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Karl Marx's Theory of Capital

An Anarchist Critique of Marxism

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chological conviction, the moral certainty, to support, justify, and when necessary, carry out actions they would not otherwise consider. Only if one believes that Marxism represents the true theory of reality and the true path to the liberation of humanity-an end to centuries of oppression, poverty, disease and war-would one be willing to seize control of the state and to use the massive coercive power of that institution to carry out the violent social engineering that the socialist revolution, in its Marxist conception, requires.

Actually, it is probably more accurate to describe this as certainty struggling with doubt, a dialectic that the Danish philosopher Soren Kierkegaard labored so intently to describe. Surrounded by doubters, most Marxists remain well aware of the fact that Marxism may be wrong. But they continue to struggle to prove the truth of their convictions. This dynamic-that of someone trying to convince oneself of the truth of one's belief-is often at the root of religious or ideological zealotry and provides one of its driving forces.

It is this aspect of Marxism that explains (or helps explain) why apparently decent, humane people-people moved by the highest moral sentiments-have been capable of carrying out the most ruthless of measures, involving the killing, imprisonment and torture of tens of millions of people. By the same token, it helps explain the depth of the illusions so many people have had in the so-called *socialist societies*, despite overwhelming evidence of the true nature of these regimes. Seen this way, Marxism, and the theory of capital which is a crucial part of it, is ultimately an ethical or moral doctrine. In the name of the struggle for human liberation, it justifies an effort to remake society through the full force and violence of an omnipotent state.

Of course, Marxists have the right to think any way they want, even to be deluded. But when they use the power of a dictatorial state to try to impose their delusions on everybody else, the result is not, and never can be, human freedom.

provides a focus and structure to one's life. As a result of these and other factors, Marxism has had an extraordinarily powerful appeal to large numbers of people in the 150 years of its existence.

To these people, who in a sense want to be or are looking to be convinced, Marxism's claims to be scientific are taken as good coin. In particular, Marxism seems at least as scientific as the fields of economics, sociology and political science that are held up in academia as its superiors, and which are so obviously apologetic of capitalism. The sheer volume of Marx's research, the scope and ingenuity of his theory, and the fact that all of its facets seem so logically consistent, all contribute to the belief that Marxism is scientific. In other words, for such people, who are in fact looking for an all-encompassing doctrine, Marxism's appears to be scientific, or at least a reasonable first approximation of a science of society that is in process of development.

Yet, not only is Marxism a seductive doctrine, it is also addictive. Once one becomes committed to it, one's critical faculties become distorted. Marxists don't look at Marxism critically, to see what may be the matter with it, the way they analyze other theories. Rather, they spend considerable energy seeking to validate it, looking for confirmations of it. And they go to considerable lengths to overlook or explain away the numerous contradictions and questionable propositions with which Marxist theory abounds. (Is socialism inevitable or merely highly probable? Is consciousness a simple reflection of material reality or does it have its own autonomy? If socialism is inevitable, why bother to struggle for it? If Marxism is the true standpoint of the proletariat, why isn't the proletariat socialist? And why hasn't the international socialist revolution occurred already?) Once one has adopted it, Marxism is very difficult to give up and, like other types of addiction, usually entails an intense emotional and moral crisis to do so.

Probably most important for my argument here, Marxism has a profound impact on the moral sensibilities of Marxists. The belief that Marxism is The Truth gives many of not most Marxists the psy-

Contents

Part I	5
PERSONAL KNOWLEDGE OF MARXISM	7
A SUMMARY OF MY ARGUMENT	9
THE ROLE OF THE THEORY OF CAPITAL IN THE MARXIST WORLDVIEW	14
POLITICAL ECONOMY TO THE RESCUE	16
I. MARX'S METHOD	18
CIRCULAR REASONING	20
II. COMMODITIES, VALUE AND THE ROLE OF THE MARKET	25
THE INTERNAL CONTRADICTION OF THE COM- MODITY	29
THE PHENOMENOLOGY OF LABOR	30
PHILOSOPHY, NOT SCIENCE	32
III. SURPLUS VALUE	37
EXPLOITATION	37
THE PRODUCTION OF SURPLUS VALUE	39
MORALISM OR SCIENCE?	41
EXPLOITATION BY DEFINITION	43
EXPLOITATION: ONLY ECONOMIC?	44

POLITICAL/SOCIAL ORGANIZATIONAL EXPLOITA- TION	45
ECONOMICS AS FUNDAMENTAL	47
ECONOMICS: SCIENCE OF HUMAN BEHAVIOR?	55
THE RETURN OF CIRCULAR REASONING	57
THE ARROGANCE OF THEORY	59
THE THEORY OF CAPITAL: A MORAL DOCTRINE	61

THE THEORY OF CAPITAL: A MORAL DOCTRINE

Of course, if all these questions are not susceptible of proof, as I believe, then my argument is no more provable than Marx's. But beliefs often have practical consequences and can be judged accordingly. And the practical consequences of Marxism have been palpable.

Among other things, Marxism has exerted a powerful attraction on certain people, particularly but not exclusively intellectuals, who are deeply disturbed by the past and present brutality of human existence. For such individuals, Marxism is a highly seductive doctrine.

Not the least of Marxism's appeal is its vision of the future: a classless, stateless, totally democratic and just society that will be created by a global uprising of the downtrodden and oppressed. This vision goes back to the very sources of the Judeo-Christian tradition and is deeply rooted in the moral sentiments of Western civilization, which has achieved, for good or for bad, nearly total global hegemony.

Integrally connected to this, Marxism provides an affirmation of one's moral outrage at the injustices of contemporary society. To be told not only that such outrage is justified but that it has history on its side—that sooner or later history will bring about the destruction of evil and the triumph of the good and the just—is intensely moralizing.

Finally, for those Marxists who take its credo of the *unity of theory and practice* seriously and join Marxist organizations, Marxism

and quantum mechanics-will someday be shown to be incorrect or, at best, limited, approximately correct subsets of broader theories, much as Isaac Newton's laws of motion are now seen. To me, the cosmos is much too large and too complex to be fully graspable by our finite minds, looking out from our tiny corner of the universe. In other words, reality transcends all attempts to explain it theoretically; it is always more complicated-more gritty and unpredictable-than any theory, no matter how brilliant.

But some people are so impressed with the progress of our knowledge that they think that our theory, conceived as *scientific laws*, actually determines reality. In other words, that the true, underlying structure of reality consists of the *scientific laws* that we have discovered.

To a considerable degree, science itself suffers from this tendency (as the very term *scientific law* suggests). But it is saved from the worst implications of this fallacy by its demand that theories be continually tested against reality and by the fact that it doesn't claim to be a total, logically unified philosophic system. As a result, whatever the philosophical beliefs of particular scientists, science, in practice, accepts that theory is inherently limited-at best, an attempt to comprehend a reality that is more complex.

In contrast, Marxism is founded on this very illusion. Despite its claim to be materialist, it in fact contends that Marxist theory, the *laws of motion* Marx claimed to have discovered, is the underlying, true reality, and that external reality-the reality we perceive-is a reflection of, and is determined by, that theory. This is, as I've stressed, the standpoint of philosophical Idealism. (For an excellent discussion of this question as it pertains to both Marx and Hegel, see *Truth and Reality in Marx and Hegel: A Reassessment*, by Czeslaw Prokopczyk, University of Massachusetts Press, Amherst, 1980.)

Part I

Marxism claims to be the outlook (the true interests and the natural point of view) of the international working class, the laboring class created by capitalism that owns no property except its ability to work, its labor-power. By virtue of this, Marxism believes it is both the true, scientific theory of history and the program for the liberation of humanity. What Karl Marx and his co-thinker, Friedrich Engels, claimed to have done was to discover the underlying logic of history that would necessarily result in the establishment, through a working class revolution, of human freedom, embodied in the classless and stateless society they called communism.

Despite these claims, revolutions led by Marxists have not led to the creation of the communism that Marx and Engels envisioned, nor even to the dictatorship of the proletariat they predicted and advocated as the transition to socialism, which they called the first stage of communist society. Instead, such revolutions have resulted in totalitarian regimes in which bureaucratic elites have ruled over the working class and other social strata in the name of the workers. These systems I believe can best be described as state capitalism.

To be sure, the systems that emerged from Marxist revolutions were/are in many respects the antithesis of Marx and Engels' vision of communist society. But as I see it, these outcomes were not the result of mistakes by Marxists or of unexpected *objective conditions*, as Trotskyists and other Marxists critical of Communist societies contend. They flow from the underlying logic of Marxism itself. Thus, instead of being the perversion or negation of Marxism, these regimes represent its true meaning.

Marx's theory is an entirely correct description of human history up till now-how do we know that the logic that has determined history up to this point will continue to determine it in the future? Even more important, how do we know that this logic will lead to the creation of a form of society which has never been seen before, a society that, according to Marx himself, operates according to totally new rules, one that involves, for the first time in history, conscious control of our destinies?

Perhaps the creation of this new society involves not an extension of the internal logic of capitalism (and all forms of class society), but a revolutionary departure from, a radical break with, that logic? Although Marx describes the transition from capitalism to socialism as a *leap from the realm of necessity to the realm of freedom*, in his theory this leap occurs through the same logic that has determined human history up to the present.

This, by itself, is enough to explain the totalitarian outcomes of Marxist-led revolutions. People who believe that the ideal society will be created through the same (coercive) logic that has, according to their theory, determined history up to now, will, if they get the opportunity, create a society that is based on and embodies coercion.

THE ARROGANCE OF THEORY

Yet, behind this assumption lies another that is even more doubtful. This is Marx's belief that his theory, and scientific theories in general, are capable of fully explaining reality. In other words, Marx believed that our knowledge is actually or potentially absolutely true, in the sense of being an absolutely, or nearly absolutely, faithful reproduction of reality.

In contrast, I believe that our knowledge, particularly our knowledge of social life, is relative, at best an approximate conjecture about the true structure of reality. Even what are now considered to be the demonstrated verities of physics-the theories of relativity

that the internal logic of this model drives the system toward a condition that renders its overthrow virtually inevitable.

