In this week’s selected readings, Marx undertakes the task of scientifically outlining the conditions and exchanges corresponding to the capitalist mode of production (295). According to the text, capitalism is a cyclical, bourgeoisie mode of production which seeks to create and accumulate capital through the production of surplus-value within an interconnected mode of social and economic relations. Besides focusing on the theoretical aspects of capitalism (how it came into being, how it works, and how it is perpetuated, etc.), Marx also devotes much of his attention to the social and economic outcomes of a capitalist mode of production. Broadly, these outcomes fall into two categories: the effects of capitalism on labor and the end result of capitalism, its self-destruction.

Before delving deeper into these outcomes of capitalism, we should first review Marx’s key players in his theory of capitalism. First, in order for capitalism to exist, among other things, there must be a conception of capital. According to Marx, capital is “not only the sum of material products; it is a sum of commodities, of exchange values, of social magnitudes” (208). For Marx, these items are generally contained in the concept of a commodity, “products which are exchangeable for others” (208). Unlike earlier systems of barter and production for individual consumption, commodities in the capitalist system are exchanged for an exact price, or, an exchange value (which does not necessarily have a use value). While the use value of an object is realized by the direct relationship between a person and the object, the exchange value of an object is only realized by means of a social process (328). In fact, it is only through a social process that commodities can be turned into capital; a commodity becomes capital by “maintaining and multiplying itself as an independent social power…as the power of a portion of society, by means of its exchange for direct, living labor power” (208).

In addition to the goal of creating a commodity with an exchange value, Marx writes that the second object of capitalism is to create a commodity that will yield a surplus-value.
According to him, a commodity with surplus value is one whose “value shall be greater than the sum of the values of the commodities used in its production…” (351). The capitalist drive towards the creation of surplus value is a key component of capitalism, one which we will first examine through the eyes of the quintessential capitalist, Mr. Moneybags.

Our friend Mr. Moneybags needs a special kind of commodity to increase the value of his money, and that is labor-power. Labor-power, and even the laborer himself, are reduced to a mere commodity, a use-object for sale in the market that the capitalist will consume in his pursuit of surplus-value. It was not always so; this relationship between the laborer and the owner of the means of production is neither natural, nor historically common. The “free laborer” is a new development, and one that marks a new epoch in the process of social production.

The actual consumption of labor-power happens outside the market, in the “hidden abode of production” (343). It is here that surplus-value comes from the quantitative excess of labor, or surplus-labor. The mind and soul of the capitalist is to get as much surplus-value as possible, and to do so he will suck as much labor-power from his commodity, the laborer, as possible. The capitalist vampire will push the physical and moral limits of the working day to bleed the worker dry with no regard to his health. As in slave systems, the laborer is quickly used up and discarded; witness the blacksmith who “dies at 37 for 50” or the over-worked ruined London bakers (372). An inherent tendency of capitalism is the 24-hour working day because surplus-labor is mixed with the worker’s own necessary labor (work he does for his own subsistence), as opposed to extra days of corvee in the Boyard, in which surplus-labor was kept separate from the necessary labor. The accumulation of capital in turn creates what Marx calls a “relative surplus population,” or “disposable industrial reserve army” (423). The absolute general law of capitalist accumulation is that the greater the social wealth (capital as well as its growth), the greater the absolute mass of the proletariat and the productiveness of its labor, the greater the industrial reserve army (429-431).

“Before capital, all men are alike,” as well as all women and children; that is, they are all commodities, useful things, and are treated as such (371). Marx notes that the horrific injustices endured by workers finally led to State legislative action to limit the average working-day, such as the Factory Act of 1850. Compared to the early stages of capitalism in the 14th Century, when the State was trying to compulsorily lengthen the working day, the modern laborer must sell “the whole of his active life…his birthright, for a mess of pottage” (376).
The concept of surplus-value is at the crux of Marx’s theory. As with wages, Marx gives detailed equations for surplus-value. More importantly, he gives a general framework for how surplus-value is produced and what the key components of its production are. First of all, Marx states that the simultaneous employment of a large number of laborers by an individual capitalist is the beginning of true “capitalist production.” He views this as a specifically capitalist mode of production and discusses the importance of capital as a driving force behind this mode:

Just as the social productive power of labor that is developed by co-operation, appears to be the productive power of capital, so co-operation itself, contrasted with the process of production carried on by isolated independent laborers, or even by small employers, appears to be a specific form of the capitalist process of production. It is the first change experienced by the actual labor-process, when subjected to capital (388).

Within co-operations operate two of Marx’s other key variables: the division of labor and manufacture. Manufacture has two polar origins. In one version, a capitalist employs many laborers each producing one part of a larger, whole product. In the other version, still under the control of a single capitalist, a collection of laborers all produce the same product. Manufacture has both positive and negative consequences. On the one hand, it introduces (or increases, if already present) the division of labor. On the other hand, it unites laborers who were formerly working separately. Either way, he concludes, manufacture produces “a productive mechanism whose parts are human beings” (390).

As a consequence of the division of labor, particularly in the first variety of manufacture, individual laborers become limited in the range of tasks they can perform, but they also become hyper-specialized at their specified tasks, and when all these laborers are put together their individual deficiencies are eliminated and an incredibly skilled, efficient production machine is created. This type of labor does not require elevated levels of thinking, and therefore education, beyond vocational skills, is not necessary for the working-class, nor, Marx implies, do the capitalists desire it. Indeed, he notes that, “Reflection and fancy are subject to err; but a habit of moving the hand or the foot is independent of either (398).”

