

# Karl Marx Euro Spark Notes

## Historical Context

Karl Marx was born in 1818 in the ancient city of Trier, in western Germany (then Prussia). Marx's father was a prosperous lawyer, a Jew who converted to Lutheranism to advance his career at a time when unbaptized Jews did not have full rights of citizenship. Marx studied law at the University of Bonn and later at Berlin, where he switched to studying philosophy. He moved again to the University of Jena, where he wrote a doctoral dissertation on ancient Greek natural philosophy. Following the death of his father in 1838, Marx attempted to find a job as lecturer but ran into difficulties because of controversies surrounding his teacher and mentor Bruno Bauer (1809–1882), who had lost his professorship due to his unrepentant atheism. Marx decided instead to try journalism and became editor of the *Rhenish Gazette*, a liberal newspaper in Cologne but the paper ran afoul of government censors and closed in 1843. Marx then married Jenny von Westphalen, the daughter of a wealthy industrialist, and moved to the more politically hospitable atmosphere of France. There he encountered another German émigré, Friedrich Engels, with whom he took up an interest in economics and class struggle.

One of Marx's most important intellectual influences was the philosophy of George Friedrich Hegel (1770–1831). Hegel's signature concept was that of the *dialectic*, a word that originally referred to the process of logical argumentation and refutation. Whereas earlier philosophers had treated dialectic as a process for arriving at true ideas, Hegel maintained that ideas themselves evolve according to a continual process of contradiction and resolution and that human history is driven by this dialectical evolution of ideas. Hegel's influence on Marx is evident in Marx's belief that history is evolving through a series of conflicts in a predictable, unavoidable direction. Hegel also influenced Marx in his characterization of the modern age. Hegel once famously declared that "man is not at home in the world," by which he meant that while human beings had achieved an unprecedented degree of personal autonomy and self-awareness in the modern age, this accomplishment had resulted in the individual's alienation from collective political and cultural institutions.

The more conservative of Hegel's followers, the so-called Right-Hegelians, looked to Hegel's writings on politics and the state to justify the political status quo in contemporary Prussia, arguing that the modern state represents the height of historical evolution and the final resolution of historical contradictions. The Left-Hegelians, including Marx, believed that society is far from fully evolved and for proof looked not only to the authoritarianism of the Prussian government but also to the social divisions and civil unrest created by industrialization and the increasing polarization of society into rich and poor. Socialism, an ideology advocating the abolition of private property, was then gaining influence among the more politically radical European intellectuals. Although he was attracted to socialism, Marx was dissatisfied with the quality of socialist thought that he encountered in France, such as that of the utopian Socialist Saint-Simon (1760–1825). Feeling that most Socialists were naïvely idealistic, Marx, following his meeting with Engels, set out to develop a theory of Socialism grounded in a better understanding of both economics and philosophy. From that point on, Marx's project synthesizes these two distinct intellectual approaches, combining a Hegelian, philosophical view of historical evolution with an interest in capitalism that builds on the insights of classical economic theorists such as Adam Smith and David Ricardo.

Together with his coauthor Engels, Marx produced such important early works as *The German Ideology* (1846), which was a critique of Hegel and his German followers, and *The Communist Manifesto* (1848), in which Marx and Engels distinguish their idea of socialism from other currents of socialism and demonstrate how socialism arises naturally from the social conflicts inherent within capitalism. Shortly after the publication of *The Communist Manifesto*, revolutionary unrest broke out in much of Europe. Although the Communist League of which Marx and Engels were leaders was in a state of disorganization, Marx took part in the revolution in Germany as editor of a the *New Rhenish Gazette* in Cologne, which became a platform for radical political commentary. Following the unrest, Marx left Germany with his family and settled in London. The tumultuous events of 1848 and 1849 had impressed Marx deeply and formed the subject matter of later historical studies such as *The Eighteenth Brumaire of Louis Bonaparte* (1852).

