital Vol. III, Lawrence & Wishart Electric Book]” (PRC CPI (ML), *op.cit.*, p. 12)

Maatsaab deduces from the above quote that as capital takes hold of agriculture, the landlord class vanishes and now since there is no landlord who has any *embellishment*, extra-economic powers, privileges to whom the peasants are *bonded*, therefore, there is no landlord at all! However, to the bemusement of this intellectual dwarf, the above quote only means that the 'action of capital' *separates* the landowner from production on land; *this is precisely what transforms him from feudal landlord who appropriated entire surplus labour in the form of feudal rent directly, to capitalist landlord, who now receives rent as one part of the surplus-value directly appropriated by the capitalist farmer, and whose rent is not determinant factor anymore, but it is itself determined by average rate of profit and the value produced in the agricultural sphere of production.* He has lost all the embellishments, extra-economic sway over the direct producer, has been stripped of his feudal rights and privileges and now, he only has the title to rent. *We will see that Don Quixote de la Patna imagines that it is the capitalist landlord who has all these embellishments and privileges and producer is attached to him with threads of bondage!* Ajay Sinha opines:

“In India there are rich and big peasants but overwhelming majority is that of the small, poor and marginal peasants. The overwhelming part of the rest between the poor and the rich peasants is dominated by middle peasants, lower middle and upper middle. In India, even the small, marginal or poor peasants are now **free from embellishments of landed property.** If they

want to invest capital in their plots no one is going to hinder it.” (PRC CPI (ML), *op.cit.*, p. 24, *emphasis ours*)

See again:

“If in countries like India where more than 86% peasants belong to small and marginal category (poor peasantry category) and the rest is also largely and overwhelmingly dominated by middle peasants, and the peasant economy as a whole is **free from any kind of bondage, personal dependence or thrall to the landlords arising from private monopoly ownership of landed property, nor does it carry the burden of overlordship or; therefore, to say that absolute ground rent exists and goes to the capitalist landlords who in actuality don’t exist** as capitalists from whom capitalist farmers rent land by paying ground rent, is to do a useless job describing something which is non-existent.” (*ibid*, p. 13, *emphasis ours*)

Can this intellectual midget be taken seriously at all? ***Even after quoting Marx on how the ‘action of capital’ separated the landlord from its previous feudal privileges and extra-economic power, transforming him into capitalist landlord, and how it is precisely the lack of extra-economic power of bondage and dependence over tenant peasants/farmers, that distinguishes the capitalist landlord from the feudal landlord, this imbecile claims that since there is no such landlord enjoying bondage, personal dependence, thrall of the peasants and embellishments and privileges, in India there is no capitalist landlord and therefore no Absolute Rent! As you can see, Don Quixote de la Patna has confused feudal landlord with capitalist landlord and when he fails in his endeavor to find a feudal landlord, triumphantly claims that there is no capitalist landlord in India! Are we being unreasonable in calling this person a dimwit?***

Such are the intellectual misadventures of our Don Quixote *de la Patna*! However, the readers have only seen a trailer of the horror comedy that Ajay Sinha has pulled out in the form of his article on the question of ground-rent, written to show his crèche of tiny-tot Sancho Panzas that he too knows a thing or two about theory of ground-rent! Such endeavors by thickwits like Ajay Sinha always meet such tragi-comic end.

## **7. Another Ridiculous Confusion of Don Quixote *de la Patna*: Territorialization of the Bourgeoisie in Land is Abolition of Capitalist Landed Property!**

As you read on you find that confusions of even bigger kind abound in the puny brain of this imbecile.

The next one is confusing the territorialization of the bourgeoisie in land with vanishing of capitalist landed property and therefore elimination of Absolute Rent! Yes, it might sound unbelievable, but it is true! See, how our Mr. Dimwit accomplishes this task, which would have been unsurpassable for even a village bum.

Ajay Sinha claims that as soon as bourgeoisie has territorialized itself in land, then such a class of monopoly owner of land (the capitalist landlord hindering the flow of capital) vanishes and there is no obstruction in flow of capital and therefore the question of Absolute Rent vanishes. In other words, he equates the 'territorialization of the bourgeoisie in land' with the end of capitalist landed property and therefore in essence, confuses it with nationalization of land, though he is not aware of it, because, as we shall see he also does not understand the meaning of nationalization of land! He writes:

**"We must discuss form of landed property as a historical form, derived from feudal property and ensure that we must not start with 'capitalist landlords'. When we discuss the question of monopoly ownership of landed property as the premise of our discussion on ground rent, then **we must emphatically note that the form of monopoly ownership of landed property that obstructs or disrupts the process of averaging of rates of profit or hinders the free flow of capital from one sphere of production to another is not that landed property in which bourgeoisie as a class have already got 'territorialised' themselves; is not the one in which 'bourgeoisie as a class has already settled ('on the land') ; is not the one in which 'capitalist mode of production has already completely entrenched itself; is not the one with which 'the bourgeoisie as a class has already become bound up on a broad, predominating scale; is not the one which the capital has completely subordinated to itself. If such a situation exists, the question of absolute ground rent will tend to disappear or will be generally assumed to not exist and if such a situation exists (India is a country where this situation exists) will certainly modify the general propositions of Marx's basic theory of ground rent.** Please note that the word 'territorialisation' of the bourgeoisie has been used by Marx himself in volume 2 of the Theories of Surplus Value and explained by Lenin in volume 13 of his Collected Works." (PRC CPI (ML), *op.cit.*, p. 12, *emphasis ours*)**

It is really unbelievable! It is only when you read such confidently put idiocy that you understand what Harishankar Parsai was talking about when he discusses the confidence of idiocy as the highest form of confidence. Let us see how Ajay Sinha has confused territorialization (which is in fact the establishment of capitalist landed property, which simply means the capitalist monopoly ownership of land) with the elimination of capitalist landed property.

For Marx, territorialization of the bourgeoisie in land has nothing to do with the vanishing of the capitalist landed property. On the contrary, *it means the establishment of capitalist forms of ownership in land: principally, the capitalist landed property as well as the capitalist farmer's ownership of the land.* The capitalist landlord too is *bourgeois*, not *feudal*. Here is the quote of Marx where he talks about 'territorialization':

**"Only this much is correct: Assuming the capitalist mode of production, then the capitalist is not only a necessary functionary, but the dominating functionary in production. The landowner, on the other hand, is quite superfluous in this mode of production. Its only requirement is that land should not be common property, that it should confront the working class as a condition of production, not belonging to it, and the purpose is completely fulfilled if it becomes state-property, i.e., if the state draws the**



rent. The landowner, such an important functionary in production in the ancient world and in the Middle Ages, is a useless superfetation in the industrial world. The radical bourgeois (with an eye moreover to the suppression of all other taxes) therefore goes forward theoretically to a refutation of the private ownership of the land, which, in the form of state property, he would like to turn into the common property of the bourgeois class, of capital. But in practice he lacks the courage, since an attack on one form of property—a form of the private ownership of a condition of labour—might cast considerable doubts on the other form. **Besides, the bourgeois has himself become an owner of land.**” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, p. 44-45, *emphasis ours*)

In Lenin’s quote, the translation of the last sentence of the quote is this: “*Moreover, the bourgeois has territorialised himself.*” (*Theorien über den Mehrwert*, II. Band, 1. Teil, S. 208.). Evidently, Lenin is using the German version and a different translation. *Territorialization of the bourgeoisie simply means the establishment of bourgeois forms of property, most specifically, capitalist landed property.* Marx studied the question of Absolute Rent with special reference to the case of England. Did Marx think that the bourgeoisie had not territorialized itself in land in England? Did he think that bourgeois forms of ownership did not take root in English agriculture? Certainly not! Marx emphasized that England, in fact, was the first country in which bourgeois forms of ownership in land first emerged in a systematic way. His polemic on the question of capitalist ground-rent with Anderson, Smith, Ricardo, Rodbertus, etc. was precisely in the historical context of England. This, of course, did not mean for him that Absolute Rent and capitalist landed property vanished from England! Quite the contrary! In fact, it was precisely this territorialization of the bourgeoisie that transformed the feudal landed property into capitalist landed property and gave rise to Absolute Rent. Marx showed in detail how bourgeois forms of ownership in land were established in England in ‘Capital’, Volume 1 itself in the Chapter 27.

Returning to the above quote: does the last sentence mean that capitalist landed property has vanished? No! In fact, the work of Lenin from which Maatsaab has quoted him, makes it clear that the territorialization precisely means the establishment of capitalist landed property rather than its abolition. See how Lenin interprets this line:

“ “The bourgeois has territorialised himself”. Evidently, *what Marx has in mind is that the bourgeois mode of production has already entrenched itself in private landed property*, i. e., that this private property has become far more bourgeois than feudal. **When the bourgeoisie, as a class, has already become bound up with landed property on a broad, predominating scale, has already “territorialised itself”, “settled on the land”, fully subordinated landed property to itself, then a genuine social movement of the bourgeoisie in favour of nationalisation is impossible.** It is impossible for the simple reason that no class ever goes against itself.” (Lenin, ‘The Agrarian Programme of Social-Democracy in the First Russian Revolution, 1905-1907’, *Collected Works, Volume 13*, Progress Publishers, p. 320-21 *emphasis ours*)

As clear from the above quote, territorialisation of the bourgeoisie does not mean the abolition of landed property, but the end of feudal landed property and emergence of capitalist landed property. ‘Landed property’, it must be reminded,

has a very definite meaning in Marx's political economy. It cannot be confused with anything else. Here is how Marx defines it:

“Landed property presupposes that certain persons enjoy ***the monopoly of disposing of particular portions of the globe as exclusive spheres of their private will to the exclusion of all others.*** Once this is given, it is a question of developing the economic value of ***this monopoly***, i.e. valorizing it, on the basis of capitalist production. Nothing is settled with the legal power of these persons to use and misuse certain portions of the globe. The use of this power depends entirely on economic conditions, which are independent of their wills.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 752-53, *emphasis ours*)

Now, let us come back to Lenin. As the reader can see, Lenin means by ‘territorialization of the bourgeoisie in land’, the elimination of feudal landed property and establishment and consolidation of capitalist landed property. *It is this territorialization which prevents the abolition of Absolute Rent, rather than abolishing it, as Mr. Giddyhead imagines, because it prevents the bourgeoisie from nationalization of land*, that is the only general condition for abolition of landed property and Absolute Rent under capitalism, even though, theoretically the bourgeoisie was originally in favour of nationalization. Again, Don Quixote *de la Patna* has shown the utter inability to understand what he is quoting.

What obstacle is Lenin talking about in the above quotation? Lenin argues that *it is only nationalization of land which can abolish Absolute Rent*. Lenin says:

“The view is often met with among Marxists that nationalisation is feasible only at a high stage of development of capitalism, when it will have fully prepared the conditions for “divorcing the landowners from agriculture” (by means of renting and mortgages). It is assumed that large-scale capitalist farming must have already established itself before nationalisation of the land, which cuts out rent without affecting the economic organism, can be brought about.

“Is this view correct? Theoretically it cannot be substantiated; it cannot be supported by direct references to Marx; the facts of experience speak against it rather than for it.” (*ibid*, p. 318)

Lenin has made it clear at more than one place that there is only one condition under capitalism in which Absolute Rent can vanish: nationalization of land. Lenin writes:

“ “From the strictly scientific point of view, from the point of view of the conditions of development of capitalism in general, we must undoubtedly say—if we do not want to differ from Volume III of *Capital*—that the nationalisation of the land is possible in bourgeois society, that it promotes economic development, facilitates competition and the influx of capital into agriculture, reduces the price of grain, etc.” See also the same report, p. 59 (see present edition, Vol. 10, p. 378.—Ed.): “In spite of their promises, they [the Right wing of Social-Democracy] do not carry the bourgeois-democratic revolution in agriculture to its ‘logical’ conclusion, **for the only ‘logical’ (and economic) conclusion under capitalism is the nationalisation of**

**the land, which abolishes absolute rent.”** ” (Lenin, *Collected Works, Volume 13*, p. 294, *emphasis ours*)

Lenin says further:

“Thus, the question of the nationalisation of the land in capitalist society falls into two essentially distinct parts: the question of differential rent, and that of absolute rent. **Nationalisation changes the owner of the former, and undermines the very existence of the latter.**” (*ibid*, p. 299)

In nutshell, the only condition for abolition of landed property and Absolute Rent under capitalism is nationalization of land, which becomes a faint possibility, rather an impossibility, once the bourgeoisie has territorialized itself in land, as Lenin argues.

Lenin refutes the predominant idea that only in the stage of developed capitalism can bourgeoisie nationalize the land and bring an end to rent (here it only means Absolute Rent, as nationalization under conditions of capitalism cannot abolish Differential Rent). On the contrary, Lenin argues, that *it was the rising progressive bourgeoisie which was fighting against feudal landlords, that had the potential to nationalize the land*. However, the bourgeoisie in the stage of well-established and well-entrenched capitalist mode of production, cannot abolish private property in land and therefore Absolute Rent. What are the obstacles to bourgeoisie in nationalizing land in this stage? Lenin says:

“Marx does not mention here, as an obstacle to the achievement of nationalisation, the undeveloped state of capitalism in agriculture. He mentions two other obstacles, which speak much more strongly in favour of the idea of achieving nationalisation in the epoch of bourgeois revolution.

“First obstacle: the radical bourgeois lacks the courage to attack private landed property owing to the danger of a socialist attack on all private property, i.e., the danger of a socialist revolution.” (*ibid*, p. 320)

The second obstacle cited by Lenin has been quoted above: territorialization of the bourgeoisie in land, that means nothing but elimination of feudal landed property and establishment of capitalist landed property. In other words, it is the territorialization of bourgeoisie in land that gives rise to the conditions which lead to creation of Absolute Rent.

Lenin points out further that only in the period of progressive rising capitalism, struggling against feudalism, can the radical bourgeoisie advance a program of nationalization, as it is still fighting against feudal landlords and feudal landed property. However, as soon as, the bourgeoisie has ended the feudal forms of land ownership and has established bourgeois forms of land ownership, in principal, the capitalist landed property, it loses the courage as well as intent for nationalization, as capital has taken over agriculture and has given rise to *capitalist landed property*. **That is what territorialization means, as we saw, not the vanishing of capitalist landed property, but the establishment and consolidation of capitalist landed property.** Lenin makes it even clearer:

“The “radical bourgeois” *cannot* be *courageous* in the epoch of strongly developed capitalism. In such an epoch this bourgeoisie, in the mass, is

inevitably counter-revolutionary. In such an epoch the almost complete “territorialisation” of the bourgeoisie is already inevitable. In the epoch of bourgeois revolution, however, the *objective* conditions compel the “radical bourgeois” to be courageous; for, in solving the historical problem of the given period, the bourgeoisie, as a class, cannot yet fear the *proletarian* revolution. **In the epoch of bourgeois revolution the bourgeoisie has not yet territorialised itself; landownership is still too much steeped in feudalism in such an epoch.** The phenomenon of the *mass* of the bourgeois farmers fighting against the *principal* forms of landownership and therefore arriving at the practical achievement of the *complete* bourgeois “liberation of the land”, i.e., *nationalisation*, becomes possible.” (ibid, p. 321)

And finally in this quote, where Lenin elaborates the contemporary situation in Russia (this work belongs to 1907) and argues that in Russia *the radical bourgeois is peasant who has not territorialized itself in land*, but the *Russian capitalist landlord has territorialized itself*. Therefore, the former would fight for nationalization, but the latter would not, because it has established its own monopoly ownership of land. See what Lenin says:

“We have a “radical bourgeois” in Russia who has not yet “territorialised” himself, who cannot, at present, fear a proletarian “attack”. That radical bourgeois is the Russian peasant.

“From this point of view the difference between the attitude of the mass of the Russian liberal bourgeoisie and that of the mass of Russian peasants towards the nationalisation of the land becomes quite intelligible. **The liberal landlord, lawyer, big manufacturer and merchant have all sufficiently “territorialised” themselves. They cannot but fear a proletarian attack.**” (ibid, p. 322, *emphasis ours*)

Who is this liberal landlord? This is the capitalist landlord of Russia, whose past was that of a feudal landlord, but who was undergoing a transformation into capitalist landlord, due to the landlord-type transformation (the ‘Prussian Path’ that was undertaken in Russia). Lenin clearly says that as capitalist landed property was established for this bourgeoisie of Russia, it had already territorialized itself in land, and therefore lacked the will for nationalization of land. On the other hand, the mantle of radical bourgeois in the contemporary Russia was being carried by the Russian peasant who was all for nationalization of land, i.e., the most radical bourgeois program.

This is what Lenin as well as Marx mean by territorialization. It has nothing to do with abolition of landed property which is possible only in one scenario: nationalization of land. **But Don Quixote de la Patna first confuses territorialization of the bourgeoisie in land with the abolition of landed property; and yet considers nationalization of land a separate step; and finally says that in India we have *de facto* nationalization of land as well! He was bound to arrive at such outrageous conclusion due to the first confusion itself: confusing territorialization of the bourgeoisie in land with abolition of capitalist landed property.**

In the same work, Lenin also explains why, under capitalism, it is only by nationalization of land that Absolute Rent vanishes, though Differential Rent remains:

“Under nationalisation such general rules certainly include **prohibition of any sort of intermediary, i.e., the prohibition of sub-letting, or the transfer of land to anyone except the direct tiller**, and so on.” (*ibid*, p. 337, *emphasis ours*)

Lenin reiterates that under capitalism, Absolute Rent can only vanish due to nationalization of land:

**“Marxism permits nationalisation to be included in the programme of a bourgeois revolution because nationalisation is a bourgeois measure, because *absolute rent* hinders the development of capitalism; private ownership of the land is a hindrance to capitalism.”** (*ibid*, p. 361, *emphasis ours*)

*As we can see, Ajay Sinha has totally failed to understand the quotes that he himself has presented and has utterly misunderstood the very concepts of territorialization of the bourgeoisie in land as well as nationalization of land.*

Thus, Maatsaab confuses territorialization of the bourgeoisie in land with nationalization of land and claims that territorialization of the bourgeoisie in land leads to vanishing of capitalist landed property and therefore Absolute Rent. We have seen that the truth is just the opposite. It is precisely the territorialization of the bourgeoisie in land that creates the conditions of capitalist landed property and therefore Absolute Rent, and in fact, it is this territorialization that makes nationalization by the bourgeoisie unlikely, because precisely owing to this territorialization, the bourgeoisie loses the intent as well as courage to nationalize the land, that is, the only condition of abolition of Absolute Rent and capitalist landed property, under capitalism.

**We ask again: Can such an intellectual pygmy be taken seriously? Isn't he responsible for propagation of ignorance, idiocy, confusion and muddle-headedness among many genuine activists and students of Marxism?**

## **8. Do Capitalist Landed Property and Capitalist Landlord Class Exist in India? Some Concrete Evidence to Help Mr. Dimwit Return From His Trip to the La-la Land!**

After littering so much garbage of theoretical confusion, Maatsaab once again accuses me of calling MSP as Absolute Rent, which, as I have shown above, he does owing to his utter failure to understand that not only monopoly over land can give rise to a monopoly-price and therefore monopoly-rent, but other forms of monopoly and monopoly-price can also give rise a monopoly-rent. In my article, I have not once associated MSP with ground-rent. I have called it monopoly-rent arising due to determination of a monopoly-price by state, on behalf of kulaks and rich farmers.

But what about Maatsaab's claim that there is no class of capitalist landlords (and also capitalist tenants, because without the class of capitalist landlords, there can be no class of capitalist tenant farmers as well, except in the sense that everyone is tenant of the sovereign, the state, that would make the very concept superfluous)? Is that true? Let us see.

**Do capitalist landlords exist in India? Yes!!! They do!** As we saw above, they cannot be eliminated *without the nationalization of land!* What does nationalization of land mean? It means that the land cannot be leased out, bought and sold and it is given to the capitalist farmer only for the purpose of tilling, by the bourgeois state, which is not only *de jure* owner of all land, that is, not merely in the formal juridical sense of the term, but is the *de facto* owner of the land. Lenin has clearly elaborated the meaning of nationalization of land, under conditions of capitalist mode of production:

“Nationalisation is the transfer of all the land to the ownership of the state. State ownership means that the state is entitled to draw the rent from the land and to lay down general rules governing the possession and use of the land for the whole country. Under nationalisation such general rules certainly include **prohibition of any sort of intermediary, i.e., the prohibition of sub-letting, or the transfer of land to anyone except the direct tiller**, and so on.” (Lenin, ‘Agrarian Program of Social Democracy’, *Collected Works, Volume 13*, p. 337, *emphasis ours*)

In India, do we have sale and purchase of land, its sub-letting (renting out), etc.? Yes. Does private monopoly ownership of land exist in India? Yes! The state under the idea of ‘eminent domain’ can take *private land* for public use, only when it can legally demonstrate beyond doubt that it is essential for public purpose. However, this presupposes the fact that land *is* private property. Moreover, such provisions exist in almost all countries where there is no nationalization of land and private monopoly of land exists. Thus, in exceptional situations, the sovereign can take the private land in all capitalist countries with capitalist landed property, though it never actually happens with capitalist landlords but more with vulnerable sections of population like tribals, marginal and small peasants, etc. Even when it happens with rich kulaks and farmers, they are given hefty compensations.

Now let us comprehend the concrete reality of India. Dipankar Basu and Amit Basole in their paper ‘Relations of Production and Modes of Extraction in India’ point out:

“Based on village-level studies, Sidhu (2005) also points to the changing nature of tenancy in North-Western India. In states like Punjab and Haryana, the majority of the tenant cultivators are no longer the landless and poor peasants; it is rather the middle and rich peasants who lease-in land to increase the size of their agricultural operations and reap some economies of scale on their capital investments (Sidhu, 2005). **Thus, the prevalence of the fixed money rent form of tenancy, in Punjab for instance, is not an indicator of pre-capitalist relations of production, but are rather very much part of the capitalist development in Indian agriculture; the land rent that is earned by the lessor, in this case, can be considered capitalist rent.” (Basu and Basole, ‘Relations of Production and Modes of Surplus Extraction in India’)**

Here Basu and Basole are discussing Absolute Rent in the main which comes into existence due to the monopoly of landed property. Otherwise, one will have to argue that in Punjab the worst land does not fetch any rent and is given on lease *as gratis!* Something which Marx categorically ruled out. Here, the discussion is

not under the conditions of nationalization of land, but under the conditions of capitalist landed property as well as capitalist tenancy.

The 59<sup>th</sup> Round NSSO data revealed that in Punjab, Haryana, Central UP, Southern Bihar, Eastern Andhra, and some other areas of comparatively higher capitalist development in agriculture, **the percentage of leased-in land in total operational holdings is higher than at least 22.48 percent.** In Western UP, Coastal Maharashtra, Northern Bihar, parts of Madhya Pradesh, Tamil Nadu **the share of leased-in lands in the operational holdings was between 11.88 percent and 22.48 percent.**

**Who is renting out the land? In most cases, capitalist rentier landlords and capitalist farmer landlords as well.** Some of this tenancy is also ‘reverse tenancy’, where small and marginal peasants rent out their land to big capitalist farmers and migrate to cities to work. But share of this ‘reverse tenancy’ is still low and it is anyway a sign of capitalist development as Lenin pointed out in ‘Development of Capitalism in Russia’. In some parts of India, some backward tenancy forms do exist, where small peasants lease land, they do not exploit wage-labour on a regular basis. However, most of agricultural land is under capitalist tenancy where **the leased-in land is under the management of capitalist tenant farmers who employ wage-labour, appropriate the surplus-value and the surplus-profit is handed over to the capitalist landlord as Absolute Rent. We will see what relation does MSP have with Absolute Rent a little later.**

Arindam Banerji writes:

“However, the landlord–bourgeoisie alliance that came to dominate the Indian state after 1947 prevented any meaningful land reforms in most parts of the country, except in a few pockets where protracted peasant struggles could not be suppressed by the ruling classes (Harriss 2013). Rather, capitalist development in agriculture was triggered more through the technological intervention of the green revolution strategy in the mid-1960s, and not through a radical transformation of the rural feudal society. Further helped by the development of public interventions like the crop management system, credit provisioning, seed research, and so on, and stepping up of public investment in agriculture, **capitalist landlords** (transition from above) and rich peasants (transition from below) emerged through a process of peasant differentiation.” (Arindam Banerji, ‘Agrarian Crisis and Accumulation in Rural India’, in *The Land Question in India*, edited by, Anthony P. D’Costa and Achin Chakraborty, Oxford University Press, p. 103-4, *emphasis ours*)

He notes further:

“A rich rural elite comprised of **capitalist landlords**, thin sections of the rich peasants, and other collaborative agents of organized capital within the rural areas may have found ways and means for continued accumulation even within this larger crisis. The primary data analysis later in the section substantiates this situation in agriculture.” (*ibid*, p. 105, *emphasis ours*)

Banerjee continues:

**“Capitalist landlords** and thin sections of the rich peasants who have established extended control over the value chain in cultivation, both on input and output ends, continue the accumulation process more vigorously within the conditions of agrarian crisis.” (*ibid*, p. 112, *emphasis ours*)

The case of Punjab to understand the existence of large capitalist tenant farmers is essential. Soham Bhattacharya has done a commendable study of capitalist landlordism and capitalist tenancy in Punjab. Bhattacharya shows that **the rent per hectare for large capitalist tenant farmers in Punjab on an average was Rs. 70,056.4 per annum. The share of rent in the gross value output (GVO) was 0.31 percent.** This is certainly not Differential Rent, and this total Ground-Rent is mainly composed of Absolute Rent. These are capitalist tenants employing considerable number of wage-labourers regularly. Who are they paying rent to? According to Ajay Sinha, they do not pay any Absolute Rent and all farmers in India are landowners, who do not pay Absolute Ground Rent, and they only pay Differential Ground Rent to the State (an even more absurd claim, to which we will come later.) Bhattacharya, in his conclusion, writes:

**“First, in 2012–13, large tenant farmers constituted the major category among tenant farmers in rural Punjab.** This was in contrast to the rest of rural India, where more than 50 per cent of lessees operated less than 2 hectares of land. The profit motive impelled large tenant farmers to lease in land. There is evidence of intensification of farming during the post-Green Revolution period through higher use of inputs such as fertilizers, pesticides, expansion of irrigation, and introduction of new technology. **The increased prevalence of tenancy suggests that during the decade 2003–13, large farmers leased in land in order to enhance the economic size of their farms.**” (Soham Bhattacharya, ‘Agricultural Tenancy in Contemporary Punjab’ *Review of Agrarian Studies*, Volume 9, No. 2, July-December 2019)

Capitalist tenancy predominates in Punjab. In the rest of India, on an average, large, medium and semi-medium capitalist tenant farmers constitute around 50 percent of all tenant farmers. But from whom these large tenant farmers leased in land? The state? No! From capitalist landlords, who do not even exist in the wonderland of Don Quixote *de la Patna!*

Further.

Gaurav Bansal too has done a good study of capitalist landlordism and capitalist tenancy in Punjab. Bansal points out the predominance of capitalist tenancy and capitalist landlordism in Punjab as well as the partial overlapping between these two classes. Often, the big capitalist farmers are capitalist landlords, capitalist farmer owners as well as capitalist tenants. Bansal says in the very beginning of his research paper:

“This article contributes to this debate by studying aspects of capital accumulation in Punjab. It uses data from two surveys of a village in the Doaba region of Punjab: a census survey by the Foundation for Agrarian Studies in 2011 and a resurvey by the author of a sample of households in 2019. The article argues that capital accumulation in the village has continued over the past two decades and was concentrated in a class of tenant-capitalist farmers belonging to the dominant class and caste (Jat



Sikhs). In the context of stagnation of agricultural productivity and declining profitability per unit of land, this group of capitalist farmers was able to enhance their total income by leasing in land. This opportunity was created by large-scale emigration among the **landed Jat Sikhs. Tenant-capitalist farmers had privileged access to the lands of the emigrants with whom they shared caste and kinship ties.** This path of accumulation was further facilitated by access to cheap migrant workers, **assured procurement by the State**, an active market for machinery, and **access to credit at affordable rates of interest.** Tenancy thus provided an impetus to accumulation and investment in the capitalist agriculture of Punjab in the contemporary period.” (Gaurav Bansal, ‘Tenancy and Accumulation: A Study of the Capitalist Farm Sector in Punjab’, *Review of Agrarian Studies*, Vol. 10, No. 2, July-December 2020, *emphasis ours*)

Bansal’s study identifies the basic classes of farmers and landlords in Punjab: capitalist landlord, big tenant capitalist farmer, and other capitalist farmers, besides the class of wage-labourers, obviously, the bulk of which is migrant labour. Now let us cast a glance at some statistics: **capitalist landlords in the surveyed village constituted 5.1 percent of households. Average size of operated farm land for them was 16 hectares out of which 29.2 percent of land was leased in. Second important bourgeois class was the class of Big Tenant Capitalist Farmers. The average size of operated land for them is 11.1 hectare, out of which 70.4 percent was leased-in land. As one can see, there is a class of agrarian capitalists, which is predominantly capitalist landlord and another class of agrarian capitalists which is predominantly capitalist tenant; however, both of them are involved in leasing-in of land and obviously leasing-out of land. Notably, 46 percent of the Capitalist Landlords are NRIs! This means an absentee landlord, only enjoying a title to Absolute Ground Rent! Just as Marx pointed out, “It undoes the connection to such an extent that the landed proprietor can spend his entire life in Constantinople, while his landed property remains in Scotland.”** Needless to say, that this rent is not simply Differential Rent, because that assumption would mean that the worst land under cultivation is leased as *gratis*, that is, for free, which we know is not possible and does not, in fact, happen in the Indian case.

