

Brief resume of Marx's Capital, Volume I, by F. Forest

(For members of class)

I. The prefaces

Let us comprehend the task Marx has set for himself. "It is the ultimate aim of this work," he writes (p.14) "to lay bare the economic law of motion of modern society." Modern society is, of course, capitalist society. Yet he warns us against any misunderstanding as to why the capitalist and the landlord appear in the light they do. "But here individuals are dealt with only in so far as they are the personifications of economic categories, embodiments of particular class-relations and class interests."

Previously (p.13) he had assured us that the selection of any one country (England) as illustrative of his principles did not absolve other countries of a higher or lower degree of development from being subject to "the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity towards inevitable results." What is of the essence of things, then, is the mode of production: "In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode."

What method of analysis will Marx use in his description of that mode of production? He begins not with a general analysis of the whole, but by studying the cells of that whole. "In the analysis of economic forms, moreover," he writes (p.12) "neither microscopes nor chemical reagents are of use. The force of abstraction must replace both." Finally, the abstract method will be used by Marx dialectically. He defines the dialectic method as being "critical and revolutionary." A good example of his application of historic materialism is the manner in which he analyzes the development of political economy

Thus do the prefaces introduce us to Capital, The Process of Production.

II. Part I -- Commodities and Money

The cell of the whole of capitalist production is the commodity and Marx begins his analysis of capitalist production with an analysis of this concrete phenomenon. [In analyzing the form of appearance of the commodity, that is, in analyzing the way the wealth of capitalist societies appears, Marx makes an abstraction of the history of society from the moment when the product of labor first took on the form of a commodity, that is, from the moment there was a surplus of the product of labor in primitive communes, until its fully developed capitalist form when the very capacity to labor has become a commodity.] Money and commodities have existed in pre-capitalist societies but capital appears on the historic scene only with the appearance of the specific commodity, labor power. That, however, will be covered in Part II.

Meanwhile, in Part I, the analysis of the commodity begins, begins with an analysis of the two factors of a commodity: use value and value. "As values all commodities are only definite masses of congealed labor time." (p.46). It is important to note that Marx

mentions, but does not here stop to analyze the form of value, which is exchange value. Rather he proceeds directly to the crucial point, which is not the dual form of the commodity, but the dual form of labor.

"I was the first to point out and to examine critically this two-fold nature of the labour contained in commodities," Marx writes (p.48), "As this is the pivot on which a clear comprehension of political economy turns, we must go more into detail." It is impossible to understand Marxist political economy without a thorough understanding of the pivot on which it revolves.

First, Marx explains the antagonism latent in the two-fold character of labor (p.53): "an increase in the quantity of use values is an increase of material wealth. With two coats two men can be clothed, with one coat only one man. Nevertheless, an increased quantity of material wealth may correspond to a simultaneous fall in the magnitude of its value. This antagonistic movement has its origin in the two-fold character of labor."

In other words, when concrete labor, that of the tailor, produced two use-values, coats, he increased the material wealth. If, however, in the meantime, the productivity of labor increased so that the time during which he used to produce one coat he now produces two coats, the value of each of these coats was halved, so that the increase in the number of coats was nevertheless not an increase in values or capitalist wealth.

This two-fold result arises from the two-fold character of labor: abstract labor as creative of wealth, and concrete labor as creative of use values; (p.54) "On the one hand, all labor is, speaking physiologically, an expenditure of human labor power and in its character of identical abstract human labor it creates and forms the value of commodities. On the other hand, all labor is the expenditure of human labor power in a special form and with a definite aim and in this, its character of concrete, useful labor it produces use-values." Here Marx's analysis for the moment stops. As to how concrete labor of various kinds become abstract labor Marx does not tell us until he comes to a description of the actual labor process.

You will remember that in considering the value form, we had considered A: the elementary or accidental form of value; B: the total or expanded form; C: the general form; and D: the money form. The first, or elementary form--20 yds. of linen equal one coat--showed us not only the theoretical aspect of the development of a commodity but its historic root: (p.71) "...the elementary value-form is also the primitive form under which a product of labor appears historically as a commodity and that the gradual transformation of such products into commodities, proceeds *pari passu* with the development of the value-form."

Note how the historical approach is used to explain why such a great thinker as Aristotle could not see that it is the common substance of human labor, which makes such different use-values as beds and houses commensurate in certain proportions. (p.69):

"There was, however, an important fact which prevented Aristotle from seeing that, to attribute value to commodities, is merely a mode of expressing all labor as equal human labor and consequently as labor of

equal quality. Greek society was founded upon slavery and had, therefore, for its natural basis, the inequality of men and their labor powers. The secret of the expression of value, namely, that all kinds of labor are equal and equivalent because and so far as they are human labor in general cannot be deciphered until the notion of human equality has already acquired the fixity of a popular prejudice."

Before leaving the section dealing with the form of value or exchange value, let us bear in mind what Marx says on p. 70: "When at the beginning of this chapter, we said, in common parlance, that a commodity is both a use-value and an exchange value, we were, accurately speaking wrong. A commodity is a use-value or object of utility and a value. It manifests itself as this two-fold thing, that it is as soon as its value assumes an independent form--viz., the form of exchange value. It never assumes this form when isolated but only when placed in a value or exchange relation with another commodity of a different kind."

