

## Reading “Capital”

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There are a number of ways in which people have read *Capital*.

(1a) According to one reading, Marx was (amongst other things) an economist and *Capital* is a book about economics. Marx recognised that the political economists of the period of the *rise* of capitalism (Adam Smith, Ricardo) wanted to develop a genuinely scientific theory of the workings of capitalism while *later* economists (J S Mill, Malthus) were merely *apologists*, whose theories deliberately obscured the truth about capitalism so as to cover up the fact of exploitation and disarm the workers. So Marx developed the work of the early political economists, and produced a sound body of scientific knowledge, in contrast to modern economic science which is both unscientific and ideological. The cornerstone of Marx’s theory in this reading is “Marx’s labour theory of value,” and any attack on the LTV is an attack on the working class and an attack on Marx. In this reading, “critique” means exposing the ideological character of all economics beyond the early period of Smith and Ricardo, and cleansing these early works of their weaknesses and illusions.

(1b) In a variation on (1a), Marx produced not the *only* valid theory of economics, but one among many, and taken together with modern approaches and mathematical methods, is a valuable component part of economic science, with its strengths particularly in crisis theory, long term trends, and in providing a point from which sceptical criticism can be mounted against monetarism, neo-liberal economics and so on. Such readings make up the majority reception of Marx. Marx’s 1865 lecture “Value, Price and Profit,” where he discusses the underlying causes of movements in wages and prices over the preceding decades is a classic and convincing instance of the effectiveness of *Capital* as a work of practical economic theory.

(2) According to Harry Cleaver and others, *Capital* is not a book about economics at all - why would Marx want to give advice to the capitalists? - but rather is about the *class struggle*. Not just in 1865, but as early as 1847, Marx was giving talks to workers, debunking the wages fund theory, confirming the legitimacy of the fight for higher wages. *Capital* shows, for example, the importance of fighting for shorter working hours. In this reading, *Capital* is actually useless for the capitalists, but is a science of the class struggle under capitalism. Cleaver claims that despite a century of efforts, “Marxist economics” has failed to provide a useful theory of economics, for either business or government.

Marx confirms that the concept of value is similar to the ancient concept of ‘natural price’, and that other things being equal, prices should gravitate to their value. But fundamentally, value is not an approximation to price, but a measure of the distribution of the social labour, and prices may deviate from the norm for even historic periods of time. The organic composition of capital, an important category in *Capital*, measures the proportion of past, dead labour to living labour, something irrelevant to business or capitalist government; the rate of surplus value is a measure of exploitation but nothing to do with profit or even the distribution of household incomes. But this does not alter the fact that a theory which aims to inform the class struggle, needs a practical, realistic

theory of prices, wages, employment and so on, and at the very least must not deceive in its description of the economy.

(3) According to others, *Capital* is neither a manual of economics nor a manual for the class struggle, but rather a *critique* of political economy, that is, a critique of the body of ideas which describe the institutions and behaviours characteristic of bourgeois society. Political economy is the most refined and precise expression of the socially valid categories of bourgeois society, and is interesting only insofar as it is indeed socially valid. Critiquing it means bringing out the 'real meaning' of its categories, getting behind the appearance to the essence of the matter, by demonstrating that what appear to be eternal, necessary and rational relations, relations inscribed in well-established social practices and institutions, are in fact historically bounded, and actually quite crazy ideas which are open to change. Further, the critique of these institutions is located within the struggle to overthrow them. Critique means exploring the basis of the social validity of these concepts and uncovering the internal contradictions in them, to search for possible ways out of them.

The difference between (2) and (3) is that in Harry Cleaver's reading there is no need to reconstruct the whole concrete reality of life in bourgeois society (prices, interest rates and so on) in terms of the concepts of *Capital*, since the aim is solely class struggle and not political economy as such. It is not that *Capital* inhabits an alternate universe, but rather that Marx is interested in a different range of problems than the capitalists.

