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Marxist Perspective on Circular Economy Analysis

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Summary: Firstly, the paper briefed the current status of the research on China's circular economy by using the basic principles of Marxism. Then, the connotation of circular economy and the relevant methodology and principles were expounded. Finally, this paper told us that, we should carry out in-depth research on circular economy in these five views, historical materialism, dialectics, dual nature of economy, conflict of value as well as the relation relating to man and nature and man and society

Keywords: circular economy historical materialism dialectics dual nature of economy value economic relation

Since the new century entry, with the popularization of sustainable development concept, emphasizing and implementing circular economy is one of the themes in China's economic development in the following period. The reason is that the development of circular economy and the construction of conservation-oriented society played a significant role in promoting the change of economic growth model in China and strengthening energy saving and environmental protection. Therefore, it is the inherent request of implementing fully coordination on sustainable development-scientific concept of development, and a strategic choice of building well-off society. It conforms to current world trend of sustainable development as well.

As we know, the so-called circular economy refers that, the economic process to comprehensively use the material resource and related waste in accordance with the requirements of cleaner production and 3R(Reducing, Reusing, Recycling) principles (according to Marx, waste is divided into two categories: one is the materials of industry and agriculture, called as production-waste; the other is partly referred to the natural metabolic waste of human body and partly referred to the remains of depleting consumer goods, called as consumption waste). As a mode of economic operation, compared with the traditional economic operation mode, it fixes the economic activity as a feedback process- 'resource-product- renewable resource', essentially, it is a process relating to ecological economy and reproduction economy, which guides the economic activity of human society according to ecology and economics rules.

In the point of view of academic study, we have a lot of books and academic achievements, and some achievements have considerable weight. However, in overall, there is a remarkable scarcity that economic issues research based on the basic position, theory and view of Marxism is uncomprehensive. No reference and discussion are involved in

Marxism, or Marxist theory is unable to approach the research, are they right? Obviously, they are wrong. Even in one of the most mature works of Marx-‘Capital’, there is a detailed statement concerning the important problem and the fundamental issues of circular economy, such as the recycling of material production and waste reuse issue. There are proper summary and conclusion in Marxism Economics in Zoology(Dec 2006, People Press) written by Professor Liu Sihua, Cycle Economy Theory in Capital(Vol.1, Marxist Forum) composed by Professor Ma Chuandong, Sun Yanshuang’s Analysis on Circular Economy Idea of Marxism(Vol.7 2006, Contemporary Economic Research), Xie Baojun’s Primary Research on Marxism Circular Economy(Jan 19 2007, Guangming Daily), and Several Revelations on Domestic Circular Economic Research Based on Marx and Engels’s Economics (See www.cpeer.org) written by Zhang Leilei from the Philosophy School of Renmin University of China. However, in overall, high quality research achievement is few, and it is limited to the basic views of Marxism. Moreover, the methodology on circular economy research according to Marxism methodology is rarely(research circular economy by materialism is referred in the work of Zhang Leilei). Hereby, this paper will focus on the point.

I. Circular economy research based on historical materialism

The object of circular economy research only refers to the part concerning material production activities of the overall economic course instead of all economic activities. In addition to the material production activities, although the economic activities such as labor services and sales services are also important, they do not fall within the scope of circular economy direct research object. Because they do not produce the specific material achievement and there is no problems about the recycle of certain material resource. The establishment of such research object matched with the concept that material production plays a fundamental role in human society and economic activities emphasized by Marxism, which highlights the significance of applying Marxist historical materialism in circular economy.