But Marx's conclusion is foreordained by his initial assumption and motivates his procedure at every stage of the argument. First, he assumes that material production is the basis of capitalist society and all previous social systems and determines their evolution. Flowing from this assumption, he chooses to investigate the economic dynamics of capitalism. And based once again on this assumption, he assumes that the dynamics that he discovers in the realm of capitalist production will not be offset by the non-economic factors he excluded from his analysis. At the end of this process, he comes to the (not very surprising) conclusion that these dynamics will lead to the overthrow of capitalism and the establishment of socialism.

Not surprisingly, this circular method is the same as that followed by Hegel in the presentations of his philosophy, particularly the *Phenomenology of Mind*. Hegel specifically refuses to state and demonstrate his assumptions and method at the beginning. Instead, he invites us to give up our preconceptions and enter into the spontaneous process of consciousness and see where it takes us. Of course, we wind up exactly where Hegel wants us to, because what Hegel calls the spontaneous process of consciousness is precisely Hegel's own method, which we have now unwittingly accepted. (See *The Phenomenology of Mind*, by G. W. F. Hegel, Harper and Row, New York, 1967, preface.)

In fact, in his book on Hegel, Martin Heidegger describes this circular method as an essential characteristic of philosophy as a whole. (See Martin Heidegger, *Hegel's Phenomenology of Spirit*, Indiana University Press, Bloomington, 1994, n. 30.)

Yet, Marx's reasoning is based on an additional assumption that is as questionable as his overall circular procedure. Even if economics (the development of the mode of production) has determined the entire evolution of human society, and even if capitalism does evolve precisely as Marx predicts—in other words, even if

PERSONAL KNOWLEDGE OF MARXISM

I did not always see the question this way. For many years, I was a committed Marxist, a firm believer in its validity and deeply steeped in its theoretical assumptions. In addition to confirming my moral outrage at the barbarity of contemporary society, Marxism's analysis of capitalism and its theory of history seemed to me to explain a great many things in a scientific way. They did so far better, in any case, than the alternative theories, which struck me as uninformative, blatantly apologetic of capitalism or just plain stupid.

For much of this period, I was involved with organizations, particularly the Revolutionary Socialist League, that claimed to defend the libertarian vision of Marx and Engels and to oppose Communist-ruled societies as perversions of that ideal. Yet, as a result of attempting to understand how such terrible social systems could have arisen from such a well-intentioned worldview, I came to the conclusion that Marxism itself was a major cause of the establishment of such totalitarian regimes.

I am therefore no longer a Marxist, although Marxism has had a major impact on my thinking, including, hopefully, my ability to analyze it. But unlike many other former Marxists, I have not embraced capitalism. I still consider modern industrial society, despite its economic, social and scientific achievements, to be a brutal social system that condemns millions of people to poverty, disease and premature death and a breeding ground of racism, sexism, ecological destruction, fascism and war. Consequently, I continue to

believe in the necessity of a radical social transformation to replace global capitalism with a democratic, egalitarian and cooperative society.

Yet, as a result of my reevaluation of Marxism, I have also come to the conclusion that a truly revolutionary anti-elitist program is only possible within the framework of anarchism, that is, a radical liberatory and egalitarian outlook that stresses decentralization, direct democracy and cooperation, and that explicitly rejects the use of the state as a vehicle to promote its goals.

Although it may seem that Marxism today is an insignificant social factor and likely to remain so, I believe this is temporary. Sooner or later, struggles against capitalism's injustices will intensify, and Marxism and Marxist organizations, or something very much like them, will be revived. For this reason, I think it is crucial that radicals who remain committed to libertarian and egalitarian ideals understand both the content of Marxism and its social significance.

In the following article and another which will appear in a later issue of this journal, I will attempt to lay out how I now understand Marxism, through an examination of the centerpiece of the Marxian world view, Marx's analysis of capitalism. I want to make it clear here that I do not claim to be proving my case. In my opinion, most of the questions involved cannot be proved or disproved (which is part of my argument against Marxism). What I am trying to do is put forward an interpretation of what Marxism is and why it has led to the results it has. If this analysis helps to explain Marxism and its historical outcomes, it will have served its purpose.

gence, one can develop a model and ultimately an entire theory of the capitalist economy, one that excludes non-economic phenomena, that demonstrates that the system develops in a discernible and predictable way.

The above considerations, I would argue, explain why Marx's concern to develop a scientific basis for socialism led him to develop the specific type of *materialist* conception of history and society that he did.

THE RETURN OF CIRCULAR REASONING

Unfortunately, this theory, along with his analysis of capitalism and his entire program, is based on the two propositions that social reality is determined and that material production is the determining factor, neither of which he proved. Instead, he assumed them and built the edifice of his worldview on these assumptions.

As a result, what passes for proof (and what is taken as proof by those seeking to be convinced) is the detailed elaboration of historical events and social structures (particularly capitalism) that are applications or exemplifications of his overall theory that take his unproven assumptions as their starting point. Thus, instead of proving his theory, Marx hopes that its overall plausibility and its ability to provide convincing explanations of social phenomena will suffice in lieu of actual proof.

We can now see, from a broader perspective than before, that Marx's entire procedure is based on the circular type of reasoning we first encountered when discussing his method. Seeking to prove that socialism will emerge more or less inevitably out of the internal dynamics of capitalism (and all previous history), Marx looked for, and believed he found, the specific realm of human activity that is both the foundation of all the others and the one that most lends itself to scientific treatment. Analyzing this sphere, Marx built a model of capitalism's economic processes and then tried to show

are products of the motion and organization of material entities. As a result, Marx and Engels assumed that a scientific theory of society had to be materialistic, and of all the social spheres, it seemed to them that the economic one was the most material. After all, economics deals with material objects: tools, machines, clothing, food, etc. In contrast, the political, cultural and ideological realms involve decidedly less material entities. Ergo, a materialist theory of society had to be based on economics.

In addition to being material, the economic realm seems most science-friendly in another respect. Science searches for constant relations and recurring patterns that can be discerned under a mass of apparently random changes. Through experiments, observation and other ways of collecting data, and with a healthy dose of intuition, scientists develop scientific hypotheses that are meant to explain the phenomena under investigation.

These hypotheses are then checked through their ability to explain and, where possible, to predict events. Confirmed by their success at such explanation and prediction, the hypotheses become theories and ultimately what we call *scientific laws*. If a given set of phenomena cannot be reduced to some kind of abstraction, that is, if one can't discern some general and repeatable relations, patterns and dynamics among them, they do not become the material of science.

Now, of all the realms of society, the one that appears most amenable to scientific treatment is the economic. In the world of economics, in other words, one can most readily discern from among the chaotic, *gritty* events of social life the relations, patterns and dynamics that can be built into a scientific theory.

Here, for example, one can conceive of and analyze the nature of commodities and the overall dynamics of the market. One can describe an abstract capitalist: someone whose existence has been reduced to the desire to make money. One can also define a worker simply as someone who must sell his/her labor-power to survive. With these definitions as a starting point and with enough dili-

A SUMMARY OF MY ARGUMENT

I will present my overall argument first.

1. Marxism is a philosophical worldview, a speculative interpretation of the world. By this I mean that it embodies a set of beliefs about such *deep* questions as the nature of the universe and human beings' place in it, the meaning and goal of history, the origin of human consciousness and the accuracy of our knowledge, the definition of freedom and how it can be achieved. These issues have been discussed and debated by philosophers and others for thousands of years, but neither by Marx's time nor by ours have these issues been settled-proved or disproved-by science (or anything else). Nor, in my view, can they ever be resolved. They are ultimately matters of judgment and choice for every human being.

2. Despite the fact that his theory is philosophical in the sense described, Marx presents it as scientific, as if it has been verified in the same way that the accepted theories of physics, biology and other realms of scientific inquiry have been. Although it has its own philosophical presuppositions, science is an open process: it is a cooperative endeavor, occurring over time and space, that involves many individuals from different nations and cultures who hold a variety of religious and philosophical beliefs. (This cooperation is one of the reasons it is successful.) It also entails accepted rules of procedure and the continual testing of its data, methods, hypotheses and theories. These serve to create, at any given time, a broad level of acceptance of its dominant theories and to provide

the means by which new theories may challenge and possibly replace the old.

In contrast, Marxism is a closed system whose practitioners share the same philosophical credo. It has no standardized rules of procedure, and despite its assertion that it is the *unity of theory and practice*, never allows itself to be tested. (Whatever the historical results of Marxism, those Marxists who remain committed to it exonerate it. Those who judge it a failure cease being Marxists.) Moreover, its discussions usually resemble theological debates which, where Marxists have had the means to do so, have often been decided in blood. Stripped of its pretenses, Marxism's claim to be scientific is little more than an attempt to give it an aura of authority that it would not otherwise possess.

3. Although Marxism is not scientific, it makes a convincing case that it is, at least to enough people over the years to have made it a historically significant force. In addition to presenting a plausible theory of history, its elaborate critique of capitalism and its call to overthrow it make Marxism particularly attractive to middle class intellectuals and others of intellectual bent who are already disturbed about the injustices of contemporary society.

4. The claim that Marxism is scientific rests to a considerable degree on Marx's analysis of capitalism, particularly as elaborated in his magnum opus, *Capital*. In addition to presenting an analysis of the dynamics of the capitalist economic system, Marx's work is meant to demonstrate what Marxists call the *materialist basis* for socialism. Specifically, it is intended to show that capitalism contains tendencies that will create the social conditions that will render the socialist revolution, as Marx describes it, inevitable.

(Despite Marx and Engels' frequent use of such terms as *inevitable* and *necessary*, Marxists have continually discussed whether socialism/communism is inevitable and whether Marx and Engels thought it was. To avoid futile debates on this issue, let me say here that I believe my analysis of Marxism applies both to

ECONOMICS: SCIENCE OF HUMAN BEHAVIOR?