As we can see, the claim of Ajay Sinha, that capitalist landed property, the class of capitalist landlord and therefore Absolute Rent does not exist in India, does not hold any water. *In fact, this conclusion has been arrived at by this intellectual pygmy, due to a laughable confusion, namely, that territorialization of the bourgeoisie in land leads to abolition of capitalist landed property and therefore Absolute Rent!* We have seen that territorialization of the bourgeoisie in land only means the elimination of feudal landlordism and establishment of bourgeois property in land; this does not mean that capitalist landlords are finished! This is confusing territorialization with nationalization.

Before we go further, another important thing needs to be understood. The fact that if in a country, capitalist rentier landlords, capitalist farmer landlords and capitalist tenant farmers, besides the class of agricultural labourers exist, does not in any way mean that these three classes exhaust the entire agrarian population. It simply means that capitalist landed property and capitalist ground-rent, including Absolute Rent, exist. *However, this in no way precludes and has not precluded in the immense majority of cases, the existence of marginal, small and lower-middle peasants, the bulk of which has been transformed into agricultural*

*semi-proletariat*. In such a case, these small peasants do not belong to the era of transitional small peasant economy, as Ajay Sinha thinks, but belong to a capitalist economy in which they have been completely incorporated. They do not exist in some *Chayanovian space*, insulated from capitalist mode of production. Instead, they are very much subsumed by capitalist mode of production, as we saw above. How this happens with the development of capitalism is explained by Lenin:

“Of course, the existence of small landed property, or, more correctly, of small farming, introduces certain changes in the general propositions of the theory of capitalist rent, but it does not destroy that theory. For example, Marx points out that absolute rent as such does not usually exist under small farming, which is carried on mainly to meet the needs of the farmer himself (Vol. III, 2. Teil, S. 339, 344). But the more commodity production develops, the more all the propositions of economic theory become applicable to peasant farming also, **since it has come under the conditions of the capitalist world**. It must not be forgotten that no land nationalisation, no equalised land tenure, will abolish the now fully established fact that the well-to-do peasants in Russia are already farming on capitalist lines.” (Lenin, ‘Agrarian Program of Social-Democracy’, *Collected Works, Volume 13*, Progress Publishers, p. 317-18, *emphasis ours*)

Similarly, Marx also argues:

“The owners of mere labour-power, the owners of capital and the landowners, whose respective sources of income are wages, profit and ground-rent - in other words wage-labourers, capitalists and landowners - form the three great classes of modern society based on the capitalist mode of production. It is undeniably in England that this modern society and its economic articulation is most widely and most classically developed. **Even here, though, this class articulation does not emerge in pure form. Here, too, middle and transitional levels always conceal the boundaries...**We have seen how it is the constant tendency and law of development of the capitalist mode of production to divorce the means of production ever more from labour and to concentrate the fragmented means of production more and more into large groups, i.e. to transform labour into wage-labour and the means of production into capital. And this tendency also corresponds to the independent divorce of all landed property from capital and labour, or the transformation of all landed property into the form of landed property corresponding to the capitalist mode of production.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 1025, *emphasis ours*)

As Marx clearly points out here that even in the country with highest levels of capitalist development, the existence of capitalist landed property, capitalist tenancy, capitalist farmer ownership and wage-labour does not at all preclude the lingering presence of myriad transitional forms, like small peasant ownership. However, under developed capitalist mode of production, these forms are subsumed and co-opted by capitalism, unlike the early modern times, when a different kind of small peasant economy predominated. As we have seen, Ajay Sinha fails to see this difference and equates the pre-capitalist small peasant proprietorship with small peasants in India, who neither predominate the overall economy, nor do they preponderate even in the rural population, leave alone, entire population; who have in the main become semi-proletariat, produce for

market on their small plots rather than direct subsistence and are totally incorporated into the capitalist mode of production.

## 9. Sir Duncelot's Recurring Confusions Regarding Capitalist Landlord and Feudal Landlord

Maatsaab opines:

“Secondly, insofar as a landed property gives rise to absolute rent or enables his owner to appropriate absolute rent as landed property acts a barrier to capital, the owner himself is not a capitalist or a capitalist farmer, though the rent he gets arises due to capitalist mode of production. And if capitalist is himself the owner of the landed property, it means that the capitalists as class has 'territorialised themselves' and 'settled on the land' and the landed property will now not act as a barrier to capital and not hinder the free flow of capital. So, in this case absolute rent cannot exist. Differential rent though will accrue. But we know differential rent is different from absolute rent primarily in this sense that it doesn't by itself obstruct the conversion of the values of the commodities into prices of production of commodities i.e., doesn't by itself disrupts the process of formation of average profit, is rather based on it.” (PRC CPI (ML), *op.cit.*, p. 13)

Look at the height of confusion here. First of all it is not ‘*a* landed property’ that ‘gives rise to Absolute Rent’; it is only *the (capitalist) landed property* that gives rise to Absolute Rent. Here, again, Ajay Sinha reveals his inability to make distinction between feudal landed property and capitalist landed property. Our Don Quixote *de la Patna* is actually committing the same mistake that Don Quixote *de la Mancha* had committed, as no one other than Marx himself pointed out:

“And then there is Don Quixote, who long ago paid the penalty for wrongly imagining that knight errantry was compatible with all economic forms of society.” (Marx, *Capital, Volume 1*, Penguin Edition, p. 176, footnote)

Secondly, Ajay Sinha thinks that it is only the capitalist farmer who is bourgeois, not the capitalist landlord! This is tantamount to overlooking the ‘action of capital’ on agriculture. *This action precisely converts the nature of landlordism.* Before this ‘action of capital’, the landlord directly appropriated the entire surplus-labour in form of rent (feudal rent) based on feudal extra-economic coercion, feudal privileges and embellishments; however, now the capitalist landlord is separated from land, appropriates only a part of surplus-value that is over and above the average profit, which is being appropriated by the capitalist farmer. Even though landed property in general is not the invention of capitalist mode of production, the latter transforms the former into a form that is appropriate for capitalist mode of production. Marx writes:

“To that extent, the monopoly of landed property is a historical precondition for the capitalist mode of production and remains its permanent foundation, as with all previous modes of production based on the exploitation of the masses in one form or the other. ***But the form in which the capitalist mode of production finds landed property at its beginnings does not correspond to this mode. The form that does correspond to it is only created by it itself, with the subjection of agriculture to capital; and***

***in this way feudal landed property, clan property or small peasant property with the mark community is transformed into the economic form corresponding to this mode of production, however diverse the legal forms of this may be.*** (Marx, *Capital*, Volume 3, Penguin Edition, p. 754, *emphasis ours*)

As the readers can see, Maatsaab confuses ‘territorialization of the bourgeoisie’ with elimination of capitalist landed property! As we have already seen, territorialization of the bourgeoisie in land has nothing to do with the elimination of landed property, rather, it is precisely this territorialization which transforms the feudal landed property into capitalist landed property. And due to this very confusion, Maatsaab also confuses feudal landed property and feudal landlord with capitalist landed property and capitalist landlord.

Finally, in the above quote, Maatsaab assumes that since Differential Rent does not obstruct averaging of the rates of profit, it is based on it, but Absolute Rent is not based on average rate of profit! Just because AR obstructs the process of averaging of the rates of profit and formation of prices of production *in agriculture*, it does not mean that AR is not based on average rate of profit! This is a travesty, rather, a mockery of basic understanding of Marx’s theory of ground-rent. Because AR is nothing but the difference between the surplus-value produced in agricultural sector and the average profit. Without average rate of profit, there would be no lower determinant of the surplus-profit that is transformed into AR.

## **10. Does Differential Rent in India Go to the State as Mr. Scatterbrains Claims?**

Building on the nonsensical mess already created, Mr. Scatterbrains, Ajay Sinha, reaches here:

“It means that in case of India, the words like “rentier capitalist landlords” or “capitalist landlords” accruing rent due to private monopoly on land are meaningless and don't help rather distort the understanding of Marxist conception of a historical form of landed property enabling its owner to appropriate rent by acting as a barrier to capital. So far as the predominant existence of small peasant proprietorship is concerned, the form of landed property that exists in India on a predominating scale, in this case, too, absolute rent stands abolished and the **differential rent goes to the state.**” (PRC CPI (ML), *op.cit.*, p. 14, *emphasis ours*)

It is amazing to see how Don Quixote *de la Patna* erects an entire monument of idiocy step by step!

We have already seen that rentier capitalist landlords do exist in India, capitalist landed property does exist in India, and it is precisely the territorialization of the bourgeoisie in land that has created the bourgeois forms of property in Indian agriculture, namely, capitalist landed property and capitalist farmer ownership. We have also seen that transitional form of pre-capitalist small peasant proprietorship (since, Maatsaab confuses the small peasants of India with the pre-capitalist transitional small peasants that Marx discusses in 47<sup>th</sup> Chapter of ‘Capital’, Volume 3!) does not dominate in Indian agriculture. **However, the biggest folly committed in the above quote is the claim that differential rent**

**in India goes to the State! How on earth can a sane person make such a ridiculous claim?**

First of all, it is only under the nationalization of land that AR vanishes and DR might go to the State. In India, we do not have nationalization of land, as land is still a saleable commodity that is also leased. Though, Maatsaab does not understand this and is just wondering like Alice in the Wonderland!

**Secondly**, precisely due to the ‘territorialization of the bourgeoisie in land’, nationalization of land does not exist in India, as territorialization precisely means presence of capitalist landed property, not the end of it, as Mr. Dimwit thinks.

**Third, the State in India does not levy any tax on farmers and therefore there is no question of appropriation of DR by the State.**

**Fourth, DR can accrue to State only under conditions of nationalization of land and that too through progressive levies on farmers, based on increasing agricultural productivity of land.** However, when, in India, the State does not levy any tax on farmers, in what form does the differential rent go to the State? Why Ajay Sinha has fallen prey to this ridiculous confusion?

Because he totally fails to understand the concrete reality of India.

First of all, the fact is that capitalist landed property exists in India and so does Absolute Rent as it can be abolished only by nationalization of land which is not the case in India, as we saw above.

Secondly, territorialization of the bourgeoisie in land has nothing to do with abolition of capitalist landed property, rather it is the establishment and consolidation of landed property and functions as a barrier to nationalization of land by the bourgeoisie.

Thirdly, precisely due to this private monopoly of landed property, the surplus-profit that exists due to natural differentials too is either transformed into DR and is pocketed by the capitalist rentier landlord, or accrues to the capitalist farmer landlord as extra profit. It does not matter whether capitalist farmer landlords (CFLL) preponderate over the capitalist rentier landlord (CRLL). First of all, there is an overlapping between the two classes. Even if the number of capitalist rentier landlords is less than that of capitalist farmer landlords, AR will exist and will increase the market-price as the surplus-profit that is transformed into AR is created by monopoly of landed property unlike monopoly-price which literally creates the surplus-profit), whereas the surplus-profit that is transformed into DR is *not created* by private monopoly of landed property; it exists due to natural differential and is *only transformed* into DR due to monopoly of landed property.

Don Quixote *de la* Patna keeps repeating his ignorant claims with the same confidence that characterizes all intellectual midgets:

“Does any category exist in India as capitalist landlord accruing absolute rent as our 'great Marxist thinker' wants us to believe? Similarly, in India does the category of capitalist farmer who rents land from rentier landlords to engage in capitalist farming? In India, there are capitalist landlords who were erstwhile feudal landlords and later forced as well as persuaded and

finally remoulded to cultivate land by themselves on capitalist lines. So, there is no such category as capitalist landlords who make land available to capitalists to rent land for working on it on payment of absolute rent. *If at all such a category exists it must be insignificant.* So, the question of obstructing or hindering the free flow of capital by landed property and thus their acting as a barrier to capital doesn't arise. So far as share cropping is concerned it is a different category and we will take it up, if necessary, only later in a separate article." (PRC CPI (ML), *op.cit.*, p. 14, *emphasis ours*)

As we have seen above, facts clearly show that (1) *It is capitalist farming that dominates in India, not small peasant subsistence farming;* (2) *there is a sizeable class of capitalist tenant farmers;* (3) *there is a class of capitalist landlords;* (4) *there is a partial overlapping of capitalist farmer landlords (CFLL) and capitalist rentier landlords (CRL);* (5) *most of the small and marginal peasants are not subsistence peasants but semi-proletariat and major portion of their agricultural products are also sold in the market, rather than directly consumed;* (6) *Absolute Rent as well as Differential Rent exists in India and is appropriated by capitalist landlords as total ground-rent, and in case of CFLL, the surplus-profit accrues to him.*

Secondly, as always, Ajay Sinha, like our regular opportunist, keeps creating alleys through which he can disappear later, if needed! **He says that even if there is a class of capitalist rentier landlord, it is insignificant! First of all, it does not matter how big or small is the class of capitalist landlords. If it exists, capitalist landed property exists and so does Absolute Rent. Because, even that insignificant number of capitalist landlords will not lease out their lands for free and will demand a rent, giving rise to Absolute Rent and causing the market-price of agricultural commodity to rise!** Moreover, in case of India, this class is not even insignificant. As we can see, in the process of opportunistically creating a pretext for future escape, Mr. Scatterbrains has cut his own throat.

## 11. **Don Quixote de la Patna Corrects Marx's Theory of Surplus-Profit!**

In order to regain the lost prestige in front of the little children's club of his Sancho Panzas, Don Quixote *de la Patna* is hell bent upon finding mistakes in our presentation of the question of ground-rent! However, this impatience leads him to losing, whatever remains of his prestige! See how Maatsaab achieves this feat. He argues:

"Similarly, he (Abhinav) writes that the surplus profit originating due to private monopoly of land is transformed into absolute ground rent and goes to capitalist landlord. *He should have written originating solely due to private monopoly of land instead of just originating due to private monopoly of land.* Why? Because, not only absolute rent but differential rent also *arises* due to monopoly ownership of land. The difference lies in this that the differential rent arises from, as Marx himself says, 'the market value (and everything said concerning it applies with appropriate modifications to the price of production)' which 'embraces a surplus-profit for those who produce in any particular sphere of production under the most favourable conditions' [p. 197, *Ibid.*] and this surplus profit goes to the landowner as rent (differential)

only because of his monopoly of land." (PRC CPI (ML), *op.cit.*, p. 14, *emphasis ours*)

In the same vein, Don Quixote *de la* Patna writes, while quoting my article:

“Thus, what is the basis of creation of surplus profit in this way? It is the private monopoly ownership of a limited, natural resource of production (land) that can hinder the free flow of capital, disrupt the process of averaging of rates of profit and formation of the prices of production, and thus, gives rise to surplus-profit. This surplus-profit gets converted into rent due to the monopoly ownership. This is what we call Absolute Rent.” So according to him, it is the private monopoly ownership of land that gives rise to surplus profit. We have seen that surplus profit arises even without it i.e. without private monopoly ownership of land. So, according to him, whenever there is a surplus profit, there is a ground rent.” (*ibid*, p. 16)

**Yes! The surplus-profit that is transformed into Absolute Rent is, indeed, created by the monopoly ownership of land! As the readers can see, this imbecile does not understand the difference between the surplus-profit that arises due to private monopoly of land and is transformed into AR on the one hand, and the surplus-profit that exists independent of private monopoly of landed property and will continue to exist even when private monopoly of land is abolished, and is transformed into Differential Rent, on the other.**

**When we said that the surplus-profit that arises due to private monopoly of land and is transformed into AR and goes to the capitalist landlord, we were perfectly correct and were not saying anything which has not already been said by Marx himself.**

**When Maatsaab reprimands us that we should have written that the surplus-profit arises solely because of monopoly of land, he actually makes a fool of himself by revealing his complete failure to understand Marx’s distinction between AR and DR.**

**All surplus-profit does not arise solely because of private monopoly of land; it might arise due to natural differentials; this latter kind is only transformed into DR due to private monopoly of land.** That is why, the surplus-profit that is transformed into AR leads to an increase in the market-price over and above prices of production, whereas the surplus-profit which is transformed into DR does not make any change in the market-price. Marx clarifies this point here in the best way, though we doubt that Don Quixote *de la* Patna would still be able to understand it:

“Differential rent has the peculiarity that here landed property seizes only the surplus profit that the farmer himself would otherwise pocket, and under certain circumstances does pocket for the duration of his tenancy. Here landed property simply causes the transfer of a portion of the commodity price that arises without any effort on its part (rather as a result of the determination by competition of the production price governing the market), a portion reducible to surplus profit, from one person to the other, from the capitalist to the landowner. **Landed property is not in this case a cause that creates this component of price or the rise in price that it**

**presupposes.** But if the worst type-A land cannot be cultivated - even though its cultivation would yield the price of production - until it yields a surplus over and above this production price, a rent, then landed property is the creative basis of this rise in price. **Landed property has produced this rent itself.** (Marx, *Capital, Volume 3*, Penguin Edition, p. 889, *emphasis ours*)

Thus, *the surplus-profit that is transformed into AR arises due to private monopoly of land, it is produced by landed property, as we said in our article, which Mr. Dimwit wanted to correct!* However, this is not the case with DR. Here, landed property does not create the surplus-profit that is transformed into DR. It is only a formal change, a mere change in form that this surplus-profit that already exists due to natural differential, is transformed into DR. That is why Marx points out:

“Thus even though the differential rent is only **a formal transformation of surplus profit into rent**, and in this case landed property simply enables the landowner to transfer the farmer's surplus profit to himself...” (ibid, p. 870, *emphasis ours*)

Therefore, what our intellectual pygmy does not understand is this: **the surplus-profit that is transformed into AR is creation of, due to, private monopoly of landed property; however, the surplus-profit that is transformed into DR exists independent of private monopoly of landed property and is only formally transformed into DR owing to it.**

## 12. **Mr. Giddyhead's Desperate Attempt to Put Words in His Opponent's Mouth!**

Just like all intellectually challenged people, Ajay Sinha imputes his own inability to understand simple things on us. He first quotes me, totally fails to understand the meaning of the quote and then goes on his own trip. This is my quote that he presents:

“Therefore, if the monopoly ownership of land in agriculture is eliminated through the nationalization of land, then the worst land will generally receive only the average profit. However, the capital invested in production on all lands other than the worst land will fetch a surplus-profit too, because the market-prices are determined by the cost of production on the worst land. This is what Marx calls Differential Rent. Differential rent is of two types: first, which arises due to natural difference and second, which arises from the different magnitudes and intensities of capital investment.

“But for our present purpose, we do not need to go in elaborations about the two types of Differential Rent. Marx had criticized Ricardo for understanding only the Differential Rent but not the Absolute Rent which arises due to the monopoly ownership of land. **The total surplus-profit (Absolute Rent and Differential Rent) that the capitalist tenant receives over and above the average profit, is transformed into Total Ground Rent and goes to the capitalist landlord.** Marx had termed this the transformation of total surplus-profit into ground rent.” (Abhinav, *op.cit.*, *emphasis ours*)



And then Mr. Giddyhead claims that we are arguing that DR comes into existence *due to* the abolition of private property in land! **How did he even make such a leap?!** It really surprises us that such an idiot claims to be the “general secretary” of a “party” and what amazes us even more is the fact that no comrade in Patna’s revolutionary left circle has called out the monstrous mediocrity that he personifies! He says:

“Here, he discusses or defines differential rent in a peculiar manner. He first of all supposes that monopoly ownership of land must be eliminated before differential rent arises. It means that unless and until private ownership of land or monopoly of land is not eliminated through nationalisation [he can not think of measures (such as socialisation or collectivisation of agriculture) other than nationalisation which is a bourgeois measure] differential rent won't come into being, while the fact is that differential rent exists in both the conditions whether private monopoly ownership of land exists or the private ownership in landed property is taken over by the state.” (PRC CPI (ML), *op.cit.*, p. 15)

Let us consider our quote that he has presented as the basis of his absurd claim.

What are we saying in the quote? Simply this: the surplus-profit due to natural differentials exists independent of private monopoly of land. This surplus-profit will exist even if there is no private monopoly of landed property. This is what Marx calls DR, which in the absence of monopoly of landed property might go to the State under conditions of nationalization of land. *How can this possibly mean that DR comes into existence only when private monopoly of landed property is abolished?* Such a leap can only be made by an imbecile like Don Quixote *de la Patna!* Had I even vaguely intended to say that DR comes into existence only when private monopoly in land ends and AR ends, then I would not have written the following, which Ajay Sinha himself quotes:

**“The total surplus-profit (Absolute Rent and Differential Rent) that the capitalist tenant receives over and above the average profit, is transformed into Total Ground Rent and goes to the capitalist landlord.”** (Abhinav, *op.cit.*, *emphasis ours*)

Because if DR comes into existence only when AR vanishes then there would be no such thing as ‘total surplus-profit (Absolute Rent and Differential Rent)’! Shouldn’t that be clear to the most asinine of minds? But not to our Maatsaab!

Moreover, why would I consider socialization of land when we are discussing the abolition of AR but existence of DR, **under conditions of capitalist production?!** Again, in an attempt to behave as a smart aleck, Ajay Sinha ends up as an intellectual clown!

### **13. Sir Duncelot’s Confusion Regarding the Accidental Cases of Abolition of Landed Property Apart from Nationalization of Land**

Then Maatsaab says, totally misunderstanding and misinterpreting Marx:

“Marx says:

“ “But differential rent presupposes the existence of a monopoly in land ownership, landed property as a limitation to capital', for without it surplus-profit would not be transformed into ground-rent nor fall to the share of the landlord instead of the farmer. And landed property as a limitation continues to exist even when rent in the form of differential rent disappears on soil A (on the worst soil -added by the present author). If we consider the cases in a country with capitalist production, where the investment of capital in the land can take place without payment of rent, we shall find that they are all based on a de facto abolition of landed property, if not also the legal abolition; this, however, can only take place under very specific circumstances which are by their very nature accidental.” (bold ours) [p. 737, *Ibid.*]

“Marx further writes, explaining such cases:

“ “When the landlord is himself a capitalist, or the capitalist is himself a landlord... In this case he may himself manage his land as soon as market price has risen sufficiently to enable him to get, from what is now soil A, the price of production, that is, replacement of capital plus average profit. But why? Because for him landed property does not constitute an obstacle to the investment of capital. He can treat his land simply as an element of Nature and therefore be guided solely by considerations of expansion of his capital, by capitalist considerations.” [p. 738, *Ibid.*]” (PRC CPI (ML), *op.cit.*, p. 15)

Maatsaab quotes Marx further without understanding him:

“Marx treats such cases as exception because of the premise he took in the beginning according to which 'capitalist cultivation of the soil presupposes the separation of functioning capital from landed property.'

“Marx writes that:

“ “Such cases occur in practice, but only as exceptions. Just as capitalist cultivation of the soil presupposes the separation of functioning capital from landed property, so does it as a rule exclude self-management of landed property.” [*Ibid.*]” (*ibid.*, p. 15)

And this is what Don Quixote *de la Patna* gets from above statements of Marx:

“We shall see that in India this exception is the reality due to 1) territorialisation of the bourgeoisie in the land even when private ownership of land exists due to which landed property acting as a limitation or barrier to capital stand abolished, and 2) the predominance of existence (or presence) of small peasant proprietorship.” (*ibid.*, p. 15)

In the above quotes, what is Marx considering as a case of exception? One, either the nationalization of land, where private monopoly of landed property ceases to exist and Absolute Rent is definitively abolished. Second, apart from the first condition, Marx discusses three exceptions in which Absolute Rent can be abolished *only accidentally*. **However, Marx tells that in any circumstance such accidental cases cannot become norm.** Ajay Sinha claims that the first exception that Marx discusses has become a norm in India, namely, where private

property in land is not abolished through nationalization, but the capitalist farmers themselves are landlords. Marx argues that such a situation can only **accidentally and temporarily** eliminate Absolute Rent, *de facto*, and it cannot exist for long. It is even theoretically impossible without the nationalization of land. However, Maatsaab does not read the entire quote and claims that it has, indeed, become a norm in Indian agriculture! We have already seen that that is not the case. But the issue is simply not the factual fallacy that Ajay Sinha is propagating. **He also fails to understand why without the nationalization of land, such accidental cases are doomed to remain accidental!** This is the entire quote where Marx explains this theoretical impossibility:

“If we consider the cases where capital investment on the land can take place without payment of rent, in a country of capitalist production, we shall find that they all involve a factual -- if not a legal -- abolition of landed property, an abolition that can occur only under very special conditions of an accidental nature.

*“Firstly.* If the landowner is himself a capitalist or the capitalist a landowner. In this case he can cultivate his land himself as soon as the market price has risen sufficiently to obtain the price of production from the present land A, i.e. to replace capital plus average profit. And why? Because *as far as he is concerned*, landed property does not set any barrier to the investment of his capital. He can treat the land as a simple natural element and let his decision be determined exclusively by considering the valorization of his capital, by capitalist considerations. Such cases do exist in practice, but only as exceptions. **Just as the capitalist cultivation of the land assumes a separation between functioning capital and landed property, so it generally rules out cultivation by the landed proprietor himself. We can see immediately how this is purely accidental. If an increased demand for corn requires the cultivation of a greater extent of type A land than is to be found in the hands of self-farming proprietors, i.e. if one part of it has to be leased in order to be cultivated at all, this hypothetical abolition of the barrier that landed property places to the investment of capital immediately disappears.** It is an absurd contradiction to start from the separation between capital and land, tenant farmer and landowner, which corresponds to the capitalist mode of production, and then to assume the reverse, i.e. that the landowner is his own farmer, up to the point that, or wherever, capital would draw no rent from cultivating the land if there were no landed property independent of it. (See the passage on rent of mines in Adam Smith, quoted below.) This abolition of landed property is accidental. It may exist or it may not.” (Marx, *Capital*, Volume 3, Penguin Edition, p. 885-86, *emphasis ours*)

Marx explains it even more clearly here with a quote from Adam Smith:

“Rent of mines is determined just as is agricultural rent.

“ There are some of which the produce is barely sufficient to pay the labour, and replace, together with its ordinary profits, the stock employed in working them. They afford some profit to the undertaker of the work, but no rent to the landlord. They can be wrought advantageously by nobody but the landlord, who, being himself undertaker of the work, gets the ordinary profit of the capital which he employs in it. *Many coalmines in Scotland are*

wrought in this manner, and can be wrought in no other. **The landlord will allow nobody else to work them without paying some rent, and nobody can afford to pay any.**' (Adam Smith, Book I, Chapter XI, II [po 270])." (*ibid*, p. 910, *emphasis ours*)

What is Marx saying here? Suppose in a country, landed property is not abolished, that is, nationalization of land is not done. Moreover, suppose, the market conditions do not allow for any surplus-profit over and above average profit, through, what Marx calls, 'an independent monopoly-price' or through monopoly of landed property; **then what the landlord will do as a capitalist?** He will himself invest capital on some or all of his land to seek customary profit, or, which is the same, average profit. However, if demand ensures that new plots of land be taken under cultivation (which will always happen in capitalism, because it is not only the domestic demand for food-grains that determines the overall demand for agricultural goods; capitalist development in general will increase the demand for agricultural goods, as they are needed as raw materials in industries as well; moreover ground-rent originates in cases of non-agricultural use of the land too, for example, mines, real estate, etc.); then the farmer-cum-landlord will seek rent, if a capitalist wants to invest capital on the land. He would, in words of Adam Smith, which Marx quotes approvingly, allow nobody to work the land without a rent. **That is why, even if accidentally, all landlords themselves become capitalist farmers, this accidental and temporary 'abolition of landed property' cannot become a norm in any capitalist country, without the nationalization of land itself. Even such an accidental situation does not exist in India today, as we have already seen with facts and data above.**

Why Ajay Sinha claimed that this case of 'accidental abolition of landed property' has become a norm in India? Because he did not read the entire section and could not understand what Marx means here by 'accidental abolition of landed property' and why it cannot, even theoretically, become a norm, without the genuine nationalization of land.