On the other hand, even though wages, prices and profit are not the *starting point* for Marx, the aim is nonetheless to reconstruct these concepts in terms of value. A critique would not be a critique of political economy if it went only to life in bourgeois society (the object of political economy) and not political economy itself, the subject of bourgeois society and the object of the critique. The subject and object of political economy are not identical, but they mutually constitute one another; critique means penetrating a form of life by examining its intellectual forms.

There is both a (3a) Humanist (e.g. Cyril Smith) or (3b) Structuralist (e.g. Louis Althusser or Moishe Postone) version of reading Marx's *Capital* as a critique, according to whether the writer believes with Marx that "men make their own history, but ... under circumstances existing already given and transmitted from the past," or on the contrary takes capital as a totalizing identical subject-object absolutely subsuming the consciousness and activity of everyone in modern society.

(4) For many, whether *Capital* is a critique of or a contribution to political economy, or both, it is not the *conclusions* Marx arrived at in 1867 which are important - after all, political economy has changed radically since *Capital* was written - but rather it is the *method* of Marx's study. Marx's method now needs to be emulated in today's new situation. This reading would include Geoff Pilling and Tony Smith, but may produce radically different results, according to the degree to which the writer sees Marx as having produced a more or less "effective procedure" such what Tony Smith calls the "systematic progression of socioeconomic categories," or, as others would say that Marx's critique was *immanent*, growing out of the practical conflicts within bourgeois society itself: - whereas Hegel's aim had been to reconcile these contradictions, Marx's aim was to sharpen them.

I will argue that although the above readings are by no means “equally valid,” Marx’s own writing, both in *Capital* itself and his private correspondence, lends some credibility to each of these views.

I will propose a reading which demonstrates that a critique of political economy (in Cyril Smith’s terms) asks the question: what is it about bourgeois society that gives rise to this kind of thinking and activity? This entails re-establishing what is socially valid in bourgeois society and the sources and limits of that validity. How else can we explain the fact that Marx was incessantly questioning Engels about how capitalists performed their calculations, what exactly they meant by this or that term, exactly how did they organise the various kinds of wage payment, credit and so on? So such a critique must re-establish socially valid concepts, but on a foundation which transcends the limits of bourgeois society. It must also separate genuine science from self-serving “Just-so stories,” which contribute nothing to understanding the necessary and lawful character of social relations but serve only to obscure their exploitative nature or put one or another class in a better light.

But what results from such a critique, rather than being an economic science, is closer to what Harry Cleaver wants, in that it renders life in bourgeois society transparent in terms of social practice, and contributes to working class consciousness by bringing class interests to light from behind the veil of hourly wages, interest on capital, and so on. It is also not entirely useless for understanding that struggle as it unfolds in the form of capitalist crises, and if correct, such a reading does provide an understanding of Marx’s “method” - not as some kind of effective procedure, but as an immanent critique of its object, and therefore a useful guide to continuing his work today.

Shortly after Marx’s death, Jevon’s theory of marginal utility gained wide popularity and according to Engels:

“[The poor state of political economy in England] is the fault of [Marx], to a great extent; he has taught people to see the dangerous consequences of classical economy; they find that *no* science at all, on this field at least, is the safe side of the question. And they have so well succeeded in blinding the ordinary philistine, that there are at the present moment four people in London, calling themselves ‘Socialist’ who claim to have refuted our author completely by opposing to his theory that of – Stanley Jevons!”  
(Engels to Danielson, 15 October 1888)

So this brings us to the question of when is a theory just ideology and apologia, class interests masquerading as science, and how do we know when there is science beneath the shell of ideology.

The first theory of the origin of surplus value was Merchantilism, which claimed that profit arose in the sphere of *exchange*, that is, merchants created wealth by selling things at more than they paid for them. Unsurprisingly, the founders of Merchantilism were traders involved with the East India Company. Next came the Physiocrats who claimed that the *soil* was the sole source of value. In eighteenth century France, this theory made abundant sense, especially for landowners: the peasants produced more than they needed for their own subsistence, and the rest of the economy operated by circulating that surplus. Unsurprisingly again, the founder of Physiocracy, Quesnay, was himself a landowner. Nowadays, the idea that capital is the source of value, institutionalised in the

going rate of interest on savings, appears to be an irrefutable fact; no-one who wants to get rich works. So, we can understand how the idea of “socially necessary labour” as the substance of value, and surplus value arising from the exploitation of wage-labour have a clear ideological function in the formation of the proletariat as a class for itself. Conversely, attacks on the labour theory of value will be seen as attacks on the workers movement. In other words, *all* theories of the measure of value and source of surplus value have *directly* reflected a particular class standpoint.