As important as the concept of value in Ch. I, is another concept or rather the manifestation of social relations in the market which Marx analyzes in the last section of that chapter, under the heading of the Fetichism of Commodity and the Secret Thereof. Here Marx shows how it is that the social relations between men assume "the fantastic form of a relation between things," (p.83): "A commodity is therefore a mysterious thing simply because in it the social character of men's labor appears to them as an objective character stamped upon the product of that labor; because the relations of the producers to the sum total of their own labor is represented to them as a social relation, existing not between themselves, but between the products of their labor."

In other societies, where the product of labor did not assume the form of a commodity, social relations were clear: (p.85) "Compulsory labor is just as properly measured by time, as commodity-producing labour; but every serf knows that what he expends in the service of his lord, is a definite quantity of his own personal labor-power. The tithes to be rendered to the priest is more matter of fact than his blessing. No matter, then, what we may think of the parts played by the different classes of people themselves in this society, the social relations between individuals in the performance of their labor, appear at all events as their own mutual personal relations; and are not disguised under the shape of social relations between the products of labor."

Note how careful Marx is to use the phrase, "social relations" or "personal relations", not "class relations." That is because he will not analyze class relations while in the market, but only when in the factory; until we have reached the "inner abode of production" Marx thus speaks only of social relations.

Although the discovery by classical political economy the value of commodities "are but material expressions of the human labor spent in their production marks indeed an epoch in the history of the development of the human race" it "by no means dissipates the mist through which the social character of labor appears to us to be an objective character of the products themselves." (p.85)

That mist will not be dissipated until "The life-process of society,

which is based on the process of material production does not strip off its mystical veil until it is treated as production by freely associated men and is consciously regulated by them in accordance with a settled plan." (p.92)

We will return again to the reason why classical political economy has not been able to probe through the mist, which lies in their inability to understand the dual character of labor. Meanwhile we need to emphasize, not merely that the value of a commodity resolves itself to the labor incorporated in it. But that the labor incorporated in it "counts" only insofar as it is socially necessary. That is the law of value which so dominates capitalist production: (p.86)

"It requires a fully developed production of commodities before, from accumulated experience alone, the scientific conviction springs up, that all the different kinds of private labor, which are carried on independently of each other, and yet as spontaneously developed branches of the social division of labor, are continually being reduced to the quantitative proportions in which society requires them. And why? Because, in the midst of all the accidental and ever fluctuating exchange-relations between the products, the labor time socially necessary for their production forcibly asserts itself like an over-riding law of nature."

The concluding chapter of Part I deals with "Money or the circulation of commodities". We are here given the formula C-M-C (commodity, money, commodity). Note that the stress is laid on commodity, and not on money, (p.130) "...the result brought about the circulation of commodities, namely the replacing of one commodity by another takes the appearance of having been affected not by means of the change of form of the commodities but rather by the money acting as a medium circulation..... Hence, although the movement of money is merely the expression of the circulation of commodities, yet the contrary appears to be the actual fact, and the circulation of commodities seems to be the result of the movement of money."

Furthermore, the formula, C-M-C, is divided into two separate acts C-M, and M-C; hence there is an interval of time between selling the commodity for money and using the money to buy another commodity. If the split between sale and purchase is too great these two antithetical acts may produce a crisis. Here is Marx's first intimation of crisis and the explanation that follows it is crucial to the understanding not merely of a commodity, but of the whole of capitalist production: (p.128)

"The antithesis, use-value and value; the contradictions that private labor is bound to manifest itself as direct social labor, that a particularized concrete kind of labor has to pass for abstract human labor; the contradiction between the personification of objects and the representation of persons by things; all these antitheses and contradictions, which are immanent in commodities, assert themselves, and develop their modes of action, in the antithetical phases of the metamorphosis of a commodity."

Note well the phrase: "the contradiction between the personification of objects and the representation of persons by things", that is between the personification of objects and the objectification of persons, (The latter phrase is sometimes translated as "the reification of people") for in the analysis of the contradictory nature of a commodity--the contradiction between use-value and value--Marx presents us with the

basis of analysis of the whole of capitalist production and hence of capitalist society.

III--Part II - The Transformation of Money into Capital

Instead of C-M-C, the formula for the circulation of commodities, our formula, for the transformation of money into capital is M-C-M'

"The simple circulation of commodities--selling in order to buy", writes Marx (p.169), "is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only with this constantly renewed movement."

The formula, M-C-M', is thus the true manifestation of capitalist production. And the "conscious representative" of the movement of money, its possessor is the capitalist. "His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation M-C-M', becomes his subjective aim, and it is only in so far as the appropriation of ever more and more wealth in the abstract becomes the sole motive of his operations, that he functions as a capitalist, that is, as capital personified and endowed with consciousness and will. Use-values must therefore never be looked upon as the real aim of the capitalist; neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at." (p.170)

Just as Marx emphasizes in this passage that profit-making is only the capitalist's subjective reaction to the expansion of value, which is the objective basis of the circulation M-C-M', so Marx also stresses that in the process of production itself it is value which is "the active factor in such a process" (p.172). That will be developed at great length by him when we come to the actual process of production. Here we are still only in the process of circulation.