While in London, Marx participated in the growing international workers' movement while working toward a new synthesis of his economic and social theories. In 1867, he published the first volume of *Capital (Das Kapital)*, his mammoth treatise on economics. Having mastered all of the classical political-economic theorists, Marx intended in *Capital* to explain the modern class struggle in terms of economic principles. *Capital* remains Marx's greatest achievement, a powerfully insightful analysis of the nature of capitalism and its effects on human beings. Although most people no longer accept Marx's conclusion that the contradictions within capitalism will lead inevitably to a worker's revolution and the worldwide establishment of Socialism, *Capital* nonetheless remains a uniquely compelling book because of its ability to describe and explain the phenomenon of capitalism. Ironically, the proponents of capitalism are the people most likely to reject Marx as worthy of

study, but it is to Marx that we owe the concept of capitalism and the perception that modern society is capitalist. (The word *capital* first acquired its importance with the publication of *Capital*.)

One of the main challenges a person faces in reading Marx is in abandoning preconceptions of Marx's work resulting from the appropriation of Marx's ideas by Communist political movements throughout the twentieth century. Many see the recent collapse of the Soviet Union as an end to the international appeal of Marxism as revolutionary political movement. At the same time, Marx's ideas continue to stimulate and engage thinkers in a variety of fields, including political theory, history, and literary criticism.

## **Themes, Arguments, and Ideas**

### **Mode, Means, and Relations of Production**

Marx used the term *mode of production* to refer to the specific organization of economic production in a given society. A mode of production includes the *means of production* used by a given society, such as factories and other facilities, machines, and raw materials. It also includes labor and the organization of the labor force. The term *relations of production* refers to the relationship between those who own the means of production (the capitalists or bourgeoisie) and those who do not (the workers or the proletariat). According to Marx, history evolves through the interaction between the mode of production and the relations of production. The mode of production constantly evolves toward a realization of its fullest productive capacity, but this evolution creates antagonisms between the classes of people defined by the relations of production—owners and workers.

Capitalism is a mode of production based on private ownership of the means of production. Capitalists produce commodities for the exchange market and to stay competitive must extract as much labor from the workers as possible at the lowest possible cost. The economic interest of the capitalist is to pay the worker as little as possible, in fact just enough to keep him alive and productive. The workers, in turn, come to understand that their economic interest lies in preventing the capitalist from exploiting them in this way. As this example shows, the social relations of production are inherently antagonistic, giving rise to a class struggle that Marx believes will lead to the overthrow of capitalism by the proletariat. The proletariat will replace the capitalist mode of production with a mode of production based on the collective ownership of the means of production, which is called Communism.

### **Alienation**

In his early writings, which are more philosophical than economic, Marx describes how the worker under a capitalist mode of production becomes estranged from himself, from his work, and from other workers. Drawing on Hegel, Marx argues that labor is central to a human being's self-conception and sense of well-being. By working on and transforming objective matter into sustenance and objects of use-value, human beings meet the needs of existence and come to see themselves externalized in the world. Labor is as much an act of personal creation and a projection of one's identity as it is a means of survival. However, capitalism, the system of private ownership of the means of production, deprives human beings of this essential source of self-worth and identity. The worker approaches work only as a means of survival and derives none of the other personal satisfactions of work because the products of his labor do not belong to him. These products are instead expropriated by capitalists and sold for profit.

In capitalism, the worker, who is alienated or estranged from the products he creates, is also estranged from the process of production, which he regards only as a means of survival. Estranged from the production process, the worker is therefore also estranged from his or her own humanity, since the transformation of nature into useful objects is one of the fundamental facets of the human condition. The worker is thus alienated from his or her "species being"—from what it is to be human. Finally, the capitalist mode of production alienates human beings from other human beings. Deprived of the satisfaction that comes with owning the product of one's labor, the worker regards the capitalist as external and hostile. The alienation of the worker from his work and of the worker from capitalists forms the basis of the antagonistic social relationship that will eventually lead to the overthrow of capitalism.