Marx’s British followers reacted to the Marginalist attacks on Marx accordingly, and a theory Jevons had about sun spots being the cause of the business cycle provided a fine opportunity to subject him and his theories to ridicule. The marginal theory is after all little more than a development of the supply-and-demand theory which Marx shows to be relevant only to short-term surface phenomena, and unable to explain, for example, why a car is worth more than a diamond. But historians of economic theory talk about the Marginalist *Revolution* because in the 1860s Jevons, Menger and Walras introduced quite new methods which transformed economic theory and we have to ask whether it is feasible to dismiss the whole of modern economic theory as a ‘variation on supply-and-demand’ even though it has its roots in this idea. However imperfectly, modern macro-economics deals with economic wholes. Can we rest on the claim that everything after Ricardo was ideology? The only writer I know who has taken a genuinely *critical* stance towards modern economic theory is Luc Boltanski and his collaborator Eve Chiapello. These writers have made a deep critique of the management literature of the 1980s especially, relating it to the demands of the movements of 1968. Boltanski shows that radical criticism of capitalism is often reflected in subsequent changes in the practices of the ruling class, something by no means limited to the generation of ’68.

Transparently ‘political’ issues are to be found all through the pages of *Capital* which bristles with ethical language. For example, the concept of necessary and surplus labour, surplus labour being labour performed over and above what the worker is paid for their sustenance, and appropriated without payment. For example, the proof, taken over from Smith, that other things being equal, the labour market will force wages down to the socially necessary minimum level needed to keep them alive and raise the next generation of workers, and that workers can gain wage rises by industrial action, without losing the value of their pay rise through inflation, but on the contrary increasing the workers’ share of the total product.

The idea of dividing up capital between constant (goods and services purchased off other capitalists and consumed in production) and variable (wages) and surplus value (lumping rent, interest and corporate largesse in with profits) and then measuring this over the cycle of turnover of capital rather than per annum, just makes no sense within the business of profit-making, but makes abundant sense from the standpoint of the workers.

In other words, I think there is plenty of evidence that Harry Cleaver’s claim that *Capital* is about the class struggle is well made. All the main categories in *Capital* are about social relations: labour time, value, exploitation, while categories like price, profit and in fact anything relevant to the running of an individual firm are secondary, phenomenal forms of the manifestation of the essential human relations involved.

This conclusion would settle the matter if bourgeois economics were purely and simply apologetic. That is, if the claim that capital is the source of new value, that workers are

paid the full value of their labour in their weekly wage packet, and that employees' wage levels determine the selling price of a product, were nothing more nor less than fairy tales aimed at *covering up* the reality of economic life. Some may be, but this is clearly not the case without qualification: these are ideas used to *manage* bourgeois society. Political Economy is how capitalists behave and think, and in general how non-capitalists think as well. It is the thinking which actually runs the businesses, the banks and the governments. It is in the minutiae of capitalist management that the meaning of the categories of political economy are really revealed. Almost invariably, attempts at fundamental justifications of economic science are, in my experience, ideology from beginning to end, and this is reflected in the inability of economists to do more than predict and control relatively short-term effects. But this does not alter the fact that the objects and practices of bourgeois society appear before people as objective facts.

It is now widely and rightly believed that economists don't know what's going on. Virtually no-one saw the October 2008 Global Financial Crisis coming even days before it broke out. But on the other hand, capitalism *hasn't* collapsed yet, and compared to the 1958 Great Leap Forward in China, in which millions of people died of starvation or the miracles of 'planned economy' in North Korea, it is silly to deny the capacity of the bourgeois to manage a world system of the production and reproduction of material life, something which they have done with some success, at least since the end of World War Two, though no-one can claim with any degree of certainty that their success will last any longer than the close of business tomorrow.