As we have seen above, Maatsaab does not understand the meaning of territorialization of the bourgeoisie in land and equates it with the abolition of capitalist landed property. Also, Maatsaab commits the same stupid mistake of assuming that Indian agriculture is characterized by the dominance of small peasant proprietorship of the kind as discussed by Marx in the 47<sup>th</sup> Chapter of 'Capital' Volume 3; the readers must be reminded that in that chapter, Marx is discussing the pre-capitalist transitional small peasant proprietorship based on subsistence farming, numerical preponderance of small peasants who are totally dependent on land for subsistence, low level of capitalist development in general. **And all these confusions of an intellectually-deficient mind are then superimposed on the Indian situation today! This is how this intellectual puny Ajay Sinha and his coterie of imbeciles gathered around the magazine 'The Truth' function!**

#### **14. Mr. Bumblehead's Museum of Baffling Blunders Pertaining to Marx's Theory of Crisis**

Now just look at this idiotic paragraph of Maatsaab:

“We know surplus profit is realised depending on how is the *market value* realised in normal circumstances so that it embraces surplus profit. Here normal circumstances are presupposed. Having this in mind if we say that MSP is surplus profit, an examination of its history and also a study of exceptional situations arising due to *permanent situations of crisis and overproduction* must be done to see if the Marx's analysis needs to be applied with *certain modification* or not *for it will affect the formation of average profit in the way Marx explains*. We needn't repeat that in the present day situation *where monopoly has become the financial oligopoly and taken over the whole society, it is not average profit but maximum profit which is the law of modern day capitalism.*” (PRC CPI (ML), *op.cit.*, p.16)

This is the extraordinary talent that Mr. Dimwit possesses! He compresses so many silly confusions in one small paragraph that an entire chapter must be written to refute it. However, we will try to be short.

**First of all, surplus-profit is not realized by market-value but by market-price which is above the prices of production due to some kind of monopoly.** This monopoly-price can come into existence due to different kinds of monopolies: landed property, economic monopoly, or state monopoly, for instance, monopoly-pricing by state. Market-value is the social-value of the commodities produced in a sphere of production. Except agricultural sector, this market-value is determined by the average conditions of production. In agricultural sector, the market-value is determined by the worst conditions of production. As we shall see later, Ajay Sinha does not understand the difference between market-price and market-value as well, though Marx has clarified this distinction very clearly in ‘Capital’, Volume 3, in a separate section. Marx writes:

“Market value is to be viewed on the one hand as the **average value of the commodities produced in a particular sphere**, and on the other hand as the individual value of commodities produced **under average conditions in the sphere in question**, and forming the great mass of its commodities.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 279, *emphasis ours*)

We will see in a little while that Ajay Sinha neither understands market-value and market-price, not does he get the relation between market-value, prices of production and market-price.

Secondly, monopolization does not nullify Marx’s law of averaging of profit and formation of prices of production in anyway. The reason is that any kind of monopoly and resultant monopoly-rent only transfers a part of surplus-value from other sectors of economy. There can be no arbitrary monopoly-price leading to an arbitrary “maximum profit”. Even today, the profits are regulated in the same way as shown by Marx: either by the difference between the value and prices of production of the commodity in case of Absolute Rent, or by the effective demand for a particular commodity produced by a monopoly. The law of value can never be overcome under capitalism, even under conditions of dominance of monopolies, and at the social aggregate level, only that much value can be realized as is produced. The argument that monopoly abolishes law of value does not have anything to do with Marxism.

Third, **there is no permanent overproduction or crises.** Marx never believed in such an idea and from the dialectical point of view, it is simply not possible. Why?

Because crisis is itself the solution of the problem of declining rate of profit that is manifested in overproduction. Crisis is precisely the process through which capitalism gets rid of the 'irrational exuberance', by devalorizing capital in all its forms: means of production, commodity-capital and most importantly money-capital. There can be shorter or longer periods of overproduction. However, theoretically, a permanent overproduction is not possible. Let us understand Marx's concept of crisis, step-by-step, otherwise we will lose Mr. Dimwit, as we cannot expect him to understand complex concepts, when he cannot even understand simple things like market-value and market-price. Let us see what Marx says about it:

"Overproduction of capital and not of individual commodities -- though this overproduction of capital always involves overproduction of commodities -- is nothing more than over-accumulation of capital. To understand what this over-accumulation is (we shall study it in more detail below), we have only to take it as an absolute. When would the overproduction of capital be absolute? And indeed we refer here to an overproduction which does not just extend to this or that or a few major areas of production, but is rather itself absolute in scope, so that it involves all fields of production.

**"There would be an absolute overproduction of capital as soon as no further additional capital could be employed for the purpose of capitalist production."** (Marx, *Capital, Volume 3*, Penguin Edition, p. 359-60, *emphasis ours*)

Marx explains further that this over-accumulation (causing general overproduction) is nothing but the excess of capital that cannot be invested profitably:

"But the purpose of capitalist production is **the valorization of capital, i.e. appropriation of surplus labour, production of surplus-value, of profit.** Thus as soon as capital has grown in such proportion to the working population that neither the absolute labour-time that this working population supplies nor its relative surplus labour-time can be extended...where, therefore, the expanded capital produces only the same mass of surplus-value as before, there will be an absolute overproduction of capital; i.e. the expanded  $C + \Delta C$  will not produce any more profit, or will even produce less profit, than the capital  $C$  did before its increase by  $\Delta C$ ." (*ibid*, p. 360, *emphasis ours*)

What, according to Marx, would be the fall-out? This:

"In actual fact, the situation would take the form that *one portion of the capital would lie completely or partially idle* (since it would first have to expel the capital already functioning from its position, to be valorized at all), while the other portion would be *valorized at a lower rate of profit*, owing to the pressure of the unoccupied or semi-occupied capital...*The fall in the profit rate would be accompanied this time by an absolute decline in the mass of profit, since on our assumptions the mass of labour-power applied has not increased and the rate of surplus-value not risen, so that the mass of surplus-value, too, could not be increased.* And the reduced mass of profit would have to be calculated on an enlarged total capital. But even if we assume that the occupied capital continued to be valorized at the old rate of profit, so that

the profit rate remained unchanged, then the mass of profit would still be calculated on the basis of an enlarged total capital, and this also would imply **a fall in the rate of profit.**" (ibid, p. 360-61, *emphasis ours*)

Then Marx explains that it is not overproduction that causes a decline in the rate of profit, rather, it is the decline in the rate of profit that causes this overproduction:

"It is clear however that this kind of actual devaluation of the old capital would not take place without a struggle, and that the additional capital  $\Delta C$  could not function as capital without a struggle. **That competition which results from the overproduction of capital would not cause a fall in the rate of profit. Rather the reverse.**" (ibid, p. 361, *emphasis ours*)

Finally, Marx argues that overproduction of commodities for consumption of masses is not the cause of the crisis, as capitalism *does not produce for consumption*, but for profit. If the sale of only a part of product according to the prevailing structure of effective demand can ensure a 'healthy' rate of profit, the capitalists would not hesitate in letting food rot in godowns! It is profit that is the motive force, not consumption and if this motive is fulfilled, underconsumption does not bother the capitalist class. **Moreover, Marx also argues why crises and general overproduction cannot be a permanent state in capitalism. The reason is that crisis is at the same time the process through which it is overcome.** The theory of 'permanent crisis' goes against the very nature of capitalism and betrays an utter lack of understanding of the law of value and its derivative, the law of profitability. The following rather lengthy quote will explain why Ajay Sinha only shows how barren intellectually he is, in arguing for the theory of permanent crisis:

**"How then is this conflict (crisis of profitability and resultant overproduction-Author) to be resolved?** How are the relations corresponding to a 'healthy' movement of capitalist production to be restored? **The method of resolution is already implicit in the way in which the conflict is stated. It involves this: that capital should lie idle, or even, in part, be destroyed, either to the entire value of the additional capital  $\Delta C$  or at least to one part of this;** although this loss is by no means uniformly distributed amongst all the particular individual capitalists, as our depiction of the conflict has shown, the distribution being decided instead by a competitive struggle in which the loss is divided very unevenly and in very different forms according to the particular advantages or positions that have already been won, in such a way that one capital lies idle, another is destroyed, a third experiences only a relative loss or simply a temporary devaluation, and so on.

**"Under all circumstances, however, the balance will be restored by capital's lying idle or even by its destruction, to a greater or lesser extent.** This will also extend in part to the material substance of capital, i.e. part of the means of production, fixed and circulating capital, will not function and operate as capital, and a part of the productive effort that was begun will come to a halt. Even though, as far as this aspect goes, time affects and damages all means of production (except the land), what we have here is a far more intense actual destruction of means of production *as the result of a stagnation in their function.* The major effect here, however, is

simply that these means of production cease to be active as means of production; a shorter or longer disruption occurs in their function as means of production.

“The chief disruption, and the one possessing the sharpest character, would occur in connection with capital in so far as it possesses the property of value, i.e. in connection with capital values. The portion of capital value that exists simply in the form of *future claims on surplus-value and profit*, in other words *promissory notes* on production in their various forms, is devalued simultaneously with the fall in the revenues on which it is reckoned. A portion of ready gold and silver lies idle and does not function as capital. **Part of the commodities on the market can complete their process of circulation and reproduction only by an immense reduction in their prices, i.e. by a devaluation in the capital they represent.** The elements of fixed capital are more or less devalued in the same way. Added to this is the fact that since certain price relationships are assumed in the reproduction process, and govern it, this process is thrown into stagnation and confusion by **the general fall in prices.** This disturbance and stagnation paralyses the function of money as a means of payment, which is given along with the development of capital and depends on those presupposed price relationships. The chain of payment obligations at specific dates is broken in a hundred places, and this is still further intensified by an accompanying breakdown of the credit system, which had developed alongside capital. **All this therefore leads to violent and acute crises, sudden forcible devaluations, an actual stagnation and disruption in the reproduction process, and hence to an actual decline in reproduction.**

“**But other agencies come into play at the same time. Stagnation in production makes part of the working class idle and hence places the employed workers in conditions where they have to accept a fall in wages, even beneath the average; an operation that has exactly the same effect for capital as if relative or absolute surplus-value had been increased while wages remained at the average.** Periods of prosperity facilitate marriage among the workers and reduce the decimation of their offspring, factors which, however much they might involve a real increase in population, do not involve any increase in the population actually working, but do have the same effect on the relationship between the workers and capital as if the number of workers actually active had increased. The fall in prices and the competitive struggle, on the other hand, impel each capitalist to reduce the individual value of his total product below its, general value by employing new machinery, new and improved methods of labour and new forms of combination. That is, they impel him to raise the productivity of a given quantity of labour, to reduce the proportion of variable capital to constant and thereby to dismiss workers, in short to create an artificial surplus population. **The devaluation of the elements of constant capital, moreover, itself involves a rise in the profit rate.** The mass of constant capital applied grows as against the variable, but the value of this mass may have fallen. **The stagnation in production that has intervened prepares the ground for a later expansion of production - within the capitalist limits.**



**“And so we go round the whole circle once again. One part of the capital that was devalued by the cessation of its function now regains its old value. And apart from that, with expanded conditions of production, a wider market and increased productivity, the same cycle of errors is pursued once more.**

...

**“The same thing is evident in the overproduction of commodities and the over-supply of markets. Since capital's purpose is not the satisfaction of needs but the production of profit, and since it attains this purpose only by methods that determine the mass of production by reference exclusively to the yardstick of production, and not the reverse, there must be a constant tension between the restricted dimensions of consumption on the capitalist basis, and a production that is constantly striving to overcome these immanent barriers. Moreover, capital consists of commodities, and hence overproduction of capital involves overproduction of commodities...If it is said that overproduction is only relative, this is completely correct...How else could there be a lack of demand for those very goods that the mass of the people are short of, and how could it be that this demand has to be sought abroad, in distant markets, in order to pay the workers back home the average measure of the necessary means of subsistence?”**

*(ibid, p. 362-66, emphasis ours)*

Marx says further that it is not the contradiction between production and consumption that *determines* the crisis but the contradiction of capital and the opportunities for its profitable investments that cause the crisis; or, it is the declining rate of profit that causes the crisis and the consequent phenomena of crisis, from overproduction to underconsumption and disproportionality. Marx also argues that the same crisis is also the way of overcoming this contradiction. Thus, crisis is, at the same time, a process of *catharsis*, of destruction of the ‘irrational excess’ through devalorization of capital in all its forms: devalorization of means of production, devalorization of commodity capital through general fall in prices, and the devalorization of money-capital and financial instruments. This devalorization ultimately resets the counter and the same cycle of events start, though at a higher level. Marx sums up:

**“The barriers to the capitalist mode of production show themselves as follows:**

**(1) in the way that the development of labour productivity involves a law, in the *form of the falling rate of profit*, that at a certain point confronts this development itself in a most hostile way and has constantly to be overcome by way of crises;**

**(2) in the way that it is the appropriation of unpaid labour, and the proportion between this unpaid labour and objectified labour in general - to put it in capitalist terms, profit and the proportion between this profit and the capital applied, i.e. *a certain rate of profit* - it is this that determines the expansion or contraction of production, instead of the proportion between production and social needs, the needs of socially developed human beings. Barriers to production, therefore,**

**arise already at a level of expansion which appears completely inadequate from the other standpoint. Production comes to a standstill not at the point where needs are satisfied, but rather where the production and realization of profit impose this.** (ibid, p. 367, *emphasis ours*)

As the readers can see, the theory of permanent crisis certainly has nothing to do with Marx. *Then, whence this theory of 'permanent crisis'?* The original source is the **Monthly Review School's theory of 'monopoly capital' according to which, in the stage of monopoly capital, the capitalist class will reap 'maximum profits' owing to their monopoly power. Tragically, this school has had a lot of impact in Indian Left circles and that impact is still lingering, though, many Marxist-Leninist scholars have long refuted it effectively.** According to the MR School, in this monopoly stage, there will be a *permanent crisis*. I cannot go into the details of this bankrupt theory. For a short elaboration and critique, interested readers can refer to Michael Roberts' critique here:

<https://thenextrecession.wordpress.com/2016/07/05/john-bellamy-foster-and-permanent-stagnation/>

Michael Roberts correctly argues in this paper:

**"The MR thesis denies that there are booms and slumps inherent in the modern capitalist mode of production, because, under monopoly capital, there is only permanent stagnation** interspersed with periods of speculative boom from credit bubbles.

...

"In a way, JBF (John Bellamy Foster) is too pessimistic about capitalism. **There is no permanent crisis. Another slump will help to destroy capital values and liquidate inefficient (zombie) firms in order to restore profitability.** That will be at the expense of millions of jobs and livelihoods. In the late 19<sup>th</sup> century depression, it took six slumps to do that between 1873 and 1897. But eventually, capitalism did revive and globalised further.

"That could happen again if the working classes in the major economies fail to replace the capitalist mode of production in political struggle. Capitalism could then begin a new lease of life, exploiting yet more millions in 'emerging economies' as cheap labour and introducing new technologies that shed labour." (Michael Roberts, 'John Bellamy Foster and Permanent Stagnation', *The Next Recession' Blog*)

I would also strongly urge the readers to go through Anwar Shaikh's excellent essay 'An Introduction to the History of Crisis Theories' (<http://www.anwarshaikhecon.org/index.php/publications/political-economy/42-1978/84-an-introduction-to-the-history-of-crisis-theories>) to understand the basically underconsumptionist character of the notion of monopoly that the Monthly Review School has.

Another work that I would recommend to understand the essence of 'monopoly capital school' theory, that has a strong influence on people like Ajay Sinha, is the book by Michael Bleaney, 'Underconsumption Theories'. Bleaney writes in this book:

"There are considerable similarities between Hobson's ideas here and Baran and Sweezy's book *Monopoly Capital*. **Baran and Sweezy start from the idea that twentieth-century monopoly capitalism is very different from nineteenth-century competitive capitalism, and they identify a problem of 'absorption of the surplus' above the necessary cost of production of commodities. This surplus originates in the ability of oligopolistic firms to reduce costs while maintaining price levels, thus at least potentially raising the share of profits, except in so far as they are absorbed by advertising, depreciation, taxes and so on.** The authors identify a tendency for the share of this surplus in the economy to increase, and unless full outlets can be found for the expenditure of it, the economy will be depressed." (Michael Bleaney, *Underconsumption Theories*, International Publishers, New York, p. 166-67, *emphasis ours*)

Similarly, Bleaney aptly comments on the disagreements of such theory with Marx's theory of capitalism and its crises:

"So Sweezy's attempt to build an underconsumption theory on the basis of Marx's work brings out some of the fundamental ideas behind underconsumptionism. But although the assumptions of Sweezy's model are based on Marx's ideas, the underlying conceptions do not accord with Marx's own. In particular, Marx always emphasised the dynamic, revolutionary nature of capitalist production as compared with previous epochs, and never suggested that there was a fundamental tendency towards stagnation within it." (*ibid*, p. 118)

**Does not this apply precisely to what dimwits like Mukesh Aseem and Ajay Sinha and other jokers associated with the magazine 'The Truth' are claiming these days? I would urge the readers to go through Michael Bleaney's book also because it shows how some people have quoted from Marx in a fragmentary fashion to portray him as an underconsumptionist, though, in vain.**

Thus, Maatsaab actually belongs to the Monthly Review School thesis of 'permanent crisis' in the age of complete domination by monopolies, though an intellectually pauper version of this thesis, as he lacks the ability to belong to the best versions of even the incorrect theses! This theory, as many Marxist scholars like Michael Roberts, Anwar Shaikh, Michael Bleaney, etc. have correctly shown, has nothing to do with Marxism.

Therefore, in 'conditions of overproduction and permanent crisis' the supposed 'modification' in Marx's law of value and law of recurrent cyclical crisis that Ajay Sinha is looking for, has already been attempted by many people and with disastrous results. I would ask the readers to read the writings referred to above, as these writings from classical Marxist political economy position reveal the poor character of the underconsumptionist theories in their various forms. **One form that derives from the already poor underconsumptionist theories, is the particularly destitute version being peddled out by the intellectually**

**challenged clique of midgets, gathered around this magazine, ‘The Truth’, and being led by the ‘able’ leadership of the likes of Mukesh Aseem and his disciple, Ajay Sinha.**

Following a laughable caricature of MR School’s thesis of ‘permanent crisis’ in the age of complete domination of monopolies, Ajay Sinha claims that now, in the “modern day capitalism”, the law that prevails is not monopoly-rents leading to monopoly-profits of corporations, but the law of ‘maximum profit’! This very category is ridiculous. **‘Maximum’ in relation to what?** If he means by this that monopoly-rent will cease to follow any law (of realization of a *determinate* surplus-profit), then again, he is committing a blunder and actually trashing the entire law of value. Why? Because even when monopolies reign in an economy, the averaging of rates of profit will happen in the same way in which Marx predicted; the monopoly in any sector can only transfer value from other sectors through monopoly-price (because there is no stage of perfect monopoly possible in capitalism, *even theoretically*). However, at social aggregate level, only that much value can be realized as is produced. There is no such thing as arbitrary "maximum profit". There is only a surplus-profit regulated by total value produced, the extent of surplus-profit determined by value over and above prices of production in case of landed property in agriculture, and surplus-profit determined by the effective demand of a particular commodity in case of other types of monopolies. See what Marx says:

“Finally, if the equalization of surplus-value to average profit in the various spheres of production comes upon obstacles in the form of artificial or natural monopolies, and particularly the monopoly of landed property, so that a monopoly price becomes possible, above both the price of production and value of the commodities this monopoly affects, **this does not mean that the limits fixed by commodity value are abolished. A monopoly price for certain commodities simply transfers a portion of the profit made by the other commodity producers to the commodities with the monopoly price.** Indirectly, there is a local disturbance in the distribution of surplus-value among the various spheres of production, **but this leaves unaffected the limit of the surplus-value itself...The limits within which monopoly price affects the normal regulation of commodity prices are firmly determined and can be precisely calculated.**” (Marx, *Capital, Volume 3*, Penguin Edition, p. 1001, *emphasis ours*)

In other words, whatever the extent of monopolization, only that much surplus-value can be realized that is created. The fact the monopoly-rent realizes a surplus-profit only means that a certain amount of value transfer to monopoly sectors from other sectors will take place. Secondly, the extent of these transfers is absolutely limited by the total magnitude of surplus-value. Thirdly, the extent of this monopoly-rent will be determined in the case of agriculture by the difference between the value and prices of production and in case of independent monopoly-price, by the effective demand for that particular commodity, which itself is determined by the relations of distribution, in turn, determined by the law of value itself.

*Thus, the theory of “maximum profits” is absurd and meaningless. Yet, Mr. Scatterbrains, Ajay Sinha, as well as the pack of pinheads gathered around the farce called ‘The Truth’, with their fragmentary readings of flaps and hunting and*

*gathering of quotes from Marx using the 'search tool' have landed in a puddle of mud.*

In support, Maatsaab presents this quote of Marx:

“Our analysis has revealed how the market-value (and everything said concerning it applies with appropriate modifications to the price of production) embraces a surplus-profit for those who produce in any particular sphere of production under the most favourable conditions. **With the exception of crises, and of overproduction in general, this applies to all market-prices, no matter how much they may deviate from market-values or market-prices of production.** For the market-price signifies that the same price is paid for commodities of the same kind, although they may have been produced under very different individual conditions and hence may have different cost-prices. (We do not speak at this point of any surplus-profits due to monopolies in the usual sense of the term, whether natural or artificial.)”(bold ours) [p. 197, Ibid.]” (PRC CPI (ML), *op.cit.*, p. 16)

From this quote, Maatsaab infers that in the periods of crises and overproduction the very laws of averaging of rates of profit (and therefore the law of value itself) are modified! Look at the audacity of this bum! Is Marx really saying that in the above quote? No! As we saw while understanding Marx’s theory of crises above, ***Marx is saying simply that in periods of crises, commodities will sell under their value due to a general decline in the prices and this very process, as we saw above, leads to overcoming of crisis through the devalorization of capital. All of this happens precisely due to the law of value and law of profitability, rather than despite it.*** Marx says that in case of capitalists with most favourable conditions, a surplus-profit exists that is realized through the market-value (*nota bene*: here Marx says, market-value *with modifications according to its transformation into prices of production and further into market-prices*, firstly, because Marx is here talking about surplus-profit that exists due to favourable conditions, *not due to monopoly*, and therefore does not cause any rise in the market-price, for example, the case of Differential Rent, and secondly, because, at the social aggregate level total market-value (social-value) equals total prices of production and market-prices).

***However, this surplus-profit will not be realized in periods of crisis due to a general fall in prices. What Ajay Sinha does not understand is that this general fall in prices (devalorization of commodity capital) along with devalorization of means of production and capital in the form of titles to value, is precisely the factor that overcomes the crisis by destruction of irrational excess and this process happens precisely according to the law of value and law of profitability. According to Ajay Sinha, overproduction will prevail forever without any devalorization of capital! As we saw, the crisis itself inaugurates the process of devalorization of capital that ensures that crisis and overproduction cannot prevail forever.*** As the readers can see, Mr. Dimwit has failed to understand the basics of Marxist political economy, leave alone the Marx’s theory of crisis.

## 15. **Don Quixote de la Patna's Inherent Incapacity to Understand Basic Marxist Concepts Like Market-Value (Social-Value), Market Prices and Prices of Production**

This utter incapacity of Ajay Sinha is on display again when he fails to understand the concepts of market-value/social-value, prices of production and market-prices. See what our Don Quixote *de la Patna* writes:

“To say that ‘the market price deviates from the value of the commodity’ (this is so written by Abhinav in his abovementioned article) is based on “the assumption that the commodities of the various spheres of production are sold at their value” as only on the basis of this assumption it implies that “their value is the centre of gravity around which their prices fluctuate, and their continual rises and drops tend to equalise.” [p. 176-177, *Ibid.*]” (PRC CPI (ML), *op.cit.*, p. 16-17)

This is my quote to which Ajay Sinha is referring:

“the market-price deviates from the value of the commodity because of the different conditions of production prevailing in various sectors and regions and due to the competition among different capitals.” (Abhinav, *op.cit.*)

Then Maatsaab quips with surprise:

“Just a paragraph later, he writes that “the market-price keeps fluctuating around the centre of gravity of the prices of production, due to the changing equations of demand and supply.” So, in a way he confuses value with the centre of gravity of the prices of production.” (PRC CPI (ML), *op.cit.*, p. 17, see footnote)

He further says:

“If we try to understand this, this is what we can mean from this: According to him, the prices of production are determined from the redistribution of social value produced in different sectors of production among them and this redistribution take place by competition and the averaging of the rates of profit” (*ibid*, p. 17)

And just look at this idiotic paragraph:

"Can it be called consistent with Marx's analysis of determination of the prices of production? No, it is at best Ricardian presentation, modified by Marx to show that his assumption that commodities are sold at their values when correctly modified can be shown to have truths in the last [p. 183-184, Theories of Surplus Value (Part II), Capital Vol IV, Progress Publishers (Reprinted by From Marx to Mao Digital Reprints)] through other way round. But it is nonetheless Ricardian not a Marxian way of presenting or explaining the formation of market price. Like Ricardo, our 'thinker' also presupposes average rate of profit though he incessantly talks of redistribution of social value among spheres of production." (*ibid*, p. 17)

***Let us make things clear as in the asinine brain of Mr. Giddyhead, all these categories have conjured up a twister of confusion!***

*Let us first positively understand a few things and then we will see how Ajay Sinha has confused Marx's description of pre-capitalist commodity mode of production (where value approximately equals price) with Marx's description with capitalist mode of production; how he has misunderstood everything that Marx says in 'Capital', and then we will quote Marx at length to show the sheer idiocy of this dimwit.*

There are several levels of determination of value of commodity. The first level is what Marx calls 'individual value'. This is the different labour-times spent in producing a commodity by different individual producers. Within each branch of production, through competition, 'social-value' or 'market-value' of that commodity emerges. This is determined by those capitals in that branch that functions under the average or mean conditions of production; in other words, this 'social-value' or 'market-value' is determined by what Marx calls 'socially-necessary labour time' or the amount of abstract human labour required to produce the commodity under average conditions of production. *This is the result of competition within every branch of production.*

However, the conditions of production in different branches of production are not the same. As a consequence, different branches of production have different rates of profit due to different organic composition of capital. This difference in the rates of profit leads to flow of capital from the sectors with low rates of profit to the sectors with higher rates of profit. Due to this flow of capital or the competition between capitals, a process of *averaging of the rates of profit* takes place. *The formation of average rate of profit is actually the formation of prices of production*, because every branch of production does not get the total surplus-value produced by it. It realizes average rate of profit and that is the rate of profit on the total social capital. Thus each branch of production realizes not the surplus-value produced by it, but average profit. Prices of production is nothing but 'cost of production + average profit'. *Naturally, these prices of production deviate from the value of the commodity for individual commodities in general, except for those with rate of profit equal to the average rate of profit.* However, they do not deviate from them in an arbitrary fashion. The reason is that the total social-values are always equal to the total prices of production, since through the prices of production the total surplus-value is only *redistributed* among different capitals, it neither increases nor decreases due to this redistribution. Total prices of production are always equal to total social-values and total profit always equals to total surplus-value. At the social aggregate level, mass of profit and mass of surplus-value are the same. **That is why prices of production are based on social-value and the social value of commodities function as the centre of gravity.** However, the fetishism of commodities does not stop here and goes to an even higher level: the level of market-prices.

**What are market-prices?** Market-prices are the actual prices at which the commodities are sold in the market and they deviate from the prices of production *in the short-run* due to the impacts of supply and demand, though in the long run, supply and demand themselves are determined by social-value. **That is why, despite these short-term deviations, the market-prices hover around the centre of gravity of prices of production, which in turn, hover around the centre of gravity of social-value.** Why? Because this deviation is not arbitrary and is limited by the magnitude of social-value, because at social aggregate level,

total market-prices is always equal to total prices of production which equals total social-value.

*Ajay Sinha thinks that if I say that market-prices hover around the centre of gravity of market-value, then I assume that commodities are being sold at their values! On what basis is he saying that? Because he misunderstands what Marx is saying in the following quote, a part of which Ajay Sinha quotes:*

“The assumption that the commodities of the various spheres of production are sold at their value merely implies, of course, that their value is the centre of gravity around which their prices fluctuate, and their continual rises and drops tend to equalise.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 279)

What is Marx saying here? **Marx is, in fact, here talking about the values of commodities in the pre-capitalist commodity production which were approximately equal to their prices. Here Marx is not talking about market-prices or prices of production as they exist in developed capitalist production. Marx is actually pointing to the fact that the deviation of prices of production from social values can take place only in developed capitalist production.**

Had Don Quixote *de la Patna* studied the entire Volume 3 of ‘Capital’, rather than hunting and gathering quotations with ‘search’ tool, he would have saved himself from such an awkward and embarrassing situation. The quote that Maatsaab has found with the help of ‘search’ tool, is part of Marx’s description of pre-capitalist commodity production in which Marx begins with saying that:

**“The exchange of commodities at their values, or approximately at their values, thus requires a much lower stage than their exchange at their prices of production, which requires a definite level of capitalist development.**

“Whatever the manner in which the prices of various commodities are first mutually fixed or regulated, their movements are always governed by the law of value. If the labour-time required for their production happens to shrink, prices fall; if it increases, prices rise, provided other conditions remain the same.

