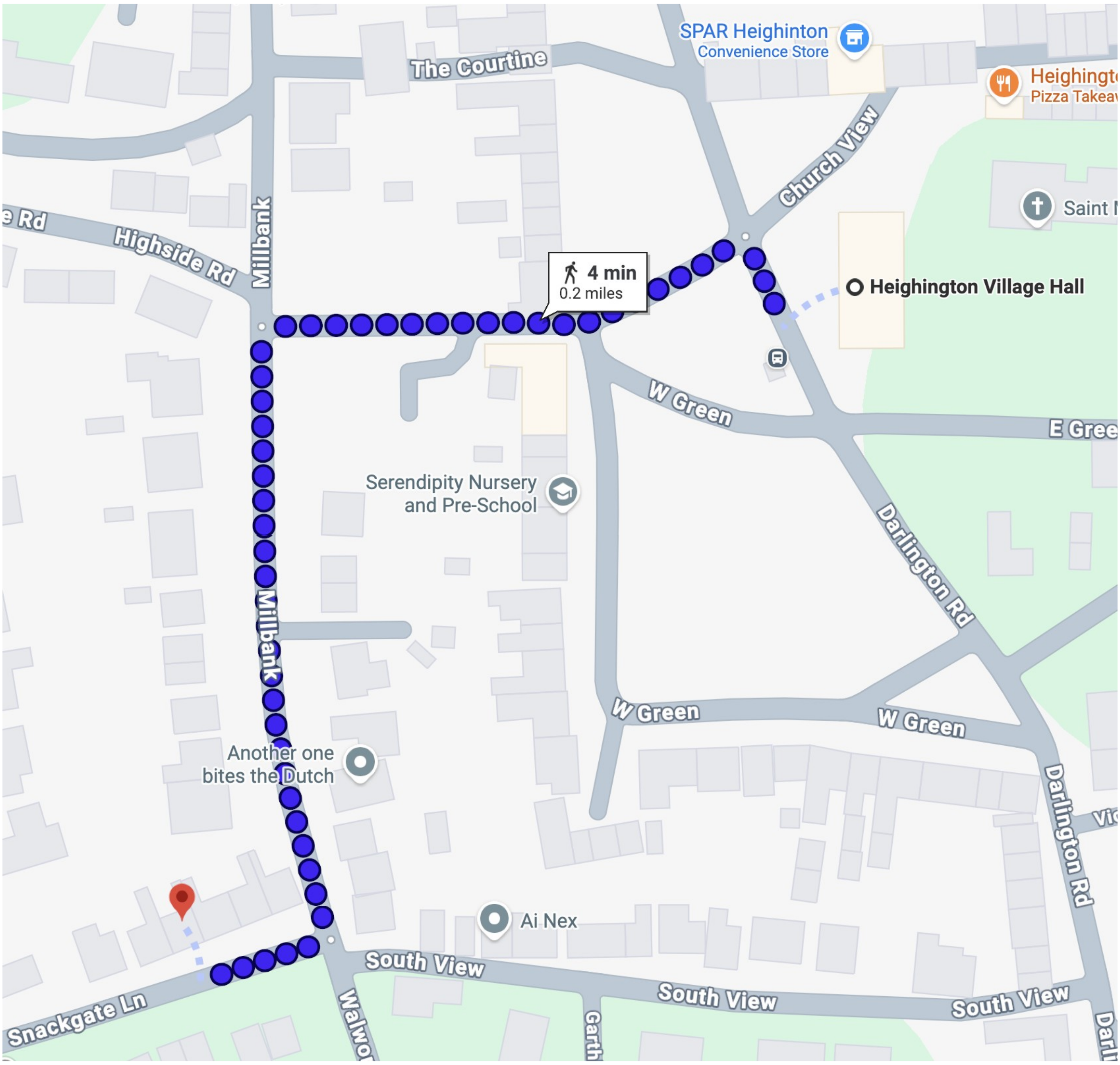
Residential study course on Marx's Capital

Friday 19 to Monday 22 June, The Snackgate Stay

7 Snackgate Lane, Heighington Village, DL5 6RG



Schedule: Start 3pm Friday 19 June, end 4pm Monday 22 June

How to get there: Train to Darlington, no.1 bus from Darlington to Heighington Village Hall, then four-minute walk

Cost: to be confirmed.

