

The Marxist Doctrine

Marxism is the system of Marx's views and teachings. Marx was the genius who continued and consummated the three main ideological currents of the 19th century, as represented by the three most advanced countries of mankind: classical German philosophy, classical English political economy, and French socialism combined with French revolutionary doctrines in general. Acknowledged even by his opponents, the remarkable consistency and integrity of Marx's views, whose totality constitutes modern materialism and modern scientific socialism, as the theory and programme of the working-class movement in all the civilized countries of the world, make it incumbent on us to present a brief outline of his world-conception in general, prior to giving an exposition of the principal content of Marxism, namely, Marx's economic doctrine.

Philosophical Materialism

Beginning with the years 1844-45, when his views took shape, Marx was a materialist and especially a follower of Ludwig Feuerbach, whose weak point he subsequently saw only in his materialism being insufficiently consistent and comprehensive. To Marx, Feuerbach's historic and "epoch-making" significance lay in his having resolutely broken with Hegel's idealism and in his proclamation of materialism, which already "in the 18th century, particularly French materialism, was not only a struggle against the existing political institutions and against... religion and theology, but also... against all metaphysics" (in the sense of "drunken speculation" as distinct from "sober philosophy"). (*The Holy Family*, in *Literarischer Nachlass* [1]) 19*** "To Hegel...," wrote Marx, "the process of thinking, which, under the name of 'the Idea', he even transforms into an independent subject, is the demiurgos (the creator, the maker) of the real world.... With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought." (*Capital*, Vol. I, Afterward to the Second Edition. [2]) In full conformity with this materialist philosophy of Marx's, and expounding it, Frederick Engels wrote in *Anti-Duhring* (read by Marx in the manuscript): "The real unity of the world consists in its materiality, and this is proved... by a long and wearisome development of philosophy and natural science.... "Motion is the mode of existence of matter. Never anywhere has there been matter without motion, or motion without matter, nor can there be.... But if the... question is raised: what thought and consciousness really are, and where they come from; it becomes apparent that they are products of the human brain and that man himself is a product of Nature, which has developed in and along with its environment; hence it is self-evident that the products of the human brain, being in the last analysis also products of Nature, do not contradict the rest of Nature's interconnections but are in correspondence with them...."

"Hegel was an idealist, that is to say, the thoughts within his mind were to him not the more or less abstract images [*Abbilder*, reflections; Engels sometimes speaks of "imprints"] of real things and processes, but on the contrary, things and their development were to him only the images, made real, of the 'Idea' existing somewhere or other before the world existed." [3] In his *Ludwig Feuerbach*—which expounded his own and Marx's views on Feuerbach's philosophy, and was sent to the printers after he had re-read an old manuscript Marx and himself had written in 1844-45 on Hegel, Feuerbach and the materialist conception of history—Engels wrote: "The great basic question of all philosophy, especially of more recent philosophy, is the relation of thinking and being...

spirit to Nature... which is primary, spirit or Nature.... The answers which the philosophers gave to this question split them into two great camps. Those who asserted the primary of spirit to Nature and, therefore, in the last instance, assumed world creation in some form or other... comprised the camp of idealism. The others, who regarded Nature as primary, belonged to the various schools of materialism." Any other use of the concepts of (philosophical) idealism and materialism leads only to confusion. Marx decidedly rejected, not only idealism, which is always linked in one way or another with religion, but also the views—especially widespread in our day—of Hume and Kant, agnosticism, criticism, and positivism [4] in their various forms; he considered that philosophy a "reactionary" concession to idealism, and at best a "shame-faced way of surreptitiously accepting materialism, while denying it before the world." [5] On this question, see, besides the works by Engels and Marx mentioned above, a letter Marx wrote to Engels on December 12, 1868, in which, referring to an utterance by the naturalist Thomas Huxley, which was "more materialistic" than usual, and to his recognition that "as long as we actually observe and think, we cannot possibly get away from materialism", Marx reproached Huxley for leaving a "loop hole" for agnosticism, for Humism. It is particularly important to note Marx's view on the relation between freedom and necessity: "Freedom is the appreciation of necessity. 'Necessity is blind only insofar as it is not understood.'" (Engels in *Anti-Duhring*) This means recognition of the rule of objective laws in Nature and of the dialectical transformation of necessity into freedom (in the same manner as the transformation of the uncognized but cognizable "thing-in-itself" into the "thing-for-us", of the "essence of things" into "phenomena). Marx and Engels considered that the "old" materialism, including that of Feuerbach (and still more the "vulgar" materialism of Buchner, Vogt and Moleschott), contained the following major shortcomings: (1) this materialism was "predominantly mechanical," failing to take account of the latest developments in chemistry and biology (today it would be necessary to add: and in the electrical theory of matter); (2) the old materialism was non-historical and non-dialectical (metaphysical, in the meaning of anti-dialectical), and did not adhere consistently and comprehensively to the standpoint of development; (3) it regarded the "human essence" in the abstract, not as the "complex of all" (concretely and historically determined) "social relations", and therefore morely "interpreted" the world, whereas it was a question of "changing" it, i.e., it did not understand the importance of "revolutionary practical activity".

