Marx's *Capital*

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History and Method

Throughout his adult life Marx pursued the revolutionary transformation of capitalist society, most famously through his writings, but also through agitation and organisation of the working class – for example, between 1864 and 1876 he was one of the leaders of the First International Working Men's Association. In his written works, Marx attempts to uncover the general process of historical change, to apply this understanding to particular types of societies, and to make concrete studies of specific historical situations. This chapter briefly reviews Marx's intellectual development and the main features of his method. The remainder of the book analyses in further detail other aspects of his work, especially those to be found in the three volumes of *Capital*, his leading work of political economy.

Marx's Philosophy

Karl Marx was born in Germany in 1818 and began an early university career studying law. His interest quickly turned to philosophy, which, at that time, was dominated by Hegel and his disciples. They were idealists, believing that reality is the outcome of an evolving system of concepts, or movement towards the 'Absolute Idea', with a structure of concepts connecting the relatively abstract to the increasingly concrete. The Hegelians believed that intellectual progress explains the advance of government, culture and the other forms of social life. Therefore, the study of consciousness is the key to the understanding of

society, and history is a dramatic stage on which institutions and ideas battle for hegemony. In this ever present conflict, each stage of development is an advance on those that have preceded it, but it also absorbs and transforms elements from them; that is, it contains the seeds of its own transformation into a higher stage. This process of change, in which new ideas do not so much defeat the old as resolve conflicts or contradictions within them, Hegel called the *dialectic.*

Hegel died in 1831. When Marx was still a young man at university, two opposing groups of Hegelians, Young (radical) and Old (reactionary), both claimed to be Hegel's legitimate successors. The Old Hegelians believed that Prussian absolute monarchy, religion and society represented the triumphant achievement of the Idea in its dialectical progress. In contrast, the Young Hegelians, dangerously anti-religious, believed that intellectual development still had far to advance. This set the stage for a battle between the two schools, each side believing a victory heralded the progress of German society. Having observed the absurdity, poverty and degradation of much of German life, Marx identified himself initially with the Young Hegelians.

However, his sympathy for the Young Hegelians was extremely short-lived, largely through the influence of Feuerbach, who was a materialist. This does not mean that Feuerbach was crudely interested in his own welfare – in fact, his dissenting views cost him his academic career. He believed that far from human consciousness dominating life and existence, it was human needs that determined consciousness. In *The Essence of Christianity* Feuerbach mounted a simple but brilliant polemic against religion. Humans needed God because religion satisfied an emotional need. To satisfy this need, humans had projected their best qualities on to a God figure, worshipping what they had imaginatively created in thought to such an extent that God had assumed an independent existence in human consciousness. To regain their humanity, people need to replace the love of God with love for each other.

Marx was immediately struck by this insight. Initially he criticised Feuerbach for seeing people as individuals struggling to fulfil a given 'human nature', rather than as social beings. However, he soon moved beyond Feuerbach's materialism. He did this in two ways. First, he extended Feuerbach's materialist philosophy to all dominant ideas prevailing in society, beyond religion to ideology and people's conception of society as a whole. Second, he extended Feuerbach's ideas to history. Feuerbach's analysis had been entirely ahistorical and non-dialectical: humans satisfy an emotional need through religion, but the origins and nature of that need remain unexplained and unchanging, whether satisfied by God or otherwise. Marx sees the solution to this problem in material conditions. Human consciousness is crucial in Marx's thought, but it can only be understood in relation to historical, social and material circumstances. In this way, Marx establishes a close relationship between dialectics and history, which would become a cornerstone of his own method. Consciousness is primarily determined by material conditions, but these themselves evolve dialectically through human history.

This account reveals a common property in the thought of Hegel, his various disciples and critics, and of Marx – that things do not always immediately appear as they are. For Feuerbach, for example, God does not exist other than in the mind, but appears, or is taken, to exist as an independent being and so is able to satisfy a human need. Under capitalism, a free labour market conceals exploitation; the existence of political democracy suggests equality rather than the reality of political institutions that support the reproduction of privilege and power. This divorce between reality (content, or essence) and the way it appears (form) is a central aspect of Marx's dialectical thought. It forges the link between abstract concepts (such as class, value and exploitation) and their presence in everyday life (through wages, prices and profits).