Sessions

Friday

3:30-5:30 - Chapters 1-3 excluding chapter 1 section 4: value, abstract labour, price, money

Saturday

10:00-12:00 - Chapter 1 section 4: commodity fetishism

13:30-15:30 - Chapters 4-6: capital, labour-power, exploitation, with additional discussion on the debt issue in current economic chat

16:30-18:30 - Interlude. Wages, Prices, and Profit: wage struggles, with additional discussion on the inflation issue in current economic chat

Sunday

10:00-12:00 - Chapters 7-14: the working day, constant and variable capital, cooperation, "manufacture"

13:30-15:30 - Chapter 15: developed capitalist industry and the working class it shapes

16:30-18:30 - Chapters 16-22: productive and unproductive labour, forms of wages

Monday

10:00-12:00 - Chapter 23-25 and 32: social reproduction, unemployment, concentration and centralisation of capital

13:30-15:30 - Chapters 26-31 and 33: origins of capitalism, with additional discussion on tariffs in current economic chat

Format of sessions will be varied, but the general scheme will be:

• Quick outline of the passages of Capital covered, and immediate questions

• Work in "breakout rooms" on discussing selected extracts and comments

• Report-back on that work

• Summing-up by way of checking on "discussion points" listed below

The school is about reading the whole of Marx's book and discussing it. The book is not difficult, apart from chapter 1 section 3 (and if you are baffled by that, you can continue reading without losing the thread). Best to read it before the weekend, then re-read sections as we discuss. Another option is to start reading at chapter 4, go through to chapter 33, then return to read chapters 1 to 3.

Capital is available as audiobook at https://librivox.org/capital-volume-1-by-karl-marx/

Fallback: read Otto Rühle's abridgement of Capital volume 1. (It's shorter, though in some ways more difficult, because more compressed. But if you are baffled by some early sections, keep going, and you can read the rest without losing the thread).

https://www.workersliberty.org/capital-abridgement or https://www.marxists.org/archive/ruhle/1939/capital.htm

Do not worry about which translation you use (Fowkes, Moore-Aveling, Eden and Cedar Paul, or Reitter): it's good to have people using different translations, because then you can check difficult passages against different translations. (We can check them against Marx's original German and French). Make sure, however, that the edition of Capital you have is the whole book, not an abridgement. Lots of second-hand copies of Capital are available quite cheap.

We also study Marx's Wages, Price, and Profit (also sometimes called Value, Price, and Profit), a short pamphlet written around the same time as he was finalising Capital volume 1, which covers issues integral to the argument of Capital yet not really covered in Capital itself. Audio at https://www.youtube.com/watch?v=TjhVZW3HJzM, starting at 11:34.

Chapters 1-3 excluding chapter 1 section 4: value, abstract labour, price, money

Extracts/ comments

1. "The exchange values of commodities must be reduced to a common element, of which they represent a greater or a lesser quantity... The exchange relation of commodities is characterised precisely by its abstraction from their use-values... If we disregard the use-value of commodities, only one property remains, that of being products of labour. But even the product of labour has already been transformed in our hands... [with] the disappearance of the different concrete forms of labour. They can no longer be distinguished, but are all together reduced to the same kind of labour, human labour in the abstract" - Capital ch.1 sec.1.

2. "Labour seems a quite simple category. The conception of labour in this general form - as labour as such - is also immeasurably old... [Only] in the most modern form of existence of bourgeois society - in the United States... for the first time, the point of departure of modern economics, namely the abstraction of the category ‘labour’, ‘labour as such’, labour pure and simple becomes true in practice" - Marx, Introduction to the Critique of Political Economy.

3. "I was the first to point out and examine critically this twofold nature of the labour contained in commodities... This point is crucial to an understanding of political economy" - Capital ch.1 sec.2

4. "The interpretation which is very widespread on the left... that only by employing the category of value can the existence of capitalist exploitation be demonstrated and that to demonstrate this is the point of Marx's value theory... Marx does not, however, seem to have shared this view. '... It is a tautology to say that labour is the only source of exchange-value, and accordingly of wealth in so far as this consists of exchange-value... It would be wrong to say that labour which produces use-values is the only source of... material wealth’." - Diane Elson, "Value: the representation of labour in capitalism", p.115.