As we know, from the autumn of 1845 to May 1846, the basic principles of historical materialism was established in the manuscript of The German Ideology co-written by Marx and Engels. Before the creation of the historical materialism, people’s views concerning society, economy, history and other issues were governed by historical idealism. The internal characteristic of historical idealism is to pay attention to the ideological motives of the phenomena and incident, instead of attaching importance to the hidden motive when reviewed social life as well as historical phenomena and events. Thus, they regarded idea and consciousness as the primary and decisive factors, in their opinions, society is established in accordance with concept; by contrast, people’s life and production activity

are the issues which are going to be determined. Therefore, the change of society depends on the transformation of people's idea and concept firstly, in other words, changing idea and concept should be ahead the transformation of society; the transformation of people's idea will be followed by the society transformation naturally. This understanding involved in historical idealism governed all the thinkers, philosophers, social historian as well as utopian socialists at all times before the birth of Marxism.

But Marx did not agreed with this theory. In *The German Ideology*, Marx and Engels thought that, the actual motive of people's idea is neither the idea itself nor the absolute concept said by Hegel. The real motive is the existence of society. Therefore, Marx and Engels declared that the premise and starting point of their theory is the real individual, whose activity and the material conditions under which they live, and these premises can thus be verified in a purely empirical way. *The German Ideology* states that 'this conception of history depends on our ability to expound the real process of production, starting out from the material production of life itself, and to comprehend the form of intercourse connected with this and created by this mode of production (i.e. civil society in its various stages), as the basis of all history; and to show it in its action as State, to explain all the different theoretical products and forms of consciousness, religion, philosophy, ethics, etc. etc. and trace their origins and growth from that basis'. In *Preface of Critique of Political Economics*, Marx emphasized that 'where I moved owing to an expulsion order issued by M. Guizot. The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarised as follows. In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or – this merely expresses the same thing in legal terms – with the property relations within the framework of which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure.' 'No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society. Mankind thus inevitably sets itself only such tasks as it is able to solve, since closer

examination will always show that the problem itself arises only when the material conditions for its solution are already present or at least in the course of formation.’

The historical materialism provides new world view and methodology for Marx in scientific research, and also supplies new world view and methodology for us in circular economic research. For example, as the material production is the material condition of existence in the comprehensive development of a society, therefore, the circular economy research is not simply related to the issues that how to save energy and reduce waste, but related to the optimization of material wealth creation mechanism and the results of such optimization in social production, distribution, exchange, consumption and other elements. Because such production mode of material life will restrict the whole processes of social life, political life and spiritual life. Moreover, in the point of view of historical materialism, the reason that modern society requires circular economy is the essential requirement emerging in a certain economic and social development stage, is not a mysterious way of economic operation introduced by a particular smart individual. Therefore, it is an internal and inevitable representation, rather than a concept imposed from outside by others. Taking another instance, if people failed to correctly understand and join or to actively understand and join the practice of circular economy, then, people will become the counterforce of economic development or delay and prevent the development of circular economy, which will inevitably bring out the transformation demand concerning the existing economic relations in a certain period. All these are the conclusions directly derived from historical materialism.

II. Circular economy research based on application dialectics

Dialectics is a methodology basis of Marxist economics theory research, and a methodology basis of research circular economy for us as well. A highly importance was attached to dialectics in the early stage of Marx and Engels's research. As early as late 1843 and early 1844, idealism dialectics and world view introduced by Hegel was criticized by Marx in Preface of Criticism on Hegel. After the historical materialism was created by Marx and Engels, they carried out in-depth research on economics by using the sharp weapon- historical materialism and materialist dialectics, such as the debate between Marx and Proudhon, a bourgeois economist. In Capital, the application of materialist dialectics introduced by Marx is even thoroughly, in Marx's opinion, it is the first attempt that using dialectics in political economics (letter: Marx-Engels, Nov 7 1867, London). During this process, with regarding to the issue that how to construct the overall structure of Capital, Marx was enlightened in philosophy theoretical thinking according to the Logic written by Hegel(Wang Dong: New Foundation of Marxism, Beijing University Press, Oct 2006, 1st edition, Page 505).