### **Historical Materialism**

As noted previously, the writings of the German idealist philosopher Hegel had a profound impact on Marx and other philosophers of his generation. Hegel elaborated a dialectical view of human consciousness as a process of evolution from

simple to more complex categories of thought. According to Hegel, human thought has evolved from very basic attempts to grasp the nature of objects to higher forms of abstract thought and self-awareness. History evolves through a similar dialectical process, whereby the contradictions of a given age give rise to a new age based on a smoothing over of these contradictions. Marx developed a view of history similar to Hegel's, but the main difference between Marx and Hegel is that Hegel is an idealist and Marx is a materialist. In other words, Hegel believed that ideas are the primary mode in which human beings relate to the world and that history can be understood in terms of the ideas that define each successive historical age. Marx, on the other hand, believed that the fundamental truth about a particular society or period in history is how that society is organized to satisfy material needs. Whereas Hegel saw history as a succession of ideas and a working out of contradictions on a conceptual level, Marx saw history as a succession of economic systems or modes of production, each one organized to satisfy human material needs but giving rise to antagonisms between different classes of people, leading to the creation of new societies in an evolving pattern.

### **The Labor Theory of Value**

The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it (and not, for instance, by the fluctuating relationship of supply and demand). Marx defines a *commodity* as an external object that satisfies wants or needs and distinguishes between two different kinds of value that can be attributed to it. Commodities have a *use-value* that consists of their capacity to satisfy such wants and needs. For the purposes of economic exchange, they have an *exchange-value*, their value in relation to other commodities on the market, which is measured in terms of money. Marx asserts that in order to determine the relative worth of extremely different commodities with different use-values, exchange-value, or monetary value, must be measurable in terms of a property common to all such commodities. The only thing that all commodities have in common is that they are a product of labor. Therefore, the value of a commodity in a market represents the amount of labor that went into its production.

The labor theory is important in Marx's work not because it gives special insight into the nature of prices (economists today do not use this theory to explain why commodities are priced as they are) but because it forms the foundation of Marx's notion of exploitation. In the simplest form of exchange, people produce commodities and sell them so that they can buy other commodities to satisfy their own needs and wants. In such exchanges, money is only the common medium that allows transactions to take place. Capitalists, in contrast, are motivated not by a need for commodities but by a desire to accumulate money. Capitalists take advantage of their power to set wages and working hours to extract the greatest amount of labor from workers at the lowest possible cost, selling the products of the workers at a higher price than the capitalists paid for them. Rather than buy or sell products at their true exchange-value, as determined by the labor that went into making them, capitalists enrich themselves by extracting a "surplus-value" from their laborers—in other words, exploiting them. Marx pointed to the abject poverty of industrial workers in places like Manchester for proof of the destructive effects of this exploitative relationship.

### **Commodity Fetishism**

The word *fetish* refers to any object that people fixate on or are fascinated by and that keeps them from seeing the truth. According to Marx, when people try to understand the world in which they live, they fixate on money—who has it, how is it acquired, how is it spent—or they fixate on commodities, trying to understand economics as a matter of what it costs to make or to buy a product, what the demand for a product is, and so on. Marx believed that commodities and money are fetishes that prevent people from seeing the truth about economics and society: that one class of people is exploiting another. In capitalism, the production of commodities is based on an exploitative economic relationship between owners of factories and the workers who produce the commodities. In everyday life, we think only of the market value of a commodity—in other words, its price. But this monetary value simultaneously depends on and masks the fact that someone was exploited to make that commodity.

The concept of commodity fetishism applies both to the perceptions of normal people in everyday life and to the formal study of economics. Economists, both then and now, study the economy in terms of the movements of money, goods, and prices, which is essentially the point of view of the corporation. From this point of view, the social dimension of economic life is considered unscientific and unworthy of discussion. Marx argues that this commodity fetishism allows capitalists to carry on with day-to-day affairs of a capitalist mode of production without having to confront the real implications of the system of exploitation on which they depend.