Discussion points

1. How would you define:

- commodity

- use-value

- value

- exchange-value

- abstract labour, or average social labour?

2. Why is average social labour the substance of value? What arguments against this theory do you know, and how would you answer them?

3. Can you think of any useful things which are products of human labour but not commodities?

4. What is 'the twofold nature of the labour embodied in commodities'? Why do you think Marx believed that this was 'the pivot on which a clear comprehension of political economy turns'?

Further extracts/ comments

1. **A world of general commodity exchange, by its own logic, divides commodities into two categories: money on one side, all other commodities on the other**. "To show the origin of this money-form, we have to trace the development of the expression of value from its simplest, almost imperceptible outline to the dazzling money-form" - Capital, chapter 1, section 3.

2. **That world of general commodity exchange generates hoards of money and possible imbalances between supply and demand** - "When one commodity replaces another, the money-commodity always sticks to the hands of some third person. Circulation sweats money from every pore. Nothing can be more childish than the dogma, that because every sale is a purchase, and every purchase a sale, therefore the circulation of commodities necessarily implies an equilibrium of sales and purchases... No one is forthwith bound to purchase, because he has just sold" - Capital, ch.3.

3. **Money and price are the only manifestations in the world of commodities of labour-time. But they are inescapably skewed manifestations. A "labour money" directly reflecting labour-time is impossible**

4. **Abstract labour is a social relation, even if built on a fact of nature** - "An important fact... prevented Aristotle from seeing that, to attribute value to commodities, is merely a mode of expressing all labour as equal human labour, and consequently as labour of equal quality. Greek society was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labour powers. The secret of the expression of value, namely, that all kinds of labour are equal and equivalent, because, and so far as they are human labour in general, cannot be deciphered, until the notion of human equality has already acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labour takes the form of commodities" - Capital, chapter 1, section 3

Discussion points

1. List the forms of value that Marx analyses and give a short definition of each one.

2. How does money represent labour?

3. What's wrong with the usual economist's explanation of money as a mere convention to make

exchange easier than it would be with pure barter?

Chapter 1 section 4: commodity fetishism

Extracts/ comments

1. "To the producers... social relations between their private labours appear as what they are, i.e. they do not appear as direct social relations between persons in their work, but rather as material relations between persons and social relations between things" - Capital ch.1 sec.4

2. "Political economy has indeed analysed value and its magnitude... But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product" - Capital ch.1 sec.4

3. "The chapter in Capital entitled The Fetishism of Commodities and the Secret thereof seems to us one of the most important in the book, to which every student ought to pay special attention. It is precisely this chapter which has been most neglected by the opponents, and even by the supporters, of the Marxian doctrines... It is this fetishism which makes it difficult to perceive the peculiarities of the commodity, and, until its importance has been properly appreciated, it is impossible to reach a clear understanding of commodity-value" - Karl Kautsky, The Economic Doctrines of Karl Marx.

4. "Pre-bourgeois forms of the social organisation of production are treated by political economy in much the same way as the Fathers of the Church treated pre-Christian religions" - Capital ch.1 sec.4

Discussion points

1. Can you think of any examples of commodity fetishism in everyday speech?

2. How does commodity fetishism help to maintain a widespread acceptance of bourgeois ideas in the working class?

3. How does Marx's critical analysis of commodity fetishism contribute to communist politics?

Chapters 4-6: capital, labour-power, exploitation (+ debt)

Extracts/ comments

1. "Use-values must therefore never be looked upon as the real aim of the capitalist; neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at. This boundless greed after riches, this passionate chase after exchange-value, is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser" - Capital, chapter 4.

2. "Living labour itself appears as alien vis-a-vis living labour capacity, whose labour it is, whose own life's expression it is, for it has been surrendered to capital... Labour capacity relates to its labour as an alien... Just as the worker relates to the product of his labour as an alien thing, so does he relate to... his own labour as an expression of his life, which, although it belongs to him, is alien to him and coerced from him... Capital is the existence of social labour" - Marx, Grundrisse.

3. "The worker cannot become rich in this exchange, since, in exchange for his labour capacity as a fixed, available magnitude, he surrenders its creative power, like Esau his birthright for a mess of pottage. Rather, he necessarily impoverishes himself... because the creative power of his labour establishes itself as the power of capital, as an alien power confronting him" - Marx, Grundrisse.