Dialectics

As the most comprehensive and profound doctrine of development, and the richest in content, Hegelian dialectics was considered by Marx and Engels the greatest achievement of classical German philosophy. They thought that any other formulation of the principle of development, of evolution, was one-sided and poor in content, and could only distort and mutilate the actual course of development (which often proceeds by leaps, and via catastrophes and revolutions) in Nature and in society. "Marx and I were pretty well the only people to rescue conscious dialectics [from the destruction of idealism, including Hegelianism] and apply it in the materialist conception of Nature.... Nature is the proof of dialectics, and it must be said for modern natural science that it has furnished extremely rich [this was written before the discovery of radium, electrons, the transmutation of elements, etc.!] and daily increasing materials for this test, and has thus proved that in the last analysis Nature's process is dialectical and not metaphysical. [6]

"The great basic thought," Engels writes, "that the world is not to be comprehended as a complex of ready-made things, but as a complex of processes, in which the things

apparently stable no less than their mind images in our heads, the concepts, go through an uninterrupted change of coming into being and passing away... this great fundamental thought has, especially since the time of Hegel, so thoroughly permeated ordinary consciousness that in this generality it is now scarcely ever contradicted. But to acknowledge this fundamental thought in words and to apply it in reality in detail to each domain of investigation are two different things.... For 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." Thus, according to Marx, dialectics is "the science of the general laws of motion, both of the external world and of human thought." [7]

This revolutionary aspect of Hegel's philosophy was adopted and developed by Marx. Dialectical materialism "does not need any philosophy standing above the other sciences." From previous philosophy there remains "the science of thought and its laws -- formal logic and dialectics." [8] Dialectics, as understood by Marx, and also in conformity with Hegel, includes what is now called the theory of knowledge, or epistemology, studying and generalizing the original and development of knowledge, the transition from *non*-knowledge to knowledge.

In our times, the idea of development, of evolution, has almost completely penetrated social consciousness, only in other ways, and not through Hegelian philosophy. Still, this idea, as formulated by Marx and Engels on the basis of Hegel's philosophy, is far more comprehensive and far richer in content than the current idea of evolution is. A development that repeats, as it were, stages that have already been passed, but repeats them in a different way, on a higher basis ("the negation of the negation"), a development, so to speak, that proceeds in spirals, not in a straight line; a development by leaps, catastrophes, and revolutions; "breaks in continuity"; the transformation of quantity into quality; inner impulses towards development, imparted by the contradiction and conflict of the various forces and tendencies acting on a given body, or within a given phenomenon, or within a given society; the interdependence and the closest and indissoluble connection between *all* aspects of any phenomenon (history constantly revealing ever new aspects), a connection that provides a uniform, and universal process of motion, one that follows definite laws—these are some of the features of dialectics as a doctrine of development that is richer than the conventional one. (Cf. Marx's letter to Engels of January 8, 1868, in which he ridicules Stein's "wooden trichotomies," which it would be absurd to confuse with materialist dialectics.)

The Materialist Conception of History

A realization of the inconsistency, incompleteness, and onesidedness of the old materialism convinced Marx of the necessity of "bringing the science of society... into harmony with the materialist foundation, and of reconstructing it thereupon." [9] Since materialism in general explains consciousness as the outcome of being, and not conversely, then materialism as applied to the social life of mankind has to explain *social* consciousness as the outcome of *social* being. "Technology," Marx writes (*Capital*, Vol. I), "discloses man's mode of dealing with Nature, the immediate process of production by which he sustains his life, and thereby also lays bare the mode of formation of his social relations, and of the mental conceptions that flow from them." [10] In the preface to his *Contribution to the Critique of Political Economy*, Marx gives an integral formulation of the

fundamental principles of materialism as applied to human society and its history, in the following words:

“In the social production of their life, men enter into definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces.

“The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness. At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations a distinction should always be made between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, aesthetic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out.

“Just as our opinion of an individual is not based on what he thinks of himself, so we cannot judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must be explained rather from the contradictions of material life, from the existing conflict between the social productive forces and the relations of production.... In broad outlines, Asiatic, ancient, feudal, and modern bourgeois modes of production can be designated as progressive epochs in the economic formation of society.” [11] [Cf. Marx’s brief formulation in a letter to Engels dated July 7, 1866: “Our theory that the organization of labor is determined by the means of production.”]

The discovery of the materialist conception of history, or more correctly, the consistent continuation and extension of materialism into the domain of social phenomena, removed the two chief shortcomings in earlier historical theories. In the first place, the latter at best examined only the ideological motives in the historical activities of human beings, without investigating the origins of those motives, or ascertaining the objective laws governing the development of the system of social relations, or seeing the roots of these relations in the degree of development reached by material production; in the second place, the earlier theories did not embrace the activities of the *masses* of the population, whereas historical materialism made it possible for the first time to study with scientific accuracy the social conditions of the life of the masses, and the changes in those conditions. *At best*, pre-Marxist “sociology” and historiography brought forth an accumulation of raw facts, collected at random, and a description of individual aspects of the historical process. By examining the *totality* of opposing tendencies, by reducing them to precisely definable conditions of life and production of the various *classes* of individual aspects of the historical process. By examining the choice of a particular “dominant” idea or in its interpretation, and by revealing that, without exception, all ideas and all the various tendencies *stem* from the condition of the material forces of production, Marxism indicated the way to an all-embracing and comprehensive study of the process of the rise, development, and decline of socio-economic systems. People

make their own history but what determines the motives of people, of the mass of people —i.e., what is the sum total of all these clashes in the mass of human societies? What are the objective conditions of production of material life that form the basis of all man's historical activity? What is the law of development of these conditions? To all these Marx drew attention and indicated the way to a scientific study of history as a single process which, with all its immense variety and contradictoriness, is governed by definite laws.