## *Economic and Philosophic Manuscripts of 1844*

### **Summary: First Manuscript**

#### **“Estranged Labor”**

Under the economic system of private ownership, society divides itself into two classes: the property owners and the property-less workers. In this arrangement, the workers not only suffer impoverishment but also experience an estrangement or alienation from the world. This estrangement occurs because the worker relates to the product of his work as an object alien and even hostile to himself. The worker puts his life into the object and his labor is invested in the object, yet because the worker does not own the fruits of his labor, which in capitalism are appropriated from him, he becomes more estranged the more he produces. Everything he makes contributes to a world outside of him to which he does not belong. He shrinks in comparison to this world of objects that he helps create but does not possess. This first type of alienation is the estrangement of the worker from the product of his work.

The second type of alienation is the estrangement of the worker from the activity of production. The work that the worker performs does not belong to the worker but is a means of survival that the worker is forced to perform for someone else. As such, his working activity does not spring spontaneously from within as a natural act of creativity but rather exists outside of him and signifies a loss of his self.

The third form of alienation is the worker’s alienation from “species-being,” or human identity. For human beings, work amounts to a life purpose. The process of acting on and transforming inorganic matter to create things constitutes the core identity of the human being. A person is what he or she does in transforming nature into objects through practical activity. But in the modern system of private ownership and the division of labor, the worker is estranged from this essential source of identity and life purpose for the human species.

The fourth and final form of alienation is the “estrangement of man to man.” Since the worker’s product is owned by someone else, the worker regards this person, the capitalist, as alien and hostile. The worker feels alienated from and antagonistic toward the entire system of private property through which the capitalist appropriates both the objects of production for his own enrichment at the expense of the worker and the worker’s sense of identity and wholeness as a human being.

#### **Analysis**

The 1844 Economic and Philosophical manuscripts remained unpublished during Marx’s lifetime and did not surface until 1927, some forty-four years after his death. These manuscripts illustrate the young Marx’s transition from philosophy to political economy (what is now called economics). Marx’s emerging interest in the economy is apparent here—an interest that distinguishes him from other followers of Hegel—but his writing in these texts is much more philosophical, abstract, and speculative than his later writing. For example, the concept of species-being, of what it means to be human, is essentially a philosophical question. These manuscripts give us a glimpse into Marx’s intellectual frame of reference and into the philosophical convictions that underlie his later, less explicitly philosophical work.

In the first manuscript, Marx adopts Hegel’s concept of alienation, the idea that human beings can become out of sync with the world they live in, but he interprets this concept differently, arguing that alienation arises from the way human beings regard their own labor. In these early manuscripts, Marx reveals himself as the great philosopher of work, which he sees as a process of transforming physical matter (raw materials) into objects of sustenance. This process is fundamental to a person’s identity and sense of place in the world, according to Marx. In capitalism, which is founded on the principle of private property, work as a source of identity and location is seriously undermined. Those without property (namely, workers in factories, etc.) must hand over their productive capacities, their essence as human beings, to another person, to the factory owners, the wealthy capitalists. This is not only inherently frustrating and unsatisfying but also turns workers against the capitalists and the system of private property that is the source of their frustration.

## Summary: Third Manuscript

### “The Meaning of Human Requirements” and “Critique of Hegelian Dialectic and Philosophy as a Whole”

In a capitalist society, human needs are defined by the system of private ownership. Instead of mere food, clothing, and shelter, human beings need money. Moreover, capitalism mandates different needs for the different social classes that it creates. As capitalists accumulate wealth, their needs become increasingly more refined, even as the workers are forced to adjust their needs downward, making do with the bare minimum that the system pays them to stay alive. The modern system of ethics is shaped by the needs created by capitalism. In capitalism, self-denial becomes a cardinal virtue, with the moral ideal embodied by the miser and the thrifty worker scrimping and saving. Everything and everyone is treated in terms of utility and price. Capitalism demands that people be oriented to the world in this way simply to secure their own survival. In such a system, the worker quickly becomes conscious of his deprived and miserable status in relation to the capitalist. The solution to this situation of alienation is Communism, which does away with alienation by doing away with the system of private property that creates it.