4. "This sphere... within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. There alone rule Freedom, Equality, Property and Bentham... On leaving this sphere of simple circulation... we think we can perceive a change in the physiognomy of our dramatis personae. He, who before was the money-owner, now strides in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but — a hiding" - Capital chapter 6.

Discussion points

1. What is the driving force of the circuit C-M-C?

2. What is the driving force of the circuit M-C-M'?

3. Where do profits come from?

4. Are workers paid a fair wage? If so, how can we talk about exploitation?

5. Why say labour-power is bought and sold, rather than just labour?

6. What is wrong with the academic economists' definition of capital? 'Capital, in sum, is any previously produced input or asset of a business firm or any other producer' (Baumol).

16:30-18:30 - Interlude. Wages, Prices, and Profit (+ inflation)

Extracts/ comments

1. "If in one country the rate of wages is higher than in another, in the United States, for example, than in England, you must explain this difference... The will of the capitalist is certainly to take as much as possible. What we have to do is not to talk about his will, but to enquire into his power, the limits of that power, and the character of those limits" - WPP.

2. [With a rise in wages] "the consequent rise in the rate of profit in some, and the consequent fall in the rate of profit in other branches of industry will produce a change in the distribution of capital and labour, going on until the supply is brought up to the increased demand in the one department of industry, and brought down to the diminished demand in the other departments of industry... The general rise in the rate of wages will ultimately result in nothing else but a general fall in the rate of profit" - WPP.

3. "The English factory operatives, miners, shipbuilders, and so forth, whose labour is relatively high-priced, undersell by the cheapness of their produce all other nations; while the English agricultural labourer... whose labour is relatively low-priced, is undersold by almost every other nation because of the dearness of his produce. By comparing article with article in the same country, and the commodities of different countries, I might show, apart from some exceptions more apparent than real, that on an average the high-priced labour produces the low-priced,

and low priced labour produces the high-priced commodities" - WPP.

4. "An immense scale of variations is possible [in profit rates]. The fixation of its actual degree is only settled by the continuous struggle between capital and labour... The matter resolves itself into a question of the respective powers of the combatants... [If workers did not press for higher wages when they can] by cowardly giving way in their everyday conflict with capital, they would certainly disqualify themselves for the initiating of any larger movement" - WPP.

(No separate discussion points for this session)

Chapters 7-14: the working day, c and v, cooperation, "manufacture"

Extracts/ comments

1. "Our capitalist... exclaims: 'Oh! but I advanced my money for the express purpose of making more money’. The way to Hell is paved with good intentions, and he might just as easily have intended to make money, without producing at all... He tries persuasion. 'Consider my abstinence; I might have played ducks and drakes with the 15 shillings; but instead of that I consumed it productively, and made yarn with it'. Very well, and by way of reward he is now in possession of good yarn instead of a bad conscience" - Capital ch.7

2. "It is every bit as important, for a correct understanding of surplus-value, to conceive it as a mere congelation of surplus labour-time, as nothing but materialised surplus-labour, as it is, for a proper comprehension of value, to conceive it as a mere congelation of so many hours of labour, as nothing but materialised labour. The essential difference between the various economic forms of society, between, for instance, a society based on slave-labour, and one based on wage-labour, lies only in the mode in which this surplus-labour is in each case extracted from the actual producer, the labourer" - Capital ch.9

3. "For protection... the labourers must put their heads together, and, as a class, compel the passing of a law, an all-powerful social barrier that shall prevent the very workers from selling. by voluntary contract with capital, themselves and their families into slavery and death. In place of the pompous catalogue of the ‘inalienable rights of man' comes the modest Magna Charta of a legally limited working-day, which shall make clear 'when the time which the worker sells is ended, and when his own begins" - Capital ch.10

4. "Life for [the worker] begins where this activity [labour] ceases, at the table, at the tavern, in bed. The 12 hours' work... has no meaning for him as weaving, spinning, boring, and so on, but only as earnings, which enable him to sit down at a table, to take his seat in the tavern, and to lie down in a bed" - Marx, Wage Labour and Capital.

Discussion points

1. What's wrong with the idea that profits come from the capitalist's 'abstinence' in investing his wealth in production rather than consuming it straight off?