The Class Struggle

It is common knowledge that, in any given society, the striving of some of its members conflict with the strivings of others, that social life is full of contradictions, and that history reveals a struggle between nations and societies, as well as within nations and societies, and, besides, an alternation of periods of revolution and reaction, peace and war, stagnation and rapid progress or decline. Marxism has provided the guidance —i.e., the theory of the class struggle—for the discovery of the laws governing this seeming maze and chaos. It is only a study of the sum of the strivings of all the members of a given society or group of societies that can lead to a scientific definition of the result of those strivings. Now the conflicting strivings stem from the difference in the position and mode of life of the *classes* into which each society is divided. “The history of all hitherto existing society is the history of class struggles,” Marx wrote in the *Communist Manifesto* (with the exception of the history of the primitive community, Engels added subsequently). “Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstruction of society at large, or in the common ruin of the contending classes.... The modern bourgeois society that has sprouted from the ruins of feudal society has not done away with class antagonisms. It has but established new classes, new conditions of oppression, new forms of struggle in place of the old ones. Our epoch, the epoch of the bourgeoisie, possesses, however, this distinctive feature: it has simplified class antagonisms. Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: Bourgeoisie and Proletariat.” Ever since the Great French Revolution, European history has, in a number of countries, tellingly revealed what actually lies at the bottom of events—the struggle of classes. The Restoration period in France [12] already produced a number of historians (Thierry, Guizot, Mignet, and Thiers) who, in summing up what was taking place, were obliged to admit that the class struggle was taking place, were obliged to admit that the class struggle was the key to all French history. The modern period -- that of complete victory of the bourgeoisie, representative institutions, extensive (if not universal) suffrage, a cheap daily press that is widely circulated among the masses, etc., a period of powerful and every-expanding unions of workers and unions of employers, etc.—has shown even more strikingly (though sometimes in a very one-sided, “peaceful”, and “constitutional” form) the class struggle as the mainspring of events. The following passage from Marx's *Communist Manifesto* will show us what Marx demanded of social science as regards an objective analysis of the position of each class in modern society, with reference to an analysis of each class's conditions of development: “Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and finally disappear in the face of Modern Industry; the proletariat is its special and essential product. The lower middle class, the small manufacturer, the shopkeeper, the artisan, the peasant, all these fight against the bourgeoisie, to save from extinction their existence as fractions of the middle class. They are therefore not revolutionary, but conservative. Nay more, they are reactionary, for they try to roll back

the wheel of history. If by chance they are revolutionary, they are so only in view of their impending transfer into the proletariat; they thus defend not their present, but their future interests; they desert their own standpoint to place themselves at that of the proletariat.” In a number of historical works (see *Bibliography*), Marx gave brilliant and profound examples of materialist historiography, of an analysis of the position of *each* individual class, and sometimes of various groups or strata within a class, showing plainly why and how “every class struggle is a political struggle.” [13] The above-quoted passage is an illustration of what a complex network of social relations and *transitional* stages from one class to another, from the past to the future, was analyzed by Marx so as to determine the resultant of historical development.

Marx’s economic doctrine is the most profound, comprehensive and detailed confirmation and application of his theory.

Footnotes

[1] See Marx and Engels, [The Holy Family](#) (Chapter Eight)

[2] See Karl Marx, [Capital](#). Volume I.

[3] Frederick Engels, [Anti-Duhring](#).

[4] **Agnosticism**—An idealist philosophical theory asserting that the world is unknowable, that the human mind is limited and cannot know anything beyond the realms of sensations. Agnosticism has various forms: some agnostics recognize the objective existence of the material world but deny the possibility of knowing it, others deny the existence of the material world on the plea that man cannot know whether anything exists beyond his sensations.

Criticism—Kant gave this name to his idealist philosophy, considering the criticism of man’s cognitive ability to be the purpose of that philosophy. Kant’s criticism led him to the conviction that human reason cannot know the nature of things.

Positivism—A widespread trend in bourgeois philosophy and sociology, founded by Comte (1798-1857), a French philosopher and sociologist. The positivists deny the possibility of knowing inner regularities and relations and deny the significance of philosophy as a method of knowing and changing the objective world. They reduce philosophy to a summary of the data provided by the various branches of science and to a superficial description of the results of direct observation—i.e., to “positive” facts. Positivism considers itself to be “above” both materialism and idealism but it is actually nothing more than a variety of subjective idealism.

[5] Frederick Engels: Ludwig Feuerbach and the End of Classical German Philosophy

[6] Frederick Engels, [Anti-Duhring](#).