The task that Marx sets himself, primarily for capitalism, is to trace the connection and the contradictions between the abstract

and the concrete. He recognises this as extremely demanding since, in his own words (in the 1872 Preface to the French Edition of *Capital*), '[t]here is no royal road to science'. The project involves adopting an appropriate method, a judicious starting point in choice of the abstract concepts (the starting point for the analysis), and a careful unfolding of the historical and logical content of each new concept in order to reveal the relationship between the way things are and the way they appear to be.

Significantly, as will be clear from Marx's discussion of commodity fetishism (in Chapter 2), appearances are not necessarily simply false or illusory as, for example, in religious beliefs in the existence of God. We cannot wish away wages, profits and prices even when we have recognised them to be the form in which capitalism organises exploitation, just as we cannot wish away the powers of the monarch or priest when we become a republican or atheist, respectively. For, in the case of wages, prices and profits, the appearances are part and parcel of reality itself, both representing and concealing more fundamental aspects of capitalism that an appropriate dialectics is designed to reveal. How is this complexity to be unravelled?

Marx's Method

In contrast with his extensive writings on political economy, history, anthropology, current affairs and much else, Marx never wrote a detailed essay on his own method. This is because his work is primarily a critique of capitalism and its apologists, in which methodology plays an essential but supporting role, and is invariably submerged within the argument itself. This suggests that Marx's method cannot be summarised into a set of universal rules: specific applications of his materialist dialectics must be developed in order to address each problem. The best-known example of the application of Marx's method is his critical examination of capitalism in *Capital*. In this work, Marx's

approach has five important broad features. These will be added to and refined, often implicitly, throughout the text below (as, indeed, they were in the corpus of Marx's own writings).

First, social phenomena and processes exist, and can be understood, only in their historical context. Trans-historical generalisations, supposedly valid everywhere and for all time, are normally either invalid, or vacuous, or both. Human societies are immensely flexible. They can be organised in profoundly different ways, and only detailed analysis can offer valid insights about their internal structure, workings, contradictions, changes and limits. In particular, Marx considers that societies are distinguished by the mode of *production* under which they are organised – feudalism as opposed to capitalism, for example – with varieties of forms of each mode emerging at different times and in different places.

Each mode of production is structured according to its class relations, for which there are appropriate categories of analysis. Just as a wage labourer is not a serf, much less a slave who happens to be paid a salary, a capitalist is not a feudal baron receiving profit in place of tribute. Societies are distinguished by the modes of production and the modalities of surplus extraction under which they are organised (rather than the structures of distribution), and the concepts used to understand them must be similarly specific.

Second, theory loses its validity if it is pushed beyond its historical and social limits. This is a consequence of the need for concepts to be drawn out from the societies they are designed to address. For example, Marx claims that in capitalism the workers are exploited because they produce more value than they appropriate through their wage (see Chapter 3); this gives rise to surplus value. This conclusion, like the corresponding notion of surplus value, is valid only for capitalist societies. It may shed some indirect light on exploitation in other societies, but the modes of exploitation and the roots of social and economic change in these societies must be sought afresh – analysis of capitalism, even if

correct, does not automatically provide the principles by which to understand non-capitalist societies.

Third, Marx's analysis is internally structured by the relationship between theory and history. In contrast with Hegelian idealism, Marx's method is not centred upon conceptual derivations. For him, purely conceptual reasoning is limited, because it is impossible to assess how and why the relations evolving in the analyst's head ought to correspond to those in the real world. More generally, idealism errs because it seeks to explain reality primarily through conceptual advance, even though reality exists historically and materially outside of the thinking head. Jokingly, Marx suggested that the Young Hegelians would be able to abolish the laws of gravity if they could just escape from believing in them! In contrast, Marx recognises that reality is shaped by social structures and tendencies and counter-tendencies (which can be derived dialectically, given the appropriate analytical setting), as well as by unpredictable contingencies (which are historically specific and cannot be so derived). The outcomes of the interactions of these tendencies can be explained as they unfold as well as retrospectively, but they cannot be determined in advance. Consequently, although materialist dialectics can help in understanding both the past and the present, the future is impossible to foretell (Marx's analysis of the law of the tendency of the rate of profit to fall (LTRPF), and its counter-tendencies, is a telling example of this approach; see Chapter 9). Marx's recognition that historical analysis belongs within the method of study (or that history and logic are inseparable) is not a concession to empiricism; it merely acknowledges that a shifting reality cannot be reduced to, let alone determined by, a system of concepts.