2. During what period was the working day increased, and why?

3. During what period was the working day reduced, and why?

4. What are constant and variable capital? And why does Marx call them that?

5. Why can't machines and raw materials add more than their own value to the product?

Further extracts/ comments

1. "The productive power developed by the labourer when working in co-operation, is the productive power of capital. This power is developed gratuitously, whenever the workmen are placed under given conditions, and it is capital that places them under such conditions. Because this power costs capital nothing, and because, on the other hand, the labourer himself does not develop it before his labour belongs to capital, it appears as a power with which capital is endowed by Nature — a productive power that is immanent in capital" - Capital, ch.13

2. "Co-operation itself appears to be a historical form peculiar to, and specifically distinguishing, the capitalist process of production. Just as the social productive power of labour that is developed by co-operation, appears to be the productive power of capital, so co-operation itself, contrasted with the process of production carried on by isolated independent labourers, or even by small employers, appears to be a specific form of the capitalist process of production. It is the first change experienced by the actual labour-process, when subjected to capital" - Capital, ch.13

3. "The collective labourer, formed by the combination of a number of detail labourers, is the machinery specially characteristic of the manufacturing period... Manufacture, therefore, develops a hierarchy of labour-powers, to which there corresponds a scale of wages. If, on the one hand, the individual labourers are appropriated and annexed for life by a limited function; on the other hand, the various operations of the hierarchy are parcelled out among the labourers" - Capital, ch.14

4. "It is very characteristic that the enthusiastic apologists of the factory system have nothing more damning to urge against a general organisation of the labour of society, than that it would turn all society into one immense factory" - Capital, ch.14

Discussion points

1. After scattered handicraft production, Marx identifies two further stages of development of capitalist production prior to machine industry. How are each of these three stages defined?

2. Increased productivity of labour is, on the face of it, a good thing. Why is it not as simple as that for the workers?

3. Does capitalism promote or hinder routine large-scale cooperation in social production? Does that cooperation promote or hinder capitalism?

4. Why do the creative powers of the collective worker appear as the property of capital?

5. How can they come to appear as the workers' own property?

Chapter 15: developed capitalist industry

Extracts/ comments

1. "By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital, of dead labour, that dominates, and pumps dry, living labour-power... The special skill of each individual insignificant factory operative vanishes as an infinitesimal quantity before the science, the gigantic physical forces, and the mass of labour that are embodied in the factory mechanism and, together with that mechanism, constitute the power of the 'master'" - Capital, ch.15

2. "The production of luxuries increases... Entirely new branches of production, creating new fields of labour, are also formed, as the direct result either of machinery or of the general industrial changes brought about by it... Lastly, the extraordinary productiveness of modern industry, accompanied as it is by both a more extensive and a more intense exploitation of labour-power in all other spheres of production, allows of the unproductive employment of a larger and larger part of the working-class, and the consequent reproduction, on a constantly extending scale, of the ancient domestic slaves under the name of a servant class" - Capital, ch.15

3. "The social character inherent in its capitalistic form, dispels all fixity and security in the situation of the labourer... But if, on the one hand, variation of work at present imposes itself after the manner of an overpowering natural law, and with the blindly destructive action of a natural law... modern industry, on the other hand, through its catastrophes imposes the necessity of recognising, as a fundamental law of production, variation of work, consequently fitness of the labourer for varied work, consequently the greatest possible development of his varied aptitudes... Modern Industry, indeed, compels society, under penalty of death, to replace the detail-worker of today, grappled by life-long repetition of one and the same trivial operation, and thus reduced to the mere fragment of a man, by the fully developed individual, fit for a variety of labours, ready to face any change of production, and to whom the different social functions he performs, are but so many modes of giving free scope to his own natural and acquired powers" - Capital, ch.15

4. "(Machine industry] also generalises the direct opposition to this sway. While in each

individual workshop it enforces uniformity, regularity, order, and economy, it increases by the immense spur which the limitation and regulation of the working-day give to technical improvement, the anarchy and the catastrophes of capitalist production as a whole, the intensity of labour, and the competition of machinery with the labourer... By maturing the material conditions, and the combination on a social scale of the processes of production, it matures the contradictions and antagonisms of the capitalist form of production, and thereby provides, along with the elements for the formation of a new society, the forces for exploding the old one" - Capital, ch.15

Discussion points

1. What is the difference between a tool and a machine?

2. In his analysis of 'manufacture', Marx argues that it creates a workforce of narrowly specialised workers. Does modern machine industry do the same?