With regarding to dialectical philosophy, Engels said: ‘this dialectical philosophy dissolves all conceptions of final, absolute truth and of absolute states of humanity corresponding to it. For it [dialectical philosophy], nothing is final, absolute, sacred. It reveals the transitory character of everything and in everything; nothing can endure before it except the uninterrupted process of becoming and of passing away, of endless ascendancy from the lower to the higher. And dialectical philosophy itself is nothing more than the mere reflection of this process in the thinking brain.’(Engels:Ludwig Feuerbach and the End of Classical German Philosophy) Therefore, applying dialectics in circular economy research is to require us to regard circular economy with the concept of general affiliation, and to regard circular economy as a link and a chain is the overall economic operation mode, instead of regarding it as a isolated phenomenon and process; require us to regard circular economy with the concept of development and change, to see the inherent limitation in the affirmative course and see the possibility and inevitability of replacing the current circular economy mode by a new circular economy mode, and to seek for innovation and transformation in a active way, instead of regarding the formed circular economy as a fixed mode; require us to see the nature of circular economy is a ‘endless ascendancy from the lower to the higher’ (Engels:Ludwig Feuerbach and the End of Classical German Philosophy), not to solidify the circular economy itself; require us to see the contradiction aspect involved in circular economy, to realize the inevitability and possibility of the change from traditional economic operation mode to new economic operation mode in the course of understanding the contradiction, and to boost it to become the inherent motive and power of promoting the change of economic operation mode. Meanwhile, Marx also reminded us that, although circular economy mode is a way of save for enterprises production, such economic mode is not reasonable unconditionally. So, ‘in small-scale agriculture-horticulture, for example, in Lombardy, southern China and Japan,..... under such a system, the agricultural productivity costs the tremendous waste of human labour, and the labor will not be used for other productive sectors any more’(Marx: Kapital, Volume 3), we may grasp the development and improvement issues of circular economy in historical and dialectical way only when we had paid attention to this problems at that time.

III. Circular economy research based on the theory of dual nature of economy

Comparing with its before and after Economics, a very difference and merit of Marxist economics in the methodology is to lay the dual nature of economy and use it to analyze economic problem. This is also a very important feature of the methodology in Marxist Economics.

The theory of dual nature of economy is firstly manifested in the analysis on the dual nature of commodity. The theory of dual nature of commodity (that is, commodity is made of its practical value and exchange value) have existed in the classical economics before Marxist economics, but the classical economists did not continue to move forward on this basis, Marx raised personal theory of dual nature of labor on this basis. Marx had given a very high degree of attention and evaluation on methodological significance for the study on political economy. January 18, 1868, Marx had said to Engels in the letter which introduced the three new factors in the Capital: Economists without exception have ignored a simple fact: since commodity have dual natures—practical value and exchange value, then, labor embodied in Commodity will also have dual natures, Smith and Ricardo only analyzed labor simply, they inevitably encountered the unexplained phenomenon everywhere. Marx also specifically reminded us the importance of the theory of dual nature of labor in understanding Marxist Labor Theory of Value and Political Economy, and he called the theory is ‘the hub to understand Political Economy’ (Marx: Capital, Volume 1), is ‘the basis to understand the facts’, is ‘all secrets to critically understand problems’, is ‘one of the two best places in Capital, Volume 1’.

Some readers will wonder why Marx regarded the theory of dual nature of labor which looks very ordinary with such special significant? The author believes that there is a basic principle in the Marxist Economics embodied in the principles of the dual nature of commodity and labor --- unicity principal of value. In other words, in the same commodity, there are not two or more than two value and value volume. In the different markets or the same markets in different time, the multiple performance of the same commodity only reflects the price patterns of the commodity, not its form of value. 1 cup, if it doesn't attach the labor that changes its form (such as marked with character and painting, etc.), the price forms of which can be varietal, as five US dollars, 50 Yuan, 500 yen, and so on, whether it is spent on the New York market, or in Beijing, Tokyo market, but Marxist economics believes the value of the cup can be only one, not two or more. Value can be equivalent to the price only in accidental circumstances, under normal circumstances value is not equivalent to the price, and price is fluctuant around the value. The theory of only nature of value has become a unique logo of Marxist Economics in modern society. In the non-Marxist economics, commodity has a varietal selectivity, not only in the form of price, but also in the form of value, that is, not only the price but also the value of the same commodity changes as people think. This theory of value will be what kind of reasonableness and necessity; I believe it is not difficult for readers to make their own judgment.

