

## OUR CRITICAL MARXISM: AN INTRODUCTION

### PART THREE

#### ECONOMY

English political economy gives to Marx a crucial third tradition of work alongside German idealist philosophy and French sociological socialism for him to develop a revolutionary analysis of capitalism. This third Enlightenment tradition is not merely added to the other two traditions. It provides the material basis for working through the problems Marx had already analysed and shows the political logic through which we might build communism.

Three political economists appear again and again in Marx's 1867 *Capital*, and Marx takes them seriously because they provide the foundations for his own analysis. They are; Adam Smith (1723-1790), an economist who was actually Scottish, David Ricardo (1772-1823), a businessman and member of the English parliament, and Jeremy Bentham (1748-1832), a utilitarian philosopher and social reformer. There are other writers, but these three are worth mentioning because they disclose something about the nature of capitalism that Marx can build upon, and they are very different from the so-called 'vulgar economists' who simply took the surface appearance of capitalism as given and spent their time justifying it. We need to remember that the sub-title of Marx's *Capital* is a 'Critique of Political Economy'.

Adam Smith argued that the beneficent 'hidden hand of the market' in civil society would regulate individual competition and, if the state did not interfere, that would lead to social harmony. David Ricardo argued that prices of goods are regulated by embodied labour time that could be agreed on by a fair contract between worker and employer. And Jeremy Bentham argued for the greatest good for the greatest number of people balancing out their individual needs and offers of work. Marx pours scorn on that kind of image of market exchange as resting on assumptions about every individual as being like a little English shopkeeper valuing, Marx says, 'Freedom, Equality, Property and Bentham.'

There are limitations to the analyses these three writers provide, of course, which boil down to their shared assumption that society developed through different stages through which it supported itself, with the four main modes of subsistence being; hunting, pastoralism, agriculture and commerce. They take for granted that the last stage, commerce, flowers under capitalism, as if we are now all free and equal property owners, and you can see versions of their arguments in today's tabloid-press vulgar economics.

Marx works on their insights about the market, work and individual competitiveness under capitalism to reveal a deeper logic concerning the role of labour, exploitation and the movement towards communism. If there is really to be the kind of 'common good' these Enlightenment economists aim for, it will require building an analysis from the standpoint of labour and exposing exploitation. So, a focus on labour, exploitation and communism are the three aspects of Marx's critique outlined in *Capital* that we will look at now.

## LABOUR

We know that our creative labour under capitalism is turned against us, that what we produce confronts us as being a series of alienating hostile entities, commodities, and that in the process we ourselves are also turned into commodities that are bought and sold on the labour market. This process is destructive and self-destructive because it is our labour that defines us as human beings. We should think of this creative labour in the broadest sense to include the production of useful and beautiful objects, and of tools through which we can 'metabolise' nature.

Our relation to nature and our relation to other human beings are both blocked by capital; capital which presents itself to us, and even to capitalists themselves as a thing rather than a relation, by the production of values that are for exchange rather than for our own use and all submitted to the drive for profit. Let us look at Marx's critical analysis of capital, value and profit as building blocks of capitalist economy.

## Capital

Capitalism systematically separates production and our creative labour, from consumption, and turns consumption into a separate realm of life in which we are made to imagine that there we have the agency that has been denied us in the realm of work. Marx's analysis is of a particular 'mode of production', a system of economic relations that operate in such a way that, instead of us experiencing it as a relation between people, something we are intimately part of and able to change, we experience it as a relation between things.

At the heart of this is a deepening of alienation through which one particular kind of commodity becomes predominant, universal. That commodity is money. Money is a historically specific 'universal equivalent', a 'general commodity' that stands in for, replaces real human universals like creative labour and connection with other people.

Back in his 1844 *Economic and Philosophical Manuscripts* Marx comments on the role of money as now being 'the bond binding me to human life, binding

society to me, connecting me with nature and man'. While money operates as the 'bond of all bonds', it actually also separates us from each other. It is also, Marx says, 'the universal agent of separation'. Then in 1867, in *Capital*, Marx grounds this philosophical analysis in capitalist economics in which there is a transformation of the role of money. Instead of commodities being sold for money as a medium of exchange so that other useful commodities can be bought, money is put to work by capitalists to buy commodities and to sell them in order to make more money.