The general formula of capital, M-C-M', has contradictions inherent in it for we are confronted by the fact that commodities must be sold at their value, and yet more value has to be withdrawn from circulation than was thrown into it by Mr. Moneybags. Note that Marx does not call the possessor of money the capitalist until we reach the process of production where capital is created; thus far the possessor of money is simply called Moneybags and Mr. Moneybags has to sell his wares at value and yet withdraw more value from the process of circulation than thrown into it. "These are the conditions of the problem. *Hic Rhodus, hic saltus!*" (p.185)

In order to meet the conditions of the problem, Mr. Moneybags must be in a situation where he can find in the market a peculiar commodity whose use value possesses the peculiar property of being a source of value." (p.186)

The possessor of money finds in the market such a commodity in the commodity, labor power.

"The exchange of commodities itself," says Marx (p.186), "implies no other relations of dependence than those which result from its own nature." Marx does not stop here to explain what are the relations of dependence which do result from its nature because he is still the market analyst and is looking at the superficial phenomena where only freedom and equality reign supreme. We will have to leave this sphere where "alone rule Freedom, Equality, Property and Bentham", this "sphere of simple circulation or exchange of commodities which furnishes the 'Free-trader Vulgaris' with his views and ideas before we will be able to grasp the real secret of how money begets more money. (p.195,196)

Hence we are still here dealing with equal commodity owners: Mr. Money-bags of money, and the laborer of labor power. (Contrast to this your cross-reference on p.592 where the exchange between capital and labor at first presents itself to the mind in the same guise as buying and selling of other commodities.)

Here we are still considering the laborer as one free to part with his property. (Of. cross-reference on p.785 where free laborers are dealt with "in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc. nor do the m.p. belong to them, as in the case of peasant-proprietors; they are therefore, free form, unencumbered by any means of production of their own.")

In this section, however, freedom in the double sense is defined: as "a free man he can dispose of his labor power as his own commodity and that on the other hand he has no other commodity for sale is short of everything necessary for the realization of his labor power." (pp.187-188)

In this chapter on the buying and selling of the all-important commodity, labor power, Marx stresses that whereas commodities have been produced in other forms of societies, the appearance of capital, or capitalist production, dates from the appearance of labor power in the form of a commodity: "The capitalist epoch is therefore characterized by this, that labor-power takes in the eyes of the laborer himself the form of a commodity which is his property; his labor consequently becomes wage labor. On the other hand, it is only from this moment that the produce of labor universally becomes a commodity." (p.189, footnote)

Further "One consequence of the peculiar nature of labor-power as a commodity is that its use-value does not, on the conclusion of this contract between buyer and seller, immediately pass into the hands of the former. Its value, like that of every other commodity, is already fixed before it goes into circulation, since a definite quantity of social labor has been spent upon it, but its use-value consists in the subsequent exercise of its force. The alienation of labor-power and its actual appropriation by the buyer, its employment as a use-value, are separated by an interval of time." (p.193)

Like every other commodity, the value of the commodity labor power is determined by the socially-necessary labor time necessary to produce that commodity, in this case the means of subsistence, shelter and clothing necessary to make the laborer fit to go to work and to reproduce himself. The use-value, on the other hand, belongs to him who

paid for it at value: "The consumption of labor power is completed, as in the case of every other commodity, outside the limits of the market or of the sphere of circulation. Accompanied by Mr. Moneybags and by the possessor of labor power, we therefore take leave for a time of this noisy sphere, where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production. Here we shall see, not only how capital produces, but how capital is produced. We shall at last force the secret of profit making." (p.195)

IV--Parts III, IV & V--The Production of Absolute Surplus Value, The Production of Relative Surplus Value, The Production of Absolute and Relative Surplus Value.

In approaching the inner abode of production, we must understand that Marx, in Parts III, IV & V, uses the same process of abstraction that he had used in Parts I & II. And he uses the abstract method at the very time when he is rooted in the concrete history of developing capitalism. Just as the elementary value-form of a commodity was the primitive form under which a product of labor appeared historically, so the production of absolute surplus value is the first form under which capitalists were able to extract surplus value from workers. That is to say, capitalist could extract surplus value from workers only on the basis of the techniques it historically found at hand, and hence only through lengthening of the working day.

Relative surplus value, on the other hand, is created on the basis of actual capitalist conditions, that is, by revolutionizing the technical methods of production. As contrasted to absolute surplus value which is merely the formal subordination of labor to capital, relative surplus value signifies the real subordination of labor to capital for the laborer cannot now exist outside of the capitalist workshop. The production of absolute and relative surplus value means the utilization by the capitalist both of the lengthening working day and the extra productivity which comes with advanced technology and which permits him to extract more surplus value within the same working day. (p.197)

In the "labor process and the process of producing surplus value," Marx deals with the labor-process in general, or the production of use values; and the capitalist labor process, or the production of values, and hence of surplus value. Here again, then, and in a much more profound sense because we are not dealing not merely with its appearance but with its essence, Marx brings us back to the two-fold character of labor, this time as exemplified in the two-fold character of the labor process, in general and the capitalist labor process in particular: (p.206)

"The labor process turned into the process by which the capitalist consumes labor power exhibits two characteristic phenomena. First, the laborer works under the control of the capitalist to whom his labor belongs....."