But coping in practice does not at all guarantee being able to capture that in theory. As the saying goes: "you don't have to be a horse to judge a horse."

The concepts of Political Economy embody the forms of activity which are socially valid in capitalism, and in that precise sense they are valid and confront individuals as objective forms of practice, which you ignore at your own risk. But that does not prove the fact that 'priests of the bourgeoisie', these '*learned* scribes' are able to systematise the forms of thought and practices of bourgeois society, or even that these forms *lend themselves* to the formation of an internally consistent theory. There is nothing to force us to believe that the thought forms of bourgeois society are free of internal contradiction and fallacy. On the contrary. It is the job of critique to strip of the ideological covering to expose such internal contradictions, aporia and fallacies, and without dismissing them as apologia, bring out the social basis for the various theories through a study of their historical development.

From Engels' Outlines of a Critique of Political Economy of 1843 up till Marx's 1859 "A Contribution to the Critique of Political Economy," Marx and Engels titled their work *critique*. And the meaning of "critique" is made clear in Marx's 1844 "Introduction to the Critique of Hegel's Philosophy of Right," for which "the criticism of religion is the prerequisite of all criticism," most particularly the views outlined there in terms of a critique of religion are to be taken as a model for the critique of capitalism.

"The foundation of irreligious criticism is: *Man makes religion*, religion does not make man. ... This state and this society produce religion, which is an *inverted consciousness of the world*, because they are an *inverted world*. Religion is the general theory of this world, ... The struggle against religion

is, therefore, indirectly the struggle *against that world* whose spiritual *aroma* is religion.”

Political economy is the system of thought forms within which people live by producing and exchanging commodities, and *Capital* demonstrated this - the whole universe of sweat-shops, insurance companies, industrial corporations, multimillionaires, famines and wars flows from commodity production. Within such a world, in the main, the concepts of political economy are valid to the extent that they are connected with practice rather than apologetic “Just So” myths. The struggle against capitalism is therefore the struggle against that world of a particular kind of inverted consciousness, one in which social relations between people take the form of relations between things.

But in a letter to Kugelmann on 28 December 1862, Marx says of the soon-to-be-published book: “It is a sequel to Part I, but will appear on its own under the title, *Capital*, with *A Contribution to the Critique of Political Economy* as merely the subtitle.” Marx worked hard to get the book noticed and criticised by the professional economists of his day, and clearly wanted to engage them in debate.

In the letter to Kugelmann of 11 July 1868, he says:

“... it shows the depth of degradation reached by these priests of the bourgeoisie: while workers and even manufacturers and merchants have understood my book and made sense of it, these ‘*learned* scribes’ (!) complain that I make excessive demands on their comprehension.”

And while he was most interested in getting it to workers, criticising Lassalle for not working harder to encourage workers to read it, he certainly aimed at taking his fight into the recognised scientific circles. He believed (and with good reason) that his work engaged in a meaningful way with mainstream economic theory; it did not live in a parallel universe. Marx complained that he was being met with a conspiracy of silence, but history shows that *Capital* did get the recognition it deserved, and *Capital* haunts bourgeois economics to this day, like the ghost of its dead father.

The point is that prices, profits, rents and so on are, in Marx’s scheme of things, merely surface appearances, like the froth and bubbles on the surface of the ocean, the forms of which tell us little about the main business of tidal shifts and melting ice-packs. Marx begins with the *concept* of bourgeois society and moves to more and more concrete concepts, that is to say, he reconstructs the concrete, the appearances, in scientific terms. In such an approach the effect of a drought in Australia on mortgage rates in the US, and so on, belong somewhere in Volume XX. They are not excluded, but it is the dynamics of class relations which are fundamental and central.