It is necessary to accumulate money, or access money through financial institutions, in order to provide the means of production – factories and machinery and other technological instruments and so on – and in order to hire workers. It is absolutely essential, then, that the capitalist is able to access the capital needed to pay for these different aspects of production. As a historical phenomenon, as a distinctive set of social relations, capitalism has had to be able to engage in sufficient 'primitive accumulation' of capital to get going. That primitive accumulation of capital combines technological development and an apparatus of coercion to make it that people can only survive by selling their labour power in order to live.

You see again here why Marx defines 'capital' itself as a social relation. That social relation has been commodified, reified, turned into a series of things, but it is possible to conceptualise how it functions in capitalist production. For the capitalist, the production process consists of two parts. There is 'constant capital' which consists of the means of production, material and technology that becomes part of the eventual product. It is 'constant' because no extra value magically appears from it. That much was something noticed by the political economists Marx was critiquing. That constant capital is important, necessary, but it is human labour that produces value.

The other part of capital in production is essential, and that is 'variable capital', and that basically is the industrial processing of human labour. It is 'variable' because it varies, increases during the production process, and here Marx is making a distinction that the political economists had not noticed, or refused to notice. Here is the 'labour theory of value'.

## Value

A key distinction, which is essential to Marx's analysis, is between 'labour power' and labour put to work. Our 'labour power' is our capacity to labour that we sell to the capitalist. It is sold to them as if it is a commodity, a thing. And then, instead of creatively labouring to produce something for ourselves, that labour power is put to work and value is produced, some extra value

which the capitalist extracts. The difference between labour power and labour put to work in the production process under capitalism is 'surplus value'.

In the capitalist production process, labour power is itself 'commodified', turned into a source of what Marx calls 'surplus value' as the source of profit. Labour power is a unique kind of commodity; it is able to create value. Capitalists are driven by the need to make profit, and in order to do that they must extract 'surplus value' from us, workers.

It is important to notice here that this 'surplus value' is still only a potential source of profit, and it will only be realised if the objects we produce are actually sold on the market place. The capitalists are themselves caught in quite a precarious situation, for if they have hired workers to produce lots of objects that cannot be sold there is no profit for them. That is the situation they will always face, and especially at times of crisis when there is overproduction of goods or, the other side of the coin, under-consumption.

The basic underlying rule is that profits are privatised – capitalists turn 'surplus value' into profit during business as usual and boom-times – and losses are collectivised, the working class pays en masse during times of crisis. At times of crisis capitalism will take measures to ensure that the basic underlying rule is followed, and, despite the vain hopes of the political economists who wanted the state to keep out of the self-regulation of the economy, this rule will always be enforced by the state. That was the case in eighteenth-century classical 'liberal' capitalism and it is the case now under 'neoliberal' capitalism.

There is an important aspect of Marx's analysis of capitalism that is worth noticing here. He is drawing general lessons about the nature of capitalist production from the specific data he gathers together in the British Library in London and Chetham's Library in Manchester, and he then presents this analysis in *Capital*. It sometimes then appears to be rather abstract, as when he is speaking about 'socially necessary labour time', that which each capitalist will have to encounter and regulate as what the average worker with average skill will be able to produce. He presents it in this way to show how profit arises from human labour.

## Profit

This is so Marx can identify general processes, and we require more detailed 'concrete' analysis of specific instances to show how that process is enforced by a capitalist competing with other capitalists and needing to sell the goods that have been produced so they can realise their 'surplus value' as profit. Class struggle always enters into this process and complicates it, causing difficulties for capitalists and for political economists. Workers submit to

labour discipline in order to perform better than average, or resist, upsetting the calculations each capitalist has made about outlay and possible profit. Remember, this is not political economy as a predictive science, but a critique and an intervention designed to make capitalism even more unstable, unpredictable.

Class struggle is also a factor in altering each particular aspect of class relations, something that Marx himself makes clear in *Capital*. For example, there is a well-known economic prediction that Marx makes which is that, if nothing else changes, there is a tendency in capitalism for the rate of profit to fall. There is that tendency precisely because the 'surplus value' that appears in the production process is drawn from human labour not, as if by magic, from machinery.

With technological progress, which becomes a historically progressive force when combined with human labour, the proportion of constant capital in relation to variable capital increases, and so there is a smaller proportion from which the capitalist can extract surplus value; less surplus value means less profit.