“Apart from the domination of prices and price movement by the law of value, it is quite appropriate to regard the values of commodities as not only theoretically but also historically *prius* to the prices of production. **This applies to conditions in which the labourer owns his means of production, and this is the condition of the land-owning farmer living off his own labour and the craftsman, in the ancient as well as in the modern world.** This agrees also with the view we expressed previously that the evolution of products into commodities arises through exchange between different communities, not between the members of the same community. It holds not only for this primitive condition, but also for subsequent conditions, based on slavery and serfdom, and for the guild organisation of handicrafts, so long as the means of production involved in each branch of production can be transferred from one sphere to another only with difficulty and therefore the various spheres of production are related to one



another, within certain limits, as foreign countries or communist communities.

**“For prices at which commodities are exchanged to approximately correspond to their values, nothing more is necessary than** 1) for the exchange of the various commodities to cease being purely accidental or only occasional; 2) so far as direct exchange of commodities is concerned, for these commodities to be produced on both sides in approximately sufficient quantities to meet mutual requirements, something learned from mutual experience in trading and therefore a natural outgrowth of continued trading; and 3) so far as selling is concerned, for no natural or artificial monopoly to enable either of the contracting sides to sell commodities above their value or to compel them to undersell. By accidental monopoly we mean a monopoly which a buyer or seller acquires through an accidental state of supply and demand.

**“The assumption that the commodities of the various spheres of production are sold at their value merely implies, of course, that their value is the centre of gravity around which their prices fluctuate, and their continual rises and drops tend to equalise.”** (*ibid*, p. 277-79, *emphasis ours*)

**Now just fathom the imbecility of our Mr. Scatterbrains! Ajay Sinha confuses this description of the relationship between price and value in pre-capitalist commodity production with relationship between market-price, prices of production and social-value under capitalist mode of production, whereas Marx is not talking about capitalist mode of production here, where market-prices fluctuate around the centre of prices of production, which themselves hover around the centre of gravity of social-value!** Here, Marx is talking about the law of approximate convergence of value and price in pre-capitalist commodity production. This is really shameful for communists of India in general that such intellectual midget can formally claim to be the “general secretary” of a “communist party of India-Marxist-Leninist”. *Also surprising is the fact, that despite the presence of so many well-read comrades in Patna, nobody has called out the intellectual fraud of this dimwit and has allowed him to spread ignorance and idiocy among genuine young revolutionaries. Anyhow, let us move forward and see what Marx’s views are in this regard.*

**Now, let us see, whether Marx believes or not, that market-prices fluctuate around the centre of gravity of prices of production, which themselves hover around the centre of gravity of social-value or market-value and whether prices of production redistribute surplus-value among different branches or not.** Marx writes:

“What we have said here of market value holds also for the price of production, as soon as this takes the place of market value. The price of production is regulated in each sphere, and regulated too according to particular circumstances. **But it is again the centre around which the daily market prices revolve, and at which they are balanced out in definite periods.** (Cf. Ricardo on the determination of price of production by producers working under the worst conditions.) In whatever way prices are determined, the following is the result: (1) The law of value governs their movement in so far as reduction or increase in the labour-time needed for

their production makes the price of production rise or fall. It is in this sense that Ricardo, who certainly feels that his prices of production depart from the values of commodities, says that 'the inquiry to which I wish to draw the reader's attention relates to the effect of the variations in the relative value of commodities, and not in their absolute value'. (2) The average profit, which determines the prices of production, must always be approximately equal to the amount of surplus-value that accrues to a given capital *as an aliquot part of the total social capital.*" (Marx, *Capital, Volume 3*, Penguin Edition, p. 280, *emphasis ours*)

Again, Marx clearly explains the relation between market-value, prices of production and market-prices:

"What competition does not show, however, is the determination of values that governs the movement of production; that it is values that *stand behind* the prices of production and *ultimately* determine them. Competition exhibits rather the following phenomena: (1) average profits that are independent of the organic composition of capital in the various spheres of production, i.e. independent of the mass of living labour appropriated in a given sphere of exploitation; (2) rises and falls in the prices of production as a result of changes in the wage level - a phenomenon which at first sight seems completely to contradict the value relationship of commodities; (3) **fluctuations in market prices that reduce the average market price of a commodity over a given period of time, not to its market value but rather to a market price of production that diverges from this market value and is something very different.** All these phenomena seem to contradict both the determination of value by labour-time and the nature of surplus-value as consisting of unpaid surplus labour. In competition, therefore, everything appears upside down." (*ibid*, p. 311, *emphasis ours*)

Marx explains how market-prices deviate from market-value:

"Thus if supply and demand regulate market price, or rather the departures of market price from market value, the market value in turn regulates the relationship between demand and supply, or ***the centre around which fluctuations of demand and supply make the market price oscillate.***" (*ibid*, p. 282, *emphasis ours*)

This is how Marx defines Prices of Production:

"The prices that arise when the average of the different rates of profit is drawn from the different spheres of production, and this average is added to the cost prices of these different spheres of production, are the prices of production. Their prerequisite is the existence of a general rate of profit, and this presupposes in turn that the profit rates in each particular sphere of production, taken by itself, are already reduced to their average rates." (*ibid*, p. 257)

Marx explains further, while assuming that in the long run market-values are approximately equal to prices of production, and therefore abstracting from the level of determination of average prices:

“If the same type and approximately the same quality, may be sold at their value, two things are necessary:

(1) First, the ***different individual values must be equalized to give a single social value, the market value presented above, and this requires competition among producers of the same type of commodity, as well as the presence of a market on which they all offer their commodities.*** Looking at the market price for identical commodities, commodities which are identical but each produced under circumstances of a character which varies slightly according to the individual, we may say that if this market price is to correspond to the market value, and not diverge from it, either by rising above or falling below, then the pressures that the various sellers exert on one another must be strong enough to put on the market *the quantity of commodities that is required to fulfil the social need, i.e. the quantity for which the society is able to pay the market value.* If the mass of products oversteps this need, commodities have to be sold below their market value, and conversely they are sold above the market value if the mass of products is not large enough, or, what comes to the same thing, if the pressure of competition among the sellers is not strong enough to compel them to bring this mass of commodities to the market. If the market value changes, the conditions at which the whole mass of commodities can be sold will also change. If the market value falls, the social need is on average expanded (this always means here the need which has money to back it up), and within certain limits the society can absorb larger quantities of commodities. If the market value rises, the social need for the commodities contracts and smaller quantities are absorbed. ***Thus if supply and demand regulate market price, or rather the departures of market price from market value, the market value in turn regulates the relationship between demand and supply, or the centre around which fluctuations of demand and supply make the market price oscillate.*** (Marx, *Capital, Volume 3*, Penguin Edition, p. 281-82)

Marx explains that in only the case of those branches of production the prices of production will be equal to their social-value, where OCC is equal to the average OCC of the economy, or the rate of profit is equal to the average rate of profit of economy. *In the case of all other branches, the prices of production will deviate from market-values.* Marx writes:

“In some branches of production the capital employed has a composition we may describe as 'mean' or 'average', i.e. a composition exactly or approximately the same as the average of the total social capital.

“In these spheres, the production prices of the commodities produced coincide exactly or approximately with their values as expressed in money. If there were no other way of arriving at a mathematical limit, it could be done as follows. ***Competition distributes the social capital between the various spheres of production in such a way that the prices of production in each of these spheres are formed after the model of the prices of production in the spheres of mean composition, i.e.,  $k + kp'$  (cost price plus the product of the average rate of profit and the cost price).*** This average rate of profit, however, is nothing more than the percentage profit in spheres of mean composition, where the profit therefore coincides with the surplus-value. The rate of profit is thus the same in all

spheres of production, because it is adjusted to that of these average spheres, where the average composition of capital prevails. **The sum of the profits for all the different spheres of production must accordingly be equal to the sum of surplus-values, and the sum of prices of production for the total social product must be equal to the sum of its values.**" (*ibid*, p. 273, *emphasis ours*)

In the above quotation, Marx also points out to the redistribution of surplus-value among different branches of production through the prices of production, something, which appears mind-boggling to our Mr. Giddyhead!

Then Marx elaborates how it is competition between capitals in different branches that leads to averaging of the rates of profit and formation of prices of production:

"Capital withdraws from a sphere with a low rate of profit and wends its way to others that yield higher profit. This constant migration, the distribution of capital between the different spheres according to where the 'profit rate is rising and where it is falling, **is what produces a relationship between supply and demand such that the average profit is the same in the various different spheres; and values are therefore transformed into prices of production.**" (*ibid*, p. 297, *emphasis ours*)

Marx here explains something that Ajay Sinha is particularly dense about:

"It has been said that **competition equalizes profit rates between the different spheres of production to produce an average rate of profit, and that this is precisely the way in which the values of products from these various spheres are transformed into prices of production.** This happens, moreover, by the continual transfer of capital from one sphere to another, where profit stands above the average for the time being." (*ibid*, p. 310, *emphasis ours*)

Then Marx explains how supply and demand cause the deviation of market-prices from the prices of production in the short-run and market-price equal prices of production only when supply and demand coincide:

**"If supply and demand coincide, the market price of the commodity corresponds to its price of production,** i.e. its price is then governed by the inner laws of capitalist production, independent of competition, **since fluctuations in supply and demand explain nothing but divergences between market prices and prices of production** - divergences which are mutually compensatory, so that over certain longer periods the *average market prices* are equal to the prices of production. As soon as they coincide, these forces cease to have any effect, they cancel each other out, and the general law of price determination then emerge as the law of the individual case as well; market price then corresponds to price of production in its immediate existence and not only as an average of all price movements, and the price of production, for its part, is governed by the immanent laws of the mode of production." (*ibid*, p. 477-78, *emphasis ours*)

Marx explains that through the formation of prices of production, the total surplus-value is *only redistributed among capitals* in different branches of

production, again, something which our Mr. Dimwit has failed to understand. Every branch realizes average profit. Marx says:

“It is rather the existence and the concept of the price of production and the general rate of profit it involves which rest on the fact that individual commodities are not sold at their values. **The prices of production arise from an adjustment of commodity values under which, after the reimbursement of the respective capital values consumed in the various spheres of production, the total surplus-value is distributed not in the proportion in which it is produced in the individual spheres of production, and hence contained in their product, but rather in proportion to the size of the capitals advanced.** It is only in this way that an average profit arises, and a production price for commodities can be arrived at, the characteristic element of which is this average profit. **It is the, constant tendency of capitals to bring about, by competition, this adjustment in the distribution of the surplus-value that the total capital produces, and to overcome all obstacles towards it.**” (*ibid*, p. 895, *emphasis ours*)

And finally in the following quote, **Marx most clearly reveals the relationship between social-value, prices of production and market-prices, why prices of production deviate from social-values, how market-prices deviate from prices of production in the short-run, and how at the social aggregate level, all these disturbances balance each other out, because total social value is always equal to total prices of production and total market price. That is why we say that market-prices hover around the centre of gravity of prices of production, and prices of production hover around the centre of gravity of social-value and ultimately,** it is the law of value that determines the market-prices, though, through many levels of determination. This is what Marx calls ‘production of regularities through irregularities’ in capitalism. Marx says:

“The division of the social profit as measured by this rate among the capitals applied in the various different spheres of production produces **prices of production which diverge from commodity values and which are the actual averages governing market prices.** But this divergence from values abolishes neither the determination of prices by values nor the limits imposed on profit by our laws. The value of a commodity is not equal to the capital consumed in it plus the surplus-value it contains; instead, its price of production is now equal to the capital k consumed in it plus the surplus-value that falls to it by virtue of the general rate of profit, say 20 per cent, on the capital advanced for its production, whether this is consumed or simply applied. This surcharge of 20 per cent, however, is itself determined by the surplus-value created by the total social capital, and its proportion to the value of this capital; and this is why it is 20 per cent and not 10 per cent or 100 per cent. **The transformation of values into prices of production does not abolish the limits to profit, but simply affects its distribution among the various particular capitals of which the social capital is composed, distributing it across them evenly, in proportion as they form value components of this total capital. Market prices rise above these governing production prices or fall below them, but these fluctuations balance each other out.**” (*ibid*, p. 999-1000, *emphasis ours*)

As the readers can see, Ajay Sinha totally misunderstands Marx at *every single point*, confuses the pre-capitalist commodity production (where value approximately equals price, since there is no category of capitalist profit and thus no concept of prices of production) with capitalist mode of production and claims ridiculously that if I say that prices of production hover around the centre of gravity of social-value and market-prices fluctuate around the centre of gravity of prices of production, then I am assuming that the commodities are being sold at their values! *Whereas, it means just the opposite!* It is precisely saying that commodities under capitalist mode of production are NOT sold on their values, because competition between capitals leads to averaging of the rates of profit and transformation of values into prices of production and the market-prices too deviate from the prices of production in short term due to conditions of supply and demand. **How can this half-witted clown even take such a leap, is beyond me.**

As you can see, our presentation was totally in congruence with Marx's ideas and has nothing whatsoever to do with Ricardian view, about which Don Quixote *de la Patna* knows nothing and, shooting in the dark, he claims that our presentation is Ricardian! Ajay Sinha thinks that Ricardo assumed that commodities are sold on their values and I am doing the same because I said that the "prices of production fluctuate around the centre of gravity of market-values"! *Only an intellectual midget can do such kind of exegesis!* The statement simply means this: first, prices of production fluctuate from market-values, therefore, commodities are not sold at their values; second, these fluctuations are not arbitrary because the law of value strikes like a force of nature and whatever is the situation, only that much value can be realized as is produced, so that total prices of production always equals total market-value; so, the deviations of prices of production from market-values are *regulated* by the law of value and are precisely quantifiable, rather than being arbitrary. Here is what Marx says:

"Since it is the total value of the commodities that governs the total surplus-value, while this in turn governs the level of average profit and hence the general rate of profit - **as a general law or as governing the fluctuations** - it follows that the law of value regulates the prices of production." (*ibid.*, p. 281, *emphasis ours*)

As the readers can see, had Maatsaab read the work of Marx in its entirety, he would have understood what 'prices of production fluctuating around the centre of gravity of market-value' means. We just saw above that Marx has written the same thing in 'Capital', Volume 3 repeatedly.

## **16. Don Quixote de la Patna's Misadventures with the Concepts of Averaging of Profit Rates and the Formation of Prices of Production**

Maatsaab writes, critiquing me for arguing that competition brings out the averaging of profit that determines the prices of production:

"In the first place, Marx has nowhere concluded that competition compels to bring among the capitalists averaging of rate of profit and then this averaging of rates of profits leads to the determination of price of production. Marx has this to say about averaging of the rates of profit and how this is achieved.

“Competition of capitals can therefore only equalise the rates of profit” and “Competition achieves this equalisation by regulating average prices.” [p. 29-30, Ibid]

“And Marx continues:

“Competition achieves this equalisation by regulating average prices. These average prices themselves, however, are either above or below the value of the commodity so that no commodity yields a higher rate of profit than any other.” [Ibid]

*“I hope that our Marxist thinker understand what 'average prices, mean here. It is the market value of the commodity. For Marx, how the conversion of this equalization of profits into a general rate of profit is brought about is important as for Marx it is the result and not the point of departure.” (PRC CPI (ML), op.cit., p. 17, emphasis ours)*

As the readers again can see that due to hunting and gathering for quotes from Marx’s ‘Capital’, Don Quixote *de la* Patna lands in a heap of crap! Let us first see what Marx says:

“It has been said that **competition equalizes profit rates** between the different spheres of production **to produce an average rate of profit**, and that **this is precisely the way in which the values of products from these various spheres are transformed into prices of production.** This **happens, moreover, by the continual transfer of capital from one sphere to another,** where profit stands above the average for the time being.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 310, *emphasis ours*)

What is Marx saying here? It is precisely this: it is the competition characterized by the flow of capital from sectors of lower rates of profit to the sectors of higher rates of profit, that equalizes the rate of profits and ***produces an average rate of profit*** and *this is precisely the way* in which (market) values of products are ***transformed into prices of production.***

Again, Marx says:

“The prices that arise *when the average of the different rates of profit is drawn from the different spheres of production, and this average is added to the cost prices of these different spheres of production, are the prices of production. **Their prerequisite is the existence of a general rate of profit,** and this presupposes in turn that the profit rates in each particular sphere of production, taken by itself, are already reduced to their average rates.” (*ibid*, p. 257, *emphasis ours*)*

**Thus, it is not the *a priori* existence of prices of production that once conjured up by the divine intervention, creates an average rate of profit by equalization of rates of profit, as Mr. Dimwit thinks, but the averaging of the rate of profit through competition that *simultaneously* leads to the formation of prices of production. These are not two processes that are different in time. Averaging of the rates of profit due to competition between capitals active in different branches of the production is precisely the way in**

**which prices of production are formed. However, despite the temporal simultaneity of the two processes, scientifically it is competition, that results from the demand of each capital for at least average profit, that determines the formation of prices of production. That is why Marx says:**

“The **average profit, which determines the prices of production**, must always be approximately equal to the amount of surplus-value that accrues to a given capital as an aliquot part of the total social capital.” (*ibid*, p. 280, *emphasis ours*)

As the readers can see, competition brings about the averaging of the rates of profit, which *determines* the prices of production.

Now, let us come to the second idiocy of Maatsaab in the above quotation. He says that he hopes that I know that average prices are market-values. Well, I am relieved and grateful that I do not know so! **Average prices are not market-values, Mr. Dimwit!** ‘Average-prices’ is the term Marx uses for prices of production itself. See:

“The **average prices of commodities not only seem to differ from their value, i.e. from the labour realized in them, but actually do differ, and the average profit of a particular capital differs from the surplus-value this capital has extracted from the workers employed by it.** The value of commodities appears directly only in the influence of the changing productivity of labour on the rise and fall of prices of production; on their movement, not on their final limits.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 967, *emphasis ours*)

More:

“Just as little is the law of value affected by the fact that the equalization of profit, i.e. **the distribution of the total surplus-value' among the various capitals and the obstacles that landed property partly places in the way of this (in absolute rent), gives rise to governing average prices for commodities that diverge from their individual values.** This again affects only the addition of surplus-value to the various commodity prices; it does not abolish surplus-value itself, nor the total value of commodities as the source of these various price components.” (*ibid*, p. 985, *emphasis ours*)

Even more:

“...it is completely immaterial for the individual capitalist whether commodities are sold at their values or not, and so therefore is the whole determination of value. Right from the start, this is something that goes on behind his back, by virtue of relations independent of him, **since it is not values but rather prices of production differing from them that form the governing average prices in each sphere of production.**” (*ibid*, p.1013, *emphasis ours*)

Again, in ‘Theories of Surplus-Value’, Volume 2, Marx clarifies that average prices are nothing but prices of production:



**“What is the effect of the competition between capitals? The average price of the commodities during a period of equalisation is such that these prices yield the same profits to the producers of commodities in every sphere, for instance, 10 per cent.** What else does this mean? That the price of each commodity stands at one-tenth above the price of the production costs, which the capitalist has incurred, i.e., the amount he has spent in order to produce the commodity. In general terms this just means that capitals of equal size yield equal profits, that the price of each commodity is one-tenth higher than the price of the capital advanced, consumed or represented in the commodity.” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, p. 27, *emphasis ours*)

Again, Marx shows that average prices or the prices of production can be equal only in the cases where the individual rate of profit of a branch is equal to the general average rate of profit:

**“As the example of B shows, it can in fact happen that the average price and the value of a commodity coincide. This occurs when the surplus-value created in sphere B itself equals the average profit; in other words, when the relationship of the various components of the capital in sphere B is the same as that which exists when the total sum of capitals, the capital of the capitalist class, is regarded as one magnitude on which the whole of surplus-value [is] calculated, irrespective of the sphere in which it has been created.”** (*ibid*, p. 29, *emphasis ours*)

More:

**“If we start from the correct principle that the value of commodities is determined by the labour-time necessary for their production (and that value in general is nothing other than materialised social labour-time) then it follows that the average price of commodities is determined by the labour-time required for their production. This conclusion would be the right one if it had been proved that average price equals value. But I show that just because the value of the commodity is determined by labour-time, the average price of the commodities (except in the unique case in which the so-called individual rate of profit in a particular sphere of production, i.e., the profit determined by the surplus-value yielded in this sphere of production itself, [is] equal to the average rate of profit on total capital) can never be equal to their value although this determination of the average price is only derived from the value which is based on labour-time.”** (*ibid*, p. 34, *emphasis ours*)

Here, Marx states this fact even more clearly:

**“Now what forces the individual capitalist, for instance, to sell his commodity at an average price, which yields him only the average profit and makes him realise less unpaid labour than is in fact worked into his own commodity? This average price is thrust upon him; it is by no means the result of his own free will; he would prefer to sell the commodity above its value. It is forced upon him by the competition of other capitals.”** (*ibid*, p. 40, *emphasis ours*)

Again:

“Second wrong proposition: Since Rodbertus presupposes a rate of profit (which he calls rate of capital gain) the supposition that commodities exchange in the proportion of their values is incorrect. One proposition excludes the other. **For a (general) rate of profit to exist, the values of the commodities must have been transformed into average prices or must be in the process of transformation.** The particular rates of profit which are formed in every sphere of production on the basis of the ratio of surplus value to capital advanced, are equalised in this general rate.” (*ibid*, p. 60, *emphasis ours*)

More:

**“Competition brings about the equalisation of profits, i.e., the reduction of the values of the commodities to average prices.**

**“...Average prices, to which competition constantly tends to reduce the values of commodities, are thus achieved by constant additions to the value of the product of one sphere of production and deductions from the value of the product of another sphere...**

**“The average price of a commodity equals its cost of production (the capital advanced in it, be it in wages, raw material, machinery or whatever else) plus average profit.”** (*ibid*, p. 69-70, *emphasis ours*)

To assume that average prices are market-value, is to commit the mistake that Rodbertus committed and was criticised for it in the second volume of ‘Theories of Surplus-Value’. That is why Marx writes about Rodbertus:

“The sixth piece of nonsense: **that he confuses the average prices of commodities with their values.**” (*ibid*, p. 92, *emphasis ours*)

This is the same non-sense that Mr. Dimwit has committed though not with the élan with which Rodbertus had committed. Such a comparison would have been an affront, even to a poor Ricardian like Rodbertus! It must be remembered here that when Marx is simply talking about ‘value’ he is referring to ‘market-value’ or ‘social-value’ not the individual value determined by individual labour-times spent by different producers.

**What has Maatsaab failed to understand? The very basic concepts of market-value/social-value, prices of production, market-price, etc. Let us reiterate these concepts for this intellectual pygmy:**

Market-value or social-value is the product of competition *within one sector or sphere of production* producing the same commodity. For the same commodities have different individual values too (that is, the values according to the expenditure of labour by each particular producer); however, it is the average conditions of production within each branch of production that determines the **market- or social-value** of the commodities, which actually are the centre of gravity for the prices of production. According to the market-value, *different branches of production* have different individual rates of profit, because the conditions of production differ not only within the branches of production but also

*between the branches of production. However, due to this differential, there is a constant flow of capital from branches with lower rates of profit to branches with higher rates of profit, which, as a tendency, equalizes the rates of profit and forms an average rate of profit and the prices of production.*

Prices of production or average prices come into existence due to competition between capitals in different branches of production. These deviate from the market-values because the social surplus value is redistributed among different capitals according to the average rate of profit. The prices of production or the average prices can equal market-values for the sectors whose surplus-value is equal to the average profit, or, which is the same, whose individual rate of profit is equal to the economy-wide average rate of profit. *In all other sectors, the prices of production will deviate from the values as a matter of law. The prices of production hover around the centre of gravity of market-value, because the total market-value is always equal to the total prices of production.*

Market-prices are formed by *short-term deviations from prices of production due to immediate market conditions of supply and demand.* In the long-term, these deviations cancel each other out, as the conditions of demand and supply themselves are regulated by changes in social-value. *Therefore, the market-prices hover around the centre of gravity of prices of production, or average prices.* In the long-term, we can see that the average market-prices can be reduced to prices of production, because the divergences created by supply and demand are short-term, but the averaging of profit and establishment of a general economy-wide average profit is comparatively a long-term phenomenon. *That is why the deviation of prices of production from market-values is a long-term element, whereas the deviation of market-prices from prices of production is a short-term element.* These are short-term aberrations. We are explaining these basics again and again because it is precisely here that Mr. Rattlebrains, Ajay Sinha, shows his absolute incompetence. That is why Marx writes, while clearly making distinction between market-value, prices of production and market-price, which Ajay Sinha totally fails to understand:

“...fluctuations in **market prices** that reduce the average **market price** of a commodity over a given period of time, **not to its market value** but rather to a **market price of production** that diverges from this **market value** and is something very different.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 311)

***As readers can see, Maatsaab has failed to understand the basic categories of Marx’s political economy and has claimed that market-value is average prices! Why did this idiot confuse the two? Because Marx has used both terms: average prices and prices of production for the same price that is determined by average rate of profit and that deviates from market-value.***

***Secondly, why did this imbecile confuse market-value and market-price? Because both terms have ‘market’ in them! Market-value is not the price at which a commodity sells in the market! It is ‘market-value’ in so far as it denotes the sociality of this value, i.e., it is not individual but social, at the level of each branch of production.*** In fact, Marx has an entire section on the difference between market-value and market-price in the volume 2 of ‘Theories of Surplus Value’, as well as the volume 3 of ‘Capital’. However, due to his reliance,

less on comprehensive reading of Marx, and more on using the help of 'search' tool of computer, Don Quixote *de la Patna* has made a joke of himself.

### **17. How Don Quixote *de la Patna* Quotes Marx Against Himself, Under the Illusion of Quoting Him as His Vindication**

Now let us see how Maatsaab quotes Marx repeatedly against himself. First he argues that I claim that commodities sell at their values because I say that prices of production fluctuate around the market-value or social-value of commodities, which, as we have seen, means exactly the opposite. Then he claims that average prices (that is the prices of production) are actually same as market-values! Thus, it turns out finally that it is Don Quixote *de la Patna*, who is claiming the market-values are same as market-price! Why is all this intellectual circus happening? Because Maatsaab has misunderstood all the basic concepts.

On the compounded confusions, Don Quixote *de la Patna* blabbers his way to ignominy, but quoting Marx against himself, though thinking all the time that he is vindicating himself by quoting Marx! This is a trick, indeed, though a trick that has failed miserably.

***He wants his kindergarten of fledgling Sancho Panzas to believe that their Don Quixote is so learned that he can produce so many quotes from Marx! Though, without ever realizing that the quotes of Marx that Don Quixote de la Patna produces goes diametrically opposite to what their Master is saying!*** Just see.

Maatsaab tries to quote Marx in his support, but ends up quoting him against himself:

“Marx thus writes this –

“ “On the other hand, it may be said that wherever *an average profit*, and therefore a general rate of profit, are produced -- no matter by what means - - such an average profit cannot be anything but the profit on the average social capital, *whose sum is equal to the sum of surplus-value*. Moreover, *the prices obtained by adding this average profit to the cost-prices cannot be anything but the values transmuted into prices of production*. Nothing would be altered if capitals in certain spheres of production would not, for some reason, be subject to the process of equalization. The average profit would then be computed on that portion of the social capital which enters the equalization process. It is evident that the average profit can be nothing but the total mass of surplus-values allotted to the various quantities of capital proportionally to their magnitudes in their different spheres of production. It is the total realized unpaid labour, and this total mass, like the paid, congealed or living, labour, obtains in the total mass of commodities and money that falls to the capitalists.” [p. 172-173, MECW Vol37, Capital Vol. III, Lawrence & Wishart Electric Book]” (PRC CPI (ML), *op.cit.*, p. 17, *emphasis ours*)

**As you can see, Marx in the very beginning of this quote says that average prices (prices of production) are not equal to or same as market-values. In**

fact, they are average prices or prices of production formed by averaging of the rates of profit precisely in so far as they deviate from the values. Why? Because the economy-wide average rate of profit is equal to the total mass of surplus-value divided by total social capital. In other words, it is nothing but the rate of profit calculated on total social capital. Capitals in every branch of production do not realize the surplus-value produced by them, but the average profit according to their size. Thus, total surplus value is *redistributed to capitals according to this average rate of profit*, as average profit treats each capital as an aliquot part of the total social capital. Hence, the hostile brotherhood of the bourgeoisie originates in the average rate of profit, or in the market.

Finally, Marx says, that **if some sectors do not participate in the averaging of the rate of profit, like agriculture under conditions of landed property, or some other sector dominated by monopoly-price and monopoly-rent, the averaging of the rates of profit will happen in the rest of the economy and in that situation, agriculture and any other sector dominated by monopoly-rent, will realize a surplus-profit over and above the average rate of profit, only by transferring value from other sectors of economy.** In no situation, monopoly profits can be arbitrary (Maatsaab's concept of "maximum profits" of the monopoly against Marx's surplus-profit of the monopoly), or unregulated by any law, as we have already seen. ***What is Don Quixote de la Patna trying to prove with this quote of Marx is beyond me, because every sentence of this quote goes against the ignorance being blabbered by him!***

However, Maatsaab does not stop here in quoting Marx against himself, while being under the impression that Marx is vindicating him! See how Maatsaab quotes Marx against himself because he does not understand the meaning of the quote:

"So, further "the really difficult question is this: how is this equalization of profits into a general rate of profit brought about, since it is obviously a result rather than a point of departure?" [Ibid.]