3. How does modern machine industry make 'abstract labour' a social reality rather than just one way of looking at labour?

4. If machinery enables less labour to produce more products, how is it that machine industry also enables and drives capitalists to lengthen the working day (as we saw in week 5) and intensify it?

5. In any social order, new technologies would devalue old skills, and cause difficulties for the workers specialising in those skills. So what is so special about capital's use of new technologies that under it 'the instrument of labour strikes down the labourer?'

6. In chapter 14 (in a passage not included in Rühle) Marx writes sarcastically against free-marketeer opponents of labour protection laws that: 'It is very characteristic that the enthusiastic apologists of the factory system have nothing more damning to urge against a general organisation of labour in society than that it would turn all society into one immense factory'. Does Marx himself want to turn all society into one immense factory?

7. Of modern industry Marx writes that: 'By maturing the material conditions, and the combination on a social scale of the processes of production, it matures the contradictions and

antagonisms of the capitalist form of production, and thereby provides, along with the elements for the formation of a new society, the forces for exploding the old one'. Which elements? which forces?

Chapters 16-22: productive and unproductive labour, forms of wages

Extracts/ comments

1. "That labourer alone is productive, who produces surplus-value for the capitalist, and thus works for the self-expansion of capital. If we may take an example from outside the sphere of production of material objects, a schoolmaster is a productive labourer when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school proprietor. That the latter has laid out his capital in a teaching factory, instead of in a sausage factory, does not alter the relation... To be a productive labourer is, therefore, not a piece of luck, but a misfortune" - Capital ch.16

2. "The capitalist mode of production... arises and develops itself spontaneously on the foundation afforded by the formal subjection of labour to capital. In the course of this development, the formal subjection is replaced by the real subjection of labour to capital" - Capital, ch.16

3. "... the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and, indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalistic mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists" - Capital, ch.19

4. "Piece-wage is the form of wages most in harmony with the capitalist mode of production" - Capital, ch.21

Discussion points

1. How does Marx define productive and unproductive labour?

(See start of Rühle 14, or chapter 16).

2. Which are unproductive?

a) A nurse in an NHS hospital

b) A nurse in a private hospital

c) A station supervisor on the London Underground

d) A bank clerk.

3. What is the value of labour?

(See start of Rühle 17, or chapter 19).

4. In Capital (a passage not included in Rühle), Marx writes:

'Hence we may understand the decisive importance of the transformation of value and price of labour-power into the form of wages, or into the value and price of labour itself. This phenomenal form, which makes the actual relation invisible, and, indeed, shows the direct opposite of that relation, forms the basis of all the juridical notions of both labourer and capitalist, of all the mystifications of the capitalist mode of production, of all its illusions as to liberty, of all the apologetic shifts of the vulgar economists'.

(See Rühle 17, or chapter 19).

5. Which is better for the worker, time-wages or piece-wages?

(See Rühle 18 and 19, chapters 20 and 21).

Chapter 23-25 and 32: social reproduction, unemployment, concentration and centralisation of capital

1. "Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus-value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage labourer… The maintenance and reproduction of the working class is, and must ever be, a necessary condition to the reproduction of capital. But the capitalist may safely leave its fulfilment to the labourer’s instincts of self-preservation and of propagation. All the capitalist cares for, is to reduce the labourer’s individual consumption as far as possible to what is strictly necessary" - Capital, ch.23

2. "'I substitute', he [bourgeois economist Nassau Senior] proudly says, 'for the word capital, considered as an instrument of production, the word abstinence'. All the conditions for carrying on the labour process are suddenly converted into so many acts of abstinence on the part of the capitalist. If the corn is not all eaten, but part of it also sown - abstinence of the capitalist. If the wine gets time to mature - abstinence of the capitalist. The capitalist robs his own self, whenever he 'lends (!) the instruments of production to the labourer'... instead of eating them up, steam-engines, cotton, railways, manure, horses, and all; or as the vulgar economist childishly puts it, instead of dissipating 'their value' in luxuries... How the capitalists as a class are to perform that feat, is a secret that vulgar economy has hitherto obstinately refused to divulge. Enough, that the world still jogs on, solely through the self-chastisement of this modern penitent of Vishnu, the capitalist" - Capital, ch.24