Aside from the purely philosophical issues, the main reason to make the claim that one area of social life (the development of the mode of production), determines the nature and evolution of society as a whole is to be able to predict the future development of society. For if all of society ultimately rests on and is determined by the development of one particular social sphere, all one would need to do to predict future social conditions is to discern the underlying logic of that realm and to project that development into the future. How that sphere, or social *factor*, develops would then dictate how society as a whole will evolve. In other words, if one facet of society were the determining factor in social development and if one could discover the logic or *laws of motion* of the evolution of that sphere, one could predict the evolution of society, in the same way that physicists can predict the future state of the universe.

Not only does this explain why Marx advocated his version of what we might call monocausal social determinism, it also helps to explain (in addition to the overall plausibility of his position) why he singled out material production as the determining factor. Of all the forms of human relations, it is the economic one that most readily lends itself, or appears to lend itself, to scientific treatment.

At the time Marx and Engels were developing their world view, the philosophical standpoint that appeared to be the basis of scientific theories was materialism, the belief that the fundamental reality of the universe is matter and that consciousness and ideas

politically decentralized society known as feudalism. And this in turn made possible the irruption of (bourgeois) freedom into, and its eventual conquest over, class-divided, state-dominated societies, including, of course, our own.

the belief that socialism is inevitable as well as to the view that it is highly probable.)

5. Despite the prodigious labor involved in its production, despite the fact that it contains reasonable explanations of a great many aspects of capitalism and despite its vast scholarly apparatus, Marx's analysis of capital, like the rest of his theory, is a philosophical construct, not a scientific theory. Rather than being an objective confirmation of his broader worldview, it is infused throughout with the philosophic assumptions and precepts of that outlook.

6. Despite making many assumptions and employing procedures that further his conclusions, Marx does not prove his case. What he does do, in a manner of speaking, is to find what he's looking for. Steeped in the Idealist philosophy of G. W. F. Hegel, Marx searched for, and thought he found, human freedom as an immanent principle embedded in the nature of humanity and in the structure of human history and society.

7. In addition to representing a body of theory, Marxism insists that it is a guide to revolutionary action. Beyond the general demand that Marxists organize the workers to overthrow capitalism, it mandates that specific measures be taken by revolutionaries should they be in a position to do so. These include the establishment of a dictatorial state, the nationalization of all property in its hands and the repression of all those who resist. When carried out, such measures lead to the establishment of a totalitarian society.

8. Rather than representing the outlook of the proletariat and the path to freedom, Marxism can best be understood as an ideology that expresses the aspirations of certain socially-concerned intellectuals and others to reorganize and rule society according to their values. Rightly offended by the inequities of global capitalism, such people are attracted to a worldview that promises to replace it with what they see as a rational, just and truly democratic industrial system, one in which private property and social classes have been eliminated, and economic production and distribution

are carried out according to a conscious, scientific plan rather than by means of the market.

9. Like all programs advocating an ideal society, Marxism contains an elitist potential. Believing itself to be the truth, it posits its vision as the only truly rational society and its strategy as the only way to achieve it. It simultaneously assumes that the purported agents of the socialist revolution, the working class, will automatically come to agree with it. It thus defines away the possibility of a conflict between the Marxist program and the desires and interests of those it claims to represent.

10. The elitist potential of Marxism becomes actual when, after a successful revolution or some other event that enables them to assume power, Marxist revolutionaries, pursuing the strategy prescribed by their theory, set up a centralized state they call and believe to be the dictatorship of the proletariat. They then have both the opportunity and the power to impose their vision on the rest of society, including the workers. When the workers (or anyone else) resist, they are defined as suffering from *false consciousness* (or just plain *counterrevolutionary*), and repressed.

11. Generally speaking, Marxists do not recognize the elitism entailed in their worldview. Trapped in the presuppositions of Marxism, they honestly believe that the revolution they seek to lead will eventually result in a stateless and classless society-the true liberation of humanity-or at least in a society far more efficient, just and democratic than capitalism. It is precisely this delusion that gives them the moral fervor and self-discipline to carry out the Marxist program and the repressive measures it mandates.

12. Therefore, although Marx claimed that his worldview would liberate humanity, the logic of his program is to recreate and reinforce the relations of domination and oppression he claimed to have transcended.

The seeds of the historical results of Marxism can be seen in Marxist theory if one looks beneath the surface. This includes Marx's theory of capital, which, surprisingly, has often been held

ble. Thus, according to the Marxist argument, it was the change in the nature of material production that brought about or caused the changes in the social sphere.

But what this argument fails to address is how this process-the development and eventual social domination of commodity production-began. Commodity production existed for thousands of years prior to the period when it began to undermine feudalism and lay the basis for capitalism. Yet it always remained subordinated to the dominant economic, social and political forms in which it existed. It did not, in other words, lead to the destruction of the societies in which it found itself and to the creation of capitalism. What was it, then, about feudal society that enabled this latter, world transforming process to occur?

A Marxist would look for the answer in the realm of material production, but to me the answer lies not in the economic nature of feudalism, but in feudalism's political structure. Specifically, it lies in the fact that feudalism was decentralized-political power was fragmented-so that neither the state, nor the Catholic Church, nor any other institution was powerful enough to impose its sway throughout the entire realm in which feudal, or feudal-type, societies predominated. It was this fact-the decentralized and limited nature of political authority-that enabled tiny burghs or towns to emerge outside, as it were, the social and legal bonds of these societies. And these burghs were the seedbeds of both the expansion of commodity production and the development of the specific type of social relation, the so-called *free labor contract*, that makes capitalist production possible.

In other words, while it may be true that it was developments in the economic realm which, once launched, caused the destruction of feudalism and the development of capitalism and its specific contractual form of hierarchical relations, these economic developments were in fact caused by prior conditions of a non-economic nature. These included the geography, climate and prior history of northern Europe, all of which combined to give birth to the

ories. At best, only tiny facets of social life are predictable. Thus, it may be that social reality is strictly determined. But if the complexity of social life and the resultant limitations of our knowledge prevent us from being able to understand precisely why a given historical event occurred or to be able to predict future social developments, this amounts to the same thing, practically speaking, as saying that social life is not strictly determined. In other words, when it comes to social life, we cannot, with the present state of our knowledge, predict the future.

But this is precisely what Marx claimed to be able to do. Reflecting the conceptions of his era, he insisted: (1) that social reality is determined in the same sense as the macro world of physics; (2) that he had in fact discovered the laws of social development; and (3) that based on these laws he had accurately predicted the future of human society, specifically, the collapse of capitalism and the establishment of socialism. But in light of what we now know, we can see that Marx's contention, both his broader claim and his specific assertion that the development of the mode of production determines the evolution of society as a whole, is nothing more than an extravagant assumption.

Even on a less philosophical level, we can see that Marx's insistence on the determining character of material production is questionable.

In reply to our discussion of the non-economic relations that characterize capitalism, a Marxist would argue that these relations are themselves based upon economic exploitation. The proof of this is that they were brought about by developments in the economic sphere, specifically, the expansion of commodity production to the point where it dominates economic and social life. Before this, social relations were constrained within direct, explicitly defined and customarily sanctioned relations of domination and subordination, such as those that characterized slave or feudal societies. It was only with the development of commodity production and capitalism that other, freer, types of hierarchical relations became possi-

up by anarchists and other anti-Marxist radicals as a convincing critique of capitalism, somehow independent of the authoritarian content of the rest of the Marxian worldview. It will be the purpose of this article and its companion to demonstrate the erroneousness of this view.

THE ROLE OF THE THEORY OF CAPITAL IN THE MARXIST WORLDVIEW

Marx and Engels called their brand of socialism *scientific*, in contrast to those of the other advocates of socialism, whom they dubbed utopians. In Marx and Engels' view, the utopian socialists elaborated their vision of the ideal society independently of an analysis of the internal dynamics of capitalism. Moreover, when they tried to set up such societies, they did so as small colonies outside, insofar as this was possible, the social mainstream. In this sense, these reformers, among them Robert Owen, Henri Saint-Simon and Louis Fourier, represented the tradition of Thomas More. More's book *Utopia*, written in 1516, describes an ideal society that had been established on an island in the middle of the ocean. Thus the term *utopian socialists*. (*Utopia*, incidentally, means *nowhere* in Greek.)

Insofar as the utopians had a strategy to reform society, this consisted of either (1) convincing the ruling classes to implement the utopian models, giving up their power and social position in the process, or (2) setting up such societies in places at least somewhat removed from traditional social structures and then hoping that the majority of the world's people would eventually follow these examples.

Marx and Engels felt that such plans were doomed to fail. Instead, they sought to ground their conceptions, both of what socialism would look like and of how it would be established, on the

Scientists and philosophers of science don't quite know what to make of all this and the debate continues to rage. At least two questions are involved; moreover, they appear to be inextricably linked. One is what really exists, that is, whether events are in fact determined, in the sense that they are uniquely ordained by prior events. The other is the power of our knowledge: whether we can precisely know what this reality is and, as a result, be able to predict future events. Thus, it may be that reality is determined, but that the limitations of our current theories or our inability to precisely perceive the phenomena in question prevent us from being able to make precise predictions of future developments. (This was, in essence, the position Albert Einstein took in relation to the philosophical problems presented by quantum mechanics.) It is also possible that reality is not fully determined, and that the limitations on our ability to predict reflect the *de facto* indeterminism of reality; some facets of reality only appear to be predictable. Or, perhaps some aspects of reality (the macro world of physics) are determined while others (the realm of subatomic particles) are not. (This, more or less, is the interpretation accepted by most scientists today.)

The problems concerning the question of determinism in these spheres become even greater in the realm of social life, the fields studied by history, economics, sociology, political science, psychology, cultural studies, etc. And because social life is so complex, the problem of distinguishing between what is and what we can know seems virtually insurmountable.

Take any given social or historical event. There are so many factors involved, so many individuals with their own ideas, tastes, emotions, their own backgrounds, so many external circumstances-geography, climate, economic conditions, political developments, social customs, national traditions, etc.-that it is impossible even to identify them all, let alone come up with an explanation that explains precisely why this event and not some other occurred when, where and how it did. As a result, the social sciences have made very little (if any) progress in developing deterministic-type the-

way. In this conception, what most people call chance merely reflects our ignorance of the true causes of any given event.