In the modern society, although theory of dual nature of labor marks the fundamental difference in the methodology of understanding the value between Marxist economics and non-Marxist economics, I think that if we continue to ask deeply following the principles of

Marx's methodology, what is the reason to form dual nature of labor?

We will find that the existing answer is not enough. The author raised a new idea on dual nature of production factors in the book named 'labor value and the market price', the book was published in 2004 by the China Development Press, the idea was that various production factors itself which forms labor organic combination, has characteristics of duality, that is to say, whether material or labor, there is distinction and unity in natural form and abstract form. Thus, in the author's real economic life, there are three basic characteristics of dual nature of economy, including dual nature of commodity, dual nature of labor, a dual nature of production factors. The three basic characteristics of dual nature of economy form the vital principle of dual nature of economy in the Marxist economics. The author believes that Marx's some evaluation on the dual nature of labor can also be applied to the whole principle of dual nature of economy. Experience tells us if we can't grasp of the principle of Duality profoundly, it is impossible for us to have a profound grasp of the economy, even have no correct grasp of the economy.

In the campaign of the circular economy, there is also the dual nature of economic everywhere. The re-using of production waste is to make the raw materials which have been expelled from the production elements, namely abandoned, into production elements again. The process is on the premise that such production waste must be available in the form, and transferable in the form of value. To re-use of this waste, workers are required that their labor has the normal capacity in the natural form, and must be able to form a value proliferation in the capital form. Therefore, the movement process of the circular economy is the process where concrete labor and abstract work jointly play a role. In the implementation of the circular economy, the role of the managers is very important, and Maxis also stressed the duality of the role: 'the management of capitalism is dual on its content,' 'because the production process managed by it is dual: on the one hand is the social labor process to create products, on the other hand is a value-added process'(Marx: Capital, Volume 1). Clearly, without grasping of the theory of dual nature of economy, we will have no profound insight for the economic facts.

IV. Circular economy research based on value conflict analysis

Since the circular economy is one of economic activities, and it needs to be guided by ecology and economics, it requires us to make good use of economic laws in the implementation of the circular economy, and so it is very important and urgent to understand and study the theory deeply. The basic tenets of Marxism tell us that economic activities is a natural form of activities on the one hand, on the other hand, it is a value form of activities. The former event itself is the object to be studied in the technology; but the latter event is analysis in economics. Circular economy is a economic shape which has dual

activity, it is no doubt we should study it with both of technology Perspective and economics perspective, but the key is the economics perspective.

Judging circular economy from the economic perspective, the analysis for its costs and benefits is the main and red line. At this point, Marx's analysis has a unique understanding significance for our grasp of the relevant law. For example, Marx believed that in the study of the economic movement, we should first 'distinguish the savings caused by the re-using of excretion and the savings caused by waste reduction.' (Marx: Capital Volume 3). This reminds us when we study circular economy, we need to distinguish the reasonableness and rationality by its own economic process and by using the waste for reproduction, the former is naturally a foundation for the latter. From the point of the latter, Marx emphasized that 'almost all consumer goods itself can be re-entered the production process as a consumer waste' (Marx: Theory of Surplus Value, Volume 1). This is the premise and basis that we re-use the waste as a second resource. But from the view of economics, this does not mean that the possibility to use is reality. In real life circular economy becoming a viable economic model needs certain conditions in the relation of the cost-effectiveness. From the view of the current production, it demands the waste 'to lower the cost of material according to re-selling it, because the waste in the normal scope, that is, the average inevitable number of losses in raw materials processing must be balanced in the costs of raw materials' (Marx:Capital, Volume 3), so by the full utilization of raw materials, we can increase the profit ratio correspondingly. From the perspective of reproduction movement, on the one hand, 'the increasingly expensiveness in raw materials, naturally stimulates the re-use of waste' (Marx: Capital, Volume 3); on the other hand, Marx also stressed in particular that the conditions for re-using waste is: the waste must be a lot, which is possible only under the large-scale labor conditions, by modifying the machines, those which are not used in the original form can be used in a new production; with the progress of science, in particular the progress of the chemical, we found useful nature of the waste. "(Marx:Capital, Volume 3).