"Secondly, the product is the property of the capitalist and not that of the laborer, its immediate producer....."

The labor process is a process between things that the capitalist has purchased, things that have become his property." Note that in the labor process not only the means of production but labor power are the property of the capitalist.

Just as previously Marx laid stress on the fact that value was the "active factor", so now he re-emphasizes that "Value is independent of the particular use-value by which it is borne, but it must be embodied in a use-value of some kind."

The antagonistic movement between use-value and value arises from the antagonism between useful labor and abstract labor. The labor of the spinner that Marx uses as an example is a specific kind of labor which the laborer employs to affect an alteration in the material worked upon. The tailor cut of cloth made a dress. In the case of abstract labor, on the other hand,--labor regardless of its specificity is under the direction of the capitalist, and hence interested only in values. Thus the socially-necessary labor time becomes the all-dominant element.

Moreover, the raw materials too "serve now merely as an absorbent of a definite quantity of labor" (p.211) "Definite quantities of product, these quantities being determined by experience, now represent nothing but definite quantities of labor, definite masses of crystallized labor time."

Let us get clear in our mind how capital is created: "By turning his money into commodities that serve as the material elements of a new product, and as factors in the labor process, by incorporating living labor with their dead substance, the capitalist at the same time converts value, i.e. past materialized and dead labor into capital, into value big with value, a live monster that is fruitful and multiplies." (p1217)

This is not a mere rhetoric phrase. Its significance is rooted deep in value production.

To fully understand this "live monster that is fruitful and multiplies," we must understand the role that constant capital and variable capital play. First, as to the meaning of the terms and their functions, (pp. 232-3):

"The means of production on the one hand, labor power on the other, are merely the different modes of existence which the value of the original capital assumed when from being money it was transformed into the various factors of the labor process...The same elements of capital which, from the point of view of the labor process, present themselves respectively as the objective and subjective factors, as means of production and labor power, present themselves from the point of view of the process of creating surplus value, as constant and variable capital."

To explain the all-pervading forces in capitalist production, the self-expansion of value, Marx abstracts c (constant capital) and then shows that the newly-added value is both v (value) and s (surplus value). That is to say, the living laborer has created both his own subsistence and the surplus.

Since, however, some surplus value is always being reinvested and expands that c (constant capital) constantly, this abstraction of c is good only for the purpose of emphasizing that all surplus come from variable, that is the living laborer, and not from constant capital. Before going into detail on this explanation, note Marx's warning

monster that is fruitful and multiplies" does. The use-value of constant capital is the manner of its absorption of living labor as "the ferment necessary to their own life process": (p.339).

"The means of production are at once changed into means of absorption of the labor of others. It is now no longer the laborer that employs the means of production, but the means of production that employ the laborer. Instead of being consumed by him as material elements of his productive activity, they consume him as the ferment necessary to their own life-process, and the life process of capital consists only in its movement as value constantly expanding, constantly multiplying itself."

That, of course, does not change the fact that living labor is the only source of value, from which Marx deduces the law that "the greater the variable capital, the greater would be the mass of the value produced and of the surplus value". (p.334)

Marx tells us that "This law clearly contradicts all experience based on appearance. Every one knows that a cotton spinner, who, reckoning the percentage on the whole of his applied capital, employs much constant and little variable capital, does not, on account of this, pocket less profit or surplus value than a baker, who relatively sets in motion much variable and little constant capital. For the solution of this apparent contradiction, many intermediate terms are as yet wanted...." (p.335)

Classical political economy could not formulate this law although it held "instinctively to it, because it is a necessary consequence of the general law of value. It tries to rescue the law from collision with the contradictory phenomena by a violent abstraction." (p.335)

Marx continues: "It will be seen later how the school of Ricardo came to grief over this stumbling block." The "later" referred to is not the chapter following, but that later explanation was not developed fully by Marx till his "Theories of Surplus Value". No doubt we cannot fully understand how classical political economy tried to "rescue the law from collision with the contradictory phenomena by a violent abstraction" until we have covered the whole of Capital, but still it will help us some to understand it further now, and hence I have gotten the passage referred to by Marx from Theories of Surplus Value: (p.184-tr. from Rus)

"...he (Ricardo) has in mind only the quantitative determination of exchange value, that is, that it is equal to a definite quantity of labor time; but he forgets the qualitative determination, that individual labor must by means of its alienation be presented in the form of abstract universal social labor."

Hence the capitalist labor process is a process of alienation which, precisely through the incessantly changing quantitative determination of exchange value--that is the socially-necessary labor time incorporated in a commodity--reduces the qualitative differences--that is

the various concrete, specific kinds of labor, such as mining or tailoring -- to nothing but a mass of abstract labor.