"Therefore "the **average profit determining the prices of production** must always be approximately equal to that quantity of surplus-value which falls to the share of individual capital in its capacity of an aliquot part of the total social capital." [p. 178, Ibid.] (*ibid*, p. 18, *emphasis ours*)

Here, Marx is saying that as an aliquot part of the social aggregate capital, **the average profit determining the prices of production** is approximately equal to surplus-value falling to each individual capital **as aliquot part of the total social capital**. This precisely means that every capital will get average profit, the part of total surplus-value as an aliquot part of social capital that has a rate of profit, the average rate of profit, different from individual capitals. Maatsaab fails to understand that as an aliquot part of total social capital, each capital is not different from the total social capital, as all the differences in conditions of different branches of production are abstracted from at this level. Thus capital in the each different branch of production realizes average profit which is equal to the surplus-value that it realizes **as an aliquot part of total social capital**. **It does not mean that the average price or prices of production are equal to market-value/social-value, nor does it mean that surplus-value equals to average profit for all individual capitals.**

Secondly, Marx in the above quote himself explains ***how average rate of profit determines the prices of production, though Ajay Sinha thinks that it is the other way round!*** Moreover, equalization of rates of profit and formation of average rate of profit is a result rather than a point of departure *to what?* It is a result in relation to *competition* and flow of capital due to different rates of profit in different branches of production owing to different conditions of production prevailing in them. **It is not as if prices of production and average profit exist, a priori, and then it equalizes the rates of profits to an average rate of profit!** Marx's point is this, as clear from the above quote itself: it is competition that leads to flow of capital from sectors of lower profit to the sectors of higher profits, in the process, equalizing the rates of profit to the average rate of profit and thus the formation of prices of production. **Formally, in time, the formation of average rate of profit is the formation of prices of production. Essentially, it is this averaging of rates of profit due to competition among capitals that determines the prices of production.** This is what Marx is saying here. The readers should read the entire section, from which our Mr. Dimwit is quoting, in order to understand it correctly. Since, Maatsaab does not understand the above, he presents quotes from Marx, once again against himself:

“And further “What competition, first in a single sphere, achieves is a single market-value and market-price derived from the various individual values of commodities. And it is competition of capitals in different spheres, which first brings out the price of production equalizing the rates of profit in the different spheres. The latter process requires a higher development of capitalist production than the previous one.” [p. 179, Ibid.]

“If we take Mr Sinha's explanation to be true, then it will mean that the average prices that will be calculated on the basis of so-called averaging of the rates of profit will be equal to the value of the commodity. This is what Marx refutes throughout. He writes this:

“Thus, if the commodities were sold at their values or if the average prices of the commodities were equal to their values, then the rate of profit in the various spheres would have to vary a great deal. In one case it would be 50, in others 40, 30, 20, 10, etc. Taking the total volume of commodities for a year in sphere A, for instance, their value would be equal to the capital advanced in them plus the unremunerated labour they contain. Ditto in spheres B and C. But since A, B and C contain different amounts of unpaid labour, for instance, A more than B and B more than C, the commodities A might perhaps yield 3 S (S=surplus-value) to their producers, B=2 S and C=S. Since the rate of profit is determined by the ratio of surplus-value to capital advanced, and as on our assumption this is the same in A, B, C, etc., then |451| if C is the capital advanced, the various rates of profit will be  $3S/C$ ,  $2S/C$ ,  $S/C$ . Competition of capitals can therefore only equalise the rates of profit, for instance in our example, by making the rates of profit, equal to  $2S/C$ ,  $2S/C$ ,  $2S/C$ , in the spheres A, B, C. A would sell his commodity at 1 S less and C at 1 S more than its value. The average price in sphere A would be below, and in sphere C would be above, the value of the commodities A and C.” [p. 28, Theories of Surplus Value (Part II), Capital Vol IV, Progress Publishers (Reprinted by From Marx to Mao Digital Reprints)]” (*ibid*, p. 18)” (PRC CPI (ML), *op.cit.*, p. 18)

Ajay Sinha thinks that the formation of average rate of profit and the formation of the prices of production are processes that are different in time. First the prices of production are formed, which then create the average rate of profit! No! If prices of production are created before averaging of the rates of profit, what are they realizing: surplus-value or average profit? If prices of production are realizing average profit, then there must be an average profit existing before the formation of prices of production! Vice-versa, if average profit exists before the formation of prices of production, through which prices is it being realized? Prices of production? Then it would mean the prices of production exist *a priori* and then average rate of profit is formed. Both arguments are incorrect, because the formation of average rate of profit and the formation of prices of production are not processes that are separate *in time*, though *in essence*, the determining factor is the averaging of the rates of profit, due to the constant flow of capital, which is actually *the demand of each capital for at least average profit*. However, essentially, it is the demand for average profit, it is the flow of capital seeking at least this average profit, it is this competition to get at least the average profit, then leads to the formation of prices of production. Since Maatsaab does not understand this, he would not understand what Marx is saying here:

“The *average profit, which determines the prices of production, must always be approximately equal to the amount of surplus-value that accrues to a given capital as an aliquot part of the total social capital.*” (Marx, *Capital, Volume 3*, Penguin Edition, p. 280, *emphasis ours*)

Here again, you can see that *the prices of production, in essence, presupposes an average rate of profit, otherwise the very concept of prices of production would become meaningless*, even though the formation of these prices and the averaging of the rates of profit are not temporally different phenomena:

“The problem therefore is to sell commodities, and this is a minimum requirement, at prices which deliver the average profit, i.e. at prices of production. This is the form in which capital becomes conscious of itself as a social power, in which every capitalist participates in proportion to his share in the total social capital.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 297, *emphasis ours*)

What is temporally prior to the emergence of the general or economy-wide average rate of profit, is the existence of different rates of profit between different branches of production, the competition among capitals in the different branches, manifesting itself in the constant flow of capital from sectors with lower to sectors with higher profit rate. Marx says:

“Capital withdraws from a sphere with a low rate of profit and wends its way to others that yield higher profit. This constant migration, the distribution of capital between the different spheres according to where the 'profit rate is rising and where it is falling, is what produces a relationship between supply and demand *such that the average profit is the same in the various different spheres; and values are therefore transformed into prices of production.*” (*ibid*, p. 297, *emphasis ours*)

The essential determining role of average rate of profit in the formation of prices of production is pointed out again by Marx here:

“It has been said that **competition equalizes profit rates between the different spheres of production to produce an average rate of profit, and that this is precisely the way in which the values of products from these various spheres are transformed into prices of production.** This happens, moreover, by the continual transfer of capital from one sphere to another, where profit stands above the average for the time being.” (*ibid*, p. 310, *emphasis ours*)

The very fact that prices of production are the prices that realize average profit simply means that one cannot differentiate, *in time*, between the formation of average rate of profit and the formation of prices of production. However, *essentially*, the determining factor is the *demand of all capitals for at least the average profit and it is this demand and the competition for this that causes the constant flow of capital and the resultant formation of economy-wide average rate of profit and prices of production.* Ajay Sinha, due to his hunting and gathering for quotes, miserably fails to understand this simple thing that Marx points to, at several places in ‘Capital’, Volume 3 as well as ‘Theories of Surplus-Value’.

Let us move further.

The next quote of Marx presented by Maatsaab again goes against him:

“Here let us try to understand what does it mean by “regulating average prices” and how does it occur.

“Marx writes this:

“... the capital of the capitalist class, is regarded as one magnitude on which the whole of surplus-value [is] calculated, irrespective of the sphere in which it has been created. In this aggregate capital the periods of turnover, etc. are equalised; In that case every section of the aggregate capital would in accordance with its magnitude participate in the aggregate surplus-value and draw a corresponding part of it. And since every individual capital is to be regarded as shareholder in this aggregate capital, it would be correct to say first that its rate of profit is the same as that of all the others [because] capitals of the same size yield the same amount of profit; secondly, and this arises automatically from the first point, that the volume of profit depends on the size of the capital, on the number of shares the capitalist owns in that aggregate capital. Competition among capitals thus seeks to treat every capital as a share of the aggregate capital and correspondingly to regulate its participation in surplus-value and hence also in profit. Competition more or less succeeds in this by means of its equalisations (we shall not examine here the reason why it encounters particular obstacles in certain spheres). But in plain language this just means that the capitalists strive (and this striving is competition) to divide among themselves the quantity of unpaid labour—or the products of this quantity of labour—which they squeeze out of the working class, not according to the surplus-labour produced directly by a particular capital, but corresponding firstly to the relative portion of the aggregate capital which a particular capital represents and secondly according to the amount of surplus-labour produced by the aggregate capital. The capitalists, like hostile brothers, divide among themselves the loot of other people’s labour which they have appropriated so that on an



average one receives the same amount of unpaid labour as another.” [p. 29, Ibid.]

“Thus, “competition achieves this equalisation by regulating average prices. These average prices themselves, however, are either above or below the value of the commodity so that no commodity yields a higher rate of profit than any other. It is therefore wrong to say that competition among capitals brings about a general rate of profit **by equalising the prices of commodities to their values**. On the contrary it (competition) does so by **converting the values of the commodities into average prices**, in which a part of surplus-value is transferred from one commodity to another, etc. The value of a commodity equals the quantity of paid and unpaid labour contained in it. The average price of a commodity equals the quantity of paid labour it contains (materialised or living) plus an average quota of unpaid labour. The latter does not depend on whether this amount was contained in the commodity itself or on whether more or less of it was embodied in the value of the commodity.” [p. 29-30, Ibid.]” (PRC CPI (ML), *op.cit.*, p. 18-19)

As the readers can see, Marx is precisely explaining how at the level of individual capitals and different sectors, the prices of production, due to the averaging of profit, will be above or below the social value of the commodity, but at the aggregate level it is only **the redistribution of the total surplus-value created by social capital among individual capitals**, so that, total market-value is equal to total prices of production. **Marx is here clearly showing that market-value is not average prices! Average prices are nothing but prices of production. Just a few paragraphs above, Maatsaab claimed that market-values are nothing but average prices! And then he had the courage to produce the above quote of Marx where he says that competition does not reduce the (market-)prices of commodities to their market-value, but to the prices of production (average prices)!** This is how averaging of the rate of profit manifests itself. Since, Ajay Sinha does not understand even the things that he hunts and gathers using ‘search’ tool, he keeps quoting Marx contra himself, and with incomparably high confidence. ***This is what makes Ajay Sinha a particularly funny intellectual clown.***

## **18. Don Quixote de la Patna’s Yet Another Infantile Incapacity to Comprehend Simplest of Things**

Now just look at how Maatsaab idiotically interprets Marx:

“This is how matter stands in Marx's analysis. The last line is very important and we must properly understand it and hence will take it up and its significance once again later. As for now, I can say only this that unless we understand that the quota of unpaid labour that every capitalist receives (under the regime of market price or average price as such), needn't necessarily be embodied in the commodity itself and that it can be embodied also in the value of the commodity, it will be difficult for us to grasp the basic understanding of formation of Market Price, and its role in formation of surplus profit and of course finally in understanding the ground rent.” (PRC CPI (ML), *op.cit.*, p. 19)

**Can you really believe this?** This idiot first confuses market-price and average price (or prices of production) and then says that the quota of unpaid labour that every capitalist receives need not necessarily be *embodied in the commodity itself, but, it can be embodied also in the value of commodity!* **What does that even mean?** Is Marx uttering such gibberish in the above quote presented by this imbecile? **What is the meaning of unpaid labour embodied in the commodity itself or the value of the commodity!?** Marx is simply saying that in the prices of production, it is quantity of paid labour (living or materialized/cost of production) and an average quota of the unpaid labour (average profit) which are embodied, and it does not matter whether this average profit was actually contained in the commodity or its value, or an average profit that is more or less than this surplus-value. This simply means that the average profit contained in the value of commodity is generally not equal to the surplus-value contained in the commodity. Can we even begin to fathom the ignorance and idiocy of this pompous intellectual imposter? Maatsaab got confused by the use of 'in the commodity' and 'in the value of the commodity'! 'In the commodity', obviously does not mean 'in the use-value of commodity'! What Marx is pointing out here is that the quota of unpaid labour that the prices of production of a commodity realizes for each capital as an aliquot part of social capital might not be equal to the actual surplus value contained in the commodity or in the value of the commodity. In other words, it does not matter that the average profit realized by the prices of production equals surplus-value contained in each commodity or the value of each commodity or whether it is more or less than this surplus-value.

**As we have pointed out, Marx is saying here that the quota of unpaid labour (in value-form, the portion of total surplus-value) that accrues to every capitalist is not generally equal to the unpaid labour extracted *by him* (the surplus-value extracted by him) but it is embodied in average profit, that is nothing but a part of total surplus-value extracted by total social capital, in other words, a part of total appropriated unpaid labour by the entire capitalist class from the entire working class, redistribute according to average rate of profit of entire economy. That is the way in which 'the hostile brotherhood of bourgeoisie' is formed.**

**Secondly, except in the case of an independent monopoly-price, market-price plays no role in formation of surplus-profit.** For example, in the case of Absolute Rent, it is rent which creates the monopoly-price, whereas in other cases, it is a monopoly-price which gives rise to a monopoly-rent. Since, Ajay Sinha is talking about ground-rent, it is a folly to talk about market-price giving rise to rent. In the case of Absolute Rent, it is the monopoly of landed property that creates this surplus-profit as the difference between the value of commodity and prices of production, or as Marx said, it is rent that creates monopoly-price in this case; the surplus-profit created by this monopoly of land plays a role in increasing the market-price (over and above prices of production). Again, as we can see, Ajay Sinha is inherently incapable of understanding even the basics of Marxist political economy.

Just see how Mr. Scatterbrains totally fails to understand what is being said by me:

"Marx wrote about A. Smith like this: Adam Smith, as we saw above, first correctly interprets value and the relation existing between profit, wages,

etc. as component parts of this value, and then he proceeds the other way round, regards the prices of wages, profit and rent as antecedent factors and seeks to determine them independently, in order then to compose the price of the commodity out of them. The meaning of this change of approach is that first he grasps the problem in its inner relationships, and then in the reverse form, as it appears in competition. [p. 106, Ibid.]

“The same applies to our self-proclaimed Marxist thinker Abhinav Sinha who understands the formation of market price not from what happens in the core of Marxist analysis, but from what it appears in competition, otherwise he wouldn’t have said that the averaging of the rates of profit brings about the existence of the market price.” (PRC CPI (ML), *op.cit.*, p. 19)

**First of all, nowhere have I said that averaging of profit rates brings about the existence of market-price. I said that averaging of rates of profit leads to the formation of prices of production.** Here Maatsaab has confused prices of production with market-prices!

**Secondly, I have emphasized the fact that the deviation of prices of production from market-value at the level of individual capitals, does not at all cancel the law of value, because, since the total market-value is equal to the total prices of production, and since total market-prices equal to the total prices of production, it is ultimately, the law of value that determines the market-price as well as the prices of production.** That is precisely the reason why market-prices hover around the centre of gravity of prices of production and the latter hover around the centre of gravity of market-value.

Third, now come to the random and irrelevant quote produced about what Marx said about Adam Smith, because Don Quixote *de la Patna* evidently does not know what mistake of Smith is Marx referring to! It pertains to a particular mistake of Smith. It has nothing to do with the relation between prices of production (natural price of Smith), its deviation from market-value (not explained by Smith) or market-prices. It is about Smith’s correct formulation of theory of value (or how the value of commodities are determined by labour) at the level of simple commodity production and then his obligation to abandon this theory of value in case of capitalist commodity production. Why? Smith fails to explain the category of profit from labour theory of value. At the level of simple commodity production, there is no difference between necessary labour time and surplus labour time in terms of value because labour-power has not become a commodity as yet and all value that is realized through price accrues to the commodity producer. However, once the producer is separated from means of production and his labour-power becomes a commodity, he is handing over a part of newly produced value to the owner of the means of production, *as gratis*. Now, how to account for the value of commodity? Earlier, it was simple: past labour (value embodied in the instruments of labour measured in labour-time) + present labour (measured in labour-time) = value. But now the labour-time of the living labour must be divided into ‘necessary labour’ equals to wages and ‘surplus labour’ equals to surplus-value, or profit. Therefore, Smith would be obliged to admit that there is an unequal exchange, as capitalist is receiving more labour than he is giving back to the worker! But that would contradict Smith’s law of equivalence in exchange! **As a consequence, Smith has to regress to cost theory of determination of value of commodity. This is what Marx is talking about in the above quote of Marx about Smith.** This quote has been taken from the second volume of ‘Theories of Surplus Value’,

and in that portion itself, the reader is referred to volume 1 of 'Theories of Surplus Value' in order to grasp what Marx is saying about Smith here.

However, Ajay Sinha does not go to that source and applies it out of context in the present discussion! Readers interested in the context in which Marx discusses Smith here can refer to pages 70 to 73, especially, in the first volume of 'Theories of Surplus Value'. **Here too, Maatsaab, due to his habit of hunting and gathering of quotes using 'search' tool, fails to understand the context of Marx's discussion and drops it here, in the middle of nowhere!**

### **19. Mr. Scatterbrains Continues to be Dense About Market-Value (Social-Value), Average Prices (Prices of Production) and Market-Prices**

Now see what intellectual monstrosity can such idiocy lead to:

"On the whole we can see that Mr. Abhinav Sinha, our self-proclaimed "Marxist thinker", just keeps repeating that the price of production determines the market price, but nowhere explains, not even in the remotest sense, how does it precisely determine the market price, except reproducing some headlines many of which are of course correct. He doesn't precisely understand the role of competition in the determination of market price in the way Marx does. *He never mentions average prices or market value of commodities whose regulating effect or result is averaging of the rates of profit.* He doesn't not do it even once, let alone explaining it. So, if he doesn't understand the true process of formation of market price, his understanding about ground rent automatically becomes doubtful." (*ibid*, p. 19, *emphasis*)

As the reader can see, **Ajay Sinha again confuses market-value with average price, whereas average price is nothing but prices of production.** And then on the basis of this confusion he blames me for **not showing how market-value, which according to him is average price, is determined and plays a regulating role in determining prices of production! In other words, according to Ajay Sinha, average prices (prices of production) regulate prices of production!** Readers who have read my article know that I say this in the article:

1) *market-value is determined by socially-necessary labour-time (that is, competition within one branch of production)*

2) *prices of production are determined by averaging of the rates of profit between different branches of production due to competition and resultant flow of capital from sectors of lower rates of profit to higher rates of profit, that exist due to different conditions of production, that basically boils down to different OCC.*

3) *market-prices are short-term deviations from the prices of production due to the impact of immediate market conditions, that is, conditions of supply and demand.*

4) *market-prices fluctuate around the centre of gravity of prices of production and prices of production gravitate to the centre of gravity of market-value, and thus ultimately, it is market-value which determines prices of production as well as market-prices, because the total market-value is equal to total prices of production as well as total market-prices at the social aggregate level in a given period of time.*

**Now, since Ajay Sinha fails to understand these basic concepts and confuses one with the other, sometimes, market-price with market-value, at others average price with market-value, and still at others, market-prices with prices of production, he accuses me that I have not explained how market-prices are formed due to market-value! He also claims that since I have said that prices of production hover around the centre of gravity of market-value, I believe that commodities are sold at their values, whereas this statement means just the opposite!** It means that prices of production deviate from the market-value, though these deviations are not arbitrary and are determined by the law of value itself, because no kind of prices can realize more value than is produced at the social level.

**You can, I hope, understand the level of idiocy and ignorance that this half-wit has achieved.**

Then Ajay Sinha quotes Marx, without even understanding the meanings of terms, and therefore, again, against himself:

“If we start from the correct principle that the value of commodities is determined by the labour-time necessary for their production (and that value in general is nothing other than materialised social labour-time) then it follows that the average price of commodities is determined by the labour-time required for their production. This conclusion would be the right only if it had been proved that average price equals value. But I showed that just because the value of the commodity is determined by labour-time, the average price of the commodities (except in the unique case in which the so-called individual rate of profit in a particular sphere of production, i.e., the profit determined by the surplus-value yielded in this sphere of production itself, [is] equal to the average rate of profit on total capital) can never be equal to their value although this determination of the average price is only derived from the value which is based on labour-time.” [p. 34, Ibid.] (*ibid*, p. 19-20)

As you can, see, due to not understanding that average price is nothing, but the prices of production, Maatsaab quotes Marx against himself again. **Marx is here saying precisely that average price would be equal to market-value (or simply, value as Marx is talking about market-value/social-value, wherever he is mentioning simply ‘value’; otherwise, he writes ‘individual value’) in only one case: where the surplus-value created by the individual capital is equal to the average profit. In the case of all other capitals, the average price or prices of production will be above or below the market-value of the commodity.** Maatsaab neither understands value, nor prices of production, nor market-price and confuses one with the other all the time.

That is why I would emphasize as some of our younger comrades like Sunny and Varuni have already done in their rebuttal to this intellectual pygmy (and I totally sympathize with these comrades that they have to respond to such an intellectual pygmy):

**Ajay Sinha needs, really needs, to study the basics of Marxism with the help of some well-read comrades in Patna, because left to himself, he makes a joke of himself. I would also urge many such comrades in Patna to help**

him understand the basics of Marxism and also save us from responding to such levels of idiocy that require us to elaborate the very basic concepts of Marxist Political Economy like value, price, prices of production, average rate of profit, etc. Because, if he continues to disseminate such ignorance, stupidity, idiocy and non-sense, without being called out by comrades in the revolutionary left circles of Patna, it would also be detrimental to the intellectual prestige of the revolutionary left circles of Patna, which has many learned and well-read comrades.

## 20. Don Quixote de la Patna's 'Glorious' Return to the Question of Ground-Rent!

Then Maatsaab finally returns to the question of ground-rent to make some new revelations, which ultimately turn out to be intellectual striptease rather than revelations. Let us see, how Ajay Sinha removes the last thread of sanity from his intellectual bankruptcy.

First he says:

“So, Marx sets out with this assumption that that like in manufacture the capitalist mode of production also dominates in agriculture i.e. agriculture is carried on by capitalists who differ from manufacturing capitalists only in the manner capital and wage labour set in motion by this capital are invested. So, he presupposes three things

“1) a class of landowners having monopoly over land and appropriating rent by virtue of having this monopoly 2) land is available for those class of capitalists or farmers who want to invest capital and wage labour for working the land 3) the capitalist production is so much developed and matured that capital *whether employed in agriculture or Industry draws average profit* for without having attained this level ground rent as discussed by Marx which is nothing but the excess over this average profit i.e. surplus profit (the part of the surplus value produced by capital that is in excess over average profit) can't be realised.” (PRC CPI (ML), *op.cit.*, p. 20, *emphasis ours*)

What? Average rate of profit in agriculture? Wrong! Under conditions of private monopoly of land, the averaging of rate of profit is obstructed in the sphere of agriculture and *that is precisely the point of departure* in analysing the Absolute Ground Rent. Due precisely to this, agricultural sector realizes the value produced in it rather than the prices of production and thus realizes a surplus-profit. Thus, with all the pomp and pretence, our Mr. Dimwit fails to understand the very basics of Marx's analysis of the question of ground-rent in capitalism. Why has Maatsaab committed this mistake? Due to not understanding the following words of Marx:

“We are concerned with it only in so far as a portion of the surplus-value that capital produces falls to the share of the landowner. *We assume therefore that agriculture, just like manufacturing, is dominated by the capitalist mode of production, i.e. that rural production is pursued by capitalists, who are distinguished from other capitalists, first of all, simply by the element in which their capital and the wage-labour that it sets in motion are invested.* As far as we are concerned, the farmer produces wheat, etc.

just as the manufacturer produces yarn or machines. *The assumption that the capitalist mode of production has taken control of agriculture implies also that it dominates all spheres of production and bourgeois society, so that its preconditions, such as the free competition of capitals, their transferability from-one sphere of production to another, an equal level of average profit, etc. are also present in their full development.*" (Marx, *Capital*, Volume 3, Penguin Edition, p. 751, *emphasis ours*)

What is Marx saying here? The development of capitalism in agriculture, first of all, presupposes that the *production* is pursued by capitalists who employ wage-labour just like any other capitalist; secondly, development of capitalism in agriculture presupposes development of capitalist mode of production in all other spheres of production so that an average rate of profit is formed. **It does not mean that averaging of profit takes place in agriculture; as that would make the whole question of Absolute Rent superfluous.** It is precisely the obstruction to the averaging of profit due to capitalist landed property that Absolute Rent comes into existence. *The fact that capitals employed in agriculture demand at least average profit, does not mean that within the agricultural sector, averaging of profit has taken place.* **In fact, the capital in agriculture demands more than average profit, so that rent can be paid to the capitalist landlord. It simply means that if the market-price of agricultural product is not high enough to ensure him at least average profit plus rent to the capitalist landlord, he would disinvest from agriculture and invest in some other sector.** Average rate of profit functions as *an external point of reference for determination of Absolute Rent.* Again, Don Quixote *de la Patna* exhibits his characteristic confidence in uttering non-sense.

## 21. **Sir Duncelot's Irresoluble Conundrum: 'All Indian Farmers are Landowners! All Indian Farmers Are Tenants too! But There is No Capitalist Landed Property! Capitalist Agriculture Dominates and So Does Small Peasant Economy!'**

After a lengthy irrelevant quotation-mongering from Marx as to how fixed capital investment in leased-in land by the capitalist tenant farmer increases the ground-rent by adding the interest on the invested additional capital to the ground rent, which is charged when the contract is renewed with same farmer or some other farmer, Mr. Giddyhead, Ajay Sinha, says:

"Can we say from the above description that the interest on such capital as incorporated in the land, either in the transient manner or more permanently, by the capitalist constitute an addition to ground rent? Yes, it does but through the next contract where in the landowner makes new contract after the expiry of the existing one. **But it certainly does not constitute the actual ground-rent which is paid to the landowner solely for his permission of use of the land as such for the actual source of ground rent lies with landowner's monopoly over that piece of land, be it in a natural or cultivated state. So, ground rent and the interest on the fixed capital incorporated in the land are two separate things.** This interest however may constitute an addition to the ground rent but only when the existing contract expires and a new contract is made. So long as the contract or lease lasts, this interest falls into the hands of the

capitalists and nothing of it goes to add the landowner's ground rent which is slated to be paid annually or otherwise as per the contract. Thus, it only ultimately passes into the pocket of the landowner i.e., after the expiry of the existing contract." (PRC CPI (ML), *op.cit.*, p. 22, *emphasis ours*)

This issue was not relevant for the ongoing discussion, yet Ajay Sinha brings it in order to bamboozle his little admiration society of Sancho Panzas, and then commits another blunder as he is habitual to committing ridiculous mistakes whenever he takes up, literally, any issue! This is idiotic, as all contracts of lease are temporary, since it is not the sale of the land. It does not matter whether the increase in rent due to new investments of fixed capital is effected after the end of the previous contract and beginning of a new one (which is natural because until the contract ends, the tenant farmer has no barrier on capital investment and till then the interest on the invested capital will, of course, accrue to the capitalist farmer). **Once the old contract ends, the interest on the invested fixed capital becomes a part of ground-rent and accrues to the capitalist landlord precisely due to his monopoly ownership of the land.** To think that the ground-rent accrues to the capitalist landlord due to his monopoly of land but this interest on invested fixed capital does not accrue to the landlord after the end of the contract, *because of his monopoly of landed property* is the height of idiocy. Then why does it accrue to the capitalist landlord? There is no other reason. That is why, according to Marx, private monopoly prevents the capitalist tenant farmer from developing the productivity of land by investing fixed capital because he knows that *due to the private monopoly ownership of that land*, the fruits of the development of productivity, interest on the invested capital, will accrue to the landlord after the termination of the contract. *For the capitalist landlord, it does not really matter what accounts for the natural fertility/productivity of land and what accounts for the development of this productivity by additional investment of fixed capital by the capitalist tenant farmer. He will appropriate the fruits of it anyway as the land belongs to him.*

Then Master confuses capitalist agriculture with the pre-capitalist transitional agriculture where the small tenant pays rent not as a surplus-profit over and above average rate of profit, but as deductions from his wages:

"Now, what will happen to ground rent if the tenant himself is not an industrial capitalist? Marx writes – "We are not speaking now of conditions in which ground-rent, the manner of expressing landed property in the capitalist mode of production, formally exists without the existence of the capitalist mode of production itself, i.e., without the tenant himself being an industrial capitalist, nor the type of his management being a capitalist one." [p. 619, *ibid.*] So, ground rent can't appear as ground rent as such if the tenant is not an industrial capitalist or if his management is not on capitalist line. In other words, we can interpret from this that the tenant must be placed in a position that enables him to draw average profit from his capital investment. This is how Marx himself places the historical view of the premises in which ground rent must be discussed. In the light of above discussion, let's discuss a few situations:

"1. When the tenant is a small farmer who doesn't invest in wage labour, nor does he invest much in constant capital and work mainly with his own hands and instruments of labour. He thus in paying ground rent will face the danger of losing not only a part of his profit i.e., his own surplus labour



(to which he is entitled as the owner of his own instruments of labour), but also a part of his wages or his necessary labour which he would have otherwise received for the same amount of labour. Not only that, he also faces the danger of losing his small capital which he for the most part incorporate in the land through his own labour or his own instruments of labour. But such a situation doesn't exist today. Now a days when capitalist mode of production has a complete sway over all spheres of production including agriculture, one will seldom find even a small peasant engaged in agriculture only on the basis of his own instruments of labour. He is but forced to use machinery that is in use in his time for different activities involved in agriculture from tilling to harvesting and even after that, for which he can't do without some capital investment. And if he can't manage, he will have to leave his position of being a farmer.” (*ibid*, p. 23)

Till here it is clear that Ajay Sinha does not understand the difference between the small peasant proprietor of pre-capitalist times and the small peasant that exists under capitalism. In the above quote, Marx is actually referring to the situation where capitalist mode of production has not taken root in agriculture and the existence of ground-rent is *purely formal* from the capitalist point of view. We shall see the entire quote of Marx in a little while and see how Ajay Sinha is trying to fit a square peg in a round hole. However, let us first understand that even in conditions of developed capitalist agriculture a class of small peasants and even some backward forms do exist. That does not make any difference to the study of landed property and Absolute Rent. Marx clearly stipulates:

“The form of landed property with which we are dealing is a specific historical form, a form transformed by the intervention of capital and the capitalist mode of production, ***whether the original form was that of feudal landed property or of small peasant agriculture pursued as a livelihood***; in this latter case possession of the land and soil appeared as a condition of production for the immediate producer, with his ownership of the land being the most advantageous condition, the condition for his mode of production to flourish. If the capitalist mode of production always presupposes the expropriation of the workers from the conditions of labour, in agriculture it presupposes the expropriation of the rural workers from the soil and their subjection to a capitalist who pursues agriculture for the sake of profit. ***It is thus completely immaterial for our presentation if we are reminded that other forms of landed property and agriculture have existed or still exist besides this.***” (Marx, *Capital*, Volume 3, Penguin Edition, p. 751-52, *emphasis ours*)

However, in the present Indian situation, small peasants do not so much constitute a temporal anomaly as the above condition. They are not small peasant proprietors involved in subsistence agriculture, as we have already seen above with facts and data. They have been transformed more into semi-proletariat. Under the conditions of capitalist mode of production, the small peasant (the one who does not exploit wage labour and works with his and his family's labour) is mainly transformed into semi-proletariat, the domestic industry has separated from agriculture, animal husbandry is separated from agriculture, and the small peasant cannot simply rely on cultivation and will need cash for buying his various necessities. On the basis of his small plot of land, he cannot grow as much marketable surplus as will fetch him enough income to buy other necessities of life. As a consequence, he is transformed into a semi-proletariat. Apart from

working his own land, he sells his labour-power to other capitalists and eventually this wage-labour becomes his principal means of livelihood. Ajay Sinha does not understand this fact.