Fourth, materialist dialectics identifies the key concepts, structures, relationships and levels of analysis required for the explanation of the concrete, or more complex and specific outcomes. In *Capital*, Marx employs materialist dialectics to pinpoint the essential features of capitalism and their contra-

dictions, to explain the structure and dynamics of this mode of production, and to locate the potential sources of historical change; for example, through class struggle in particular and its representation through sometimes more broadly engaged economic, political and ideological conflicts. His study systematically brings out more complex and concrete concepts which are used to reconstruct the realities of capitalism in thought. Those concepts help to explain the historical development of capitalism and indicate its contradictions and vulnerabilities. In doing this, concepts at distinct levels of abstraction always coexist in Marx's analysis. Theoretical progress includes the introduction of new concepts, the refinement and reproduction of the existing concepts at greater levels of concreteness and complexity, and the introduction of historical evidence in order to provide a richer and more determinate account of reality.

Finally, Marx's method focuses upon historical change. In the *Communist Manifesto*, the Preface to the *Contribution to the Critique of Political Economy* and the introduction to the *Grundrisse*, Marx famously summarises his account of the relationship between structures of production, social (especially class) relations, and historical change. Marx's views have sometimes been interpreted mechanically, as if the supposedly unilinear development of technology unproblematically guides historical change – in which case social change is narrowly determined by the development of production. This interpretation of Marx is invalid. There are complex relationships between technology, society and history (and other factors), but in ways that are invariably influenced by the mode of social organisation and, specifically, by class relations and class struggles. For example, under capitalism technological development is primarily driven by the profit imperative across all commercial activity. Under feudalism, the production of luxury goods and (military) services and, to a certain extent, agricultural implements is paramount, which, in the comparative absence of the profit motive and given the relative inflexibility of the mode of

social organisation, limits the scope and pace of technical advance. In contrast, Marx argues that in socialist (communist) societies technological development would seek to eliminate repetitive, physically demanding, unsafe and unhealthy tasks, reduce overall labour time, satisfy basic needs and develop human potential (see Chapter 15).

Marx's Economics

In 1845–6, when he was writing *The German Ideology* with Engels and the *Theses on Feuerbach*, Marx had already begun to be influenced by the French socialists. Their ideas cannot be discussed here in detail. Suffice it to say that they were fostered by the radical heritage of the French Revolution and the failure of the emerging bourgeois society to realise the demands of '*liberté, égalité, fraternité*'. The French socialists were also deeply involved in class politics, and many believed in the necessity and possibility of revolutionary seizure of power by the workers.

Marx's synthesis between German philosophy and French socialism would have remained incomplete without his critique of British political economy, which he studied later, especially during his long exile in London from 1849 until his death in 1883. Given his conceptions of philosophy and history, explained above, it was natural for Marx to turn his attention to economics in order to understand contemporary capitalist society and identify its strengths and limitations, and its potential for transformation into communism. To do this he immersed himself in British political economy, in particular developing the labour theory of value from the writings of Adam Smith and, especially, David Ricardo. For Marx, it is insufficient to base the source of value on labour time of production, as Ricardo presumes. For Ricardo's view takes for granted the existence of exchange, prices and commodities. That commodities are more valuable because they embody more labour begs the question of why there are commodities at all, let alone

whether it is relevant to proceed as if, in general, commodities exchange in proportion to the labour time necessary for their production. This anticipates the next chapter, but it illustrates a key feature of Marx's method and a common criticism by Marx of other writers. Marx finds other economists not only wrong in content, but also inadequate in intent. What economists tend to assume as timeless features of humans and societies, Marx was determined to root out and understand in their historical context.

Marx does take for granted the need for society as a whole to work in order to produce and consume. However, the way in which production is organised and the output is distributed has to be revealed. Very briefly, Marx argues that when working (or not) – that is, producing the material conditions for their continuing reproduction – people enter into specific social relations with each other: as slaves or masters, serfs or lords, wage earners or capitalists, and so on. Patterns of life are determined by these social conditions of production and the places to be filled around them. These relations exist independently of individual choice, even though they have been established in the course of the historical development of society (for example, no one can 'choose' to occupy the social position of a slave-owner in today's capitalist societies, and even the 'choice' between being a capitalist or a wage worker is not freely available to everyone and certainly not on an equal basis).