This is a 'tendency', however, that is countermanded by many other factors. Wages can always be lowered and work discipline can always be ramped up. And so, whether or not technological advances will play out in favour of the workforce or in favour of the capitalists who employ them in order to make profit will depend on the overall balance of forces. This balance of forces brings into the political realm an explicit concern with capital as a social relation, with the production of value and a direct challenge to profit. This brings us to the role of exploitation at the heart of capitalism. Capitalism is intrinsically exploitative, but what exactly is 'exploitation' as opposed to oppression?

## EXPLOITATION

Capitalism is a kind of machine that drives each capitalist to make profit and compels them to whip their workers into submitting to it, using the state and other para-state forces to break resistance to their rule, and so the extraction of surplus value is not something under the deliberate conscious control of each separate capitalist.

There is a continual structural war by capitalists to maintain the kind of social relations that will enable them to extract surplus value and realise it as profit, and that ongoing war involves battles on a number of different fronts. These battles are against the unity of the working class, with many attempts to sow divisions, and the battles also occur against different oppressed groups that

are embedded in capitalism and whose liberation depends on the overthrow of capitalism.

We can already see in Marx's analysis aspects of what we would now call 'intersectional' struggles in which exploitation in the workplace is linked with other forms of oppression, and the basic bare elements of economic analysis that Marx carries out have far-reaching consequences for struggles of women and migrant workers, for example. Let us examine in a bit more detail the broader dimensions of exploitation that are operating under capitalism in relation to the reproduction of the workforce and the division of labour.

### Reproduction

Trades unions and other organised groups of workers under capitalism are usually focused on resisting attempts by capitalists to increase the rate of surplus value, and we know that these struggles must extend beyond the industrial workplace if they are eventually to be successful. Capitalists must ensure the reproduction of the workforce, and feminist analysis of 'social reproduction' has drawn attention to the impact on women at home as well as at work. One instance of this process anticipated in Marx's writing is to be found in the distinction between 'absolute surplus value' and 'relative surplus value'.

The struggle that Marx describes in *Capital* over the 1847 'Ten Hours' Factory Bill in the British Parliament that restricted the working hours of women and young children was a victory by the working class as a whole to put a limit on the extraction of 'absolute surplus value'. If work is too intense or the hours are too long or the wages are insufficient to maintain the workforce then the extraction of absolute surplus value does effectively reach a limit, but the capitalists will push as far as they can to maximise that, usually regardless of the health of their employees.

The basic struggle for workers' health against the extraction of 'absolute surplus value' goes alongside another more complicated struggle, resistance against the capitalists' attempt to extract 'relative surplus value'. This method of exploitation will include technological innovations that entail competition between different capitalist enterprises so that the labour power employed will be more efficient. It also includes lowering wages when machines replace human beings or when the number of unemployed workers, the 'reserve army of labour', increases. Cheaper labour power from migrant workers or relocation of industry to other parts of the world also enables the extraction of relative surplus value.

Many social processes taking place as part of broader class struggle consist of a combination of absolute and relative surplus value. An example is the role of women coming into the workforce. Their lower wages are a source of relative surplus value, and, at the same time, the usually hidden work of women in the home ensures the reproduction of the labour force. That enables the extraction of absolute surplus value if we look across the economy as a whole.

As with Marx's first brief analysis of colonialism, we have the basis here of an understanding of the logic of capitalism; to increase exploitation and, as a consequence, to attempt to pit the oppressed against each other as they fight for the right to work. Capitalism pits us against each other; it creates divisions and relies on a division of labour.

### Division

Certain kinds of work are assigned to different categories of people, and 'specialisation' is sold to people in terms of career choices or discovery of different abilities or job preference. That is, the 'division of labour' under capitalism is necessary for its increased productivity, but the separation of categories of people from each other in the process is both 'individualised', as if they choose to sell their labour power to a certain kind of employer of their own free will, and collectivised in a dehumanising distorted way that results in segregation and, at its worst, in the intensification of racism and sexism.

Here the 'division of labour' which is built on the separation of different kinds of labour from each other is a necessary part of the worldview of the bourgeoisie; they search for sources of surplus value in specialised forms of production and in niche markets where they can realise that surplus value as profit. This kind of specialisation of economic functions under capitalism is then played out in ideological specifications of which kind of person is best suited to which kind of work and then to which kind of consumer will prefer which kind of product.

This, for Marx, has a historical basis, of course. As he puts it back in 1845 in *The German Ideology*, the division of labour leads 'to the separation of industrial and commercial from agricultural labour', to 'the separation of town and country' and to 'the separation of commercial from industrial labour.' As a consequence, Marx points out, when such a 'distribution of labour' is imposed each worker has 'a particular, exclusive sphere of activity' that is 'forced' upon them that they cannot escape from.