3. "Capital works on both sides at the same time. If its accumulation, on the one hand, increases the demand for labour, it increases on the other the supply of labourers by the 'setting free' of them, whilst at the same time the pressure of the unemployed compels those that are employed to furnish more labour, and therefore makes the supply of labour, to a certain extent, independent of the supply of labourers. The action of the law of supply and demand of labour on this basis completes the despotism of capital" - Capital, ch.25

4. "Along with the constantly diminishing number of the magnates of capital, who usurp and

monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself... The knell of capitalist private property sounds. The expropriators are expropriated" - Capital, ch.32

Discussion points

1. What does the process of capitalist production, repeated week after week, year after year, yield for the workers? And for the capitalists?

(See Rühle 21, chapter 23).

2. Why does capitalism have a constant tendency towards mass unemployment?

(See Rühle 23, chapter 25).

3. How does capitalist prepare the way for socialist revolution?

(See end of Rühle 24, chapter 32).

Chapters 26-31 and 33: origins of capitalism (+ tariffs)

1. "The historical movement which changes the producers into wage-workers, appears, on the one hand, as their emancipation from serfdom and from the fetters of the guilds, and this side alone exists for our bourgeois historians. But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements" - Capital, ch.26

2. "We come across the first beginnings of capitalist production as early as the 14th or 15th century, sporadically, in certain towns of the Mediterranean... the capitalistic era dates from the 16th century. Wherever it appears, the abolition of serfdom has been long effected, and the highest development of the middle ages, the existence of sovereign towns, has been long on the wane" - Capital, ch.26

3. "The dull compulsion of economic relations completes the subjection of the labourer to the capitalist. Direct force, outside economic conditions, is of course still used, but only exceptionally... It is otherwise during the historic genesis of capitalist production. The bourgeoisie, at its rise, wants and uses the power of the state to 'regulate' wages, i.e., to force them within the limits suitable for surplus-value making, to lengthen the working-day..." - Capital, ch.28

4. "A systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system... These methods depend in part on brute force, e.g., the colonial system. But, they all employ the power of the State, the concentrated and organised force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power" - Capital, ch.31

Discussion points

1. Compared to the feudal serf, the wage worker is more free in a straightforward sense. How? And also more free in a sarcastic or ironic sense. How?

2. Marx argues that the rise of the capitalist farmer and of the industrial capitalist involve different stages and factors. Which different stages and factors?

3. Why is it only half-true to present the rise of bourgeois society as a battle for liberty against feudal and guild restrictions?

4. When did capitalism first appear? In what ways was it then not fully-fledged?

5. Were there capitalists and capital before capitalism?

Additional notes on issues in current economic chat

Debt and interest rates

Marx: "Gain and loss through fluctuations in the price of these titles of ownership [shares], and their centralisation in the hands of railway kings, etc., become, by their very nature, more and more a matter of gamble, which appears to take the place of labour as the original method of acquiring capital wealth and also replaces naked force. This type of imaginary money wealth not only constitutes a very considerable part of the money wealth of private people, but also of banker's capital, as we have already indicated…"

Marx: "The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows barren money with the power of breeding and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its employment in industry or even in usury... [Also] the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to agiotage [speculative dealing], in a word to stock-exchange gambling and the modern bankocracy".

Marx argues that the rate of interest is not fixed by long-term trends but (1) varies between zero and the average rate of profit (2) tends to be higher in periods of crisis, lower in periods of boom.