[7] Frederick Engels: Ludwig Feuerbach and the End of Classical German Philosophy

[8] Frederick Engels, [Anti-Duhring](#).

[9] Frederick Engels: Ludwig Feuerbach and the End of Classical German Philosophy

[10] See Karl Marx, [Capital](#). Volume I.

[11] Karl Marx, [Contribution to the Critique of Political Economy](#)(1859)

[12] **The Restoration**—The period in France between 1814 and 1830 when power was in the hands of the Bourbons, restored to the throne after their overthrow by the French bourgeois revolution in 1792.

[13] See Marx and Engels, [_Selected Works_](#) Vol. 1, Moscow, 1973, pp. 108-09, 117-18, 116.

Marx’s Economic Doctrine

“It is the ultimate aim of this work to lay bare the economic law of motion of modern society, i.e., capitalist, bourgeois society,” says Marx in the preface to *Capital*. An investigation into the relations of production in a given, historically defined society, in their inception, development, and decline—such is the content of Marx’s economic doctrine. In capitalist society, the production of *commodities* is predominant, and Marx’s analysis therefore begins with an analysis of commodity.

Value

A commodity is, in the first place, a thing that satisfies a human want; in the second place, it is a thing that can be exchanged for another thing. The utility of a thing makes it a *use-value*. Exchange-value (or, simply, value), is first of all the ratio, the proportion, in which a certain number of use-values of one kind can be exchanged for a certain number of use-values of another kind. Daily experience shows us that million upon millions of such exchanges are constantly equating with one another every kind of use-value, even the most diverse and incomparable. Now, what is there in common between these various things, things constantly equated with one another in a definite system of social relations? Their common feature is that they are *products of labor*. In exchanging products, people equate the most diverse kinds of labor. The production of commodities is a system of social relations in which individual producers create diverse products (the social division of labor), and in which all these products are equated with one another in the process of exchange. Consequently, what is common to all commodities is not the concrete labor of a definite branch of production, not labor of one particular kind, but *abstract* human labor—human labor in general. All the labor power of a given society, as represented in the sum total of the values of all commodities, is one and the same human labor power. Thousands upon thousands of millions of acts of exchange prove this. Consequently, each particular commodity represents only a certain share of the *socially necessary* labor time. The magnitude of value is determined by the amount of socially necessary labor, or by the labor time that is socially necessary for the production of a given commodity, of a given use-value. “Whenever, by an exchange, we equate as values our different products, by that very act, we also equate, as human labor, the different kind of labor expended upon them. We are not aware of this, nevertheless we do it.” [*Capital*]. As one of the earlier economists said, value is a relation between two persons; only he should have added: a relation concealed beneath a material wrapping. We can understand what value is only when we consider it from the standpoint of the system of social relations of production in a particular historical type of society, moreover, or relations that manifest themselves in the mass phenomenon of exchange, a phenomenon which repeats itself thousands upon thousands of time. “As values, all commodities are only definite masses of congealed labor time.” [*A Contribution to the Critique of Political Economy*]. After making a detailed analysis of the twofold character of the labor incorporated in commodities, Marx goes on to analyze the *form of value* and *money*. Here, Marx’s main task is to study the *origin* of the money form of value, to study the *historical process* of the development of exchange, beginning with individual and incidental acts of exchange (the “elementary or accidental form of value”, in which a given quantity of one commodity is exchanged for a given quantity of another), passing on to the universal form of value, in which a number of different commodities are exchanged for one and the same particular commodity, and ending with the money form of value, when gold becomes that particular commodity, the universal equivalent. As the highest product of the development of exchange and commodity production, money masks, conceals, the social character of all individual labor, the social link between individual producers united by the market. Marx analyzes the various functions of money

in very great detail; it is important to note here in particular (as in the opening chapters of *Capital* in general) that what seems to be an abstract and at times purely deductive mode of exposition deals in reality with a gigantic collection of factual material on the history of the development of exchange and commodity production. “If we consider money, its existence implies a definite stage in the exchange of commodities. The particular functions of money, which it performs either as the mere equivalent of commodities or as means of circulation, or means of payment, as hoard or as universal money, point, according to the extent and relative preponderance of the one function or the other, to very different stages in the process of social production.” [*Capital*].