The question of determinism is integrally connected to that of prediction: the deterministic nature of a scientific law is reflected and revealed in its ability to enable one to predict the future state of a given system or structure. Thus, in the deterministic view, if one (a so-called omniscient observer) knew the present positions of all the particles in the universe, one could, by extrapolating the laws of physics, predict the precise state of the universe at some future time. (This was the example used by the great French astronomer, Laplace.) In Marx's day, most scientists believed that all aspects of nature were capable of being explained by theories that have this predictive quality, and so it was thought that all natural reality is determined in this sense.

Marx's conception of science is thoroughly embedded in this outlook. He thought social reality was determined in the same way as the physical world and saw himself as developing a comparable science of society and a scientific form of socialism. In other words, he tried to extend science, as understood in his day, to the world of social phenomena. (He wasn't the only one. Before him, the socialist Henri Saint-Simon had sought to carry through the same project, while Saint-Simon's disciple, Auguste Comte, is considered the founder of modern sociology.)

Since that time, we've come to realize that while some scientific theories, such as the theory of relativity, are deterministic, others, such as those that pertain to the realm of subatomic particles (quantum mechanics), are not. In the latter world, one cannot even determine the precise current state (specifically, the exact position and momentum) of any given subatomic particle or set of particles, let alone a future one; all one can get is a range of probabilities for both. Other realms of physics, such as thermodynamics (heat), the flows of fluids and other phenomena (which reveal a property known as chaos), and much of biology are also probabilistic.

internal dynamics of capitalism. For them, socialism could only be created if it emerged as the outcome of social development rather than as something artificially conceived and implemented outside of the historic process.

In addition to a scientific theory of history, this concern to ground socialism on the internal workings of capitalism required, as a specific part of that theory, an analysis of capitalist society, which Marx and Engels saw as the latest stage of historical development. *The Communist Manifesto*, the most famous programmatic statement of Marxism, published in 1848, was an early expression of this attempt to demonstrate that socialism is the necessary outcome of the internal logic of capitalism and, in fact, all of history.

In 1852, Marx described his overall position in a letter to one of his followers:

"And now as to myself, no credit is due to me for discovering the existence of classes in modern society or the struggle between them. Long before me bourgeois historians had described the historical development of this class struggle and bourgeois economists the economic anatomy of the classes. What I did that was new was to prove: 1) that the existence of classes is only bound up with particular historical phases in the development of production, 2) that the class struggle necessarily leads to the dictatorship of the proletariat, 3) that this dictatorship itself only constitutes the transition to the abolition of all classes and to a classless society." (Marx to J. Weydemeyer, March 5, 1852, in Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, International Publishers, New York, 1963, p. 139. Emphasis in original.)

POLITICAL ECONOMY TO THE RESCUE

At about this time, Marx decided to substantiate this contention through a detailed study of economics, then called *political economy*, and the presentation of its results. (Although he had studied political economy previously, it thereafter became the major focus of his intellectual endeavors, entailing many hours of research in the British Museum.) The result was what he labeled a *critique of political economy*, which is simultaneously a criticism of the theories of pro-capitalist (*bourgeois*) economic theorists and a detailed analysis of capitalism.

What is crucial to understand is that Marx's theory of capitalism is not simply an analysis of the capitalist economic system. It is also and primarily an attempt to prove points 2 and 3 above: that the internal dynamics of capitalism necessarily-logically and inevitably-lead to the dictatorship of the proletariat, which will result in the establishment of a classless and stateless communist society.

In other words, the theory of capital is a crucial component of the Marxist system, not merely an independent adjunct which can be accepted or rejected according to one's taste. As a result, a consistent anti-authoritarian critique of Marxism must address it.

This will not be easy. For one thing, the theory is vast in scope, very complex and difficult to summarize. For another, Marx did not complete it. Though he published several pamphlets and a book presenting parts of his analysis, only one volume of his most in-depth presentation, *Das Kapital/Capital*, was published during his lifetime, in 1867. The other two were edited and published by En-

developments led, or seemed to have led, to revolutions in 1830 and 1848. Before that, the same processes, at an earlier stage of development, appeared to have brought about the French Revolution, the most powerful social upheaval of the era. In short, at the time Marx and Engels were elaborating their ideas, it certainly seemed as if the development of capitalist industry, and economic activity in general, were shaping the evolution of the whole of society.

Marx's view of the determining role of economic activity also seems plausible in light of the fact that if one looks back at history from the vantage point of today, one pattern that seems to emerge most strikingly from the apparently chaotic events, tendencies and countertendencies, is the growth of humanity's technical apparatus and economic power. Whatever else has happened throughout our history, our technical prowess and economic power have certainly increased, and all the other realms of society have been modified accordingly.

Yet, it is one thing to recognize that the development of material production is a powerful, even a preponderant, factor in social life and has therefore played a major role in shaping our history. It is another thing to contend that it is the determining factor, the one that is ultimately responsible for the character and evolution of all the other spheres of society and society as a whole.

This question of determinism-whether a given phenomenon or event can be said to be determined, strictly and narrowly caused, by another phenomenon or event-is a complicated one with a long history of controversy behind it. It is one of those issues which has not been resolved and, in my opinion, never will be. Although there isn't space here for a lengthy discussion of the issue, I can't resist discussing it a bit.

In Marx's day, scientific laws were presumed to be deterministic: all phenomena were believed to be directly and uniquely determined by prior phenomena, with no room for chance. In other words, things happen the way they do and can only happen this

of Marx's entire worldview, is precisely what needs to be proved if Marx's analysis of capitalism is to have any scientific validity. But it never is. It's not even demonstrated or really even argued for. It is simply assumed. And once it is, Marx's *proof* that socialism is inevitable is already half made.

One of the reasons why Marx can get away with this type of argument is that his position that economics is the determining factor in the development of society is, at first sight, rather plausible. After all, people must eat, be clothed and have shelter if they are to survive and do anything else, such as have children, establish a state, produce art and science, participate in religious activities, etc. And since economic activity appears so fundamental in this sense, it seems reasonable to believe that material production is the foundation upon which all the other facets of society arise and develop. This conclusion seems particularly true of capitalist society, in which the narrowly economic aspect of society—industry, commerce, the development of technology—has acquired an especially dynamic character, certainly in comparison to earlier societies. (Indeed, in precapitalist societies, one can hardly discern a distinct economic realm at all.)

This latter consideration was probably crucial in the development of Marx and Engels' outlook. At the time they were developing their theory, European society was undergoing a vast upheaval. Capitalist industry was growing rapidly, particularly in England but in other countries as well, and as it did so, it had a profound influence on society as a whole.

The growth of industry increased the size of the working class and condemned the workers to live in filthy, disease-ridden slums. It caused periodic economic crises, which shut down significant sectors of the economy for months, if not years, and threw millions of people out of work. In response, the workers launched strikes and organized mass movements for social improvements and political rights. Some workers, along with concerned intellectuals, developed socialist, anarchist and other radical ideas. Not least, these

gels after Marx's death. Added material, *Theories of Surplus Value*, often referred to as Volume 4 of *Capital*, was published by Karl Kautsky in 1905-10, and reissued in a new arrangement and translation by the Institute of Marxism-Leninism in Moscow in the 1960's. An additional work known as the *Grundrisse*, a kind of outline of the overall plan of *Capital*, was only published in 1939 and translated into English in 1973. As a result, any critique of the theory, and certainly one that appears in articles in a journal, has to be both limited and at least somewhat conjectural.

Given this, what I propose to do below and in the following article is to outline some of the key facets of Marx's analysis and show that, rather than constituting a scientific confirmation of the Marxist program, it is infused throughout with the unproven presuppositions of the Marxian worldview.

Although I have tried to outline Marx's theory as briefly and as clearly as I could, I recognize that it is both obscure and dry. Those not willing to struggle their way through these sections are invited to skim them. Hopefully, my argument will still be discernible.

I. MARX'S METHOD

To analyze capitalist society, Marx employs a method of abstraction. Since it is not easy to investigate social dynamics in a laboratory, Marx isolates the phenomena he wants to analyze through a mental process. Specifically, he temporarily eliminates from consideration what he deems inessential at any given level of analysis in order to focus on what he sees as the fundamental dynamics that are at work. After he investigates these processes, he successfully introduces into his analysis the phenomena he previously excluded. He also explicitly chooses to analyze British capitalism, on the grounds that when he wrote, the system was most developed there and that Britain merely showed every other society its future.

In reference to this choice and as a statement of his overall method, Marx writes: "In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both." (*Capital*, Vol. 1, International Publishers, New York, 1967, p. 8.)

The result of Marx's approach is a series of models representing the internal structure and dynamics of various facets of capitalist society, from the more fundamental to the less. When taken together, these models are meant to explain the workings of capitalism as a whole. Actually, it is more accurate to say that Marx devises a model of capitalist society that evolves from the simple to the increasingly complex. Moreover, this evolution corresponds to the historical development of capitalism.

To be specific, Marx begins his analysis by investigating the nature of commodities. To do so, he describes and analyzes a society

mobilizes the energy and other resources of those beneath them in the social hierarchy to serve their own interests.

In fact, any human relation in which one person or set of people, by dint of political power, legal status, wealth or merely by force of personality, has another individual or individuals pursue his/their (the former's) interest, has this exploitive character.

What is common to all the relations we have described is: (1) one person or group has authority, or power, over another or others; (2) this power is utilized to promote the interests of those who have it, which reinforces their power; and (3) the oppressive nature of these relations is obscured by the fact that they are entered into, or seem to be entered into, voluntarily. Through these relations, people at the top of the hierarchy are able to direct the activities of those below them and to utilize them for their own ends. In the same sense that Marx describes the relation between capitalist and worker, the people at the bottom are exploited.