Thus without understanding the dual character of labor it is impossible to understand the contradictions of capitalist production and hence Marx's insistence that the analysis of the dual character of labor was pivotal to an understanding of political economy, that is Marxian political economy.

Hence, also, his insistence on a full comprehension of the inherent laws of capitalist production. Capital has not invented surplus labor. "Marx had told us (p.259) "Wherever a part of society possesses the monopoly of the means of production, the laborer free or not free, must add to the working time necessary for his own maintenance an extra working time in order to produce the means of subsistence for the owners of the means of production..."

But what does distinguish capitalist production from all other forms of production is that here the needs for surplus labor "arises from the nature of production itself". (p.260)

Even in such seemingly individualist actions as that undertaken by capitalists in free competition are not due to "will" but to the inherent laws of capitalist production: "Free competition brings out the inherent laws of capitalist production in the shape of external capitalist." (p.297)

The same objective basis holds for the "freedom" of the worker: "The contract by which he (worker) sold to the capitalist his labor-power proved, so to say, in black and white that he disposed of himself freely. The bargain concluded, it is discovered that he was no "free agent", that the time for which he is free to sell his labor-power is the time for which he is forced to sell it..."

In cooperation and division of labor in manufacture, Marx traces the development of the specifically capitalistic exploitation of labor from the time the laborer who has been the owner of his labor power until he has done bargaining for its sale (cf.p.365) and whereupon, in the factory he has become nothing but a "crippled monstrosity" (p.396). So that when we come to machinery and modern industry the materialist conception of history is thus presented: (p.406)

"Technology discloses man's mode of dealing with Nature, the process of production by which he sustains his life and thereby also lays bare the mode of formation of his social relations."

Modern technology has converted the workman into an automaton (p.462): "Every kind of capitalist production insofar as it is not only a labor-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labor, but the instruments of labor that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality. By means of its conversion into an automaton, the instrument of labor confronts the laborer, during the labor process, in the shape of

capital; of dead labor that dominates, and pumps dry, living labor power. The separation of the intellectual powers of production from the manual labor, and the conversion of these powers into the might of capital over labor is, as we have already shown, finally completed by modern industry erected on the foundation of machinery. The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces, and the mass of labor that are embodied in the factory mechanism and, together with that mechanism, constitute the power of the 'master'."

(Of. cross reference, p.47-: "The whole system of capitalist production is based on the fact that the workman sells his labor-power as a commodity.")

It is of importance to note that the part on Absolute and Relative Surplus Value is not a mere resume of one and the other, but a further determination of the predominant factor of the two, which means a re-emphasis, on a combined basis of absolute and relative surplus value, of the productiveness of labor under capitalism signifying only the self-expansion of capital, or production of surplus value, hence also a delineation of formal and real subjection of labor to capital. (p.559) The various formulae for the rate of surplus value once again emphasize that surplus value comes only from variable capital, and the clear--unbridgeable--distinction from bourgeois economics which would have it arise from total capital, and which would thus hide the fact that the exchange of variable capital for living labor power means "the exclusion of the laborer from the product." (p.584)

(Of. cross reference on p.588: "As soon as his labor actually begins, it has already ceased to belong to him.")

V--Part VII--THE ACCUMULATION OF CAPITAL

Part VII is the climax to Volume I. (In the final edition of Capital Marx subordinated Part VIII, The So-Called Primitive Accumulation of Capital, the historical genesis of capital and its historical tendency, as historical chapters illustrative of Part VII so that Part VII ended the first volume.)

It is also interesting to note, before going into a discussion of Part VII, that the first draft was to end Volume I, not with "The Accumulation of Capital", but with "The Direct Results of the Process of Production", which would have drawn the conclusions for Volume, without anticipating Volumes II and III. The final decision however was to incorporate, in broad outline, some of the major ideas of the whole of Capital in this Part VII (Of. Archives of Marx and Engels, Vol. II (VII), in Russian and German)

First, let us review the starting point of capitalist production, and the reason for its perpetuation: "The separation of labor from its product, of subjective labor-power from the objective conditions of labor, was, therefore, the real foundation in fact and the starting point of capitalist production."

.....Since the process of production is also the process by which the capitalist consumes labor-power, the product of the laborer is incessantly converted not only into commodities, but into capital, into value that sucks up the value-creating power, into means of subsistence that buy the person of the laborer, into means of production that command the producers.

value over and above the value of the advanced capital.....
"(3) That the laborer has reproduced his labor-power and can sell it once more, if he finds a buyer for it." (p.641)

In "Erroneous Conception by Political Economy of Reproduction on a Progressively Increasing Scale" Marx anticipates the problems he will deal with in Volume II: (p.647):

"The annual process of reproduction is easily understood so long as we keep in view merely the sum total of the year's production. But every single component of this product must be brought into the market as a commodity and there the difficulty begins. The movements of the individual capital, and of the personal revenues, cross and intermingle and are lost in the general change of places, in the circulation of the wealth of society; this dazes the sight, and propounds very complicated problems for solution. In the third part of Book II, I shall give the analysis of the real bearings of the facts." And, as a sort of warning as to what will happen if we let the individual capitals "daze our sight" Marx adds (p.648) "For the rest it is a matter of course that political economy, in the interests of the capitalist class, has not failed to exploit the doctrine of Adam Smith, viz., that the whole of that part of the surplus product which is converted into capital is consumed by the working class."