Marx praises the philosopher Ludwig Feuerbach as the best of Hegel's followers, because of Feuerbach's demonstration that religion is a reflection of human alienation stemming from antagonistic social relationships. Marx approves of Feuerbach's criticism of Hegel for privileging religious belief, knowledge, abstract thought, and consciousness above the sensual, the real, and the material. Hegel correctly identifies labor as the essence of man but mistakenly defines labor as mental activity rather than actual physical labor. For Hegel, the dialectical process leads the mind in its search for certainty away from the world of the senses and objective reality, from nature to abstract self-awareness.

According to Hegel, the most highly evolved state of self-consciousness is a self-objectification that carries with it the experience of alienation. The function of religion, civil society, and the state is to enable the objectified, self-conscious subject to feel at home in the world. Marx sees this movement away from nature and toward a reliance on such institutions in order to ameliorate alienation as a mistake. For Marx, alienation results from estrangement from nature. In religious experience, the subject finds confirmation of his own alienation, he does not negate it. Human beings are motivated at a fundamental level by their relationship to natural objects through their senses. Their needs are sensual, and human passions stem from the excitements or frustrations of sensual desire for natural objects. This situation is the essence of human experience. Human beings seek self-realization by working on and transforming natural objects. Man is not at home in the world when this basic need does not find a proper outlet, which it lacks in capitalism. When one is estranged from nature, one is estranged from oneself.

## Analysis

This manuscript is particularly dense and difficult because in it Marx is so deeply engaged in Hegelian philosophy, which is itself an extremely difficult and abstract subject. Here we see Marx moving away from the idealism of his main philosophical predecessor, Hegel, toward the materialism that forms the bedrock of his own view of human nature and history. In these passages, Marx follows closely Hegel's dialectical method, beginning with the most basic concepts and abstracting toward more comprehensive ones. Marx differs from Hegel in rejecting ideas, or pure thought, as the mode through which human beings relate to the world. In Hegel's system, the mind's initial attempt to grasp at the nature of objects leads it away from the input of the senses toward more abstract concepts, to culture and religion and eventually to an objective understanding of self. Consciousness and self-consciousness represent abstractions from material reality. In contrast, Marx argues that experience is built first and foremost around material needs and wants and that the organization of society grows out of this primary experience. In the manuscripts, this perspective leads him to focus on labor and the loss of control of one's labor as the defining moment of the modern age. In later works, this will be supplemented by an elaborated notion of exploitation.

## *The Communist Manifesto (1848)*

### Summary

Marx and his coauthor, Friedrich Engels, begin *The Communist Manifesto* with the famous and provocative statement that the “history of all hitherto existing societies is the history of class struggle.” They argue that all changes in the shape of society, in political institutions, in history itself, are driven by a process of collective struggle on the part of groups of people with

similar economic situations in order to realize their material or economic interests. These struggles, occurring throughout history from ancient Rome through the Middle Ages to the present day, have been struggles of economically subordinate classes against economically dominant classes who opposed their economic interests—slaves against masters, serfs against landlords, and so on. The modern industrialized world has been shaped by one such subordinate class—the bourgeoisie, or merchant class—in its struggle against the aristocratic elite of feudal society. Through world exploration, the discovery of raw materials and metals, and the opening of commercial markets across the globe, the bourgeoisie, whose livelihood is accumulation, grew wealthier and politically emboldened against the feudal order, which it eventually managed to sweep away through struggle and revolution. The bourgeoisie have risen to the status of dominant class in the modern industrial world, shaping political institutions and society according to its own interests. Far from doing away with class struggle, this once subordinate class, now dominant, has replaced one class struggle with another.