That kind of 'division of labour' is presented to us in bourgeois ideology as natural and inevitable. Other kinds of division in society are viewed as unfortunate by enthusiasts for capitalism, mere side-effects that are

unnecessary, just as the supposedly 'free contract' to sell one's labour power is only viewed as a problem when it is viewed as 'unfair'. The underlying historical basis for exploitation is sold to us as fair.

Against the English political economists, then, Marx shows that the sale of labour power in each particular case is not only a problem if it is seen as 'unfair'. The 'unfairness', if you want to put it like that, is built into the system of production as an intrinsic aspect of it. There is no possible 'fair' contract in the sale of labour power because the extraction of absolute and relative surplus value, and then its realisation as profit, relies upon exploitation. Let us turn from exploitation to communism.

## COMMUNISM

Marx imagines an alternative to the current division of labour that will not pin us down into categories of people or fixed identities. A communist society, he suggests in his 1845 *The German Ideology*, would be one that 'makes it possible for me to do one thing today and another tomorrow', and, here is the famous quote, 'to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic.' This more fluid open view of communism rests on access to the commons as shared natural and human resources and an expanded developed image of what might be useful for us.

### Commons

The logic of capitalist development is built on the destruction of the commons to enable exploitation, it is built on privatisation. We see this logic in the earliest stages of capitalist development, and the brutal uprooting of people from their common land is described in Marx's *Capital*. The enclosure of the commons was quickly followed by legal measures to ensure that people were forced to obtain gainful employment, that is, to sell their labour power in order to live. In contrast, the logic of working class struggle is to collectivise, to regain access to the commons.

This does not, however, mean that Marx romanticised the land as a place to which people should return under communism. Neither did he romanticise a return to basic unmediated needs or products of useful labour. When a distinction is made by Marxists between 'productive' and 'unproductive' labour, for instance, it is to identify the kinds of labour that are useful, productive for capitalism, not for us.

Our productive capacity is rooted in our distinctive capacity to labour. In *Capital*, Marx puts it like this: 'We pre-suppose labour in a form that stamps it as exclusively human.' He then makes an important contrast, writing that 'a



spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells.'

That part of the contrast admires nature, but then Marx brings in the other side of the contrast to emphasise how human labour is distinctively entwined with nature to, as he puts it, to 'metabolise' it. So he continues, in another famous quote, 'what distinguishes the worst architect from the best of bees is this, that the architect raises his structure in imagination before he erects it in reality.' Imagination, Marx will also point out, is not the property of an atomised isolated individual, but collective. And what counts as imaginative or useful will depend on our relations with other people. So, how can we understand what is 'productive' or 'useful' in a way that is critical of capitalism?

## Use

Here we come to an underlying distinction Marx makes in his analysis of capitalism. Marx distinguishes between 'use value' and 'exchange value'. We could have looked at this distinction earlier, but it also has consequences for the way we understand the drive towards communism. What we produce, Marx says, appears to have a direct immediate and obvious 'use value' in that it is a product that is useful for us. This is in stark contrast to what happens to what we produce in the capitalist labour process where products are turned into 'exchange values', things that are defined in relations of exchange with other things on the market place. All that is useful seems to be replaced by all that is exchanged.

The products of our labour are sold as commodities which operate as 'exchange values', not for what they are useful for, and our very labour power that we sell to the capitalist enterprise is turned into an 'exchange value'. You see here another way of describing what Marx had told us about alienation under capitalism. Under capitalism, 'use values' appear as a kind of ungraspable shadow-side of the realm of 'exchange values', and we need to follow Marx here in the subtle argument he is making about the way that each side of the opposition between use value and exchange value comes to define the other. We need to understand this opposition dialectically, and so go beyond it.

Our vision of 'communism' is at stake here. Marx does not at all want us to return to a kind of 'primitive communism' in which we are at the mercy of natural forces, but to move beyond the separation into separate competitive individuals that capitalism calls into being to a higher form of self-conscious collective and technological engagement with nature. In the course of history, including in the course of globalised capitalist development that brings

different parts of the world closer together, what counts for us as necessary 'use values' also changes, develops.