With a sleight of hand, the basis of being capitalist is changed by Ajay Sinha from being an exploiter of wage-labour to being someone who uses latest machines and invests “some capital”! **However, most important thing here is that Ajay Sinha accepts that this small tenant peasant is indeed a tenant! Whose tenant? Because according to Maatsaab, there is no landed property in India! Again, contradictions of silly kind abound! Anyhow, why does Ajay Sinha do this? Because he has to smuggle in his concept of ‘simple peasant capitalist’, which is nowhere to be found in Marx. Now, who is this ‘simple peasant capitalist’? Let us see.**

## **22. Mr. Giddyhead’s ‘Simple Peasant Capitalist’: An Ingenious Invention for Justifying His Kulak Tailendism**

This is what our Mr. Giddyhead, Ajay Sinha, writes:

**“2. If *the tenant is a simple peasant capitalist who hires wage workers to work his rented land but his management can be hardly said to be precisely running on capitalist lines* and hence only occasionally draws average profit due to tough competition and manipulation of market by big industrial monopoly capitalists who often force the peasant capitalist to draw a profit lower than average profit or force them to sell without any profit and sometimes even below the cost of production, even forced to dispense with a part of the value of fixed capital that he invests for the improvement of the land. The result is that such a peasant capitalist who is not cushioned by other means (such as profit coming from his investment in other spheres of production as is the case with the industrial capitalists who have also invested in agriculture) against this eventuality is ruined after a few more chances that he takes in pursuit of a better result next time. His economic position is such he also can't switch over to investments in spheres of production because of so many reasons ranging from lack of sufficient capital which stands already depleted due to above discussed situations as also the lack of cushion if an extremely odd situation arrives to lack of overall expertise to tackle risks in capital investment. Even if he happens to be the owner of land, happens to have a monopoly of the land that he works, even in this favourable situation, he won't survive for umpteen years or any period of time. The deepest ever economic crisis in particular and conditions of overproduction in agriculture general won't let him draw average profit. At most he can draw for some time some profit from his investment in the land which will be often equal to or ***even less than the rent he would have to otherwise pay to the landowner. In India, many strata of upper middle and rich peasants except for those who have grown into and established themselves as industrial capitalists make this description a quite living experience before our eyes.***” (PRC CPI (ML), *op.cit.*, p. 23-24, *emphasis ours*)**

***This is how our Mr. Dimwit smuggles in his thesis of 'peasant bourgeoisie' or 'simple peasant capitalist' as not being a class of capitalists! Hitherto, for this unholy class collaborationist purpose, Ajay Sinha had been using the***

**category of ‘peasant bourgeoisie’ and had been claiming that this peasant bourgeoisie does not constitute a part of capitalist class! However, our comrade Sunny destroyed this claim with copious quotations from Lenin which showed that ‘peasant bourgeoisie’ certainly constitutes a part of capitalist class. As this bogus claim went down the drain, this time Ajay Sinha has come up with this new idiotic category of ‘simple peasant capitalist’! Let us see, first of all, whether this category of ‘simple peasant capitalist’ has any place in Marx from which our Mr. Dimwit seeks justification?**

Marx never talks about ‘simple peasant capitalist’ whose ‘management of farm’ is not ‘capitalist’ or ‘capitalist enough’ and yet he is an exploiter of wage-labour; secondly, ‘capitalist management’ that Marx talks about has nothing to do with use of machines or non-use of machines. This would be reducing a category of *social relations of production* to technological elements, a particularly poor form of technological determinism. **Management of farms along capitalist lines, for Marx, simply means that the capitalist farmer hires wage-labour, appropriates surplus-value, hands over the part of surplus-value that is over and above the average profit to the capitalist landlords, if he himself is not the owner of the land; if there is no landed property in land, then the surplus-profit due to natural differential in fertility can be appropriated by the State as Differential Rent, or it can be pocketed by the capitalist farmer himself.** There is no ‘simple peasant capitalist’ in Marx’s writings who hires and exploits wage-labour but does not manage his farms along the lines of capitalist management! This is simply the sterile invention of the asinine mind of Mr. Scatterbrains, Ajay Sinha!

Secondly, there is the question of smaller capitalist farmers who face competition from bigger capitalist farmers as well as agro-companies. In India, 86 percent of the peasant population is what we can call semi-proletariat, who own less than 1.25 hectares of land and are not exploiters of wage-labour. **They are simply not capitalists, of any size or any type!** The richest 8 percent farmers are the ones who are regular exploiters of labour-power and constitute the agrarian bourgeoisie of India. They might be smaller capitalists or bigger, that does not make any difference. Their farms contribute almost 50 percent of entire agricultural production of India. More than half of arable land is under their ownership. Often they do not manage farming in all of their plots and rent out a part of it as capitalist landlords and receive rent for that. Lenin says in unequivocal terms a simple truth of Marxism that this nincompoop Ajay Sinha does not understand:

“Capitalists may be small or big, foolish or clever, **but this is not a criterion of capitalism. Capitalism means producing commodities and hiring wage-labour.**” (Lenin, ‘There’s a Trudovik For You!’, *Collected Works, Volume 19*, Progress Publishers, Moscow, p. 433, *emphasis ours*)

The rest of the 50 percent of production is contributed by the lower-middle and small peasants, but not through direct consumption, as in a subsistence economy of transitional small peasant economy, as Ajay Sinha thinks. We have seen that even small and marginal peasants sell more than 70 percent of their production. However, do they get the prices determined by the government, that is, MSP? No. Almost all studies have confirmed that the bulk of small and marginal peasants do not sell directly in APMC Mandis, but to the local larger and upper-middle farmers, who are also the middlemen (*arhatiya*) at rates sometimes 30 percent

lower than MSP. And these large farmers and upper-middle farmers then sell this produce at MSP in the APMC Mandis. What is that 30 percent commission? That is what Marx called commercial profit which here appropriates a part of the surplus-labour of the small and marginal peasants and often a part of their “wage that they pay to themselves”. This is one of the ways in which the process of proletarianization is also accelerated by the capitalist farmers and landlords in India: looting the small peasants through commercial profit. The second principal means is through non-institutional credit, or simply, usury. ***The following news report is revealing for those who want to understand how the big farmers of Punjab are looting and plundering the agricultural labourers and poor and lower-middle peasants through rent, profit, commercial profit as well as interest:***

<https://www.firstpost.com/business/money-lending-by-punjabs-rich-farmers-is-widening-the-wealth-gap-in-states-countryside-4437131.html>

It is precisely these large farmers and landlords who act as usurers in villages of India, giving non-institutional credit to small and marginal peasants at exorbitant interest rates. All the surplus labour of small peasant family, over and above the bare minimum needs (“the wages that small peasants pay to themselves”) are taken away by means of usury and commercial profit. By whom? The corporates, as Ajay Sinha would have us believe? No! This loot and plunder is being carried out by rich farmers and kulaks, whose paeans Ajay Sinha and the likes of Mukesh Aseem have been singing. It has been proven by a number of studies of Indian agriculture.

In so far as these small owner peasants are cultivators, they are not capitalist farmers but simple commodity producers as they own their land and their instruments of labour, are not regular exploiters of wage labour and are not in a position to accumulate capital. In so far as, they themselves are providers of wage labour to larger farmers or other capitalists, they are wage-workers. **And now it is the latter role that has become the dominant in the livelihood of small and marginal peasants (92 percent of all peasant population) in India.**

**As far as all the capitalist farmers (big or small) are concerned, they are capitalists, notwithstanding their size! They exploit wage labour, they use machinery in accordance with the size of their capital, and they do not undersell to corporates or any entity for that matter, below the market-price that today is regulated by MSP for main food crops.** They sell their agricultural produce, as well as, agricultural produce bought from small, marginal and lower-middle peasants, at this government fixed rate, MSP.

**What is MSP?** It is a monopoly-price, giving monopoly-rent to all capitalist farmers. Why? Because it ensures a surplus-profit over and above the average profit. How? By fixing a *minimum floor level* for prices, a level that ensures at least 30 to 50 percent profit, which is far above the average rate of profit of Indian economy. It is a *monopoly-rent* also above the value of agricultural produce and therefore it also causes a *deduction from the wages of the working population (including the poor peasants)*. Maatsaab’s heart goes out for his ‘simple peasant capitalist’ who “only occasionally draws average profit due to tough competition and manipulation of market by big industrial monopoly capitalists who often force the peasant capitalist to draw a profit lower than average profit or force them to sell without any profit and sometimes even below the cost of production, even forced to

*dispense with a part of the value of fixed capital that he invests for the improvement of the land.*” **BUT he is selling his produce at MSP! How can he get profits lower than the average profit?**

Where is this ‘simple capitalist peasant’? Who is he? The fact that competition from bigger capital leads to uprooting of smaller capital is a fact. However, that happens because smaller capital is less cost-effective and the market-price is regulated by average rate of profit in industry and services sector. If a smaller capitalist has lower OCC and therefore lower individual rate of profit, he would lose a part of his individual profit to other capitalists who are more efficient. In agriculture too, this will happen in a slightly different fashion since, here, the prices of production will be determined by the worst condition of production and market-prices will be determined by monopoly of landed property over and above the notional prices of production. But it *will* happen as the more cost-effective capitals will devour less cost-effective capitals. If Ajay Sinha is talking about such ruin of smaller capitalists who, nonetheless, exploit wage-labour, at the hands of larger farmers or corporate capital, he is only stating the obvious. **However, this obvious does not make the smaller capitalist farmers some kind of ‘simple capitalist farmer’ who has now become an ally class of wage-labourers, even though, it still exploits the wage labourers, as Ajay Sinha himself accepts! What is this if not class collaborationism?**

**Where is Ajay Sinha’s ‘simple capitalist farmer’ in this? Nowhere! Because there is no such thing as ‘simple capitalist farmer’.** Either we have simple commodity producing peasant who is not an exploiter of wage-labour and is a friend of the working class, or there is capitalist farmer who exploits wage-labour; it does not matter whether he is big or small. Marx talks about ‘small capitalist farmer’ who is sometimes bound to pay a rent to the landlord in some exceptional historical situation, which even takes a part of average profit (see, Marx, *Capital*, Volume 3, Penguin Edition, p. 764). This farmer is *still capitalist* and he is *still an exploiter of wage-labour* and is in no way a friend of the working class, though in the early-19th century this capitalist farmer’s struggle against Corn Laws, against the capitalist landlord was historically a progressive one, because through Corn Laws, the landlords also cheated them and extracted not only surplus-profit over and above average profit, but also a part of average profit. *However, this did not make this small capitalist farmer a friend of the proletariat!* The other place where he is calling the pre-capitalist small proprietor a ‘petty capitalist’, he is calling him so only *figuratively*, because he is owner of a parcel of land, and he does not exploit wage-labour. (*ibid*, p. 941)

**Now, to understand the intellectual fraud of this halfwit, let us see the quote that he has referred to as justification for his category of ‘simple capitalist farmer’. It does not have anything to do with capitalist farmer but the small tenant peasant, who does not hire wage-labour.** Here is the entire quote:

“We are not referring here to the conditions in which ground-rent, the mode of landed property corresponding to the capitalist mode of production, has a formal existence even though the capitalist mode of production itself does not exist, the tenant himself is not an industrial capitalist, and his manner of farming is not a capitalist one. This is how it is in Ireland, for example. Here the tenant is generally *a small peasant*. What he pays the landowner for his lease often absorbs not only a portion of his profit, i.e. his own surplus labour, which he has a right to as the owner of his own

instruments of labour, but also a portion of the normal wage, which he would receive for the same amount of labour under other conditions. The landowner, moreover, who does nothing at all here to improve the soil, expropriates from him the small capital which he incorporates into the soil for the most part by his own labour, just as a usurer would do in similar conditions. Only the usurer would at least risk his own capital in the operation. It is this continuing robbery that forms the object of the dispute over Irish land legislation; what is demanded in this case is essentially that the landowner who gives a farmer notice to quit should be forced to compensate the tenant for the improvements he has made to the land or the capital he has incorporated into it.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 763-64, *emphasis ours*)

Marx is talking about the small tenant peasant who deducts not only from his “profits” (that here simply means the surplus labour over and above the subsistence of the peasant) but also from his “wages” (that he “pays to himself” or would have got under other conditions) to pay the rent of the landlord. **Here Marx clearly says that ground-rent in the capitalist sense does not exist in essence, but only in form, because capitalist mode of production does not exist here.** We have seen that without capitalist production under the supervision of a farmer, exploiting wage-labour, who directly appropriates all surplus labour in the form of surplus-value and then under the conditions of private monopoly of land, hands over a part of it (that is over and above average profit) to the capitalist landlord, there is no question of existence of a capitalist farmer of any kind. **In the above case, this is not happening.** Not only entire surplus labour is often appropriated as rent by the landlord (which precisely distinguishes the pre-capitalist character of rent from capitalist character of rent) but sometimes even a part of necessary labour is taken away by the landlord. **It is the pre-capitalist small proprietor, about which Marx is talking here. Is Ajay Sinha saying that his ‘simple capitalist farmer’ is actually the pre-capitalist small peasant proprietor that Marx is discussing here? Then his claim (a right one, surprisingly!) that capitalist mode of production has taken over Indian agriculture from top to bottom is thrown to the wind!**

Thus, in order to prove his class collaborationist thesis of ‘simple capitalist farmer’ (exploited by MNCs and corporate capital so much that he does not even get average profit!) who is a friend of the proletariat, Ajay Sinha creates so many paradoxes and contradictions, that he can never get out of it, without undertaking a thoroughgoing criticism of his entire position on agrarian and peasant question and particularly on the question of recent farm laws and the kulaks’ movement. However, that is something, we believe, this rattlehead would not undertake, because he is vainglorious too. So, he will write in response to this article, an even more staggering pile of crap. Though I have already said, that neither do I have time, nor inclination to respond to this intellectual puny again. One time, that too, for the sake of clarity of those who read him, is enough.

Sadly, it is the ongoing kulaks’ movement with which Mr. Ajay Sinha is infatuated in the most incorrigible way and in this infatuation, has forgotten whatever he knew of Marxism-Leninism (seeing his writings, though, it is clear he never knew much!). **He is a stupid political careerist with unrealistic ambitions and consequently regularly oversteps his small circle of intellectual comfort-zone in the most self-destructive fashion.**

**But all the stupidity quoted above was not the funniest point in the above quote of Ajay Sinha, to which we will come in the next subhead!**

### **23. Don Quixote de la Patna's Awkward Somersaults with the Categories of Tenant and Landlord Puts Him in a Compromising Position!**

In the above quote Mr. Thickhead, Ajay Sinha, does consider his 'simple capitalist farmer' as *a tenant*. And then says that it is this tenant 'simple capitalist farmer' who is faced with crisis of existence today in India, due to the corporate capital. Okay! But according to Ajay Sinha, there is no landed property in India! There is no class of capitalist rentier landlords, according to him. All peasants in India according to him are owners of land, including all capitalist farmers, because 'bourgeoisie has territorialized itself in land' (which Ajay Sinha idiotically confuses with the elimination of capitalist landed property!)! **Then whose tenant are these 'simple capitalist farmers'?! Now let us see what kind of mess, Ajay Sinha lands in. This part is really hilarious.** Ajay Sinha writes further:

"3. When ***the tenant is the monopoly capitalist*** as is going to be the case if the new farm laws are successfully implemented in India. In such a case the whole thing will turn upside down. The ***landowner whether small, medium or big***, will be dethroned from the position of being the ***free landowners*** and ***the tenant (the monopolists) will take possession of their land*** in the end utilising the favourable forces and powers that the laws provide them with. We know the provisions of the new farm laws of India are such that establish supremacy of the monopolists over ***the landowner whose land will be under a contract favourable to monopolists and not to the landowner***. It will not only hinder the ***peasant capitalists from taking advantage of the monopoly over his land in the end but instead will lead to establishment of the biggest monopoly who will i) expropriate and dispossess the landowners themselves*** utilizing the various provisions of the laws as also by other laws that are in the pipeline having the same teeth and intent in the favour of the monopolists ii) also monopolize the whole market of agriculture sector and produce, given their giant size and strength. Thus, in his situation the ***monopoly capitalist as the tenant*** presents altogether a different scenario. This situation Marx couldn't have visualised in his time. Even in Russia at the time of October Revolution, such a situation didn't exist." (PRC CPI (ML), *op.cit.*, p. 24, *emphasis ours*)

Just look at the messy buffoonery of our Mr. Dimwit! Look at the claims that he is making and see whether it is possible to make all of these claims together. These are the claims:

1. *First of all, it is claimed that since 'bourgeoisie has territorialized itself in land' there is no landed property, all peasants including capitalist farmers are owners of land. We have already seen the absurdity of this claim, as the territorialization of the bourgeoisie in land has nothing to do with elimination of capitalist landed property, rather, the capitalist landed property comes into existence precisely due to this territorialisation, as Marx and Lenin pointed out.*

2. Then it is claimed that in India 'simple capitalist farmer' is a tenant who has to content himself with even less than average profit due to competition from monopolies and rent often takes away even their wages in part or in toto! But whose tenants are they, if there is no landed property? Weren't we told that in India, there is no landed property, all land is owned by the State, there is no Absolute Rent and all Differential Rent goes to the State? Then, whence this tenant?

3. Then it is claimed that small, medium and big peasants all are actually landowners and according to the new laws the monopoly companies, that is, corporate capital, will become tenant and will dispossess the landowning peasants! But weren't we told that it is the State that is owner of all land? Whose tenant will these monopoly companies become? Tenants of small, medium and big peasant landowners, who according to Ajay Sinha himself, are tenants (especially, the 'simple capitalist farmers'!!) being looted by monopolists in such a way that they were not even getting average profit? Will they pay rent to 'simple capitalist farmers' of Ajay Sinha? How will they dispossess the small, medium and big peasants, being themselves tenants? Ajay Sinha says through contract farming! But through contract farming, whose tenants do the corporates become? Of the farmers? But aren't these farmers themselves tenants, as Ajay Sinha says in his point 2? My goodness! Who is the bloody landlord? Is it the State? But then there is no question of tenancy! Because that is the condition of nationalization of land, where State is not simply a *de jure*, but *de facto*, owner of all land and gives land on the basis of usufruct to all who want to cultivate it, without the right to rent it out or sell or purchase it. Is that the condition prevailing in India? No! In India, land is a saleable commodity, it can be leased and it is leased. Thus, certainly there is no nationalization of land. **But according to Mr. Dimwit, there is nationalization of land and all land belongs to the state and still private property in land exists, and still these landowners are tenants, and the corporates too are tenants of these small, medium and big landowners, who at the same time, are tenants as well!!! This is the mess in which Ajay Sinha has found himself in his pitiable attempt to provide a semblance of theoretical justification to his pro-kulak and pro-capitalist farmer stance!!**

**And then finally Ajay Sinha, the asinine windbag that he is, claims that it is the above situation that did not exist in Marx's time or October Revolution's time! Well, actually the above situation cannot exist anywhere anytime, as it is wrought with such contradictions, for which no *modus-vivendi* is possible! Obviously, such condition cannot exist in which the all farmers are landlords and still they are tenants! No condition can exist where there is no landed property and yet there are tenants! No condition can ever exist where tenants will forcibly dispossess the landowners, but then again, landowners who are simultaneously tenants! Whose tenants? God's tenants!! That is the only possible answer to the conundrum created by this intellectual humpty-dumpty who surely is having a great fall!**

Can we consider this man as a mentally-fit person? Even a teenager can see the glaring and laughable contradictions that are present in this muddled write-up of Ajay Sinha, which often does not make any sense.

## **24. Does the Advent of Corporate Capital Make Marx's Analysis of Ground-Rent and His General Laws of Motion of Capitalist Mode of Production Obsolete?**



Besides, even if we make it clear as to whose tenant these monopolists are, then Marx's analysis is sufficient to explain the category of rent and how it exists in such a situation.

For example, if private monopoly ownership of land exists and the monopolist tenant leases-in this land from private landlords, then too, even the landlord of the worst land would not lease out his land as *gratis*; in this case, the monopoly ownership of land will give rise to a surplus-profit over and above prices of production of agriculture, realize the value produced in agricultural sector and increase the market-price.

If there is what Marx called accidental and temporary *de facto* abolition of landed property due to the landowners being the capitalist, then all surplus-profits that are transformed into DR, will be pocketed by the farmer-landlord himself. This farmer-landlord can be an individual capitalist farmer or a company. That does not change anything in Marx's theory. Under conditions of nationalization of land, there will be no AR, and the DR will be appropriated by the State whereas the customary profits will be pocketed by the farmer, individual or corporate. This too does not change a thing in Marx's theory of ground-rent.

**It does not really matter if the functions of capitalist farmer are fulfilled by an individual capitalist or a company.** The laws of ground-rent will not change if the agents of capital are an individual or a company. All of this analysis is relevant only when we believe that Ajay Sinha is making any sense. But, in fact, he is not!

Now look at the last idiotic point:

“4. It is only when the tenant is an industrial commercial capitalist whose management of farm and other business is run well on capitalist lines with requisite expertise, it makes an altogether a different case. This is the most suitable case according to Marx's analysis. But today it can't go alone because of involvement of corporates (big monopoly capital) in agriculture who are pressurising the state to go for laws that allows their take over of agriculture. Such super rich thin section also faces a tough competition but he is well supported and cushioned by profits being accrued by them from other spheres, by their connection with the monopolists and is not likely to be ruined and so can persist in the race. He can also change the destination of his capital investment quite easily and frequently due to his having acquired an expertise in this field which the peasants bourgeoisie with lesser fortunes don't have.” (PRC CPI (ML), *op.cit.*, p. 24)

**Again, whose tenant is this capitalist, if there is no landed property?** Moreover, running the farm along capitalist lines only means hiring of wage-labour and appropriation of surplus-value. It has nothing to do with the level of technology adopted.

**Secondly, there are no provisions in the law that permits forcible takeover of land from the farmers under contract farming.** It is possible that under contract farming the farmers benefit much less than the corporates. However, that is not forcible takeover of land. Through economic competition, the capitalist farmers can be uprooted in the same way, in which the big capitalist farmers uproot the small capitalist farmers. However, the big capitalist farmer has no

moral right to demand protection from even bigger capitalist; it was precisely these rules of the game that allowed the big capitalist farmers to elbow out the small capitalist farmers and plunder the small peasants. Now, that the old protection that made agriculture a small protected conclave of loot and plunder for rich farmers and kulaks is being taken away, the rich farmers and kulaks are crying foul! **And in their opera of agony, our Mr. Thickwit Ajay Sinha is playing the cymbals, though off-beat and off-note!**

According to the above quote, India has a super rich thin crust of capitalist tenant farmers, but not capitalist landlords! **Again, whose tenants are they? Secondly, what are corporates going to become or what concrete forms will corporate takeover of agriculture assume? Will the corporates be a tenant of private landlords (but there are no landlords, only tenants according to Ajay Sinha!)? Or will they be independent capitalist owners investing capital in land for agricultural production? But if the State owns all land in India, then it is already nationalization of land!! Isn't it? But then there should not be any capitalist tenant farmers! But there are! And yet there are no landlords! But at the same time, the small, medium and big farmers are also owners of land! And the corporates are going to take the possession of land (from whom? From owner farmers who are simultaneously tenants, or from the state?!). Just look at the mindless mess that this imbecile has created.**

## **25. Don Quixote de la Patna's Continuing Incapacity to Differentiate Between Feudal Landed Property and Capitalist Landed Property**

See what this puffhead says after all:

*"In India, such capitalist farmers that engage in capital on the basis of payment of rent are in fact not present. The fact is that here in India peasants have their own land and are free from any type of bondages arising from the landed property. In India there are rich and big peasants but overwhelming majority is that of the small, poor and marginal peasants. The overwhelming part of the rest between the poor and the rich peasants is dominated by middle peasants, lower middle and upper middle. In India, even the small, marginal or poor peasants are now free from embellishments of landed property. If they want to invest capital in their plots no one is going to hinder it. Similarly middle and rich peasants are also free to invest capital whenever they want to expand their capital. There is no hinderance other than the lack of capital and misfortune unleashed upon them by the unfaithful market." (PRC CPI (ML), op.cit., p. 24-25, emphasis ours)*

First of all, the very language of Ajay Sinha is so pathetic that it does not make any sense most of time. Look at the first sentence: "engage in capital on the basis of payment of rent"? What does that even mean?

Anyhow, we guess that he is saying that in India, there is no tenant capitalist farmer who engages in capitalist agriculture, pockets average profit and hands over the surplus-profit as ground-rent to the capitalist landlords, as there is no class of capitalist landlords in India. Even then, it is factually wrong. We have seen above that there is a class of capitalist tenant farmers, a class of capitalist

landlords as well as a class of capitalist farmer landowners, wage-labourers and semi-proletariat (marginal, small and lower-middle peasants not exploiting wage labour).

**Secondly**, Ajay Sinha himself described a few paragraphs ago, the existence of tenant 'small capitalist peasant' and said that such a situation prevails in India where rent takes away even the average profit of this 'simple capitalist farmer'! Then whose tenant is he?