In all but the simplest societies, the social relations of production specific to a particular mode of production (feudalism, capitalism, and so on) are best studied as class relations. These relations are the basis on which the society is constructed and reproduces itself over time. Just as freedom to own, buy and sell are key legal characteristics of capitalist society, so fealty and divine or tributary obligations are the legal foundations of feudalism. In addition, mutually supportive political, legal, intellectual and distributional forms are also established, and tend to blinker and discourage all but the most conventional views of society, whether by force of

habit, morality, education, law or otherwise. The serf feels bound by loyalty to master and king, often by way of the church, and any vacillation can be punished severely. The wage earner has both freedom and compulsion to sell labour power. There can be struggle for higher wages, but this does not question the wage system or the legal and institutional framework supporting it, ranging from collective bargaining to the social security and credit systems, and so on. In contrast, probing into the *nature* of capitalism is frowned upon by the authorities, the media, law and other dominant voices in society. Whereas individual dissent is often tolerated, large anti-capitalist organisations and mass movements are either repressed or pressured into conformity, with protest, for example, being channelled into systemically acceptable forms.

In this context, Marx castigates the classical political economists and the utilitarians for assuming that certain characteristics of human behaviour, such as self-interest or greed, are permanent features of 'human nature', when in reality they are characteristics, motivations or behaviours emerging in individuals through their living in particular societies. Such theorists also take for granted those features of capitalist society that Marx felt it necessary to explain: the monopoly of the means of production (raw materials, machinery, factory buildings, and so on) by a small minority, the wage employment of the majority, the distribution of the products by monetary exchange, and remuneration involving the economic categories of prices, profits, interest, rent, wages, fees and transfers.

Marx's value theory is a penetrating contribution to social science in that it concerns itself with the relations that people set between themselves, rather than the technical relationships between things or the art of economising. Marx is not interested in constructing a price theory, a set of disembodied 'efficiency criteria' valid everywhere and at all times, or a series of welfare propositions; he never intended to be an 'economist' or even a classical (British) political economist. Marx was a critical social scientist, whose work straddles, and rejects, the barriers separating

academic disciplines. The crucial questions for Marx concern the internal structure and sources of stability and crises in capitalism, and how the will to change the mode of production can develop into successful transformative (revolutionary) activity. These questions remain valid into the twenty-first century.

Issues and Further Reading

Several biographies of Karl Marx are available; see, for example, Mary Gabriel (2011), David McLellan (1974), Franz Mehring (2003), Francis Wheen (2000). Marx's intellectual trajectory is reviewed by Allen Oakley (1983, 1984, 1985) and Roman Rosdolsky (1977). The history of Marxian economics is comprehensively surveyed by Michael Howard and John King (1989, 1991); see also Ben Fine and Alfredo Saad-Filho (2012). The key concepts in the Marxian literature are authoritatively explained in Tom Bottomore (1991).

Though Marx rarely discusses his own method, there are significant exceptions in the introduction to Marx (1981a), the prefaces and postfaces to Marx (1976) and the preface to Marx (1987). Subsequent literature and controversy has more than made up for Marx's own apparent neglect. Almost every aspect of his method has been subject to close scrutiny and differing interpretations from supporters and critics alike. Our presentation here is embarrassingly simple and superficial in breadth and depth. It draws upon Ben Fine (1980, ch.1, 1982, ch.1) and Alfredo Saad-Filho (2002, ch.1), which should be consulted for a more comprehensive interpretation of Marx's method. Others have examined in considerable detail the role of class, modes of production, dialectics, history, the influence of other thinkers, and so on, in Marx's analysis. Chris Arthur has written extensively on Marx's method (for example, Arthur 2002); see also the essays in Andrew Brown, Steve Fleetwood and Michael Roberts (2002), Alex Callinicos (2014), Duncan Foley (1986, ch.1), Fred Moseley

(1993) and Roman Rosdolsky (1977, pt.1). Mechanistic interpretations of Marx, suggesting rigid causal determination between, for example, class relations and economic and other factors, are examined and criticised thoroughly by Ellen Meiksins Wood (1984, 1995), Michael Lebowitz (2009, pt.2) and Paul Blackledge (2006). The historical roots of Marxian political economy are reviewed by Dimitris Milonakis and Ben Fine (2009), with subsequent developments within mainstream economics examined in Ben Fine and Dimitris Milonakis (2009).