The bourgeoisie is the most spectacular force in history to date. The merchants' zeal for accumulation has led them to conquer the globe, forcing everyone everywhere to adopt the capitalist mode of production. The bourgeois view, which sees the world as one big market for exchange, has fundamentally altered all aspects of society, even the family, destroying traditional ways of life and rural civilizations and creating enormous cities in their place. Under industrialization, the means of production and exchange that drive this process of expansion and change have created a new subordinate urban class whose fate is vitally tied to that of the bourgeoisie. This class is the industrial proletariat, or modern working class. These workers have been uprooted by the expansion of capitalism and forced to sell their labor to the bourgeoisie, a fact that offends them to the core of their existence as they recall those workers of earlier ages who owned and sold what they created. Modern industrial workers are exploited by the bourgeoisie and forced to compete with one another for ever-shrinking wages as the means of production grow more sophisticated.

The factory is the arena for the formation of a class struggle that will spill over into society at large. Modern industrial workers will come to recognize their exploitation at the hands of the bourgeoisie. Although the economic system forces them to compete with one another for ever shrinking wages, through common association on the factory floor they will overcome the divisions between themselves, realize their common fate, and begin to engage in a collective effort to protect their economic interests against the bourgeoisie. The workers will form collectivities and gradually take their demands to the political sphere as a force to be reckoned with. Meanwhile, the workers will be joined by an ever-increasing number of the lower middle class whose entrepreneurial livelihoods are being destroyed by the growth of huge factories owned by a shrinking number of super-rich industrial elites. Gradually, all of society will be drawn to one or the other side of the struggle. Like the bourgeoisie before them, the proletariat and their allies will act together in the interests of realizing their economic aims. They will move to sweep aside the bourgeoisie and its institutions, which stand in the way of this realization. The bourgeoisie, through its established mode of production, produces the seeds of its own destruction: the working class.

## Analysis

*The Communist Manifesto* was intended as a definitive programmatic statement of the Communist League, a German revolutionary group of which Marx and Engels were the leaders. The two men published their tract in February 1848, just months before much of Europe was to erupt in social and political turmoil, and the *Manifesto* reflects the political climate of the period. In the summer of that year, youthful revolutionary groups, along with the urban dispossessed, set up barricades in many of Europe's capitals, fighting for an end to political and economic oppression. While dissenters had been waging war against absolutism and aristocratic privilege since the French Revolution, many of the new radicals of 1848 set their sights on a new enemy that they believed to be responsible for social instability and the growth of an impoverished urban underclass. That enemy was capitalism, the system of private ownership of the means of production. The *Manifesto* describes how capitalism divides society into two classes: the bourgeoisie, or capitalists who own these means of production (factories, mills, mines, etc.), and the workers, who sell their labor power to the capitalists, who pay the workers as little as they can get away with.

Although the Communist League was itself apparently too disorganized to contribute much to the 1848 uprisings, the *Communist Manifesto* is a call to political action, containing the famous command, "Workers of the world unite!" But Marx and Engels also used the book to spell out some of the basic truths, as they saw it, about how the world works. In the *Communist Manifesto* we see early versions of essential Marxist concepts that Marx would elaborate with more scientific rigor in mature writings such as *Das Kapital*. Perhaps most important of these concepts is the theory of historical materialism, which states that historical change is driven by collective actors attempting to realize their economic aims, resulting in class struggles in which one economic and political order is replaced by another. One of the central tenets of this theory is that social relationships and political alliances form around relations of production. Relations of production depend on a given society's mode of production, or the specific economic organization of ownership and division of labor. A

person's actions, attitudes, and outlook on society and his politics, loyalties, and sense of collective belonging all derive from his location in the relations of production. History engages people as political actors whose identities are constituted as exploiter or exploited, who form alliances with others likewise identified, and who act based on these identities.