Marx, however, does not let us forget that the capitalist is only personified capital, and it is not so much the "evil" of the capitalist as the contradictory nature of the capitalist mode of production which dominates society: (p.647-8)

"Except as personified capital, the capitalist has no historical value, and no right to that historical existence, which, to use an expression of the witty Lichnowsky, 'hasn't got no date.' And so far only is the necessity for his own transitory existence implied in the transitory necessity for the capitalist mode of production. But, so far as he is personified capital, it is not values in use and the enjoyment of them, but exchange value and its augmentation that spur him into action. Fanatically bent on making value expand itself, he ruthlessly forces the human race to produce for production's sake; he thus forces the development of the productive powers of society, and creates those material conditions, which alone can form the real basis of a higher form of society, a society in which the full and free development of every individual forms the ruling principle. Only as personified capital is the capitalist respectable. As such, he shares with the miser the passion for wealth as wealth. But that which in the miser is a mere idiosyncrasy is, in the capitalist, the effect of the social mechanism, of which he is but one of the wheels. Moreover, the development of capitalist production makes it constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the eminent laws of capitalist production to be felt by each individual capitalist as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extent it he cannot, except by means of progressive accumulation."

It is this compulsion which has given rise to the classical

Formula "Accumulate, accumulate!....accumulation for accumulation's sake, production for production's sake; by this formula ~~the bourgeois~~ classical economy expressed the historical mission of the bourgeoisie, and did not for a single instant deceive itself over the birth-throes of death. But what avails lamentation in the face of historical necessity?" (p.652)

The concluding chapter (The General Law of Capitalist Development) of this part is by far the most basic to the theory of capitalist development. In reviewing it we must go rather slowly also because in the treatment of the organic composition of capital Marx here anticipates the treatment he accords it in the section on the Declining Rate of Profit in Volume III, and thus a full understanding of this chapter will help us when we get to that volume.

The first section of this chapter is called: "The Increased Demand for Labor-Power that Accompanies Accumulation, the Composition of Capital Remaining the Same."...let us first get clear in our mind what is the organic composition of capital:

"The composition of capital is to be understood in a two-fold sense. On the side of value, it is determined by the proportion in which it is divided into constant capital or value of the means of production, and variable capital, or value of labor-power, the sum total of wages. On the side of material, as it functions in the process of production, all capital is divided into means of production, and living labor-power. This latter composition is determined by the relation between the mass of the means of production employed, on the one hand, and the mass of labor necessary for their employment on the other. I call the former the value-composition, the latter the technical composition of capital. Between the two there is a strict correlation. To express this, I call the value-composition of capital, insofar as it is determined by its technical composition and mirrors the changes of the latter, the organic composition of capital." (p.671)

Note that the two-fold sense to the understanding of the composition of capital includes the specifically capitalist value, or relation of constant capital to variable capital, and the material (sometimes called natural) sense in which is included the means of production and labor power, in other words, those elements which would be included in other than capitalist society. You will recall that that is the manner in which he first referred to the specifically capitalist terms, constant and variable capital: (p.233) "The same elements of capital which, from the point of view of the labor process present themselves respectively as the objective and subjective factors, as means of production and labor-power, present themselves, from the point of view of the process of creating surplus value, as constant and variable capital."

Now, if the composition of capital remains constant, "i.e. that a definite mass of means of production constantly needs the same mass of labor power to set it into motion", then the demand for labor and the subsistence-fund of the laborers clearly increase in the

same proportion as the capital, and the more rapidly, the more rapidly the capital increases." (p.672)

Further: (p.673) "The reproduction of a mass of labor power, which must incessantly reincorporate itself with capital for that capital's self-expansion; which cannot get free from capital and whose enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself, this reproduction of ~~capital~~ labor-power forms, in fact, and essential of the reproduction of capital itself. Accumulation of capital is, therefore, increase of the proletariat"

Since, however, there are natural limits to the supply of labor-power, i.e. to the increase of the proletariat, and since we are supposing no change in the organic composition of capital, that is, no technical revolutions which would call for less labor power in relation to the mass of means of production, "the requirements of accumulating capital may exceed the increase of labor power or of the number of laborers; the demand for laborers may exceed the supply, and therefore wages may rise." (p.672)

This has given rise to the notion that workers who can force an increase in wages thus can do away with exploitation altogether. Marx categorically refutes this fantastic notion by calling attention to the specifica differentia of capitalist production: (p.676).