The significance taken by the progress of the chemical was specifically stressed by Marx in Capital Volume 1: 'each progress in chemical not only can add the quantity of the useful material and the use of known substances, so expand the investment area with the growth of capital. At the same time, it also teach people to return the waste produced in the production and consumption to reproduction, thus we will be able to create new capital material without the capital expenditures in advance', (Marx:Capital, Volume 1). Marx's labor theory of value is also a sharp weapon for us to understand the law of circular economy. We know that in all of the different enterprises, value formed by circular economy is individual value undoubtedly. For this reason Marx warned us: "the real value of goods is not the individual value, but its social value, that is to say, its real value is calculated by the necessary social labor time to produce it instead of being calculated by the

working time which spent in individual producers,(Marx:Capital,Volume 1).Therefore,if the circular economy can't make the individual value(marginal value) equal to or less than social values($M \leq M$) because of the size, technology, equipment, market and so on, it will be very difficult for circular economy to go on.

V. Circular economy research based on the analysis of the relation between human and nature, human and society

One of the major advantages in Marxist economics is that it sees the economic relationship between people and people, human and society from the place where other economics only see the relationship between persons and objects. In the Marxist labor theory of value, we can see there is not only opponent relationship between workers and capitalists, but also economic relations between workers formed by joint, collaboration, competition, economic relations between workers and the other owners of production factors, and economic relations between workers and the operators, etc.. The nature of the capitalist economic relations is that the capitalists have the ownership of labor through the purchase of production materials and labor factor and combining them, that is to say, the capitalists have the ownership of the dead labor and live labor, and in accordance with the ownership of production materials, they can decide the right to possess, control and use labor, and they possess, control, use the new value generated through the combination of variable capital and constant Capital, including the residual value by the labor. Marx believed that the economic relations was dissimilated, unfair, historic naturally, the workers need to have two ownerships in the future. In order to do this, we will eliminate the private ownership by establishing public ownership of production materials ,not to eliminate the ownership of production materials, and we will establish new labor-unencumbered-capital economic relations through capital-hiring-labor economic relations, thus, we will re-establish dividable ownership on the basis of the achievements made in the capital era, (Marx:Capital, Volume 1), and by doing that we can establish the operation mode which eliminates alienation, non-human rights, unfairness. Although we can't realize this ideal of Marx at present, it is still deserve to be pursued, and it can provide much reference and inspiration for perfecting and guiding socialist market economic development, including the development of circular economy.

In China's campaign of circular economy, We should properly handle various economic relations between workers, laborers and other production factors, operators and laborers, it is more important during the Periods of the Economic Crisis. But it is not easy for us.