## *Capital (Das Kapital, 1867)*

### **Summary, Volume I: Parts I, II**

#### **Commodities, the Labor Theory of Value and Capital**

Commodities are objects that satisfy human needs and wants. Commodities are the fundamental units of capitalism, a form of economy based on the intense accumulation of such objects. The basic criterion for assessing a commodity's value is its essential usefulness, what it does in the way of satisfying need and wants. This usefulness is its use-value, a property intrinsic to the commodity. Commodities also possess an exchange-value, the relative value of a commodity in relation to other commodities in an exchange situation. Unlike use-value, exchange-value is not intrinsic to a commodity. Exchange-value allows one to determine what one commodity is worth in relation to another commodity, for example how many units of corn one might exchange for a given unit of linen. In a complex market, all sorts of different commodities, although satisfying different needs and wants, must be measurable in the same units, namely money.

Exchange-value as monetary value is what one means when one says a commodity has "value" in a market. Marx poses the question of where this value comes from. How is it that commodities with different use-values can be measurable in the same units? His answer is that universal measure for value, expressed in terms of money, corresponds to the amount of labor time that goes into the making of each commodity. Labor time is the only thing that all commodities with different use-values have in common and is thus the only criterion by which they are comparable in a situation of exchange. This is Marx's labor theory of value. This theory implies that commodities have a social dimension because their exchange value is not intrinsic to them as objects but instead depends on the society's entire division of labor and system of economic interdependence, in which different people produce different products for sale on a common market. Exchange-value allows this market to function. As an expression the amount of "congealed labor" in a given commodity, the value of that commodity, measured in monetary terms, always refers to the system of social and economic interdependence in which it is produced.

Marx elaborates on the relationship between a commodity's value and its social dimension in a section on the "Fetishism of Commodities." Commodities are meaningful in two ways, first and most obvious as objects of exchange with a certain monetary value. The second, which is not so obvious and is in fact obscured by the first, is that commodities reflect not only the labor that went into making them but the social relations of production in which the labor was performed. This social aspect of commodities cannot express itself because in capitalist society the quality of a commodity is thought to emanate solely from its price, not from that which money expresses, namely social labor. The fact that people are moved to mistakenly reduce the quality of a commodity to money alone leads Marx to argue that modern capitalist society has invested the money-form with mystical or magical significance. Those who comment on the nature of economy, in particular bourgeois economists, reduce economics and the production and exchange of commodities to the behavior of money and in so doing always avoid looking at what commodities represent in social terms. In so doing, the bourgeoisie is conveniently able to ignore the fact that commodities emerge through an inherently exploitative system of wage labor.

#### **Analysis**

The Labor Theory of Value is not Marx's invention, originating instead with classical economist David Ricardo, who developed a labor theory of price, which states that the prices of commodities represent the labor that went into making them. However, Marx's labor theory of value differs from Ricardo's and is given a drastically different significance within the larger context of his work. Marx's focus on the nature of value is intended to show that the modern capitalist system of production and exchange is not what it seems. Although economic activity is apparently reducible to the behavior of money, to focus only on money is barely to scratch the surface. Production and exchange are social institutions, and their organization has social consequences. Capitalism, founded on a principle of private ownership, has the owners of the means of production (factories, raw materials) dependent on wage labor to create profits. Modern economists do not accept the Labor Theory of Value as an explanation of prices, but that is not really the sense in which Marx intended the theory to be



used. Marx's point is that the production of commodities is a social process, dependent on exploitation and giving rise to antagonistic relationships among classes, an idea that is not addressed at all in modern economics.