**Thirdly, and most importantly, capitalist landlordism does not involve any bondage of the tenant farmers, or, has embellishments or privileges associated with it and it is precisely this, which makes it capitalist landlordism! Again, Don Quixote de la Patna has confused capitalist landlord with feudal landlord. In fact, one of the features that distinguish capitalist landlordism from feudal landlordism is that it lacks any extra-economic power, is detached from production on land, and is reduced to a title to a part of surplus-value, that is over and above average profit. Capitalist mode of production makes landed property and landlordism purely economic.** Marx explains this in the following words:

“Landed property thus receives its *purely economic form* by the stripping away of all its former political and social embellishments and admixtures, in short all those traditional accoutrements that are denounced as uselessly and absurdly superfluous by the industrial capitalists themselves, and by their theoretical spokesmen, in their passionate struggle with landed property, as we shall see later.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 755)

**Landlordism is stripped of all embellishments, privileges and aura.** But our Mr. Noodlehead writes that since such landlordism with embellishments and privileges, enjoying bondage of peasants, does not exist in India, there is no capitalist landlordism and no landed property in India! (remember, landed property for Marx means monopoly over land that can prevent the free flow of capital, not the ownership of land by capitalist farmer himself): “The fact is that here in India peasants have their own land and are free from any type of *bondages* arising from the landed property.” **Clearly, Mr. Dimwit has not understood the basic difference between feudal landed property and capitalist landed property as explained by Marx in the 47<sup>th</sup> Chapter of ‘Capital’, Volume 3.**

Ajay Sinha blabbers gibberish further:

“So, in totality, the case as exists in India is such that on the one hand the capitalist mode of production has already been "territorialised" and on the other hand the predominant land ownership is small peasant proprietorship already having experienced the ruin of capitalist farming. India is at a stage where the bourgeois mode of production has already entrenched itself in **landed property** and has a complete sway over the over agriculture from top to bottom (and now its second phase i.e. corporate phase if we at call it by a such name)... when the private property has become far more bourgeois than feudal, ...when the bourgeoisie as class has already become bound up with landed property on a broad, predominating scale, has already been territorialised itself, settled on the land, fully subordinated landed property

to itself, then land is like any other capital, an instrument of production, a condition of production as in Industry.

“So, in India, **landed property** cannot draw absolute rent as the existing land ownership doesn't appear or act as a barrier to capital. So far as the differential rent is concerned in this condition it goes to state. But this sphere of production can still draw surplus profit in the same manner as in industry establishment of monopoly draws surplus profit. **For example, C2 plus 50% is a surplus profit itself.** But now if corporate takes over agriculture, and a monopoly of big finance capital in agriculture is established, then we know that the surplus profit accruing to rich peasants will not be abolished as our self-proclaimed "Marxist thinker" want to have us believe; it will rather be taken over and made to give way to maximum profit accruing to these financial monopolies that by then would have monopolised the agriculture. **We know monopoly strives for maximum profit, not just profit, super profit or surplus profit.** So here the surplus profit will take the form of maximum profit in case if monopolisation of agriculture is completed. And we know if proletarian revolution doesn't occur, the new farm laws, that are intended towards it, will certainly lead to its establishment. It is even a bigger, a much bigger tribute. But it is not absolute rent. It is outrightly a burden on people and there is no doubt about this. Surplus profit, whoever accrues it, must not be supported.” (PRC CPI (ML), *op.cit.*, p. 25)

First of all, territorialization of the bourgeoisie in land does not mean the end of capitalist landed property, but only the end of feudal landed property, as we have shown above. It presupposes the existence of both kinds of bourgeois property in land: the capitalist farmer landlord as well as the capitalist rentier landlord. In fact, it is the prerequisite of capitalist landed property as we saw above through Lenin. The very expression of Ajay Sinha that “landed property cannot draw Absolute Rent in India” is meaningless and absurd, because the term ‘landed property’ by definition means *private monopoly ownership of land which acts as a barrier to investment of capital*. It is not capitalist farmer’s ownership of land. It is capitalist landlord’s ownership of land that is called landed property. Here too, the readers can see that the very basic concepts are not clear to this giddyhead.

Secondly, *territorialization is not nationalization of land, and it is only and only nationalization of land that would abolish AR*, though the DR might remain and go to the State, if the state through progressive taxation appropriates this DR accruing to all lands except the worst land.

Thirdly, *small peasant proprietorship that Maatsaab discusses as prevalent in India referring to Marx’s description in the 47<sup>th</sup> Chapter of Volume 3 of ‘Capital’, is a pre-capitalist form and cannot have witnessed the ruin of capitalist farming, as Maatsaab claims, as it existed before the advent of capitalist farming!* The small peasant under the fully developed capitalist condition, as in present India, has become semi-proletariat; depends, in the main, on wage-labour for his livelihood; produces mainly for market not for direct subsistence. All of this we have demonstrated with data above.

Fourth, *land has not been nationalized therefore Absolute Ground Rent does exist, not only in agriculture, but also in mining and industry as well as Real Estate.* Some

scholars have made interesting attempts to see how Marx's theory of ground-rent can help us understand modern capitalist real estate.

Fifth, *in India DR does not and cannot go to the state, as the farmers pay no tax. In what form can DR go to the state, as Ajay Sinha claims, when the farmers pay no tax?* Moreover, had the farmers paid a uniform tax, even then, it would not have been appropriation of DR, as DR can only be appropriated on the basis of progressive levies because DR is not same for farmers cultivating different quality of land. But in India, this does not have any relevance anyway, because farmers pay no tax and secondly that land is not nationalized.

Sixth, *if MSP is surplus profit as Maatsaab accepts, then he must also accept that all capitalist farmers (including his mysterious 'simple capitalist peasant') are realizing a surplus-profit over and above average profit; in that case, they are not someone who are not able to realize even average profit, as Maatsaab claims. Another paradox!* Obviously, these are capitalist farmers who are getting monopoly-rent through MSP through a monopoly-price fixed by the State. Moreover, wherever the capitalist farming is being done on rented land, this monopoly-rent is, in part or entirely, handed over, partly or wholly, to the capitalist landlord, or *assumes the form of AR*, because it is precisely the monopoly ownership of land that allows the capitalist landlord to appropriate this surplus-profit (though created by a monopoly-price) in part or in totality. If the surplus-profit handed over to the capitalist landlord is equal to the difference between the value of agricultural commodity and the prices of production, then we can say that the entire surplus-profit handed over to the capitalist landlord is nothing but Absolute Ground-Rent. However, if the surplus-profit handed over to the capitalist landlord is greater than the difference between the value of agricultural commodity and the prices of production, then, apart from appropriating Absolute Rent, the capitalist landlord is also receiving a monopoly-rent.

Seventh, *even if monopoly companies establish their sway in agriculture, which they want precisely to end this surplus-profit ensured by the monopoly-price of MSP, they would not do monopoly-pricing because that would create an upward pressure on wages, as we have seen.* In any case, the prices of agricultural commodities will fall if the MSP is done away with. Moreover, monopolies in the principal wage-goods sector will not exact any monopoly-rent, because that is detrimental to the entire capitalist class, including themselves. Following is the reason why the capitalist class does not want monopoly-price and monopoly-rent ensuring a surplus-profit in the branches of production producing wage-goods:

**“If the commodity with the monopoly price is part of the workers' necessary consumption, it increases wages and thereby reduces surplus-value, as long as the workers continue to receive the value of their labour-power. It could press wages down below the value of labour-power, but only if they previously stood above the physical minimum. In this case, the monopoly price is paid by deduction from real wages (i.e. from the amount of use-values that the worker receives for the same amount of labour) and from the profit of other capitalists.”** (Marx, *Capital, Volume 3*, Penguin Edition, p. 1001, *emphasis ours*)

Similarly, Lenin explains the same thing, quoting Kautsky in approval, that applies to Absolute Rent as well as monopoly-rent:

“To proceed: the second distinction between differential rent and absolute rent is that the former is not a constituent part affecting the price of agricultural produce, whereas the latter is. The former arises from the price of production; the latter arises from the excess of market price over price of production. The former arises from the surplus, from the super-profit, that is created by the more productive labour on better soil, or on a better located plot. The latter does not arise from the additional income of certain forms of agricultural labour; it is possible only as a deduction from the available quantity of values for the benefit of the landowner, a deduction from the mass of surplus value—**therefore, it implies either a reduction of profits or a deduction from wages. If the price of foodstuffs rises, and wages rise also, the profit on capital diminishes. If the price of foodstuffs rises without an increase in wages, then the workers suffer the loss. Finally, the following may happen— and this may be regarded as the general rule—the loss caused by absolute rent is borne jointly by the workers and the capitalists.**” (Lenin, *Collected Works, Volume 13*, Progress Publishers, Moscow, p. 299, *emphasis ours*)

This is the simple reason why monopoly companies in the wage-goods industries cannot, in general, impose a monopoly-rent and it is precisely the reason why the big bourgeoisie is hell bent upon doing away with the MSP in the first place. ***Had Ajay Sinha understood this simple reason, he would not have made such an inane argument that when MSP will be done away with, the corporate will establish an even bigger surplus-profit, an even bigger tribute. This stupid argument is repeated ad absurdum by the entire kulak-loving bunch of imbeciles gathered around the magazine, ‘The Truth’.***

Eighth, even more outrageous is the assumption of Ajay Sinha that monopolies will extract some kind of “maximum profits” that are not regulated by any law! This tantamount to simply abandoning the entire Marxist understanding of how capitalism functions. The law of value is the basic law that strikes as a ‘force of Nature’ and cannot be evaded. That is why all kinds of monopoly (including monopoly of landed property) give rise to surplus-profit that are regulated by some factors, as we have seen above. Even in the stage of monopoly capitalism, when monopolies dominate the economy, the law of value remains valid. Even in this stage monopoly cannot extract arbitrary monopoly-rent, as it will be limited by the effective demand available in society. Moreover, the very notion of monopoly that precludes competition presupposes that there is no average rate of profit, as average rate of profit is created by competition itself. That is why, for Marx as well as Lenin, establishment of monopoly does not mean the elimination of competition, but intensification of competition. Moreover, the establishment of monopolies in a sector which produces wage-goods does not, in general, lead to monopoly-pricing, monopoly-rent and therefore extraction of a ‘tribute’, because it will lead to a general rise in wages that goes against the common collective interests of capitalist class in general as we pointed out earlier. If a monopoly attempts such an adventure, the rest of capitalist class as well as the capitalist state representing the general capitalist interest, will see to it that it does not succeed. We have seen above from Marx’s reference that it is not possible. The very assumption of Mr. Rattlehead, Ajay Sinha, is inane.

## **26. Repeating Preposterous Conclusions Would Not Make Them Correct, Mr. Scatterbrains, But Even More Absurd!**

**Ajay Sinha is not content with concluding his idiotic article once, so he re-concludes it! And in this process commits new ridiculous mistakes, extending this article which is an unprecedented saga of idiocy, ignorance and muddled-headedness.** Let us see this spectacle:

"1. India, with the territorialisation of bourgeoisie as class in land having been completed, the basis of absolute rent has vanished and hence urge for nationalisation is also gone among peasants." (PRC CPI (ML), *op.cit.*, p. 25)

Territorialization has nothing to do with vanishing of capitalist landed property and Absolute Rent. It is rather the transformation of feudal landed property into capitalist landed property. As long as private monopoly ownership in land exists, AR too will exist.

See Mr. Pumpkinhead's conclusion number 2:

"2. Mere nationalisation of land has obvious limitations. Even if landed property is taken over by the state along with retention of capitalist mode of production, the landed property goes to become the property of the whole capitalist class that owns the land though the bourgeois state, and then differential rent would still remain but will go to state. **This in essence is the condition already existing in India.**" (ibid, p. 25)

**Thus, territorialization of the bourgeoisie in land has been confused with nationalization of land, which is the only way to abolish Absolute Ground Rent. Secondly, it has been claimed that land has already been nationalized in India, which is a laughable claim as the bourgeoisie cannot implement the nationalization of land in India, precisely because territorialization of the bourgeoisie in land is complete, as Lenin had pointed out!** In India, land is bought and sold and leased, which shows that land is not nationalized and is private property. Finally, the 'eminent domain' theory allows the State to takeover land for Public Use, if it can prove it beyond doubt, which actually shows that private monopoly of land does exist in India. However, this law is never used to takeover the land of agrarian bourgeoisie for public works, even where they are needed. If the general interest of capitalist class requires the lands of any part of bourgeoisie to be acquired, then they are given fat compensations. This is what has happened with the capitalist farmer landlords and capitalist rentier landlords who sold their land to the state for development of residential colonies around various metropolitan cities around the world. It is only the tribals and marginal and small peasants whose lands are taken by the State using this 'eminent domain' theory, without proper compensation and without rehabilitation. However, this kind of sovereign's right exists in almost all capitalist countries. This is not nationalization of land. This is more of a process of 'primitive accumulation' which has always existed even in countries with advanced capitalist accumulation.

Ajay Sinha continues his gobbledegook further:

"It also means that if tribute or surplus profit is to be abolished in totality, it can be done only under the proletarian state or Socialism. If someone is happy that the financial monopoly will do away with this, he is not only ignorant, but also a traitor." (PRC CPI (ML), *op.cit.*, p. 26)

**Again, Maatsaab does not understand the particularity of sectors that produce wage-goods; secondly, Maatsaab fails to distinguish surplus-profit of different kinds. All forms of surplus-profit are not tribute. Only those forms of surplus-profit that come into existence due to a monopoly of some kind, increasing the market-price over and above the average rate of profit, can be called tribute.** If surplus-profit comes into existence due to monopoly control over an advanced technology by a capitalist, he would get a surplus-profit, as his cost-price would be lower than other capitalists producing the same commodity with higher cost-price. Needless to say, such surplus-profit is only temporary as all technologies are socialized within the capitalist class sooner or later. The surplus-profit due to natural differentials too is a different thing. They do not lead to rise in market-prices over and above prices of production and therefore are not a 'tribute'. ***It is only the surplus-profit created by a monopoly that creates a monopoly-rent, causing an increase in market-price over and above prices of production and thus they can be called a tribute. Again, Ajay Sinha shows his inability to understand basic concepts.***

Secondly, for the above-mentioned reason, namely monopoly-rent causing a rise in prices, the capitalist class does not want any kind of monopoly-rent in the sectors that produce wage-goods, because it goes against the interest of entire capitalist class, as we have already shown. If it does so, there will be deductions from wages, which has an upper limit as the capitalist class needs the working class to reproduce itself in a condition to continue capitalist production. **That is why, monopoly-rent is not possible in wage-goods sector, in general, leave alone Ajay Sinha's absurd theory of arbitrary "maximum profits"!**

Third, even if MSP is abolished in India, without the nationalization of land, AR will continue to exist. Today, in conditions of landed property, the capitalist tenant farmers who get this monopoly-rent through MSP, hand over a portion of or entire surplus-profit due to this monopoly-rent to the capitalist landlords. Thus, this monopoly-rent is transformed, in part or *in toto*, into Absolute Ground Rent. But the MSP is fixing of monopoly-prices at a much higher level than even the value produced in agricultural sector, and leads to deductions from the wages of the working class and working masses in general. At the same time, this is detrimental to the entire capitalist class as a whole, since it creates an upward pressure on wages and threatens to lower the rate of profit. **That is why the big monopoly capitalist class wants to end MSP in the first place! Why would they replace it with *their* tribute?**

## **27. The Climax of Don Quixote *de la Patna's* Baffoonery!**

Now, towards the end, after writing an entire lengthy article on the question of capitalist ground-rent, our Mr. Giddyhead, Ajay Sinha removes the last thread of doubt from the fact that he has *not at all* understood what Absolute Rent and Differential Rent are, what market-price and market-value are and what prices of production are. See:

"Absolute rent is ***surplus profit over and above the market price***, where as differential rent is the ***difference between Market price and the value of the produce grown on favoured land.***" (PRC CPI (ML), *op.cit.*, p. 26, *emphasis ours*)



**Wrong! AR is surplus-profit over and above *prices of production*, not *market-price*. If they are surplus-profit over and above *market-price*, what do they create? Blah-blah price?** This person is such a puny! AR is a surplus-profit over and above prices of production, on which market-prices are based with short-term deviations that balance each other out in a given time, and that is why these increased market-prices are actually monopoly-prices. *In other words, AR leads to increase in the market-price over and above prices of production.*

**Secondly, DR is not the difference between market-price and value of produce grown on favoured land. It is the difference between the value of product on land i and value of product on land 1, that is the notional prices of production, land 1 being the worst land and land i being any land in question except the worst land.** That is why the formula for differential rent of the first kind, as worked out by Marx can be formalized as follows (as is done by many Marxist political economists):

$$DR1_i = (c_i + v_i) (r_i - r_1)$$

Where  $r_i$  is rate of profit on land i and  $r_1$  is rate of profit on land 1.

That is why, after a long numerical example in the second volume of 'Theories of Surplus Value', Marx says:

**"It now becomes evident from all the five tables, that absolute rent always equals the excess of the value of the commodity over its own cost-price (used here as a synonym of prices of production - Author). The differential rent, on the other hand, is equal to the excess of the market-value over its individual value."** (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, Moscow, p. 269, *emphasis ours*)

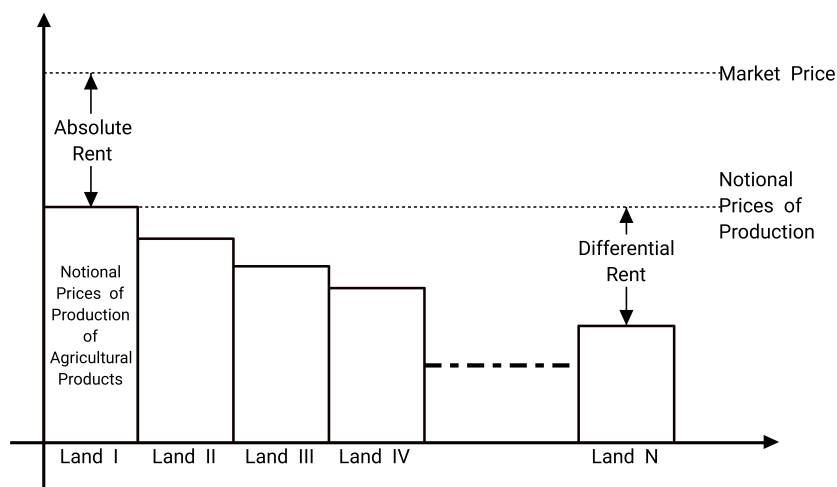
Again:

"The absolute rent is equal to the ***difference between individual value and cost-price.***

"The differential rent is equal to ***the difference between market value and individual value.***" (*ibid*, p. 293)

**Since differential rent does not affect the market-price, it cannot be calculated against it, as even a beginner in Marxist political economy can understand, but not Maatsaab.** It can only be calculated with the worst land as its benchmark. The value of commodity at the worst land in the case of agriculture is the *notional prices of production (market-value)* of agricultural sector. The market-price, of course, would include both the Absolute Rent as well as the Differential Rent. However, as far as DR is concerned, it is the difference between the value of commodity on the worst land and the value of commodity on any other land. If there is no Absolute Rent, even then, Differential Rent of the first kind is the difference between the value of agricultural commodity on the worst (which is the same as the *market-value* of commodity, because it is the worst land which is benchmark in agriculture for determining market-value) and the value of commodity on land i, which is any land other than the worst land. The following figure will explain the difference. (*I have been told that*

graphical presentations are good aids for persons of intellectually stunted growth, like our Mr. Scatterbrains.):



Land I to Land N Productivity and Intensity of Investment Increases so that Land I is worst and Land N is best.

In the above figure, notional prices of production refer to the prices that *would give* economy-wide average rate of profit. We have called it *notional*, because averaging of profit does not *actually* take place *in* agriculture under conditions of landed property. In the long run, they would correspond to the market-value, which, in agriculture is determined by worst conditions of production. For this graphical representation of Total Ground-Rent as well as a separate graphical representation for Differential Rent alone, see Dipankar Basu, ‘Marx’s Analysis of Ground-Rent: Theory, Examples and Analysis’ (available online). It is a good paper for beginners. Even if one does not agree with everything said in this paper, the graphical representation is, on the whole, correct.

As the readers can see, when you reach towards the end of this shapeless garbage written on the question of Marx’s theory of ground-rent, you realize that the author, our Don Quixote *de la Patna*, does not even understand value, prices of production, market-price, surplus-profit of different kinds, Absolute Rent, Differential Rent or monopoly-rent! We are literally speechless!

## 28. **Relation of Absolute Rent with the Law of Value and the Law of Supply and Demand: This is How Sir Duncelot Slays the Law of Value!**

But our Sir Duncelot simply does not stop, does not relent. Again, see the utter lack of understanding of the basics:

“So, price rise above the market price is due to absolute rent and not due to differential rent. Marx clearly writes that “the view that rent (as a surcharge over the Market Price) arises from the monopoly price of agricultural products, the monopoly price being solely due to the landowners possessing the monopoly of the land. According to this concept, the price of the

agricultural product is constantly above its value. **There is a surcharge of price and the law of the value of commodities is breached by the monopoly of landed property.** [p. 162, Ibid.] (bracket ours)” (PRC CPI (ML), *op.cit.*, p. 26)

**It is not Marx who is saying that the law of value is breached due to Absolute Rent! Marx here is actually refuting the argument that monopoly of land ownership nullifies the law of value! Mr. Dimwit did not read the entire section and with ‘search’ tool of computer, ended up finding a quote where Marx is refuting someone and mistook this quote as representing Marx’s idea!** And Maatsaab continues quoting this refutation by Marx as the view of Marx and reaches a supply and demand theory of Absolute Rent and rent in general! Thus, Maatsaab reaches the conclusion that Absolute Rent can exist only till the supply of agricultural commodities is constantly below its demand! See, this is where this bumblehead reaches:

“But why does it arise from the monopoly of landed property? Marx writes that “Rent arises out of the monopoly price of agricultural products, because supply is constantly below the level of demand or demand is constantly above the level of supply.” [Ibid.] But why does supply not rise to the level of demand? And what will happen if the supply surpasses demand? Here comes into it the role of exceptions like overproduction and economic crisis. In capitalism it will work with different and opposite results. Under capitalism in crisis and burdened with overproduction, the market price will have lesser average profit. It may sometimes fall below value (cost of production) and sometimes even below cost-price of commodities. Although it doesn’t exclude occasional rise in prices to earlier usual level i.e. one that used to ensure average profit. It means under a capitalist regime that is too much afflicted with overproduction and economic crisis, the market prices will keep very low for the farmers, while on the other hand it will at the same act as a lever for the monopolists and financial speculators who control and manipulate the market to go for extract maximum profit by establishing monopoly price regimes once after the produce of the farmers are bought at the cheapest rate at the time of harvest, using their mechanism of control over the state.” (*ibid*, p. 26)

**First of all, let us understand that Marx is *rejecting* the theories of rent as propounded by the Physiocrats, Smith and his followers and Ricardo, and particularly those of these theories that claim that it is constant undersupply that is a precondition for the existence of Absolute Rent.** The entire section titled ‘Collapse of the theory of Physiocrats and the Further Developments of the Theories of Rent’ is basically elaboration of these incorrect theories, *not in approval, but in rejection*, as becomes evident from the very presentation. Following is the entire section, which Marx writes not as an approval of these incorrect theories of rent, but as a rejection. I am troubling readers with a rather long quotation, so that they can (try to) fathom the depths of ignorance and muddled-headedness of Don Quixote *de la* Patna.

“After the rejection of this notion of the Physiocrats—which, however, was fully justified in its deeper sense, because they regarded rent as the only surplus, and capitalists and labourers together merely as the paid employees of the landlord—*only the following viewpoints were possible.* ||523| [Firstly:] The view that rent arises from the monopoly price of

agricultural products, the monopoly price being due to the landowners possessing the monopoly of the land. According to this concept, the price of the agricultural product is constantly above its value. *There is a surcharge of price and the law of the value of commodities is breached by the monopoly of landed property.*

“Rent arises out of the monopoly price of agricultural products, because supply is constantly below the level of demand or demand is constantly above the level of supply. But why does supply not rise to the level of demand? **Why does not an additional supply equalise this relationship and thus, according to this theory, abolish all rent? In order to explain this, Malthus on the one hand takes refuge in the fiction that agricultural products provide themselves with direct consumers (about which more later, in connection with his row with Ricardo); on the other hand, in the Andersonian theory, that agriculture becomes less productive because the additional supply costs more labour. Hence, in so far as this view is not based on mere fiction, it coincides with the Ricardian theory. Here too, price stands above value, surcharge.**

“[Secondly:] The Ricardian Theory: Absolute rent does not exist, only a differential rent. Here too, the price of the agricultural products that bear rent is above their individual value, and in so far as rent exists at all, it does so through the excess of the price of agricultural products over their value. Only here this excess of price over value does not contradict the general theory of value (although the fact remains) because within each sphere of production the value of the commodities belonging to it is not determined by the individual value of the commodity but by its value as modified by the general conditions of production of that sphere. Here, too, the price of the rent-bearing products is a monopoly price, a monopoly however as it occurs in all spheres of industry and only becomes permanent in this one, hence assuming the form of rent as distinct from excess profit. **Here too, it is an excess of demand over supply or, what amounts to the same thing, that the additional demand cannot be satisfied by an additional supply at prices corresponding to those of the original supply, before its prices were forced up by the excess of demand over supply. Here too, rent comes into being (differential rent) because of excess of price over value, [brought about by] the rise of prices on the better land above the value of the product, and this leads to the additional supply.**

“[Thirdly:] Rent is merely interest on the capital sunk in the land. This view has the following in common with the Ricardian, namely, that it denies the existence of absolute rent. It must admit the existence of differential rent, when pieces of land in which equal amounts of capital have been invested, yield rents of varying size. Hence in fact, it amounts to the Ricardian view, that certain land yields no rent and that where actual rent is yielded, this is differential rent. *But it is absolutely incapable of explaining the rent of land in which no capital has been invested, of waterfalls, mines etc. It was, in fact, nothing but an attempt from a capitalist point of view, to save rent despite Ricardo— under the name of interest.*

“Finally [fourthly]: Ricardo assumes that on the land which does not bear a rent, the price of the product equals its value because it equals the average

price, i.e., capital outlay plus average profit. He thus wrongly assumes that the value of the commodity equals the average price of the commodity. If this wrong assumption is dropped, then absolute rent becomes possible because the value of agricultural products, like that of a whole large category of other commodities, stands above their average price, but owing to landed property, the value of the agricultural products, unlike that of these other commodities, is not levelled out at the average price. Hence this view assumes, like the monopoly theory, that property in land, as such, has something to do with rent; it assumes differential rent along with Ricardo, and finally it assumes that absolute rent by no means infringes the law of value." ((Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, Moscow, p. 162-63, *emphasis ours*)

As the readers can see, Marx is enumerating the incorrect theories of rent that came into existence, after the disintegration of the Physiocratic theory of rent. However, Mr. Scatterbrains, Ajay Sinha, mistook it for Marx's view! Again, Marx says:

"What Smith says here, is the true physical basis of Physiocracy, namely, that the creation of surplus value (including rent) always has its basis in the relative productivity of agriculture. The first real form of surplus-value is surplus of agricultural produce (food), and the first real form of surplus labour arises when one person is able to produce the food for two. **Otherwise this has nothing to do with the development of rent, this specific form of surplus-value, which presupposes capitalist production.**

"Adam Smith continues:

"The other parts of the produce of the land (apart from food), which later afford rent, do not afford it always. **The demand for them, even in the most cultivated countries, is not always great enough, "to afford a greater price than what is sufficient to pay the labour, and replace, together with its ordinary profits, the stock which must be employed in bringing them to market. ||630|** Whether it is or is not such, depends upon different circumstances" ([O.U.P., Vol. I, p. 188; Garnier,] l.c., p.345).

"Here therefore again: Rent arises from the demand being greater than the supply at the sufficient price which only includes wages and profits, but no rent. **What else does this mean, but that the supply at the sufficient price is so great that landed property cannot offer any resistance to the equalisation of capitals or labour? That therefore, even though landed property exists legally, it does not exist in practice, or cannot be effective as such in practice? Adam Smith's mistake is that he fails to recognise that if landed property sells [products] above the sufficient price, it sells [them] at their value." (*ibid*, p. 360-61, *emphasis ours*)**

Again:

"Here Adam Smith has correctly defined under what circumstances land which has been appropriated pays no rent, namely where landowner and entrepreneur are one person. He has already told us earlier that this is so in the colonies.

**“A farmer cannot cultivate the land there because he cannot pay any rent. But the owner can cultivate it with profit, although it does not pay him a rent.”** (*ibid*, p. 362, *emphasis ours*)

Above is the only condition, where rent would not exist and that too accidentally as Marx demonstrated: that the landlord himself is capitalist farmer and the demand is so low that market-prices can only offer average profit.

The only difference that equation of supply and demand brings about is on the *quantity* of Absolute Rent that is realized. See what Marx says:

**“Whether the rent is equal to the whole difference between the value and the price of production, or only to a greater or lesser part of this difference, depends entirely on the state of supply in relation to demand** and on the scale of the area newly brought under cultivation.” (Marx, *Capital*, Volume 3, Penguin Edition, p. 896, *emphasis ours*)

On this point, the interested readers may refer to the essay of M. D. Ramirez, ‘Marx’s Theory of Ground-Rent: A Critical Reassessment’, where he demolishes the argument of many economists who claimed, *contra* Marx, that the prerequisite of existence of Absolute Rent is constant undersupply of agricultural goods.