"Production of surplus value is the absolute law of this mode of production. Labor-power is only saleable so far as it preserves the means of production in their capacity of capital, reproduces its own value as capital, and yields in unpaid labor a source of additional capital." Hence a wage rise could never reach the point where it would threaten the system itself: "Either the price of labor keeps on rising because its rise does not interfere with the progress of accumulation...Or, on the other hand, accumulation slackens in consequence of the rise in the price of labor, because the stimulus of gain is blunted. The rate of accumulation lessens; but with the lessening the primary cause of that lessening vanishes, i.e. the disproportion between capital and exploitable labor-power. The mechanism of the process of capitalist production removes the very obstacles that it temporarily creates. The price of labor falls again to a level corresponding with the needs of the self-expansion of capital, whether the level be low, the same as, or above, the one which was normal before the rise of wages took place." (pp.678-9)

Further (p.680) "The law of capitalist production, that is at the bottom of the pretended "natural law of population", reduces itself simply to this: The correlation between the unpaid labor transformed into capital and the additional paid labor necessary for the setting in motion of this additional capital..... The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalistic system, but also secure its reproduction on a progressive scale. The law of capitalist accumulation, metamorphosed by economists into a pretended law of nature, in reality merely states that the very nature of accumulation excludes every diminution in the degree of exploitation of labor, and every rise in the price of labor, which

could seriously imperil the continual reproduction on an ever enlarging scale, of the capitalistic relation. It cannot be otherwise in a mode of production in which the laborer exists to satisfy the needs of self-expansion of existing values, instead of on the contrary, material wealth existing to satisfy the needs of development on the part of the laborer. As, in religion, man is governed by the products of his own brain, so in capitalistic production he is governed by the products of his own hand."

In section 2 of this chapter we consider the opposite hypothesis, one in which the organic composition of capital changes. The section is called the "Relative Diminution of the variable part of capital simultaneously with the progress of accumulation and of the concentration that accompanies it."

The significance of the change in the organic composition of capital can be gauged by the law it produces: the law of the progressive increase of constant capital in proportion to variable capital. Marx continues: (p.683)

"This diminution in the variable part of capital as compared with the constant, or the altered value composition of the capital, however, only shows approximately the change in the composition of its material constituents. If, a.g. the capital-value employed today in spinning is $\frac{7}{8}$ constant and $\frac{1}{8}$ variable, whilst at the beginning of the 18th century it was $\frac{1}{2}$ constant and $\frac{1}{2}$ variable, on the other hand, the mass of raw material, instruments of labor, &c that a certain quantity of spinning labor consumes productively today, is many hundred times greater than at the beginning of the 18th century. The reason is simply that, with the increasing productivity of labor, not only does the mass of the means of production consumed by it increase, but their value compared to this mass diminishes. Their value therefore rises absolutely, but not in proportion to their mass."

Marx now proceeds to analyze the effect of the concentration and centralization of capital upon the relationship of constant to variable capital. But, first, he warns that "The law of this centralization of capitals or of the attraction of capital by capital, cannot be developed here." He does not deal with this until he reaches Volume III. Here he says "A brief hint at a few facts must suffice." (p.686). However, what Marx calls a "brief hint" propounds astounding problems for the Marxist student. Here is how he develops his brief hint:

"The battle of competition is fought by cheapening of commodities. The cheapness of commodities depends, ceteris paribus, on the productiveness of labor, and this again on the scale of production. Therefore the larger capitals beat the smaller.....

"Competition and credit, the two most powerful levers of centralization, develop in proportion as capitalist production and accumulation do...Centralization may take place by a mere change in the distribution of already existing capitals, a simple change in the quantitative arrangement of the components of social capital. Capital may in that case accumulate in one hand in large masses by withdrawing it from many individual hands. Centralization in a certain line of

industry would have reached its extreme limit, if all the individual capitals invested in it would have been amalgamated into one single capital." (pp. 686, 788)

Marx is here predicting the development of the trust: "one single capital".

But Marx does not stop there, for the development of the trust is only the limit of centralization of capital in a specific line of industry. What is the limit of centralization of capital in a given country?

"This limit," Marx writes (p. 698), "would not be reached in any particular society until the entire social capital would be united, either in the hands of one single capitalist, or in those of one single corporation."

We have here the prediction of state capitalism: "the entire social capital" "united either in the hands of one single capitalist or in those of one single corporation."

Marx then says that "The economic result remains the same whether this consummation is brought about by accumulation or centralization, whether centralization is accomplished by the violent means of annexation, by which some capitals become such overwhelming centers of gravitation for others as to break their individual cohesion and attracting the scattered fragments, or whether the amalgamation of a number of capitals, which already exist or are in the process of formation, proceeds by the smoother road of forming stock companies."

And finally, p. 689: "The absolute decrease of the demand for labor necessarily following therefrom will naturally be so much greater the more these capitals going through the process of rejuvenation have become accumulated in masses by means of the movement of centralization." In other words, the law of the greater increase of constant capital as compared to variable is enhanced by the accumulation and centralization of capital. And with what result? The result Marx calls the general absolute law of capitalist production: the reserve army of unemployed.