Seen this way, what Marx calls exploitation is merely the specifically economic variant or manifestation of a more general type of social relation that characterizes capitalist society and on which it can be said to be based. Theoretically, then, someone trying to analyze the nature of capitalism as a social system might have focused on any of the oppressive relations that characterize the system. Or, even better, he/she might have tried to discern the characteristic common to all these relations, that is, to discover the nature of the more general social relation of which economic exploitation is a variant. Instead, Marx chose to focus on the economic realm and arbitrarily reserved the term exploitation to it.

ECONOMICS AS FUNDAMENTAL

This decision flows from and reflects Marx's contention that it is the events that occur in the economic realm that determine what happens in the rest of society. But this position, which is the basis

a kind of lever, through mobilizing the resources of the rank and file.

In what fundamental way does the relationship just described differ from that described in Marx's analysis of capitalist exploitation? The leaders utilize the members' energy, thoughts and resources to increase their own power. And, like the capitalists, they do so through a free exchange. The members are not cheated. They join voluntarily and get something out of their participation (otherwise they wouldn't join or continue to be members). Yet, through this relationship it is the leaders' interests that are served. This, in my view, is a form of exploitation.

Even a *good* traditional (patriarchal) marriage-in which the husband is not physically or mentally abusive and even when the wife works and shares some of the decision-making-reveals the same dynamic. To the degree that the husband dominates the relationship and makes the basic decisions, the chief advantages of the arrangement go to him. He directs his spouse's efforts towards what are his goals, however much she shares them. The wife gets something out of the relationship, and her participation, at least legally and formally, is voluntary. But her efforts largely serve to achieve her husband's purposes. Here too, it seems to me, we have exploitation.

Not least, the relation between the state and ordinary citizens in so-called democratic societies has the same basic character. In theory, such citizens are free: we have civil liberties, we can form political parties and other institutions to fight for our rights and interests, we even vote (at least some of us do) to determine who constitutes the government. And, as we were told during the Cold War, we can leave the country if we don't like it here.

Despite this freedom, we are oppressed and, I would argue, exploited. Rather than being our instrument, the state constitutes a powerful apparatus whose function is to maintain the existing social system under which the majority of people serve the needs of a tiny ruling class. Moreover, it takes our money and, at times, our labor to serve its purposes. It, too, is a lever through which an elite

whose members are all small independent producers of commodities, such as crafts-persons and small farmers, who employ no laborers. This society is known in Marxist literature as *simple commodity production*. Such a society has never existed as a discrete entity in the real world. At best, it existed in truncated forms within or on the edges of other societies, such as feudalism. Marx uses this model to explain the nature of commodities and what he calls the *laws of motion* of their production and exchange. (See *Capital*, Vol. 3, as above, pp. 177-178.)

With this as a foundation, Marx then discusses a society in which there are only industrial capitalists and workers. In other words, he wants to analyze capitalism, which is a particular type of commodity-producing society, reduced to its bare bones; without a state, commercial and financial capitalists, a professional middle class, small business-people or peasants; and with circulation (the buying and selling among capitalists) and international trade playing no part. This is necessary to isolate the defining features and discern the central dynamic of capitalist manufacture or production, which, to Marx, is the core of the system.

This second model derives from the first. More precisely, the first evolves into the second, in theory and historically, through the development of its internal dynamics. Specifically, as commodity production expands and develops, one group of producers under simple commodity production comes to be the owners of the means of production (tools, machines, etc.), that is, capitalists, while others are stripped of their tools, etc., and become proletarians, whose only commodity is their labor-power.

Once described, this second model is used to investigate the nature of capitalist production. Over time, the same method is utilized to analyze and factor in other, less fundamental aspects of capitalist society, resulting in additional models of increasing complexity. When taken together, these partial models are supposed to yield an analysis/model detailed enough to be able to predict the future evolution of capitalist society as a whole.

CIRCULAR REASONING

At first glance, Marx's approach seems to be a reasonable way to proceed. It also appears to be an exemplification of the method used by two of the founders of political economy, Adam Smith and David Ricardo, and still employed in the social sciences. As long as it is utilized to explain a relatively narrow and carefully defined range of phenomena in isolation from other facets of society, it is legitimate.

But when looked at more carefully, particularly when his analysis of capital is viewed in the context of his broader theory, Marx's approach can be seen to be an abuse of this method.

Even limited to economic phenomena, Marx's procedure is questionable. Whenever he reintroduces into his analysis factors he previously excluded (for the sake of simplification), he always assumes, but never demonstrates, that these additional factors do not vitiate the dynamics he has discerned through the use of this prior exclusion. In other words, he always assumes that his partial models are totally consistent with each other. (This is in fact the basis of the most famous critique of *Capital*, Eugen von Böhm-Bawerk's *Karl Marx and the Close of His System*.)

But however questionable Marx's approach is when applied to the strictly economic aspects of capitalism, it becomes highly suspect indeed when he uses it to incorporate non-economic phenomena, particularly the state, into his analysis. In this case, it represents an example of circular reasoning: it assumes at the beginning of the argument what one is trying to prove by that very argument. This is because of the role the analysis of capital plays in Marx and Engels' overall worldview.

A key tenet of the Marxist theory of history is that the foundation of human society and the determining factor in history is economic, or to put it Marxistically, material production. Specifically, for Marxism any given society consists of two basic parts: (1) the *mode of production*, the combination of the forces of pro-

chauvinism/sexism, political domination, and the authoritarian intellectual/psychological relations apparent in religious beliefs and political ideologies. In my view, these oppressive relations are essential characteristics of the system and not mere reflections or derivations of the supposedly more fundamental relation of economic exploitation, as Marxists argue.

Intriguingly, the forms these non-economic relations take under capitalism are effectively described by Marx's analysis of capitalist exploitation.

POLITICAL/SOCIAL ORGANIZATIONAL EXPLOITATION

Take, for example, the relation between leaders and ordinary members of any hierarchical organization, such as a trade union, a church or a political party. For their part, the rank-and-file members voluntarily join and participate in the activities of the organization because they agree with its program, goals and methods. To varying degrees, they give their time, energy, thought and money to the organization, and insofar as it achieves its goals, the members get the satisfaction of seeing their own aims promoted. In other words, the members voluntarily participate in the organization and get something out of it, something they believe to be at least roughly equivalent to the energy and other resources they devote to it.

Yet, the real advantage of this arrangement goes to the leaders of the organization. To the degree that the organization is hierarchical, it serves to augment the power of those at the top of the hierarchy. Because the leaders ultimately make the decisions about the activities and direction of the organization (which they do even in relatively democratic groups), it is primarily their power, influence and status in society that are increased. The organization serves as a vehicle to carry out their aims, magnifying their own efforts, as

to those who work, the workers., And the possibly productive contribution of capital, the state, or any other social factor, is never addressed; it is simply defined away.

Despite the fact that his entire demonstration of the exploitive nature of capitalism rests on a definition, Marx never explicitly argues for this definition (that labor is the source of all value). It is merely stated and taken to be obvious. As he explicitly admits, his conception of value, along with much else in his analysis, was originally developed by Smith and Ricardo. Marx took it over, modified it somewhat and then used it for his own purposes, among them to demonstrate that capitalism is exploitive and to show how this exploitation occurs. Ironically, then, Marx relies on the authority of bourgeois economics (when, in his opinion, it was still scientific) to establish his point. Look, he says in effect, the capitalists' own science demonstrates that capitalism is exploitive.

But if Marx's definition is wrong, if labor is not the sole source of value and capital cannot simply be described as accumulated labor, then Marx's argument doesn't hold, at least not without being significantly modified. In short, while it may seem as if Marx has demonstrated the exploitive nature of capitalism, he really hasn't. He's just defined it that way.

EXPLOITATION: ONLY ECONOMIC?

In addition to merely defining capitalism as exploitive, Marx uses the term exploitation in a very selective and self-serving manner, so that it furthers his argument without appearing to do so.

In Marxist theory, exploitation only occurs in the realm of material production: this is the only area in which the term is ever used and, Marxists insist, the only sphere in which it properly applies. Yet, hierarchical societies entail various types of oppressive relations in addition to the one that Marx calls exploitation. Under capitalism, for example, there are white supremacy/racism, male

duction (tools, machines, etc.) and the relations of production (the relations between social classes) that constitutes the material *base* of that society; and (2) the *superstructure*, which includes the state and political relations in general, social customs, religion, philosophy, science and art.

While Marx conceded that the superstructure has its own internal dynamics and a degree of independence vis-a-vis the base, he insisted that, *in the final analysis*, the development of the base determines the development of the superstructure and therefore of society as a whole. In everyday language, the development of a society's economic system determines the evolution of the entire society.

Now, as I mentioned above, what Marx was trying to demonstrate through his analysis of capital is that the working out of the economic dynamics of capitalism will lead to capitalism's overthrow and replacement by socialism/communism. To do this, he develops a model that represents an abstract, simplified version of the capitalist economy and that excludes from consideration what he deems inessential, including the role of the state and other non-economic factors. He then uses this model to analyze the fundamental dynamics of the system and show how it develops.

But to actually prove Marx's main point (that the development of capitalism will ultimately bring about the socialist revolution), it is not enough to construct an economic model and show how it evolves. One must also demonstrate that the model describes the development of the entire society. In other words, one must show that the dynamics analyzed through the model determine the evolution of the factors that Marx originally excluded from consideration and therefore the evolution of society as a whole.

But Marx never does this. He never proves that the economic dynamics determine the overall development of capitalist society. He always assumes or asserts it. In other words, Marx assumes throughout his work, including the analysis of capital, that the economic dynamics of capitalism determine capitalist society's over-

all evolution, which is, I contend, what he is really trying prove through this analysis.

This can perhaps be seen most clearly in Marx and Engels' discussion of the role of the state as capitalism matures. They contended that as capitalism develops, capital is concentrated into ever larger blocks and centralized in ever fewer hands. Eventually, they predicted, the state will be forced to take over ever greater portions of capitalist industry and own an ever larger proportion of the total social capital.