Surplus Value

At a certain stage in the development of commodity production money becomes transformed into capital. The formula of commodity circulation was C-M-C (commodity—money—commodity)—i.e., the sale of one commodity for the purpose of buying another. The general formula of capital, on the contrary, is M-C-M—i.e., the purchase for the purpose of selling (at a profit). The increase over the original value of the money that is put into circulation is called by Marx surplus value. The fact of this “growth” of money in capitalist circulation is common knowledge. Indeed, it is this “growth” which transforms money into *capital*, as a special and historically determined social relation of production. Surplus value cannot arise out of commodity circulation, for the latter knows only the exchange of equivalents; neither can it arise out of price increases, for the mutual losses and gains of buyers and sellers would equalize one another, whereas what we have here is not an individual phenomenon but a mass, average and social phenomenon. To obtain surplus value, the owner of money “must ... find... in the market a commodity, whose use-value possesses the peculiar property of being a source of value” [*Capital*].—a commodity whose process of consumption is at the same time a process of the creation of value. Such a commodity exists—human labor power. Its consumption is labor, and labor creates value. The owner of money buys labor power at its value, which, like the value of every other commodity, is determined by the socially necessary labor time requisite for its production (i.e., the cost of maintaining the worker and his family). Having bought enough labor power, the owner of money is entitled to use it, that is, to set it to work for a whole day—12 hours, let us say. Yet, in the course of six hours (“necessary” labor time) the worker creates product sufficient to cover the cost of his own maintenance; in the course of the next six hours (“surplus” labor time), he creates “surplus” product, or surplus value, for which the capitalist does not pay. Therefore, from the standpoint of the process of production, two parts must be distinguished in capital: constant capital, which is expended on means of production (machinery, tools, raw materials, etc.), whose value, without any change, is transferred (immediately or part by part) to the finished product; secondly, variable capital, which is expended on labor power. The value of this latter capital is not invariable, but grows in the labor process, creating surplus value. Therefore, to express the degree of capital’s exploitation of labor power, surplus must be compared not with the entire capital but only with variable capital. Thus, in the example just given, the rate of surplus value, as Marx calls this ratio, will be 6:6, i.e., 100 per cent.

There were two historical prerequisites for capital to arise: first, the accumulation of certain sums of money in the hands of individuals under conditions of a relatively high level of development of community production in general; secondly, the existence of a worker who is “free” in a double sense: free of all constraint or restriction on the scale of his labor power, and free from the land and all means of production in general, a free and

unattached laborer, a “proletarian” , who cannot subsist except by selling his labor power.

There are two main ways of increasing surplus value: lengthening the working day (“absolute surplus value”), and reducing the necessary working day (“relative surplus value”). In analyzing the former, Marx gives a most impressive picture of the struggle of the working class for a shorter working day and of interference by the state authority to lengthen the working day (from the 14th century to the 17th) and to reduce it (factory legislation in the 19th century). Since the appearance of *Capital*, the history of the working class movement in all civilized countries of the world has provided a wealth of new facts amplifying this picture.

Analyzing the production of relative surplus value, Marx investigates the three fundamental historical stage in capitalism’s increase of the productivity of labor: (1) simple co-operation; (2) the division of labor, and manufacture; (3) machinery and large-scale industry. How profoundly Marx has here revealed the basic and typical features of capitalist development is shown incidentally by the fact that investigations into the handicraft industries in Russia furnish abundant material illustrating the first two of the mentioned stages. The revolutionizing effect of large-scale machine industry, as described by Marx in 1867, has revealed itself in a number of “new” countries (Russia, Japan, etc.), in the course of the half-century that has since elapsed.

To continue. New and important in the highest degree is Marx’s analysis of the *accumulation of capital*—i.e., the transformation of a part of surplus value into capital, and its use, not for satisfying the personal needs of whims of the capitalist, but for new production. Marx revealed the error made by all earlier classical political economists (beginning with Adam Smith), who assumed that the entire surplus value which is transformed into capital goes to form variable capital. In actual fact, it is divided into *means of production* and variable capital. Of tremendous importance to the process of development of capitalism and its transformation into socialism is the more rapid growth of the constant capital share (of the total capital) as compared with the variable capital share.

By speeding up the supplanting of workers by machinery and by creating wealth at one extreme and poverty at the other, the accumulation of capital also gives rise to what is called the “reserve army of labor” , to the “relative surplus” of workers, or “capitalist overpopulation” , which assumes the most diverse forms and enables capital to expand production extremely rapidly. In conjunction with credit facilities and the accumulation of capital in the form of means of production, this incidentally is the key to an understanding of the *crises* of overproduction which occur periodically in capitalist countries—at first at an average of every 10 years, and later at more lengthy and less definite intervals. From the accumulation of capital under capitalism we should distinguish what is known as primitive accumulation: the forcible divorcement of the worker from the means of production, the driving of the peasant off the land, the stealing of communal lands, the system of colonies and national debts, protective tariffs, and the like. “Primitive accumulation” creates the “free” proletarian at one extreme, and the owner of money, the capitalist, at the other.

The “**historical tendency of capitalist accumulation**” is described by Marx in the following celebrated words: “The expropriation of the immediate producers is accomplished with merciless vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious. Self-earned private

property [of the peasant and handicraftsman], that is based, so to say, on the fusing together of the isolated, independent laboring-individual with the conditions of his labor, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labor of others.... That which is now to be expropriated is no longer the laborer working for himself, but the capitalist exploiting many laborers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. Hand in hand with this centralization, or this expropriation of many capitalists by few, develop, on an ever extending scale, the co-operative form of the labor process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labor into instruments of labor only usable in common, the economizing of all means of production by their use as the means of production of combined, socialized labor, the entanglement of all people in the net of the world market, and with this the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under, it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument. The integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated." *Capital*, Volume I)