## **Summary, Volume 1: Parts II –V**

### **Capital, Surplus Value, and Exploitation**

Marx differentiates ordinary money from capital. In the simplest form of circulation of commodities, a commodity is transformed into money, which is then transformed back into a commodity as someone sells a commodity for money and then uses that money to buy a commodity they need. In this very basic market arrangement, people produce commodities so that they can obtain money to buy the commodities that they need. This dynamic naturally emerges in societies with a simple division of labor, in which different people specialize in the production of different commodities. Capitalism operates in accordance with different principles. Capitalists do not see money as a means of exchanging the commodities they produce for the commodities they need but as something to be sought after for its own sake. The capitalist starts with money, transforms it into commodities, then transforms those commodities into more money. Capital is money used to obtain more money. These two different arrangements are summed up respectively in the diagrams C-M-C and M-C-M (C = commodity; M = money). Capitalists are primarily interested in the accumulation of capital and not in the commodities themselves.

To increase their capital, capitalists rely on workers who put their labor power at the disposal of capitalists. Workers treat their labor power as a commodity and sell it to factory owners. The capitalist buys the workers' labor power and puts the worker to use making products. The capitalist appropriates the product, since it does not belong to the worker, and sells it on the market. Capital accumulates through the creation of surplus-value. Since a commodity's value equals the labor time congealed in it, this extra value can only come from the workers. In fact, says Marx, the capitalist forces the worker to work longer hours to generate this surplus value. The capitalist, to generate profits, must keep the working day at a certain length. Part of the day is spent generating value that keeps the workers fed and clothed, while the remainder is spent generating surplus value, which goes to the capitalist himself. This is the essence of exploitation.

The capitalist, who must submit his commodities to the exchange market at a competitive price, will buy as much labor power from the worker at the lowest price possible, which is no more than the cost of keeping the worker alive. Where neither laws exist to regulate this system nor any mechanism for collective bargaining, the capitalist is in a position to decide the terms of this relationship to the detriment of the worker. For example, in industrial England prior to legislation limiting the length of the working day, workers had no power and were forced to work long days in horrible conditions for wages that barely kept them fed. This struggle over the length of the working day is illustrative of the struggles in capitalist society generally. The exploitative relationship has capitalists trying to get as much from the worker as possible and the worker trying to limit the capitalist's power to do so.

### **Analysis**

Marx's account of the exploitative relationship of capitalist to labor remains powerfully compelling and seems by many to be vindicated in history. Essentially, Marx argues that the mechanism of exploitation built into the capitalist economic system is the source of social antagonisms that will eventually lead to the dismantling of capitalism itself. In the early Hegelian writings, Marx looks to a notion of alienation, the estrangement of the worker from his humanity, to support the same prognosis. With the theory of exploitation and surplus value, he shifts away from philosophical language toward an economic frame of reference, though a common element, the idea that the capitalist social relations of production will lead to a destruction of the capitalist mode of production. The later formulation is more effective than the earlier, as it accompanies an analysis of actual historical events rather than purely speculative thought.

Writing in exile in England, Marx was able to view firsthand the workings of the world's most advanced industrial economy. Scenes of textile laborers in industrial Manchester living in abject squalor and barely clinging to life, the poet William Blake's evocative and disturbing images of "dark satanic mills," all impressed on many the downside of growing production and prosperity that had become evident in England and throughout much of Europe. Marx tried to show that such poverty was a permanent feature of capitalism and in fact would grow worse as capitalism advanced. With no means of defense, the working class's economic well-being is at the mercy of capitalists. But the capitalist, if he wishes to survive in a competitive market, cannot exercise mercy without endangering his enterprise. Classes grow out of this antagonistic relationship that



exposes their bare economic interests. The bourgeoisie unite to defend their monopoly over workers using all the means at their disposal, including the state and even religion. While workers, through common association, gradually manage to unite to push back the capitalist. In England, the Parliament, through growing pressure of workers and their sympathetic advocates among the upper classes, finally decided to intervene in this exploitative relationship.