The result would be a highly monopolized and statified form of capitalism, in which the state owns and runs most of the economy, the vast majority of citizens are workers, and virtually the entire (tiny) capitalist class has been turned into economically inactive collectors of dividends. From this condition, we are assured, the need to overthrow the system and replace it with socialism will be obvious to all, particularly the now-massive proletariat. (For a discussion of this, see Friedrich Engels, "Socialism: Utopian and Scientific", in *Marx and Engels: Basic Writings on Politics and Philosophy*, edited by Lewis S. Feuer, Anchor Books, Doubleday and Company, Inc., Garden City, New York, 1959, pp. 101-104.)

There are two crucial but unstated assumptions here. One, which will be discussed in the next article, is that the tendencies toward the concentration and centralization of capital will be carried out to their logical conclusions. While such tendencies certainly exist, they have not been carried out anywhere nearly to the extent Marx and Engels predicted.

The other is that the state acts in a manner totally consistent with the economic model, in other words, that the actions of the state are determined by the economic dynamics Marx discerns: as capital gets concentrated and centralized, the state will take it over. While the state has taken over sections of capitalist industry and has increased its intervention throughout the economy and society as whole, this process, too, has by no means reached the point that Marx and Engels predicted and probably never will. It seems not to

But merely saying this does not do away with Marx's moral argument for socialism. In fact, for Marx the scientific and the moral arguments mesh. This is because he assumes, as did Hegel, that history and morality ultimately coincide, in other words, that what he deems morally desirable (socialism) will actually come to pass. As a result, Marx's moral argument and his supposedly scientific one are combined, each one fueling the other. Yet, Marx hides his moral argument behind the scientific one. (This combination of moral and scientific arguments, along with the claim that the argument is not moralistic at all, is one of the things that gives Marxism such a powerful appeal. There is something deeply gratifying to be told that what one yearns for—a truly just society—is both affirmed and predicted by science.)

Of course, it is one thing to assume that socialism is inevitable (or highly likely) and another thing to prove it. And if it can't be proved, then Marx's case for the scientific nature of his brand of socialism collapses.

But Marx doesn't prove that socialism is inevitable; he only seems to prove it. And he does so via the method we've seen at work before: by assuming it from the beginning. This method—basing one's argument on assumptions that imply one's conclusions—is apparent in Marx's discussion of capitalist exploitation.

EXPLOITATION BY DEFINITION

First, rather than proving that capitalism is exploitive, Marx's demonstration is in fact tautological: it follows from his definition. Since labor is the source of all value and capital, as I'll discuss in the next article, is merely accumulated labor that the capitalists have expropriated from the workers, which is how Marx defines them, then the fact that the capitalists wind up with anything is, by definition, exploitive. In other words, since, according to Marx's definition, all value is traceable to labor, the entire product belongs

equally. In effect, Marx denounces capitalism for defining equality abstractly and narrowly, and demands that it be extended from the political and juridical spheres, which is where the French Revolution left it, to the economic and social realm. In other words, he insists that equality be made substantial, not merely formal.

This demand to extend and redefine equality leads to Marx's adherence to the second standard in relation to which he judges capitalism. This is socialism, under which there will be no appropriation of the economic surplus by a ruling class. Thus, Marx's moral argument against capitalism is twofold: 1) the system is unjust; 2) things don't have to be this way; there's another way to run society that is not based on exploitation and all that that entails.

Despite this, Marx downplays and in a sense denies this moral argument. His advocacy of socialism, he contends, is not moralistic but scientific. He explicitly rejects—he even makes fun of—moral arguments. Such arguments, so we're told, are characteristic of *petty bourgeois* critics of capitalism, not Marxists.

In a preface to *The Poverty of Philosophy*, one of Marx's works polemicizing against such a critic, Proudhon, Engels put it this way:

“According to the laws of bourgeois economics, the greatest part of the product does not belong to the workers who have produced it. If we now say: that is unjust, that ought not to be so, then that has nothing immediately to do with economics. We are merely saying that this economic fact is in contradiction to our sense of morality. Marx, therefore, never based his communist demands upon this, but upon the inevitable collapse of the capitalist mode of production which is daily taking place before our eyes to an ever greater degree.” (Friedrich Engels, Preface to the First German Edition of Karl Marx's *The Poverty of Philosophy*, 1884, p. 11, emphasis in original.)

In other words, as Marx sees it, his argument for socialism is not based on a moral argument but upon a (presumed) fact: that capitalism will inevitably collapse and (we can complete the thought) be replaced by a socialist society.

have occurred to them that the capitalist state might resist taking over industry, might divest itself of industry it previously took over and might even break up specific industries, all in the interests of maintaining the viability of the system as a whole. As we know, the state has done this in the past and will probably do so in the future.

It is certainly acceptable to construct a model based on a few factors and from which others have been excluded. But when one does so, one needs to be explicit about what one is doing and to avoid making claims for the model that are beyond what it can demonstrate. In the case before us, it is legitimate to develop a model of capitalism's economic dynamics and claim that this is how the system works, as long as one adds, *all other things being equal*, that is, as long as we explicitly exclude the influence of other factors, such as the state, and do not try to sneak them in afterward without accounting for their impact. This is Smith and Ricardo's approach and it flowed from and was consistent with what they were trying to demonstrate.

Smith and Ricardo were ardent supporters of capitalist manufacture and trade and sought to liberate them from the control of the state and the entanglements of feudal relations. Among other things, they wanted to demonstrate: (1) why capitalist manufacture is so productive; (2) how the dynamics of the market enabled the system to regulate itself without conscious direction; and (3) that the system would grow fastest and function most effectively if the state did not interfere. They never contended that capitalism would function as their models demonstrated if the state did intervene. And they did not use these limited models to predict the long-term evolution of the entirety of capitalist society, let alone the future of humanity.

Marx sought to base his own theory on Smith and Ricardo's work. But rather than justifying capitalism, as they did, he wanted to show that the dynamics they analyzed entailed internal contradictions that would eventually lead to capitalism's overthrow and

replacement by socialism. However, in his attempt to do so he made illegitimate use of their method. Where they used their models to show how the system functions when the state does not intervene, Marx used his to try to confirm his broader contention that economic dynamics determine the function of the state and the evolution of society as a whole. But, as we have seen, he can only do this by assuming it from the beginning.

Thus, while it may appear that Marx's critique of capital has demonstrated that the laws of capitalist production determine the evolution of capitalist society and make socialism inevitable (or highly likely), this is not so. As a result, even if Marx's analysis of the economic dynamics of capitalism is entirely correct, this does not mean that capitalist society as a whole will evolve as he said it would or that this will bring about socialism.

other commodity, realises its exchange-value, and parts with its use-value." (*Capital*, Vol. 1, as above, p. 193, emphasis in original.)

MORALISM OR SCIENCE?

For Marxists, the theory of surplus value is one of the most convincing aspects of his analysis of capitalism. Among other things, it seems to prove that capitalism is an exploitive system. But like the world view of which it is a part, it is a philosophical argument parading as scientific.

This is suggested by Marx's terminology: his very use of the word *exploitation*. In its normal usage, *exploitation* has a moral connotation. It implies that people are being treated in an unfair, unjust manner. To say that workers are being exploited usually means that they are being forced to work harder, and/or are being paid less, than they should be, according to some standard of fairness. To be against exploitation and to wish to end it, in this standard usage, is a moral or ethical stance, which is usually accompanied by a feeling, such as concern, pity or indignation.

Now, not only does Marx use the term exploitation, he employs it with its moral connotations very much intact. Marx's writings are infused with moral feelings-disapproval, disgust, bitterness, outrage. And Marx himself was clearly motivated by these emotions: why else would he have spent most of his life investigating, exposing and trying to overthrow what he obviously considered an inhumane, rotten system?

In fact, Marx does make a moral case against capitalism. He judges and denounces it on the basis of two interrelated standards. One, powerfully raised during the French Revolution and going back at least to early Christianity, if not to ancient Judaism, is the belief in human equality. (This is a moral equality, since human beings are not otherwise equally endowed.) Since human beings are morally equal, this judgment goes, they should be treated

hours. During this time, the worker produces commodities that are worth eight hours of labor. But, as we've seen, the worker is only paid the equivalent of five hours of labor. The difference-what the workers produce in three hours, which Marx calls *surplus labor-time*-belongs to the capitalist. This is *surplus value*. It is embodied in the commodities the worker produces and is *realized*, that is, turned into money, when the capitalist sells the commodities.

In other words, in the course of a day's work, each worker produces, in value terms, not only enough to maintain him/herself and his/her children during this time, but an additional amount of value, a surplus value, which is appropriated by the capitalist even though the capitalist did not participate in the productive labor needed to produce it. In Marx's analysis, this is the uniquely capitalist form of exploitation: the production and appropriation of surplus value.

This process is made possible by the interaction, or contradiction, between the use-value and the exchange-value of labor-power. When the capitalists hire workers for wages, they pay them the exchange-value of their labor-power, how much it costs to produce it. But in the process, the capitalists get the right to use the use-value of this labor-power. This is the concrete labor of the worker, which includes his/her ability to create surplus value. Superficially, because the capitalists pay the workers wages based on how many hours they've worked or how much they've produced, it looks as if the capitalists purchase the workers' actual labor. In fact, they buy the workers' labor-power, which is worth less, in value terms, than the value they produce.

Marx puts this as follows: "What really influenced him [the capitalist-RT] was the specific use-value which this commodity [labour-power-RT] possesses of being *a source not only of value, but of more value than it has itself*. This is the special service that the capitalist expects from labour-power, and in this transaction he acts in accordance with the 'eternal laws' of the exchange of commodities. The seller of labour-power, like the seller of any

II. COMMODITIES, VALUE AND THE ROLE OF THE MARKET

As I noted above, Marx begins his analysis of capitalism with a discussion of simple commodity production and the nature of commodities. This is because in Marx's view capitalism is a system of commodity production, in other words, a system in which goods are produced for exchange (through the medium of money), and in which the regulation of the economy is carried out spontaneously, through the operation of the market.

According to Marx's definition, a commodity is something that is produced in order to be exchanged. If one makes something for one's personal use, the object is not a commodity. It is only when one makes something with the intention of exchanging it for another product or selling it for money that that object becomes a commodity.