F.W. Taylor who established scientific management principles said: 'the workers

consume and use 95 percent of the world's real wealth, a necessity of life as well as all of the world's supplies; The rich enjoy only 5 %. Therefore, those who stop and limit the production of wealth is being plundered the wealth which workers own 95 percent and the rich own 5 percent.' For this reason, he asked: 'In all enterprises, both employers and employees should realize change in the ideological attitude: cooperation to produce the maximum profit and scientific knowledge must be used to replace personal opinion or experience. ([the United States] F.W. Taylor: 'scientific management principles'). Despite the theory of Taylor is to serve the interests of the bourgeoisie in naturally, the stakeholder groups need to refer and draw on the reasonable component of F.W. Taylor's theory in the development of China's circular economy. For example, in accordance with the basic principles of management, in an organization's internal coordination, the problem is usually caused by the leaders and their superiors, thus contradictions in their superiors, not their subordinates. But on the other hand, it is also important to remind the following: the implementation of circular economy needs the attention of leading departments at all levels and leaders, a reasonable allocation of resources and capital investment, and also needs the active support and cooperation of workers. Marxism teaches us: 'only with the experience of workers we can find and point out where to save and how to save, how to use the simplest way to apply the discovery, in the application of the theory what practical obstacles to be overcome, and so on.' (Marx:Capital, Volume 3)

In the current era, circular economy approach must be built on the foundation of sustainable development; it has become a well-known basic common sense. However, if the requirement of sustainable development is introduced to individual enterprise when the technology did not make a substantive breakthrough, there will emerge a new requirement on its equipment investment inevitably, which will bring new expense and challenge concerning production cost. If the non-sustainable development impacts social benefit-negative external effect, meanwhile, the relevant punishment or improper punishment is issued by the society, individual enterprise will take the mode of saving cost as the inevitable and logical choice of their opportunity cost. In such circumstances, based on the status of such enterprise, the marginal cost of such enterprise will lower than the social cost if all other enterprises have carry out production according to the requirements of green production, so such enterprise will gain excess profits compared with others' average profits under the fixed price. In another circumstances, if the negative external economic behavior is ubiquitous in the enterprise of a particular industry in society, the marginal cost of the enterprise which chooses sustainable development course will higher than the standardized social cost of such industry. If this situation is maintained for a prolonged period, such enterprise will transfer from sustainable development course to non-sustainable development course under the force from economic man.

Thus, without external pressure, on the operation of economic and circular economy, it

is not the momentum to consciously take the road of sustainable development, but the impetus that is paradox with the requirements of sustainable development. In such circumstances, if external forces don't excess internal forces, the strength of the community doesn't excess the power of individual, the development of enterprises will form low social economic efficiency despite individual economic efficiency is high. Thus, in a negative external circumstances, from respective of society as a whole, economic benefits will not increase, but decrease, unless this community is indifferent with the disaster such as the environmental pollution.

From the perspective of the nature, the question raised by the market should still be resolved by the market itself. We know that Coarse had provided thoughtful ideas. After the Coarse theory, economists have put the way to solve this problem from the government to the market, that is, through defining and carrying out the relevant responsibilities, stakeholders on the market achieve the maximization of interests through market coordination. Inadequate of Coarse Theory is that he believed as long as the initial property rights defined clearly, the specific interests which belong to the relevant defined clearly, and then the market will make a reasonable adjustment automatically for the distribution of interests. This kind of understanding abandons the moral judgment function in the economics. Marxist economics thinks social development should create more favorable conditions for human development, give people not only the right to life, but the right to develop and enjoy, thus, those production modes that individual economic benefits excess social economic benefits shouldn't be one of the options which used to analyze the problem, because the production modes will harm people's rights to survive, develop and enjoy. It is in this sense, I have given the concept of powers and responsibilities of the proposed definition, the concept of accrual rate symmetric in the book named "labor value and the market price theory (Jia Huaqiang: labor value and the market price, China development Press in March 2004, page 127). The author believes that if we have clear and reasonable rules for the negative external problems caused in the production process, with the social supervision and the role of the superstructure departments, and the micro - economic units effectively implemented, then it is the inherent requirements for enterprises to develop sustainably, not external demand. In this way, enterprises will consciously take the road of sustainable development in the implementation of circular economy, and the wealth of this society will continue to grow and the people will develop all-roundly.