Also new and important in the highest degree is the analysis Marx gives, in *Volume Two of Capital* of the reproduction of aggregate social capital. Here, too, Marx deals, not with an individual phenomenon but with a mass phenomenon; not with a fractional part of the economy of society, but with that economy as a whole. Correcting the aforementioned error of the classical economists, Marx divides the whole of social production into two big sections: (I) production of the means of production, and (II) production of articles of consumption, and examines in detail, with numerical examples, the circulation of the aggregate social capital—both when reproduced in its former dimension and in the case of accumulation. Volume Three of *Capital* solves the problem of how the *average rate of profit* is formed on the basis of the law of value. This immense stride forward made by economic science in the person of Marx consists in his having conducted an analysis, from the standpoint of mass economic phenomena, of the social economy as a whole, not from the standpoint of individual cases or of the external and superficial aspects of competition, to which vulgar political economy and the modern "theory of marginal utility" [1] frequently restrict themselves. Marx first analyzes the origin of surplus value, and then goes on to consider its division into profit, interest, and ground rent. Profit is the ratio between surplus value and the total capital invested in an undertaking. Capital with a "high organic composition" (i.e., with a preponderance of constant capital over variable capital in excess of the social average) yields a rate of profit below the average; capital with a "low organic composition" yields a rate of profit above the average. Competition among capitalists, and their freedom to transfer their capital from one branch to another, will in both cases reduce the rate of profit to the average. The sum total of the values of all the commodities in a given society coincides with the sum total of the prices of the commodities, but, in individual undertakings and branches of production, as a result of competition, commodities are sold not at their values at the *prices of production* (or production prices), which are equal to the capital expended plus the average profit.

In this way, the well-known and indisputable fact of the divergence between prices and values and of the equalization of profits is fully explained by Marx on the basis of law of value, since the sum total of values of all commodities coincides with the sum total of prices. However, the equating of (social) value to (individual) prices does not take place simply and directly, but in a very complex way. It is quite natural that in a society of separate producers of commodities, who are united only by the market, a conformity to law can be only an average, social, mass manifestation, with individual deviations in either direction mutually compensating one another.

A rise in the productivity of labor implies a more rapid growth of constant capital as compared with variable capital. Inasmuch as surplus value is a function of variable capital alone, it is obvious that the rate of profit (the ratio of surplus value to the whole capital, not to its variable part alone) tends to fall. Marx makes a detailed analysis of this tendency and of a number of circumstances that conceal or counteract it. Without pausing to deal with the extremely interesting sections of Volume Three of *Capital*, Vol. I devoted to usurer's capital, commercial capital and money capital, we must pass on to the most important section—the theory of *ground rent*. Since the area of land is limited and, in capitalist countries, the land is all held by individual private owners, the price of production of agricultural products is determined by the cost of production, not on soil of average quality but on the worst soil; not under average conditions but under the worst conditions of delivery of produce to the market. The difference between this price and the price of production on better soil (or in better conditions) constitutes *differential rent*. Analyzing this in detail, and showing how it arises out of the difference in fertility of different plots of land, and out of the difference in the amount of capital invested in land, Marx fully reveal (see also *Theories of Surplus Value*, in which the criticism of Rodbertus is most noteworthy) the error of Ricardo, who considered that differential rent is derived only when there is a successive transition from better land to worse. On the contrary, there may be inverse transitions, land may pass from one category into others (owing to advances in agricultural techniques, the growth of towns, and so on), and the notorious “law of diminishing returns” , which charges Nature with the defects, limitations and contradictions of capitalism, is profoundly erroneous. Further, the equalisation of profit in all branches of industry and the national economy in general presupposes complete freedom of competition and the free flow of capital from one branch to another. However, the private ownership of land creates monopoly, which hinders that free flow. Because of that monopoly, the products of agriculture, where a lower organic composition of capital obtains, and consequently an individually higher rate of profit, do not enter into the quite free process of the equalisation of the rate of profit. As a monopolist, the landowner can keep the price above the average, and this monopoly price gives rise to absolute rent. Differential rent cannot be done away with under capitalism, but absolute rent can—for instance, by the nationalisation of the land, by making it state property. That would undermine the monopoly of private landowners, and would mean the sole consistent and full operation of freedom of competition in agriculture. That is why, as Marx points out, bourgeois radicals have again and again in the course of history advanced this progressive bourgeois demand for nationalisation of the land, a demand which, however, frightens most of the bourgeoisie, because it would too closely affect another monopoly, one that is particularly important and “sensitive” today—the monopoly of the means of production in general. (A remarkably popular, concise, and clear exposition of his theory of the average rate of profit on capital and of absolute ground rent is given by Marx himself in a letter to Engels, dated August 2, 1862. See Briefwechsel, Volume 3, pp. 77-81; also the letter of August 9, 1862, *ibid.*, pp. 86-87.)