For Marx, each commodity has two kinds of value, one describing it qualitatively, the other quantitatively. The first is *use-value*, which is the particular use or utility of the commodity, defined by its specific characteristics. For example, the commodity in question may be a loaf of bread made of a particular type of flour and of a certain size and weight.

The other type of value is *exchange-value*, which, after further analysis, Marx shows to be the apparent or external form of what he calls simply *value*. This type of value is purely quantitative. In Marx's conception, the value of a specific commodity reflects the

amount of *socially necessary labor time* that is needed to make that commodity or, to continue our example, how long, on average, it takes to make that particular kind of bread at a given stage of economic development. In other words, a commodity's value is determined by the amount of average labor (the labor of an average worker, working with average intensity under average conditions), measured in time, that it takes to produce the commodity.

"We see then," writes Marx, "that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labor-time socially necessary for its production." (*Capital*, Vol. 1, as above, p. 39.)

Marx often describes the value of a commodity as the amount of socially necessary labor that is *embodied* in the commodity. In contrast to use-value, which is qualitative, value is a quantitative measure by means of which different commodities can be related and compared and which serves as the underlying basis of the prices commodities are sold for on the market. In the Marxian analysis, labor is the source of all value, because, economically speaking, a commodity is a *congelation* of labor, a specific amount of average labor embodied in a material object.

This conclusion flows from Marx's assumption that all labor under simple commodity production and the majority of the labor under capitalism is this average (what he calls simple and abstract) labor, that is, unskilled. This is because, in Marx's estimation, the same economic processes that lead to the generalization of commodity production also lead to the reduction of most labor to this level. Specifically, commodity production, over time, destroyed the social bonds of feudalism. In so doing, it turned the serfs, once bound to the land, and the artisans, once enmeshed in the restrictions of the craft guilds, into propertyless proletarians whose labor is unskilled, or pure, abstract labor. What skilled labor remains under capitalism can be seen and analyzed as a compound of unskilled labor. Thus, for Marx, under simple commodity production and capitalism, commodities are not only products of simple, ab-

THE PRODUCTION OF SURPLUS VALUE

For Marx, the key to unlocking this secret lies in understanding the unique nature of the commodity the workers sell to the capitalists, their labor-power.

Labor-power is qualitatively different from the other commodities utilized in the capitalist production process. When these other commodities—raw materials, tools and machinery—are used in production, the value embodied in them is passed on, at once or over time (as they are used up), to the commodities that are produced. As this occurs, value is neither created nor destroyed but remains constant, which is why Marx called these elements of production *constant capital*. In contrast to all other commodities, labor-power creates value (since, for Marx, labor is the source of all value). As a result, it is the only commodity which, when consumed in production, is capable of creating more value than it is worth. For this reason, Marx called it *variable capital*.

Since the value of a given commodity is equal to the amount of average labor necessary to produce it, the value of labor-power, for a given period, is equal to the amount of labor needed to produce that labor-power. In other words, the value of labor-power is equal to the amount of labor needed to maintain the worker and his/her family (so that the worker's children will replace him/her when he/she can no longer work), during this time. Because the productivity of labor under capitalism is such that it can produce an economic surplus, the worker and his/her children can be maintained for one day by an amount of value that is less than the equivalent of a full day's labor: let's say the worker and his family can be maintained for one day by the value equivalent of five hours of labor. This is what the capitalist pays the worker. The amount of time the worker spends producing the value of her/his labor-power Marx calls *necessary labor-time*.

But when the capitalist hires the worker for a day, he/she gets to use the worker's labor-power for the full workday, say, eight

This distinguishes them from non-class societies, including primitive communism and the socialism/communism that will follow the overthrow of capitalism, which are said to be non-exploitive.

In addition, in Marx's analysis class societies are distinguished by the way exploitation is carried out. In pre-capitalist class societies, exploitation was explicit and direct. Under slavery-based modes of production, for example, the entire product of the slaves' labor, including the surplus, was directly appropriated by the slave owners, who then gave some of it back to the slaves in the form of food and clothes. In feudal societies, serfs were obligated to work a certain number of days per week on land devoted to the lords' upkeep, or to give a certain portion of what they grew or a certain amount of money to the lords. Here, the serfs explicitly produced the surplus for the lords.

In contrast to such arrangements, exploitation under capitalism is hidden and indirect. The producing class, the working class or proletariat, is not owned by, socially bound to or legally subordinate to the capitalist class. Legally, the workers are free. Workers and capitalists all participate in the market as owners/sellers of commodities. The workers sell their commodity, their labor-power, to the capitalists and receive in payment wages which they use to buy food and clothes, etc., from other commodity producers. Yet, through this formally and legally equal relationship, which does not on the surface appear to be exploitive, the workers are exploited by the capitalists. Capitalism is the only class society based on this indirect type of exploitation, and to show how this occurs is one of the chief purposes of Marx's analysis of capital. He calls it the *secret of capitalist production*.

abstract labor. They are congelations or embodiments of this labor, and the amount of this abstract labor embodied in a commodity determines its value.

"As values, all commodities are only definite masses of congealed labour-time." (*Capital*, Vol. I, as above, p. 40.)

The twofold nature of value in commodity-producing systems reflects the fact that labor here takes two forms or, to put in another way, can be conceived of and analyzed in two ways. One form is concrete labor, the specific labor of specific individuals working under specific conditions. This concrete labor corresponds to commodities' use values. The other is abstract labor. This is the labor of the workers conceived as a mass of average social labor, labor carried out by average workers working under average conditions. This average social labor corresponds to commodities' exchange value or value, and, as we've seen, it is the amount of such average social labor that it takes to produce a given commodity that constitutes its value.

After analyzing the nature of commodities and the two types of value, Marx, following the general approach of Smith and Ricardo, shows how a system of simple commodity production (and by extension, all commodity-producing systems), distributes the labor of its economically active members among the various branches of production without conscious direction. This occurs through the market, specifically, through the deviation of market prices from the values of commodities caused by the effects of supply and demand.

For example, if at any given time too many of one type of commodity have been produced, some of the commodities will fail to find buyers and, as a result of the interaction between supply and demand, the price of this commodity will fall below its value. Consequently, some of the producers of these commodities, no longer able to sell them or no longer able to sell them at a profit, will shift their operations to produce other commodities or will go out of business. Eventually, fewer of the original commodity will be pro-

duced and, again as a result of supply and demand, its price will rise, back toward or even above its value.

If, on the contrary, too few of a given commodity have been produced, the price of this commodity will rise above its value. Spurred by the chance to make above-average profits, those producers already manufacturing this commodity will step up their production, other producers will shift their resources to begin producing it, and perhaps new producers will enter the field. Eventually, the increase in supply will lower the price of the commodity back toward or even below its value. In this way, in a herky-jerky fashion, the market establishes an equilibrium around which prices fluctuate. At this equilibrium, under simple commodity production, commodities exchange at their values. And it is through the continual establishment, disruption and reestablishment of this equilibrium that the resources, particularly the labor, of society are distributed among the different sectors of production.

In Marx's words: "The law of the value of commodities ultimately determines how much of its disposable working-time society can expend on each particular class of commodities. But this constant tendency to equilibrium, of the various spheres of production, is exercised, only in the shape of a reaction against the constant upsetting of this equilibrium." (*Capital*, Vol. 1, as above, p. 356.)

This analysis of the market and its role in the capitalist economy was a central focus of Adam Smith's book, *The Wealth of Nations* (1776). In it, Smith wrote that it was as if an *invisible hand* directed the flow of economic resources to the various branches of production. Smith's metaphor is another way of saying that the spontaneous, unconscious workings of the market effect a distribution of the economic resources of society that is rational and efficient.

But whereas Smith's terminology remains metaphorical (he doesn't contend that there truly is an underlying rational principle or force that governs the system), Marx takes Smith's metaphor and turns it into an actually existing economic *law* that directly determines the functioning and overall evolution of capitalism.

III. SURPLUS VALUE

After his discussion of commodities and value, Marx turns to the analysis of exploitation under capitalism, the production of surplus value. For Marx, this is the heart of the capitalist mode of production. To understand how surplus value is produced and to grasp the role this plays in Marx's analysis, one must first understand what Marx means by the term *exploitation*.

EXPLOITATION

For Marx, all class societies have as their *material basis* the fact that, at a certain stage of social development, the productivity of labor reaches a point where it can produce an economic surplus. This means that a given group of people can produce, in any given time, an economic product that is more than enough to enable them to survive and maintain their families during that period.

This surplus creates the basis for a ruling class to arise, a tiny elite that performs no productive labor but appropriates the surplus produced by the laboring class or classes. Beyond enabling the ruling class to live in luxury, the surplus is utilized to maintain that class's dominant position and the economic relations this entails, particularly by means of the state. The production of an economic surplus and its appropriation by a ruling class constitute what Marx and Engels call *exploitation*.

In the Marxist system, the concept of exploitation plays a crucial and defining role. For one thing, all class societies are characterized by the fact that they are based on and made possible by exploitation.

of his career trying to locate the precise line of demarcation between the *immature*, philosophical Marx and the *mature*, scientific one. Through a series of books and other writings, he periodically moved the date further back in Marx's life. Apparently, he kept finding philosophical content in what he previously thought was scientific.

He should have saved himself the trouble. The reality is that all of Marxism, not just the *early Marx*, is philosophical. Marxism is philosophy, not science.

This can be seen if we look at the broad structure of Marx's analysis of capitalism.

THE INTERNAL CONTRADICTION OF THE COMMODITY

In the Marxist view the workings of the market can be explained by the interplay, or what Marxists call the contradiction, between the two kinds of value, use-value and (exchange) value. In other words, it occurs through the interaction between the concrete qualities of a particular commodity, which affect the demand and therefore the price of that commodity at any given time, and the average cost of production of that type of commodity, which determines the equilibrium around which this price fluctuates. Use-value and (exchange) value, in turn, represent two aspects, the qualitative and the quantitative, of each commodity. (Any given commodity is simultaneously a specific item with discrete qualities and an embodiment of a certain quantity of abstract social labor).