Now, let us consider Smith’s case cited above, where the landlord himself is the farmer. What if oversupply is so much that market-price does not even offer average profit? The landlord will simply not invest capital in agricultural production and rent out land for other usage, if possible, or let the land lay fallow. In other words, some capital will flee from the branch of agricultural production till the supply matches demand. **If supply matches demand, then how will the market-price be determined? This is where the argument of Ajay Sinha falls flat. If oversupply leads to elimination of Absolute Rent and undersupply creates Absolute Rent, then what happens when supply and demand cancel each other out?**

This is the same question that Marx asked the economists who argued that it was the supply and demand conditions that create the prices of production or natural price of a commodity. Marx asks, ‘what if supply matches the demand?’ Then the impact of supply and demand becomes zero. The same applies here. If constant undersupply creates Absolute Rent, then what happens when supply matches demand, *but landed property remains?* Will the landlords rent out their land for free? Ajay Sinha would have us believe that! As Marx clarifies in the above quote, even if supply matches demand and the market-price equals the price of production, then the very definition of Absolute Rent is that *it creates a new market-price over and above prices of production*; here it is rent that creates market-price, unlike in the case of independent monopoly-price, where it is the price that creates rent. **Thus, in any condition, if the supply and demand equation does not allow a market-price that ensures Absolute Rent over and above average profit, then the landlord will simply not rent out his land for agricultural production, or invest capital in cultivating the land himself, or simply let his land lay fallow. But if landed property exists, Absolute Rent will exist.**

Now let us see whether Marx believes that a monopoly-rent like Absolute Rent cancels the law of value, as Ajay Sinha thinks, and does he believe that Absolute Rent comes into existence due to constant oversupply of agricultural commodity.

Marx also clearly points out that even if, under some exceptional condition of oversupply (for instance, import of grains), the market-prices fall to a level which ensures only average rate of profit to the capitalist farmers, the Absolute Rent would not vanish; instead, the capitalist farmer (or even industrialist) will pay Absolute Rent to the capitalist landlord by deductions from his customary profits for the time being. If they do not do so, then the capitalist landlord may rent out his land to small tenant peasant, who is only interested in his “wages” and would pay anything above those “wages” to the landlord. In any case, oversupply would not oblige the capitalist landlord to rent out his land for free! It is very simple to understand, though we have seen that Mr. Giddyhead cannot even understand the simplest of things. See what Marx writes:

“If, on the other hand, there were prospects of *grain imports* which would by no means permit of such a stabilisation, then (land) I could nevertheless be cultivated if small farmers were prepared to be satisfied with less than the average profit. *This is constantly happening in both agriculture and industry.* Rent could be paid in this case just as when (land) I yields the average profit, but it would merely be a deduction from the farmer’s profit. If this could not be done either, then the landlord could lease the land to cottagers whose main concern, like that of the hand-loom weaver, is to get their wages out of it and to pay the surplus, large or small, to the landlord in the form of rent. As in the case of the hand-loom weaver, this surplus could even be a mere deduction, not from the product of labour, but from the wages of labour. **In all these instances rent could be paid. In one case it would be a deduction from the capitalist’s profit. In the other case, the landlord would appropriate the surplus-labour of the worker which would otherwise be appropriated by the capitalist.** And in the final case he would live off the worker’s wage as the capitalists are also often wont to do. But large-scale capitalist production is only possible where ***the last cultivated land*** yields at least the average profit, that is where the value of I enables (land) I, to realise at least the average price.” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, Moscow, p. 102, *emphasis ours*)

Such situations often exist in capitalism, where the capitalist farmer can only realize average price and has to deduct the Absolute Rent from that, and yet he continues production, because he does not have any other opportunity of investment or the cost of moving the capital to another sector outweighs the benefits of not moving. All students of economics know that. Marx is arguing in the above quote simply that even in these situations, the capitalist landlord does not feel any empathy with the capitalist farmer and would demand the rent anyway.

Now, let us dispel this ridiculous confusion of Don Quixote *de la* Patna that Absolute Rent breaches the law of value since it causes the market-price to increase over and above average rate of profit:

“In this way the problem has already become much simpler. It is no longer a question of explaining how it comes about that the price of a commodity

yields rent as well as profit, thus **apparently evading the general law of value** and by raising its price above its intrinsic surplus-value, carrying more than the general rate of profit for a given capital.” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, p. 36-37, *emphasis ours*)

In fact, Ricardo believed only in Differential Rent precisely because he could not explain Absolute Rent while still holding the law of value valid. This was something that Marx did. See what Marx says:

“Ricardo abstracts from the question of absolute rent which he denies on theoretical grounds because he starts out from the false assumption that if the value of commodities is determined by labour-time, the average prices of commodities must equal their values (*which is why he comes to the wrong practical conclusion, that competition from more fertile types of land must throw the less fertile out of cultivation, even if they bore rent previously*). **If values of commodities and average prices of commodities were identical then absolute rent—i.e., rent on the worst cultivated land or on that originally cultivated—would be equally impossible.** What is the average price of the commodity? The total capital (constant plus variable) laid out in its production plus the labour-time contained in the average profit, say 10 per cent. Supposing, that a capital produced a higher value than the average price, just because it was operating in a particular element, an element of nature, say land, then the value of this commodity would be above its value and this excess value would contradict the conception of value being equal to a certain quantity of labour-time. An element of nature, something heterogeneous from social labour-time would be creating value. **But this cannot be.** Hence capital invested in land pure and simple cannot bear a rent. The worst land is land pure and simple. If the better land bears a rent, then this only shows that the difference between the individually necessary labour and that which is socially necessary becomes permanently established in agriculture because it has a natural basis, whereas in industry it is constantly disappearing.

**“Absolute rent cannot be permitted to exist, but only differential rent. To admit the existence of absolute rent would be to admit that the same quantity of labour (materialised, laid out in constant capital and bought with wages) creates varying values according to the element in which [the labour is expended] or according to the material which it works up. But if one admits this diversity in value although in each sphere of production the same amount of labour-time materialises itself in the product, then one admits that value is not determined by labour-time but by something heterogeneous.** These different magnitudes of value would invalidate the concept of value, they would invalidate the proposition that the substance of value is social labour-time, hence its differences can only be quantitative and these quantitative differences can only be equal to the differences in the amounts of social labour-time applied.

**“The maintenance of value—the determination not only of the amount of value by the varying amount of labour-time, but also of the substance of value by social labour—thus requires the denial of absolute rent.”** (*ibid*, p. 129-130, *emphasis ours*)



Ricardo's dilemma is that he must choose between the labour theory of value OR Absolute Rent! And given the proclivity that Ricardo has towards the labour theory of value, he simply denies the existence of Absolute Rent! **Marx here provides the way out for the Ricardian dilemma: the monopoly-price in case of Absolute Rent only draws value from other sectors. Thus, it does not invalidate the law of value, so dear to Ricardo, but in fact, the law of value itself determines the magnitude of the surplus-profit that is transformed into Absolute Rent. Thus, Marx actually saves Ricardo from Ricardo!**

Now let us come to the second confusion of Ajay Sinha again: Absolute Rent can exist only when supply is constantly below the demand for agricultural commodities. We have said a few words about this above. We have already seen that the quote that Mr. Bumblehead produces above is actually where *Marx is refuting this idea that this anomaly of supply and demand is the precondition for the existence of Absolute Rent.* Marx, in fact, categorically rejected this idea in 'Theories of Surplus Value' as well as 'Capital', Volume 3. Let us understand Marx's position.

Supply being lower than demand is the condition due to which the ever worse land is brought under cultivation; once it has been brought under cultivation, and temporarily, that is, for the time being, the supply matches demand or even surpasses it, the Absolute Rent does not vanish, as Marx vehemently emphasized! It is the social relation of private monopoly ownership of land that creates the AR, rather than a quantitative and relativistic yardstick like supply and demand, which in the words of Marx, does not explain anything, but have to be explained. In other words, supply and demand are function of changes in the market-value, therefore, prices of production and market-price, and therefore the changes in the Absolute Rent, which itself is determined by the economy-wide average rate of profit and the value produced in the agricultural sector.

**Now, let us suppose, supply is at par with demand. Private monopoly ownership of land exists. Then, will the landlord of the worst land give his land for free?** If the supply outruns demand and the market-prices of agricultural commodities fall to the level of prices of production, or even below it, then some land will simply go out of cultivation, will be changed to some other kind of land-usage to earn the rent, or will simply lay unused, or in certain conditions, Absolute Rent will be deducted from capitalist farmer's profit, as we saw above. **Because in any condition the capitalist landlord will not rent out his land to a capitalist tenant farmer for free!**

**Moreover, Absolute Rent in non-agricultural sectors is simply not due to undersupply!** In many of the products of mining, there is a constant oversupply and yet the land is not leased for free. If overproduction is the reason for vanishing of Absolute Rent, because it causes a fall in prices, then Absolute Rent should have vanished in the entire non-agricultural sector. But it does not! **Similarly, if the oversupply of agricultural goods and resultant decline in their prices is the sole reason then it would also eliminate Differential Rent at some point, because oversupply at some point will cause depression of market-prices below the market-value of agricultural produce! There is no reason to believe that they cannot! However, if such a thing happens, some capital will start fleeing from agricultural production, some land will not be leased till the disequilibrium of supply and demand is undone in the opposite direction. This keeps happening in all capitalist economies all the time. To believe that**

there can be a constant oversupply of anything that constantly outruns *effective demand* is a fantastic and outrageous assumption that has nothing to do with the *modus operandi* of capitalist mode of production, even in the stage when monopolies dominate. Supply and demand explain nothing, neither in determination of market-value nor in determination of rent; they need to be explained, in fact. See what Marx says:

“It should be noted here that even in this case the market price must be higher than the production price of A. **For as soon as the additional supply is obtained, the relationship of demand and supply is evidently changed. Formerly the supply was not sufficient, whereas now it is sufficient. The price must therefore fall. In order to fall, it must have stood higher than the production price of A. But the less fertile character of the class A land that has been newly cultivated means that the price does not fall again as low as it was when the production price of class B governed the market. The production price of A sets a limit for a relatively permanent rise in the market price, and not just for a temporary one. If on the other hand the land newly brought into cultivation is more fertile than the land A that formerly governed the price, and yet is only sufficient to meet the additional demand, the market price remains unchanged. But the analysis of whether the worst class of land pays a rent coincides in this case too with the question under discussion here, for here too the assumption that class A land does not pay any rent would be explained by the fact that the market price is just sufficient for the capitalist farmer to cover the capital applied plus the average profit; in short, the market price provides him with the price of production of his commodities.**

“In any case, in so far as he has to act as a capitalist, the capitalist farmer on class A land can cultivate under these conditions. The condition for the normal valorization of capital on class A land is then present. **But from the premise that capital could now be invested by the farmer on class A land under the average valorization conditions of capital, it in no way follows that this land in class A is now immediately at the farmer's disposal. The fact that the farmer could valorize his capital at the customary profit if he paid no rent is in no way a reason for the landlord to lease out his land to the farmer for nothing, and be so philanthropic to his client as to extend him a *credit gratuit*. This assumption would mean abstracting from landed property, it would mean abolishing landed property, whose very existence is a barrier to the investment of capital and its unrestricted valorization on the land – a barrier that in no way collapses in face of the farmer's mere reflection that the level of corn prices would enable him to obtain the customary profit on his capital by exploiting land of type A, as long as he did not pay any rent, i.e. if he could actually treat landed property as non-existent.** Differential rent presupposes precisely the monopoly of landed property, landed property as a barrier to capital, for otherwise the surplus profit would not be *transformed* into ground-rent and would not accrue to the landlord instead of to the farmer. And landed property remains such a barrier even where rent in the form of differential rent disappears, i.e. on type A land.” (Marx, *Capital, Volume 3*, Penguin Edition, p. 884-85, *emphasis ours*)

As we can see, Marx very clearly explains why oversupply and low market-price are no reason at all for the vanishing of Absolute Rent. But our Mr. Noodlehead read a quote of Marx, where *Marx is actually refuting the theory which claimed that constant undersupply is a pre-requisite for the existence of Absolute Rent, and jumped on it, without reading the whole section!* Why? Because, here Maatsaab found a ray of hope! A positive justification for his idiotic theory of permanent overproduction leading to change in the Marx's general laws of value, of profitability and of Absolute Rent! Poor creature!

Marx also makes it clear that the condition for the existence of Absolute Rent is monopoly of landed property:

“Let us assume, therefore, that there is no differential rent because there is no cultivation of land of varying natural fertility, hence there is no differential rent (or else only to a negligible extent). Furthermore, let us assume that there is no landed property; then clearly there is no absolute rent and, therefore (as, according to our assumption, there is no differential rent), there is no rent at all. **This is a tautology. For the existence of absolute rent not only presupposes landed property, but it is the posited landed property, i.e., landed property contingent on and modified by the action of capitalist production.** This tautology in no way helps to settle the question, since we explain that **absolute rent is formed as the result of the resistance offered by landed property in agriculture to the capitalist levelling out of the values of commodities to average prices.** If we remove this action on the part of landed property—this resistance, the specific resistance which the competition between capitals comes up against in this field of action—we naturally abolish the precondition on which the existence of rent is based.” (Marx, *Theories of Surplus Value, Volume 2*, Progress Publishers, Moscow, p. 301, *emphasis ours*)

Again:

“All these preconditions have nothing to do with **the preconditions in which an absolute rent exists: that is, on the one hand, developed capitalist production, and on the other, landed property, not only existing in the legal sense but actually offering resistance and defending the field of action against capital, only making way for it under certain conditions.**” (*ibid*, p. 303, *emphasis ours*)

Now let us see, what can *actually* happen due to overproduction of agricultural commodities? There are three possible scenarios: one, where there is an oversupply; two, where supply equals demand; and three, where there is undersupply.

**If overproduction leads to such a fall in the market-price that does not even guarantee average profit or even the recovery of investment, no capitalist will invest in land and some capital will flee from investment in agriculture to other sectors, as we saw; landlords will not rent out their land to capitalist farmers and will rent it out for other usage or will let it lay fallow for the time being. Consequently, supply will decrease till it ensures a market-price that ensures average profit and under conditions of landed property, the very**

**monopoly of land will ensure that the market-price is increased even more, over and above the average prices to the level of value produced in agricultural sector, in order to ensure the existence of Absolute Rent.**

**If overproduction reduces the market-price to the level of prices of production, and private monopoly of land exists, then it is precisely because of the private monopoly of land that market-price will be increased to a level such as to ensure surplus-profit, that is, the level of the value of the agricultural product.**

If overproduction is not there and demand surpasses supply, then the market-prices may increase over and above, not only the prices of production, but the value of agricultural product itself, till an even worse quality of new land comes under the plough that can produce the commodity at a lower market-price, and then this new worst land will become the new benchmark for determination of social-value of agricultural product and given the best land is still under cultivation, the Differential Rent will increase, without increasing the Absolute Rent, which can vary only when the average profit or the value of agricultural commodity changes.

In other words, *constant undersupply* is not a condition for the creation of Absolute Rent. Undersupply can only determine the land that will be the new worst quality of land. Supply and demand themselves are functions of movement of capital and profitability. *Constant general overproduction (that is in all branches of production)* is not a permanent condition of capitalist economy, except in periods of long depression, which take place due to slower *devalorization* of capital. There can be no “constant oversupply” as it would set off the process of flight of capital from that sector, leading to decline in supply. State action can hinder such flight in certain cases. For instance, today India produces excess of certain food grains, in excess of domestic demand as well as export demand. However, the high MSP for these very crops is an incentive for the capitalist farmers. Thus, they continue producing rice and wheat, creating a glut. This also creates ecologically unsustainable situation as the water crisis of Punjab shows. However, even in these conditions, the Absolute Rent would not cease to exist because landed property ensures that even the worst land fetches a rent.

**Thus, Maatsaab, confusing Marx’s rejection of the argument that “constant undersupply creates Absolute Rent” with Marx’s approval of this absurd argument, jumps on it and presents it as the justification for his claim that Absolute Rent does not exist in India because there is an oversupply of agricultural goods! Even if there is overproduction of food grains, it is not the precondition for the elimination of Absolute Rent. Such an argument actually goes to the extent of claiming that it is supply and demand equations that determine the value and therefore surplus-value and finally, all parts of surplus value: profit, interest and *ground-rent!* And in this way, Ajay Sinha not only regresses to the classical bourgeois political economy, but to the vulgar neoliberal economics!**

## **29. This is How Sir Duncelot Recaps His Tedious Tale of Shameful Mistakes and Embarrassing Confusions**

Further, our Sir Duncelot, Ajay Sinha opines:

“In case of India, where the bourgeoisie are already 'territorialised' in landed property exclusively subordinating it, the question of absolute rent has vanished long back. In India, capitalist relation of production in agriculture didn't come as the complete destruction of old feudal relations but in the form of remoulding of the old relations on new bourgeois lines. So, as mass confiscation of the feudal landed properties didn't occur, the question of lack of sufficient capital was always haunting, and it was solved by raising indirect taxes, taking loans from within or from abroad, through extreme exploitation of labour and poor peasants' property. This whole process took not much time and we see that around 1980s and onwards Indian capital grows big both in agriculture and industry.” (PRC CPI (ML), *op.cit.*, p. 26-27)

This first point that territorialization vanishes AR is rubbish as already pointed out and refuted in detail with references.

**Secondly, if mass confiscation of feudal landed property did not happen, how did the bourgeoisie territorialize in land? Of course, by transforming the feudal landlords into capitalist landlords!** The question of raising capital was not solved, in the main, by raising indirect taxes but by policies of state monopoly capitalism: nationalization of banks, pooling of national savings, and deficit-funding. See, Tirthankar Roy's 'The Economic History of India, 1857-2010' and Dietmar Rothmund's 'An Economic History of India, from Pre-colonial times to 1991' for data. **The intellectual hacks of this magazine 'The Truth' are habitual of making claims without supporting it with evidence.** That is why, on the basis of an article of the “left” journalist of Social Media, Mr. Mukesh Aseem, which is full of imaginary claims about the history of MSP and development of capitalism in Indian agriculture, with no statistical evidence whatsoever, our Don Quixote *de la Patna* claims:

“In this whole period as mentioned just above, before the acute crisis in agriculture surfaced, MSP rose only occasionally above the market price of agriculture produce. So, we can conclude that 1) average rate of profit was being realised 2) MSP was not a surplus profit except for a few occasions when the market price plummeted.” (*ibid*, p. 27)

This claim of Don Quixote *de la Patna* is based on a false history of Indian agriculture presented by his Guruji: Mukesh Aseem, the half-wit “left” journalist of Social Media with half-baked and half-thought ideas.

**First of all, MSP is not surplus-profit above market-price; that would not mean anything;** it is surplus-profit over and above *prices of production* that causes an increase in the market-prices; as we have already seen in abundance: Ajay Sinha does not understand the meaning of these basic concepts like market-value, market-price, prices of production, Absolute Rent, Differential Rent, and yet, exactly in the vein of Harishankar Parsai's confident idiot, has the audacity to write an article on ground-rent, which is nothing but a flurry of shameful idiocy and stupidity.

Anyhow, the very idea of MSP from the very beginning was to ensure a surplus-profit to farmers growing certain food-grains that constituted the staple food of India in order to end the import of these food grains and ensure independence in food grains. This was necessary for securing the *political independence* of the new

Indian bourgeois republic. MSP, except brief periods of exception, has always ensured a surplus-profit. The refutation of Mukesh Aseem's false history can be found here: (<http://ahwanmag.com/archives/7726>).

Apart from the above article's data and statistics, let us look at some more concrete data to show that MSP has always been a surplus-profit. In 1978-79, in Punjab, the profit over comprehensive cost was 78 percent for rice! Though it was lower in other states, it was still fairly above the average rate of profit. For instance, for rice, it was 29.8 percent profit in UP, 16.22 percent profit in Andhra Pradesh. For wheat in 1981-82, the MSP ensured 21.2 percent profit in UP and 24.26 percent profit in Punjab. Profit rates differed across states because despite the same MSP, the costs in different states varied widely. This variation has been declining. **All these figures are above the average rate of profit of Indian economy in all these years. Thus, the claims of Ajay Sinha and Mukesh Aseem, that MSP began to ensure surplus-profit only after the Swaminathan Committee Report, falls flat in front of concrete data.**

Again, the height of idiocy of Don Quixote *de la* Patna is apparent here:

“The capital formation in agriculture was thus brought not by assuring surplus profit but through average profit. What we see after this is that agrarian crisis surfaces in the 1990s and poor marginal peasants followed by lower middle peasants in some cases started committing suicides. Before it could be handled, the crisis started affecting well off peasants too. Then came the recommendation of Swaminathan Commission in 2007-08 that gave a new meaning and dimension to MSP (C2 + 50%) which **guarantees a surplus profit over and above the market price which has been regularly plummeting since long. MSP in this new form is certainly a surplus profit, a tribute.**” (*ibid*, p. 27, *emphasis ours*)

**First of all, after 1966, the class of capitalist kulaks and farmers was erected precisely through the device of MSP ensuring a surplus-profit over and above the average rate of profit, as we have already seen.** Without this device, it was not possible. The very history of 'Green Revolution' is a history of erecting a sizeable class of capitalist farmers in order to enhance agricultural productivity by incentivizing production through ensuring a surplus-profit. This was to be done by state protection in the form of subsidies, cheap institutional credit and MSP to the rich farmers.

Secondly, the suicides of farmers since 1990s include most suicides among small and marginal farmers, who did not commit suicides due to low MSP, of course, because they do not get MSP! See this study:

(<https://globalizationandhealth.biomedcentral.com/track/pdf/10.1186/1744-8603-10-16.pdf>)

**According to 2015 NCRB data, 72 percent of farmers who committed suicide were marginal or small farmers. Only 2 percent of the farmers were large farmers owning more than 10 hectares of land. Therefore, the impact on well-to-do peasants is nominal and that happens with all small capitalists who are ruined in capitalist competition.** Yes, that is a tragedy from a human point of view; however, from class point of view, proletariat does not have any class solidarity with the class of small capitalists on this basis.

**Moreover, what are the main causes of suicides of small, marginal and lower middle peasants? One of the most important reasons was debt-burden and crop-failure.** For the first cause, the rich kulaks and farmers themselves are directly responsible. And for the second cause, the state is responsible because it does not provide small and marginal peasants with institutional credit and insurance services, though here too, the indirect class political clout of the rich farmers and kulaks is responsible. **Therefore, one has to analyse the issue of farmers' suicides from a class point of view, rather than a non-class view which presents the 'peasants as a whole' as victims in a capitalist mode of production. Such an approach has nothing to do with Marxism.**

**Ajay Sinha loves to be on his own trip! He thinks that MSP as surplus-profit (Comprehensive cost + 50 percent profit) was brought by the government when farmers' suicides engulfed the well-to-do farmers as well!** We have shown that it was almost always a price ensuring surplus-profit, because the very idea was to incentivise rapid capitalist transformation of agriculture under the tutelage of rich farmers and kulaks, as it was the need of the hour for Indian bourgeoisie in general. Here too, Ajay Sinha shows that he does not understand the meaning of basic terms. He says, "Then came the recommendation of Swaminathan Commission in 2007-08 that gave a new meaning and dimension to MSP (C2 + 50%) which ***guarantees a surplus profit over and above the market price which has been regularly plummeting since long***". Wrong! It means ***a surplus-profit over and above the prices of production***, by giving 50 percent profit over the ***comprehensive cost of production***, not over the ***market-price***. Market-price already includes the cost and profit by definition and MSP does not propose to provide 50 percent profit over market-price, but over the comprehensive cost of production. **As the readers can see, Mr. Dimwit does not know a single thing about the issue on which he is writing: from theory of ground-rent to concrete facts about Indian agriculture.**

**However, even in such an ignorant and idiotic presentation of the issue, Don Quixote de la Patna is obliged to accept that the MSP in present form, is indeed a tribute! But, isn't the new form of MSP progressive according to Ajay Sinha and Mukesh Aseem which needs to be supported!? Therefore, their logic is that MSP became a tribute only after Swaminathan Committee Report and it is precisely after that, and it is precisely when it became a tribute, it became progressive and we should support it! What kind of intellectual buffoonery is that? The one that is created due to a deadly mixture of ignorance, idiocy, inanity and arrogance.**

In the end, Ajay Sinha writes:

"But in 2004 itself the government intention was to do away with it while bringing new corporate tools like ***forward trading, futures and contract farming in place so as to assure the rich peasants high market prices by stabilising the market price***. Even in 2021, this demand hasn't been met and as Modi government has inaugurated the second phase of capitalist farming with the introduction of new farm laws opening the gate for corporate to take control of it, there is no chance of allowing the rich peasants to enjoy surplus profit anymore and in its place corporate monopoly pricing will be established." (*ibid*, p. 27, *emphasis ours*)

**How on earth can an intelligent person claim that futures trade and forward trading will stabilize the market-prices?! These are actually the recipe for higher volatility of market-prices as they allow for black-marketing and hoarding and speculation! Almost every sane person knows that, even if they are not Marxists.** Here too, one can see that the senility of Mr. Dimwit is at full display. He is really sad that this demand of the rich farmers for black marketing and hoarding has *still* not been met even in 2021 and now that the Modi government has opened the way for the establishment of control of monopoly capital in agriculture, the rich farmers are not going to enjoy surplus-profit anymore! **This is truly the language of a kulak-phile Narodist, not a Marxist.** If the surplus-profit of the rich farmers and kulaks is gone, and we have shown why corporate capital cannot establish a regime of monopoly-rent in a wage-goods producing sector, why would a proletarian revolutionary cry a river on that? **Ultimately Maatsaab reaches his political nirvana in the most obscene way: expressing his kulakphilia, class colloaborationism and class-tailendism in an unequivocal fashion.**

### 30. In Lieu of Conclusion

I just responded once, for the first and the last time, to such an idiotic and inane presentation of the issue of capitalist ground-rent by our Sir Duncelot, for the following reasons.

**First, the article, howsoever childish, was written against one of my articles and warranted at least one response.** It must have become clear to the readers by now that investing even one more second in responding to such levels of bizarre senselessness again in the future, would not occur to me at all or to any sensible person. As Mark Twain correctly commented about idiots, *“Never argue with an idiot. They will drag you down to their level and then beat you with experience.”* Moreover, our younger comrades, Sunny and Varuni, have been doing a fantastic job in exposing this intellectual joker and I will leave it to them whether they find Ajay Sinha’s future misadventures in the realm of Marxist science worthy of responding or not, because, it is the habit of Mr. Bumblehead, Ajay Sinha, to change and retract his earlier positions after being destroyed in a debate. One cannot, first of all, deal with such imbecile *ad infinitum*, especially, when he also happens to be a crook, shifting the goal-post constantly.

Second, this article of Ajay Sinha spreads ignorance and stupidity like a plague and needed to be exposed for what it was, namely, ***a senile ranting of an idiot of the first degree who does not even understand basic Marxist concepts like market-value, market-prices, prices of production, averaging of the rates of profit, leave alone the more complicated issues of Marx’s political economy like Absolute Rent, Differential Rent, Monopoly-price and Monopoly-Rent etc.***

Third, ***there is a congregation of brainless fools masquerading as Marxists, including passive radical armchair “intellectuals” like Mukesh Aseem and S. V. Singh, amazingly witless and ignorant self-proclaimed “Mr. General Secretary” Ajay Sinha, and several good-for-nothing intellectual lumps, around this magazine called ‘The Truth’ (‘Yatharth’ in Hindi) and those who are genuinely interested in Marxism and revolution, need to be cautioned against this manufactory of inanity, spurting out incorrect, silly***



***and foolish ideas about Marxism and is affecting a few unsuspecting readers online.*** Consequently, we found ourselves duty-bound to refute this horrendous presentation of Marx's theory of ground-rent and also basic Marxist concepts, just for once, as Marx himself said, "*to leave an error unrefuted is intellectual dishonesty.*"

**However, this does not mean that I can continue to refute such garbage again and again, whenever this manufactory of idiocy called 'The Truth' spurts it out, as neither is there any need for that, nor do I have time or inclination to engage with such levels of absurdity and ignorance.** I know that Ajay Sinha, the conceited fool that he is, will certainly respond to the present article, with even higher levels of ignorance and stupidity, as Einstein correctly said, idiocy has no limits; will try to save his prestige (whatever has remained of it) in front of the kids' club of his Sancho Panzas; try to show that *he too* knows a couple of things about Marxism, in the process, exposing his ignorance about Marxism even more; will argue that 'this is not what I meant, what I meant was blah-blah! I have been misquoted!', etc. **However, there will be no point in responding to such dishonest attempt of a scatterbrain to salvage his false pride. I will now leave this intellectual pygmy to his own devices.**

Finally, I would repeat my sincere warning as a Marxist to all serious readers interested in Marxism: **this magazine 'The Truth'/'Yatharth' and the intellectual clowns gathered around it, are an intellectual hazard for the progressive-minded people, especially youth, interested in Marxism. There can be no greater disservice to Marxism, than distorting it, falsifying it and disseminating all kinds of ignorant and stupid ideas about it. This is precisely what this bunch of intellectual crooks and clowns is doing. Therefore, my final advice to all: Stay away from them. Maintain a safe distance. It would be good for the intellectual health and well-being of all persons.**