Therefore, “co-operation based on the division of labor” is equivalent to manufacture (400). He says that manufacture can only take a capitalist form (given the social and economic conditions in which he was writing), and as such is a form of capitalist abuse of the worker: “If…it [manufacture] presents itself historically as a progress and as a necessary phase in the
economic development of society, on the other hand, it is a refined and civilized method of exploitation (400).” Marx argues against any capitalist arguments which might try to justify this mode of production as a ‘naturally’ occurring progress.

Finally, Marx discusses the role of machinery, which he states “is a means for producing surplus-value” (403). Implicit in his discussion of machinery is a comparison with life before the introduction of machinery. Marx does not see the machine itself as problematic, but rather shows the ways in which the capitalist, Mr. Moneybags, uses it as an instrument to further exploit the worker. Specifically, he points to “…the economic paradox, that the most powerful instrument for shortening labor-time, becomes the most unfailing means for placing every moment of the laborer’s time and that of his family, at the disposal of the capitalist for the purpose of expanding the value of his capital” (406). Essentially, as machinery becomes organized into a system (the factory), it annexes the labor or women and children thereby increasing the number of people whom the capitalist can exploit, takes up all of the laborer’s free time, creates a longer working day, allows for more production to be squeezed into a shorter time, and ultimately leads to greater exploitation, all in the name of creating surplus-value (407).

Marx sums up his own argument best by writing, “Capitalist production…develops technology, and the combining together of various processes into a social whole, only by sapping the original source of all wealth—the soil and the laborer (417).”

According to Marx, the exploitation of the working class and the introduction of machinery inevitably lead to an endless cycle of competition. Specifically, he writes that the capitalist’s goal is to create and accumulate capital which, in turn, “increases the competition between the capitalists” (211). This competition encourages capitalists to reduce their prices in order to remain in the market. In order to reduce prices, the capitalist must introduce and improve upon machinery and further exploit the worker through a greater division of labor. This creates greater competition among workers as well as among the capitalists. However, as soon as competing capitalists learn of a better way to use machinery and exploit workers, they will adopt the methods themselves and eventually all capitalists will be producing the same amount and thus will be on the same level. The process will then begin anew at the expense of the working class.

In addition to these damaging effects upon the working class, the capitalist mode of production itself produces self-destructive tendencies. In Crisis Theory, Marx posits that the
possibility of crisis exists due to the conversion of the commodity into money, and also due to
the separation of the sale from the purchase of commodities (unlike the direct barter). Because
capitalism involves the circulation of commodities, their constant re-conversion and
reproduction, many possibilities exist that may interrupt the flow. Over-production seems
inevitable because the aim of capitalists is to exploit as much labor as possible, “without any
consideration for the actual limits of the market or the needs backed by the ability to pay” (465).

In setting out to explain how capitalism works as well as its historical trajectory, Marx
builds an internally consistent, self-contained theory. Its logical implications, moreover, seem
hard to discount if we accept his basic assumptions (such as alienation of labor) and his major
argument. However, our group found four issues that Marx did not consider which might have
had an impact on his theory of capitalism. First, despite his major concern with freeing "man"
from necessary labor and allowing him to pursue a creative life, Marx appears to neglect
individual agency (and what makes us “human”) in his theory. Men are no more than “cogs in a
machine,” machines themselves, apparently unable to mobilize and act in any way even when the
situation becomes desperate (as the industrial reserve army increases). Second, Marx’s
definitions of labor leave little room for coping strategies like emotional labor in which the
individual worker manages the psychic demands of his work (a la Hochschild). Although such
theories are more recent, the empirical facts were present during his time. This criticism
addresses directly one of his major assumptions – alienation of labor and its consequences.
Third, both his theory of capitalism and the scientific socialism proposed are historically-bound
theories, no more and no less than others. The “historical inevitability” of Marx’s theories
appears to be refuted by his own dialectical logic. Additionally, the theory has not fared well
against subsequent historical events. Finally, again because he posited economic relations as the
basis of all social relations, morality has no place in this theory, or, for that matter, in a future
socialist society.

The inevitable solution resulting from Marx’s theory of capitalism and its criticism is
presented in Friedrich Engels’ “Socialism: Utopian and Scientific.” This is a popular synthesis
of Marxism’s theoretical and historical origins, of dialectics and historical materialism, and of
some of the characteristics of a true communist society (Engels uses socialism and communism
inter-changeably). Engels also prescribes a certain path from capitalism to socialism
(socialization of means of production and proletarian revolution). In this view, the course of
history and consequently socialism were determined by Marx’s two major discoveries: 1) the materialistic conception of history that presented the capitalistic method of production in its historical connection, its inevitableness during a particular period and inevitable downfall; and 2) capitalism’s essential character – surplus value (the concentration of capital plus the increasing poverty of the masses). On this basis socialism became a science. In socialism, the inevitable and final result of history, the anarchy of the capitalist mode of production is replaced by systematic, definite organization, the struggle for individual existence disappears, and man rules over nature since he mastered his own social organization.