In Marx's analysis, the historical development of capitalism reflects the working out of the interplay between these two aspects of the commodity, or, to use Marxist jargon, the development of the commodity's internal contradiction. (This development through internal contradictions is what Marxists call *dialectical*.)

In these terms, capitalism's overall evolution can be described as follows. The internal contradiction of the commodity leads to the generalization of commodity production. (In more conventional language, the dynamics of the market, with its tendency to develop the social division of labor, and through this, to develop new products and to lower the prices of existing products, results in the expansion of the market economy and the dissolution of the bonds of feudalism.) Among other things, this leads to the creation of the commodity labor-power, the working class. In turn, the internal contradiction of labor-power (as I'll discuss below), makes possible

the exploitation of the workers and the production of surplus value, which, when reinvested, becomes capital. Finally, the internal contradiction of capital (to be discussed in the next article) leads to a revolution. This revolution will ultimately do away with capital, labor-power, commodity production and capitalism, and will bring to an end the entire epoch of contradiction-ridden modes of production.

Posed more abstractly, this evolution of the internal contradiction of the commodity represents the logical development of the concept of value. Value evolves through its internal contradiction to become surplus value/capital, which evolves through its internal contradiction into a totally new concept that is no longer value at all.

THE PHENOMENOLOGY OF LABOR

But if we recall that the two forms of value are expressions of the two forms of labor, we will realize that the dialectical development of value really represents the logical development of human labor under capitalism. Under this system—where the direct producers, the workers, are separated from the means of production—labor itself, as labor-power, has become a commodity, and the entire system appears to be driven by the dynamics of commodity production and exchange, a phenomenon Marx calls the *fetishism of commodities*. (See *Capital*, Vol. 1, as above, p. 71.)

In other words, since the commodity is an embodiment or *congelation* of human labor, whose abstract expression is value, the evolution of commodity production is in fact the external manifestation of the dialectical development of labor, through the contradiction between concrete and abstract labor, under capitalism. In short, in the Marxist view, the history of capitalism, from its origins to its termination in the socialist revolution, reflects and is determined by the logical development of human labor.

“The mystifying side of Hegelian dialectic I criticised nearly thirty years ago, at a time when it was still the fashion. But just as I was working at the first volume of *Das Kapital*, it was the good pleasure of the peevish, arrogant, mediocre [Epigones] who now talk large in cultured Germany, to treat Hegel in [the] same way as the brave Moses Mendelssohn in Lessing's time treated Spinoza, i.e., as a dead dog. I therefore openly avowed myself the pupil of that mighty thinker, and even here and there, in the chapter on the theory of value, coquetted with the modes of expression peculiar to him. The mystification which dialectic suffers in Hegel's hands, by no means prevents him from being the first to present its general form of working in a comprehensive and conscious manner. With him it is standing on its head. It must be turned right side up again, if you would discover the rational kernel within the mystical shell.” (*Capital*, Vol. 1, as above, pp. 19-20.)

But whereas Marx insists that he took Hegel's dialectic and placed it *right side up*, that is, established it on a materialist basis, Marx's theory remains as Idealist as his mentor's: underneath the succession of the materialist economic forms (the modes of production) in Marx's schema, what is really occurring is the evolution of labor, conceived as an essence or substance. For all of his claims to be a materialist, Marx has merely replaced Hegel's mind or spirit with another philosophical substance, human labor: Hegel's phenomenology of mind has become Marx's phenomenology of labor. Seen this way, Marx's theory is pure philosophy and Idealist philosophy at that.

However, in *Capital* and the other *mature* works, the explicitly philosophical/Hegelian language that is so apparent in Marx's so-called *early* writings has been reduced. As a result, the *mature* works and the Marxist system as a whole have been taken and defended by Marxists as scientific.

At times this defense has approached the ludicrous. For example, the French Communist philosopher, Louis Althusser, spent much

the emergence of human freedom, defined by Marx as classless, stateless communism. In other words, freedom is contained, as a potentiality, within human nature, and history represents the logical and inevitable working out of this immanent quality.

If one looks at Marx's conception in comparison to the philosophical system of the German Idealist, G. W. F. Hegel, one can see that Marx's theory is largely a restatement of Hegel's philosophy of history.

In Hegel's view, history represents the succession of outer forms, the phenomenology, of the journey of the human spirit or mind towards the understanding of its true nature. For Hegel, human consciousness develops through a series of contradictions. Each mode of consciousness entails contradictory ideas that lead consciousness to its next stage. This development of consciousness, particularly in the realm of philosophy, represents the journey of the human mind or spirit toward the recognition that it is part of, and a manifestation of, the mind or spirit of God. This recognition constitutes, for Hegel, human freedom.

Marx and Engels explicitly cite Hegelian philosophy as one of the three sources of their worldview, along with French socialism and British political economy. Yet, as I see it, Hegelianism is not merely one of the sources of Marxism; Marxism is best understood as a variant of the Hegelian system.

In the Afterword to the Second German Edition of *Capital*, written in 1873, Marx described his relation to Hegel in the following way (forgive the long quotation):

“My dialectic method is not only different from the Hegelian, but is its direct opposite. To Hegel, the life-process of the human brain, *i.e.*, the process of thinking, which under the name of the Idea, he even transforms into an independent subject, is the demiurgos of the real world, and the real world is only the external, phenomenal form of the Idea. With me, on the contrary, the ideal is nothing else than the material world reflected by the human mind, and translated into forms of thought.

For Marx, this represents only one phase in the historical evolution of labor. But it is the stage in which labor has been freed from social and customary constraints (such as the bonds of slavery and serfdom) and can develop freely.

In the Marxist view, labor under all forms of society has both a concrete character and an abstract character. Any act of labor is simultaneously the concrete labor expended to make a specific product and a certain portion of the total labor a given society has at its disposal at a given time. But as long as economic exchange is poorly developed and as long as the laborers are slaves or serfs, the abstract character of labor is not apparent, the distinction between concrete and abstract labor remains hidden and the contradiction between the two cannot express itself. The laborers are defined by the specific work they do and whom they do it for (whom they are owned by or bound to), and the fact that they are also expending a certain portion of society's total general labor is not readily apparent and has little social impact.

But under capitalism, for the first time in history the abstract, social character of labor becomes explicit. Here the workers are separated from the means of production, tools, machines, etc., and exist as a vast body of potential labor. Moreover, the process that has separated them from the means of production has also made the vast majority of them unskilled. As such, they are largely interchangeable within the production process. In this way, not only has the abstract, general character of labor become clear analytically, human labor under capitalism has, in fact, become overwhelmingly abstract, general labor.

It is because of this that capitalism is the only economic system that allows the contradiction within human labor—which, prior to capitalism, was entrapped in a web of non-economic relations—to become explicit, to unleash the tremendous power that previously lay hidden, and to evolve to its logical conclusion. And it is because of this that, in Marx's view, it is only capitalism that makes human liberation, through the socialist revolution, possible.

In Marx's theory, then, it is the contradiction within human labor and labor's dialectical development that defines and drives the capitalist system. This contradiction lies behind all of what Marxists call the *contradictions* of capitalism. Eventually, according to the theory, these contradictions will bring about the socialist revolution.

PHILOSOPHY, NOT SCIENCE

Viewing Marx's theory of capital in this way puts it (and Marxism as a whole) in a different light than it is usually presented. In the first place, it is not a scientific theory. Scientific hypotheses and theories must be able to be verified, that is, subjected to testing procedures that enable them to demonstrate their ability to explain and/or predict natural or social phenomena. (Technically, they must have, to use the term utilized in a recent article in *Scientific American*, *testable consequences* which enable them to be disproved if they are false. See "Mapping the Universe", by Stephen D. Landy, *Scientific American*, June 1999.)

But how can Marx's theory be tested? By his own admission, the values of commodities cannot be directly ascertained, let alone measured. And as far as the predictive ability of Marx's theory is concerned, no broadly agreed-upon conclusions are possible. The theory predicts the overthrow of capitalism and the establishment of socialism/communism. But this prediction is so ensnared in problems of definition that few people will ever agree on what the outcomes of Marxist-led revolutions really were/are. Was the Soviet Union the dictatorship of the proletariat? Was socialism ever established there? What about Eastern Europe, China, Cuba, Vietnam, Nicaragua, Ethiopia? Even Marxists don't agree on a common characterization of Communist societies. In contrast to scientific theories, the Marxist theory of capital, like his world

view as a whole, cannot be proved or disproved. It is, as I've said, a philosophical construct.

Secondly, Marx's analysis of capital is not materialist. Marx presents his analysis of capital (and his worldview as a whole) as a form of materialism-the belief that the ultimate reality of all things is matter, that is, atoms and other material particles. But what he is really presenting is the history of human labor as a concept or idea. To use philosophical language, Marx is describing the phenomenology of labor, the succession of forms that labor takes as it undergoes its logical and historical development.

This is a form of philosophical Idealism, the belief that ideas or concepts are the ultimate reality, not materialism. Where Adam Smith used the term *invisible hand* as a metaphor to help describe what he saw as the underlying rationality of the market, Marx turned the metaphor into an actually existing rational principle-a kind of unseen force-that drives and governs the development of capitalism.

Marx's very terminology reveals the Idealist character of his theory. As I've described, Marx defines the value of a commodity as the amount of socially-necessary labor embodied in the commodity, while commodities are said to be *congelations* of labor. In normal language, commodities are products of labor; once expended, the labor no longer exists. In contrast, what does it mean to say, as Marx does, that labor is embodied in a commodity except that it is a kind of ethereal, non-material substance that reposes there? While the word *labor* and the fact that Marx is analyzing the production and distribution of material goods gives the appearance that his theory is a materialist one, it is in fact a form of Idealism.

Thus, despite Marx's claim to be a materialist, in his theory human labor is a non-material substance underlying and determining the evolution of capitalism and history as a whole. In fact, for Marx, labor is the essence of the human species and history is the external reflection of the logical (dialectical) development of this essence. Moreover, this development will result, logically and inevitably, in