So in summary, *Capital* remains an unfinished work and it seems unlikely that the job of finishing it to the point where it could provide a superior tool for management of government or corporate economic affairs will ever be completed, were it to remain the work of an isolated individual. Basically it is a practical task. With the partial exception of Boltanski, the theoretical work of critiquing political economy seems to have died with Marx. So far as I know, none of the “Marxist Economists” have critiqued the theory of marginal utility beyond denouncing it as an ideological apology aimed at discrediting Marx and demobilizing the workers’ movement (all of which may well be true, by the way). There have been a plethora of new economic forms of activity since 1883. Marx never knew Taylorism, which completely transformed work practices, the social division

of labour and the composition of the working class. He never knew Fordism, which completely transformed the form of exploitation, the concept of a living wage, and the nature of working-class communities; he never knew the welfare state with its system of *universal* state-provided benefits, or Toyota-ism and its appropriation of worker cooperation for the benefit of capital, or the practices of franchising, out-sourcing, the practice of part-time working, and the export of manufacture to non-union industrial zones in far-off countries, or the inflow of economic migrants to the former colonial centres. All these represent transformations in political economy, not anticipated in *Capital*.

Just one example: in Marx's day, workers were basically locked in a large building to work under their own supervision for as long as the capitalist could force them to using the weapon of keeping wages at near-starvation level. This way of thinking is directly reflected in the categories of *Capital* because *that's how capital worked*. But this is no longer the case in the countries where capital predominates.

So those who read *Capital* to learn Marx's "*method*" have a point. Even some very fundamental features of *Capital* may no longer be relevant. And what is more, it is fair to suppose that later development in the activity of capital must, in some sense at least, come closer to the essence, the truth of bourgeois society. The critic does not create thought out of thought; theory can only reveal what is already present in social practice. In the *Grundrisse*, Marx said:

“... Hegel fell into the illusion of conceiving the real as the product of thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself, ... in the theoretical method, too, the subject, society, must always be kept in mind as the presupposition.”

So the job of Marx's continuers begins with the latest developments in bourgeois society most especially insofar as the concrete sheds light on the categories of current economic theory and vice versa. It seems likely that such a continuing critique would continue to use the concept of value at its foundation, if we are to be true to Marx.

In the letter to Kugelmann quoted above, in responding to a bourgeois critic of *Capital*, he observes:

“The chatter about the need to prove the concept of value arises only from complete ignorance both of the subject under discussion and of the method of science. Every child knows that any nation that stopped working, not for a year, but let us say, just for a few weeks, would perish. And every child knows, too, that the amounts of products corresponding to the differing amounts of needs demand differing and quantitatively determined amounts of society's aggregate labour. It is **self-evident** that this *necessity* of the *distribution* of social labour in specific proportions is certainly not abolished by the *specific form* of social production; it can only change *its form of manifestation*. Natural laws cannot be abolished at all. The only thing that can change, under historically differing conditions, is the *form* in which those laws assert themselves. And the form in which this proportional distribution of labour asserts itself in a state of society in which the interconnection of social labour expresses itself as the *private*

*exchange* of the individual products of labour, is precisely the *exchange value* of these products. ...

“On the other hand, as you correctly believe, *the history of the theory* of course demonstrates that the understanding of the value relation has *always been the same*, clearer or less clear, hedged with illusions or scientifically more precise. Since the reasoning process itself arises from the existing conditions and is itself a *natural process*, really comprehending thinking can always only be the same, and can vary only gradually, in accordance with the maturity of development, hence also the maturity of the organ that does the thinking. Anything else is drivel.”

So what is involved is the transhistorical necessity of every society making some arrangement or other for the distribution of the social labour and its products. This is what is contained in the concept of value. Implicit in the concept of value is the notion of the intrinsic equality of human beings. In an emphatically world economy in which capital based, for example, in the US, is manufacturing in India and drastically underpaying labour, we have an instance of price being less than value for long periods of time. But once ‘the great mass of the produce of labour takes the form of commodities [and] consequently, the dominant relation between man and man, is that of owners of commodities’, there is a necessary tendency towards the equalisation of wages, which nonetheless may take centuries of war and revolution to exert itself.

There are dozens of such problems that arise as a result of changes in the political economy of modern life, the solution of which are presupposed in a continuation of Marx’s work.

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See Also [Capital Through the Hegelian Looking-glass](#).