With reference to the history of ground rent it is also important to note Marx's analysis showing how labor rent (the peasant creates surplus product by working on the lord's land) is transformed into rent paid in produce or in kind (the peasant creates surplus product by working on the lord's land) is transformed into rent paid in produce or in kind (the peasant creates surplus product on his own land and hands it over to the landlord because of "non-economic constraint"), then into money-rent (rent in kind, which is converted into money—the *obrok* [quit-rent] of old Russia—as a result of the development of commodity production), and finally into capitalist rent, when the peasant is replaced by the agricultural *entrepreneur*, who cultivates the soil with the help of hired labor. In connection with this analysis of the "genesis of capitalistic ground rent", note should be taken of a number of profound ideas (of particular importance to backward countries like Russia) expressed by Marx regarding the *evolution of capitalism in agriculture*. "The transformation of rent in kind into money-rent is furthermore not only inevitably accompanied, but even anticipated, by the formation of a class of propertyless day-laborers, who hire themselves out for money. During their genesis, when this new class appears but sporadically, the custom necessarily develops among the more prosperous peasants, subject to rent payments, of exploiting agricultural wage-laborers for their own account, much as in feudal times, when the more well-to-do peasant serfs themselves also held serfs. In this way, they gradually acquire the possibility of accumulating a certain amount of wealth and themselves becoming transformed into future capitalists. The old self-employed possessors of land themselves just give rise to a nursery school for capitalist tenants, whose development is conditioned by the general development of capitalist production beyond the bounds of the countryside." [*Capital*, Vol. III] "The expropriation and eviction of a part of the agricultural population not only set free for industrial capital the laborers, their means of subsistence, and material for labor; it also created the home market." (*Capital*, Vol. I) In their turn, the impoverishment and ruin of the rural population play a part in the creation, for capital, or a reserve army of labor. In every capitalist country "part of the agricultural population is therefore constantly on the point of passing over into an urban or manufacturing [i.e., non-agricultural] proletariat.... This source of relative surplus population is thus constantly flowing.... The agricultural laborer is therefore reduced to the minimum of wages, and always stands with one foot already in the swamp of pauperism." *Capital*, Vol. I) The peasant's private ownership of the land he tills is the foundation of small-scale production and the condition for its prospering and achieving the classical form. But such small-scale production is compatible only with a narrow and primitive framework of production and society. Under capitalism, the "exploitation of the peasant differs only in form from the exploitation of the industrial proletariat. The exploiter is the same: capital. The individual capitalists exploit the individual peasant through mortgages and usury; the capitalist class exploits the peasant class through the state taxes." [*The Class Struggles in France*] "The small holding of the peasant is now only the pretext that allows the capitalist to draw profits, interest and rent from the soil, while leaving it to the tiller of the soil himself to see how he can extract his wages." (*The Eighteenth Brumaire*) As a rule, the peasant cedes to capitalist society—i.e., to the capitalist class—even a part of the wages, sinking "to the level of the Irish tenant farmer—all under the pretense of being a private proprietor." (*The Class Struggles In France*) What is "one of the reasons why grain prices are lower in countries with predominant small-peasant land proprietorship than in countries with a capitalist mode of production?" [*Capital*, Vol. III] It is that the peasant hands over gratis to society (i.e., the capitalist class) a part of his surplus product. "This lower price [of grain and other agricultural produce] is consequently a result of the producers' poverty and by no means of their labor productivity." [*Capital*, Vol. III] Under capitalism, the small-holding system, which is the normal form of small-scale production, degenerates, collapses, and perishes. "Proprietorship of land parcels, by its very nature, excludes the development of

social productive forces of labor, social forms of labor, social concentration of capital, large-scale cattle raising, and the progressive application of science. Usury and a taxation system must impoverish it everywhere. The expenditure of capital in the price of the land withdraws this capital from cultivation. An infinite fragmentation of means of production and isolation of the producers themselves.” (Co-operative societies, i.e., associations of small peasants, while playing an extremely progressive bourgeois role, only weakens this tendency, without eliminating it; nor must it be forgotten that these co-operative societies do much for the well-to-do peasants, and very little—next to nothing—for the mass of poor peasants; then the associations themselves become exploiters of hired labor.) “Monstrous waste of human energy. Progressive deterioration of conditions of production and increased prices of means of production—an inevitable law of proprietorship of parcels.” [*Capital*]Volume III In agriculture, as in industry, capitalism transforms the process of production only at the price of the “martyrdom of the producer.” “The dispersion of the rural laborers over larger areas breaks their power of resistance, while concentration increases that of the town operatives. In modern agriculture, as in the urban industries, the increased productiveness and quantity of the labor set in motion are bought at the cost of laying waste and consuming by disease labor power itself. Moreover, all progress in capitalistic agriculture is a progress in the art, not only of robbing the laborer, but of robbing the soil.... Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth—the soil and the laborer.” [*Capital*]Volume III]

Footnotes

[1] The Theory of Marginal Utility—An economic theory that originated in the 1870s to counteract Marx’s theory of value. According to this theory, the value of commodities are estimated by their usefulness and not the amount of social labor expended on their production.