In Section 3, "Progressive Production of a Relative Surplus-Population or Industrial Reserve Army", Marx traces the development of this army of unemployed, as a consequence of this greater increase of constant capital at the expense of variable: (-698-1)

"With the advance of accumulation, therefore, the proportion of constant to variable capital changes. If it was originally say 1:1, it now becomes successively 2:1, 3:1, 4:1, 5:1, 7:1, &c, so that as capital increases, instead of 1/2 of its total value, only 1/3, 1/4, 1/5, 1/6, 1/8, &c is transformed into labor power, and on the other hand, 2/3, 3/4, 4/5, 5/6, 7/8 into means of production. Since the demand for labor power is determined not by the amount of capital as a whole but by its variable constituent alone, that demand falls progressively with the increase of the total capital, instead of, as previously assumed, rising in proportion to it... But in fact, it is capitalistic accumulation

itself that constantly produces and reproduces in the direct ratio of its own energy and extent, a relatively redundant population of laborers, i.e. a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus population."

Marx emphasizes that "every special historic mode of production has its own special laws of population, historically valid within its limits alone" and for capitalist production that law is the law of an army of unemployed, that is, it is surplus to the capitalist mode of production: (pp.707-9):

"The greater the social wealth, the functioning of capital, the extent and energy of its growth, and therefore, also the absolute mass of the proletariat and the productivity of its labor, the greater the industrial reserve-army. The same causes which develop the expansive power of capital, develop also the labor power at its disposal. The relative mass of the industrial reserve-army increases therefore with the potential energy of wealth....."

"....within the capitalist system all methods for raising the social productivity of labor are brought about at the cost of the individual laborer; all means for the development of production transform themselves into means of domination over and exploitation of the producers; they mutilate the laborer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual ~~potentialities~~ potentialities of the labor-process in the same proportion as science is incorporated in it as an independent power...But all methods for the production of surplus value are at the same time methods of accumulation; and every extension of accumulation becomes again a means for the development of those methods. It follows therefore that in proportion as capital accumulates, the lot of the laborer, be his payment high or low, must grow worse. The law, finally, that always equilibrates the relative surplus population, or industrial reserve army, to the extent and energy of accumulation, this law rivets the laborer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery, corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time the accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e. on the side of the class that produces its own product in the form of capital."

VI. PART VIII--The So-Called Primitive Accumulation

This resume thus far appears like a study of economics "pure and simple", despite my statement that, while dealing with abstract phenomena, Marx was deeply rooted in the concrete historic process. Nevertheless, although in general we do refer to Marxian economics, Marxist is not a system of political economy. Rather, Marxian is a critique of the very principles of political economy. Note that CAPITAL, The Process of Capitalist Production, is subtitled

a Critique of Political Economy. In fact, the original form in which Marx has intended to present the mass of material and analysis presented in CAPITAL was called Critique of Political Economy. In the continuation of the work, he wrote all of it in the complete form in which we now have it, centering the emphasis on the process of production, but retaining the approach of a critique not only of the mode of production but of the mode of thought which flowed from the process of production.

The reason Marx spent so much time on "economics" is that one cannot understand civic society without understanding its anatomy and its anatomy is to be sought in its economics. However, it is important to bear in mind that Marx studied economics after he had already developed to a large extent the materialist conception of history. The Communist Manifesto, as we know, preceded Capital. And CAPITAL is not merely highlighted with examples from history. But the developing labor process is the foundation for the understanding of society as a whole. Take, for example, the footnote on p. 94:

"In the estimation...my view that each special mode of production and the social relations corresponding to it, in short, that the economic structure of society, is the real basis on which the juridical and political superstructure is raised, and to which definite social forms of thought correspond; that the mode of production determines the character of the social, political and intellectual life generally, all this is very true for our own times, in which material interests preponderate, but not for the middle ages, in which Catholicism nor for Athens and Rome, where politics reigned supreme. In the first place it strikes one as an odd thing for any one to suppose that these well-worn phrases about the middle ages and the ancient world are unknown to anyone else. This much, however, is clear, that the middle ages could not live on Catholicism, nor the ancient world on politics. On the contrary, it is the mode in which they gained a livelihood that explains why here politics, and there Catholicism played the chief part. For the rest, it requires but a slight acquaintance with the history of the Roman republic, for example, to be aware that its secret history is the history of its landed property. On the other hand, Don Quixote long ago paid the penalty for wrongly imagining that knight errantry was compatible with all economical forms of society."

Thus Marxism is the application of the materialist conception of history in the discovery of the developmental laws of modern capitalist economy.

All the more reason, some of you have said, why this Part on the So-Called Primitive Accumulation of Capital, which is easy to grasp, should have preceded the very difficult and hard-to-understand first chapter on Commodities. But the validity of Marx's method of presentation is clearer to you now than when we first started the study of Volume I at which time you raised these objections.

MARX'S CAPITAL, VOLUME I

A Summation of the Volume by F. Forest
(For Seminar Students)

I - The Aim and the Method

pp. 1-3

II - The Phenomena of Capitalism: Buying
and Selling, or the Market
Parts I and II,

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III - The Essence of Capitalist Production -
the Capitalist Labor Process, or
the Production of Surplus Value
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IV - The Law of Motion of Capitalist
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