What the collectivisation of our labour under communism opens up is the possibility of overcoming the division of labour and overcoming the split between 'use value' and 'exchange value' so that what is useful to us is not defined by what we exchange and neither is it viewed as a natural hidden realm of need. Our creative capacity to labour creates new needs that we cannot define and predict now. This is 'need' way beyond what presents itself to us now as the limited 'use values' that capitalism tempts us with when it forces us to sell ourselves so we then buy more of what it produces.

Marx argues in *Capital Volume 3* that we thus move from the 'realm of necessity' to the 'realm of freedom'. The third volume was edited and completed by his comrade Frederick Engels eleven years after Marx died, so this is very much 'late Marx'. The developing forces of production, of which we are a part, enable us to become, Marx says, 'socialised' as 'associated producers' engaging in an interchange with nature. Then, beyond this last threshold of the realm of necessity, begins, he says, 'that development of human energy which is an end in itself, the true realm of freedom, which, however, can blossom forth only with this realm of necessity as its basis.'

The transformative power of labour as a natural force operating to break with exploitation thus opens the way to communism as a collective movement that is already present in the heart of the capitalist system but now resistant to enclosure.

## CONCLUSIONS

Marx is often declared irrelevant, but at times of crisis many mainstream economists turn back to the analysis he gave of capitalism; they try to make sense of how overproduction could have occurred and aim to stabilise the economy through administrative mechanisms that will restore profitability and collectivise losses. Austerity enforced by state repression is accompanied by shock treatment to destroy unproductive sectors of the economy, locally or globally, and to restore growth and privatise profit.

That pro-capitalist reading of Marx excludes the analysis he gave of the role of labour and exploitation in order to ward off the spectre of communism. It neutralises and absorbs what is most radical about Marx in order to recuperate it, to turn it into an ideological account operating from the standpoint of the bourgeoisie.

There is also a parallel to this 'economistic' reading of Marx among some Marxists, those who want to cut away the radical humanistic impulse of his

early work and turn Marxism into a technocratic tool. Here again, Marxism is neutralised and absorbed, recuperated in order to turn it into an ideological account spun out from the standpoint of the bureaucracy. This is why early works by Marx translated in the Soviet Union were sidelined and their advocates suppressed. Our critical Marxism not only attends to the role of exploitation in the extraction of surplus value, but also to the necessary intersection with other forms of oppression.

Marxism is a threat to capitalism not only because it aims to put an end to exploitation and oppression, opening up the possibility of another world, but because it discloses and opposes the systematic distortion of our collective nature as human beings. Marx writes in his 1845 *Theses on Feuerbach* that the human being is 'the ensemble of social relations' and later discovers, in his economic analysis, the creative role of labour in defining what we are and what we could be.

Capitalism turns us against each other and against nature as such as a condition of its development, and the English political economists and present-day ideologists tell us that this is normal and natural. In contrast, Marxism shows us that we are part of the forces of production pitted against these miserable relations of production that obtain under capitalism. It is only communism, the creative collective control of the means of production that will enable us to become fully human, to realise our potential and our relational nature as human beings.

#### GENERAL CONCLUSIONS FROM THE THREE PARTS

Marx's critique of political economy is not separate from his critique of philosophy and sociology. The three elements function together to give us the analytical and methodological tools to grasp the nature of contemporary capitalism. The analyses in the three different 'component parts' of Marxism are very different from the academic map of the world that we find in textbook economics or in sociology or in philosophy. The task that Marx sets himself, not merely to interpret but to change the world, also has consequences for the way we resist the distorting influence of those academic categories.

Marx's critique of sociology and economics is permeated by his philosophy so that it operates as a driving force of socialism as the hope for another world beyond capitalism, with class struggle to seize control of the means of production as the means. The contradiction between the forces and relations of production in globalised capitalist society provides the motor for opening up sociological accounts to radical change, and enables us to make sense of what Marx was attempting to show us about the nature of human existence in his earlier philosophical work.

However we interpret the relationship between the three 'component parts' of Marxism that Lenin draws our attention to, we need to beware of simply welding them together to produce an overall worldview that is then applied to anything and everything at all times and places. Given the history of attempts by different regimes to turn Marxism from being a scientific analysis into a kind of religious faith, many critical Marxists are wary of either making Marxism apply to non-capitalist societies or reading it into nature.

Marx's historical materialism was developed at a particular point in history to enable us to understand capitalism the better to be able to end it, and when we have put the analysis to work in our own collective creative activity we will be free of the need for it, able to move on and find other ways to live our lives together.