Socialism

From the foregoing, it is evident that Marx deduces the inevitability of the transformation of capitalist society into socialist society and wholly and exclusively from the economic law of the development of contemporary society. The socialization of labor, which is advancing ever more rapidly in thousands of forms and has manifested itself very strikingly, during the half-century since the death of Marx, in the growth of large-scale production, capitalist cartels, syndicates and trusts, as well as in the gigantic increase in the dimensions and power of finance capital, provides the principal material foundation for the inevitable advent of socialism. The intellectual and moral motive force and the physical executor of this transformation is the proletariat, which has been trained by capitalism itself. The proletariat's struggle against the bourgeoisie, which finds expression in a variety of forms ever richer in content, inevitably becomes a political struggle directed towards the conquest of political power by the proletariat ("the dictatorship of the proletariat"). The socialization of production cannot but lead to the means of production becoming the property of society, to the "expropriation of the expropriators." A tremendous rise in labor productivity, a shorter working day, and the replacement of the remnants, the ruins, of small-scale, primitive and disunited production by collective and improved labor—such are the direct consequences of this transformation. Capitalism breaks for all time the ties between agriculture and industry, but at the same time, through its highest developed, it prepares new elements of those ties, a union between industry and agriculture based on the conscious application of science and the concentration of collective labor, and on a redistribution of the human population (thus putting an end both to rural backwardness, isolation and barbarism, and to the unnatural concentration of vast masses of people in big cities). A new form of family, new conditions in the status of women and in the upbringing of the younger generation are prepared by the highest forms of present-day capitalism: the labor of women and children and the break-up of the patriarchal family by capitalism inevitably assume the most terrible, disastrous, and repulsive forms in modern society. Nevertheless, "modern industry, by assigning as it does, an important part in the socially organized process of production, outside the domestic sphere, to women, to young persons, and to children of both sexes, creates a new economic foundation for a higher form of the family and of the relations between the sexes. It is, of course, just as absurd to hold the Teutonic-Christian form of the family to be absolute and final as it would be to apply that character to the ancient Roman, the ancient Greek, or the Eastern forms which, moreover, taken together form a series in historic development. Moreover, it is obvious that the fact of the collective working group being composed of individuals of both sexes and all ages, must necessarily, under suitable conditions, become a source of human development; although in its spontaneously developed, brutal, capitalistic form, where the laborer exists for the process of production, and not the process of production for the laborer, that fact is a pestiferous source of corruption and slavery." (*Capital*, Vol. I, end of Chapter 13) The factory system contains "the germ of the education of the future, an education that will, in the ease of every child over a given age, combine productive labor with instruction and gymnastics, not only as one of the methods of adding to the efficiency of social production, but as the only method of producing fully developed human beings." (*ibid*) Marx's socialism places the problems of nationality and of the state on the same historical footing, not only in the sense of explaining the past but also in the sense of a bold forecast of the future and of bold practical action for its achievement. Nations are an inevitable product, an inevitable form, in the bourgeois epoch of social development. The working class could not grow strong, become mature and take shape

without "constituting itself within the nation," without being "national" ("though not in the bourgeois sense of the word"). The development of capitalism, however, breaks down national barriers more and more, does away with national seclusion, and substitutes class antagonisms for national antagonism. It is, therefore, perfectly true of the developed capitalist countries that "the workingmen have no country" and that "united action" by the workers, of the civilized countries at least, "is one of the first conditions for the emancipation of the proletariat" (*Communist Manifesto*) That state, which is organized coercion, inevitably came into being at a definite stage in the development of society, when the latter had split into irreconcilable classes, and could not exist without an "authority" ostensibly standing above society, and to a certain degree separate from society. Arising out of class contradictions, the state becomes "... the state of the most powerful, economically dominant class, which, through the medium of the state, becomes also the politically dominant class, and thus acquires new means of holding down and exploiting the oppressed class. Thus, the state of antiquity was above all the state of the slave-owners for the purpose of holding down the slaves, as the feudal state was the organ of the nobility for holding down the peasant serfs and bondsmen, and the modern representative state is an instrument of exploitation of wage labor by capital." (Engels, *The Origin of the Family, Private Property and the State*, a work in which the writer expounds his own views and Marx's.) Even the democratic republic, the freest and most progressive form of the bourgeois state, does not eliminate this fact in any way, but merely modifies its form (the links between government and the stock exchange, the corruption—direct and indirect—of officialdom and the press, etc.). By leading to the abolition of classes, socialism will thereby lead to the abolition of the state as well. "The first act," Engels writes in *Anti-Duhring* "by virtue of which the state really constitutes itself the representative of society as a whole—the taking possession of the means of production in the name of society—is, at the same time, its last independent act as a state. The state interference in social relations becomes superfluous in one sphere after another, and then ceases of itself. The government of persons is replaced by the administration of things and by the direction of the processes of production. The state is not 'abolished,' it withers away." (*Anti-Duhring*) "The society that will organize production on the basis of a free and equal association of the producers will put the whole machinery of state where it will then belong: into the Museum of Antiquities, by the side of the spinning wheel and the bronze axe." (Engels, *The Origin of the Family, Private Property and the State*)

Finally, as regards the attitude of Marx's socialism towards the small peasantry, which will continue to exist in the period of the expropriation of the expropriators, we must refer to a declaration made by Engels, which expresses Marx's views: "... when we are in possession of state power we shall not even think of forcibly expropriating the small peasants (regardless of whether with or without compensation), as we shall have to do in the case of the big landowners. Our task relative to the small peasant consists, in the first place, in effecting a transition of his private enterprise and private possession to co-operative ones, not forcibly but by dint of example and the proffer of social assistance for this purpose. And then of course we shall have ample means of showing to the small peasant prospective advantages that must be obvious to him even today." (Engels *The Peasant Question in France and Germany*, published by Alexeyeva; there are errors in the Russian translation. Original in *Die Neue Zeit*.)