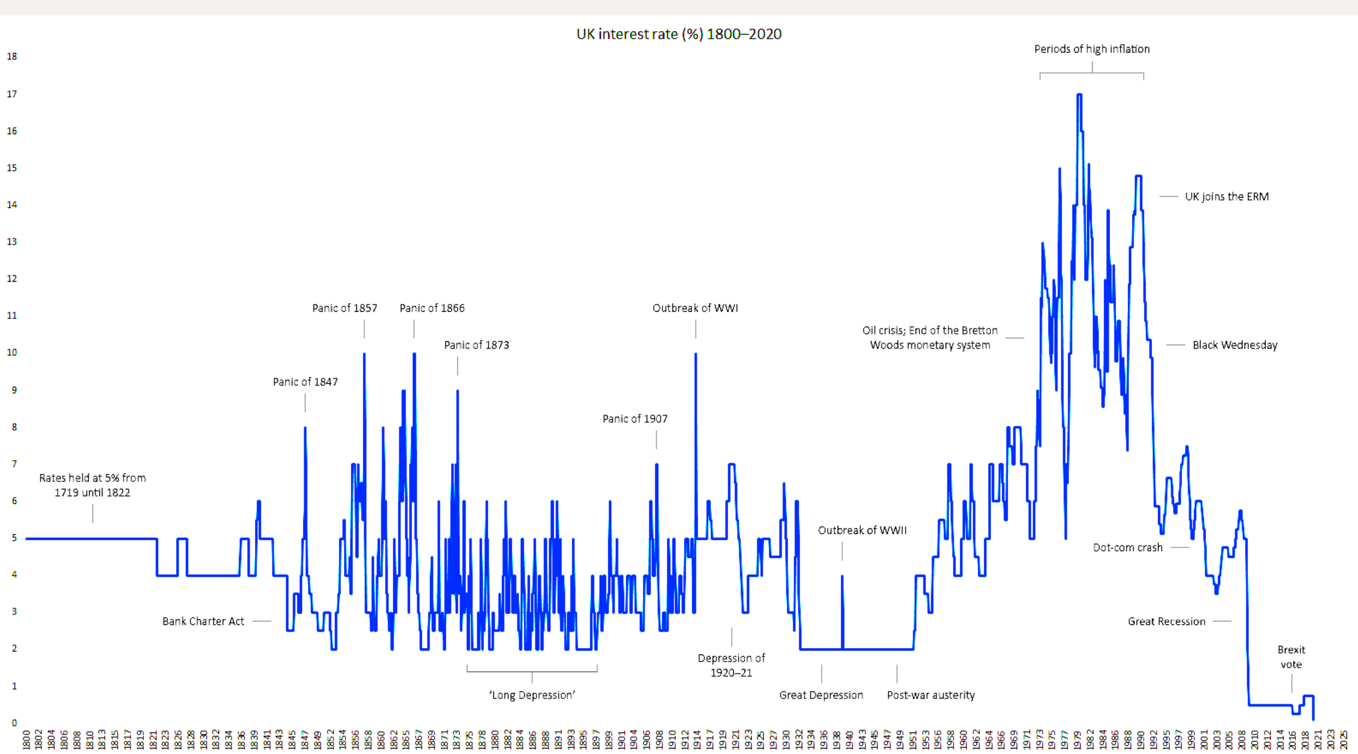
In England (other countries followed):

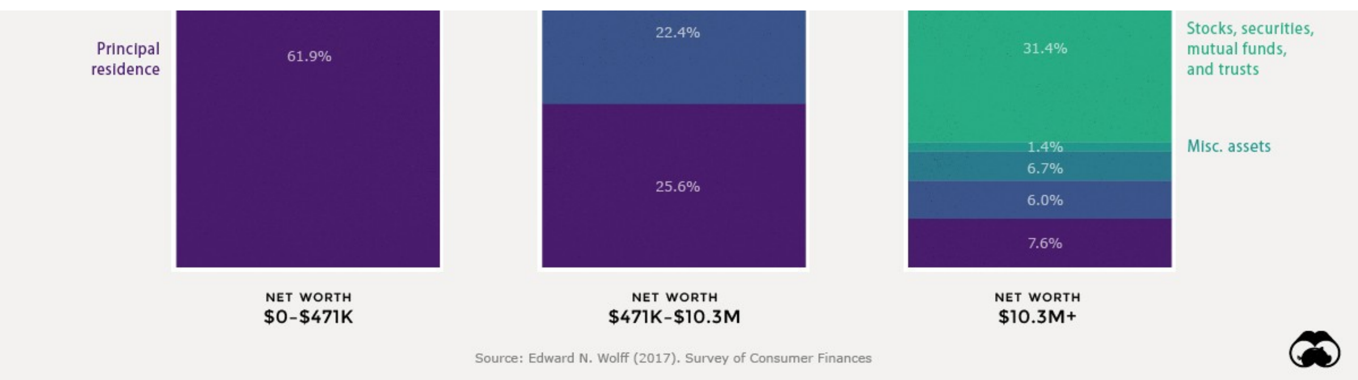
Limited Liability Act 1855

Joint Stock Companies Act 1856

Companies Act 1862

Interest rates over time:



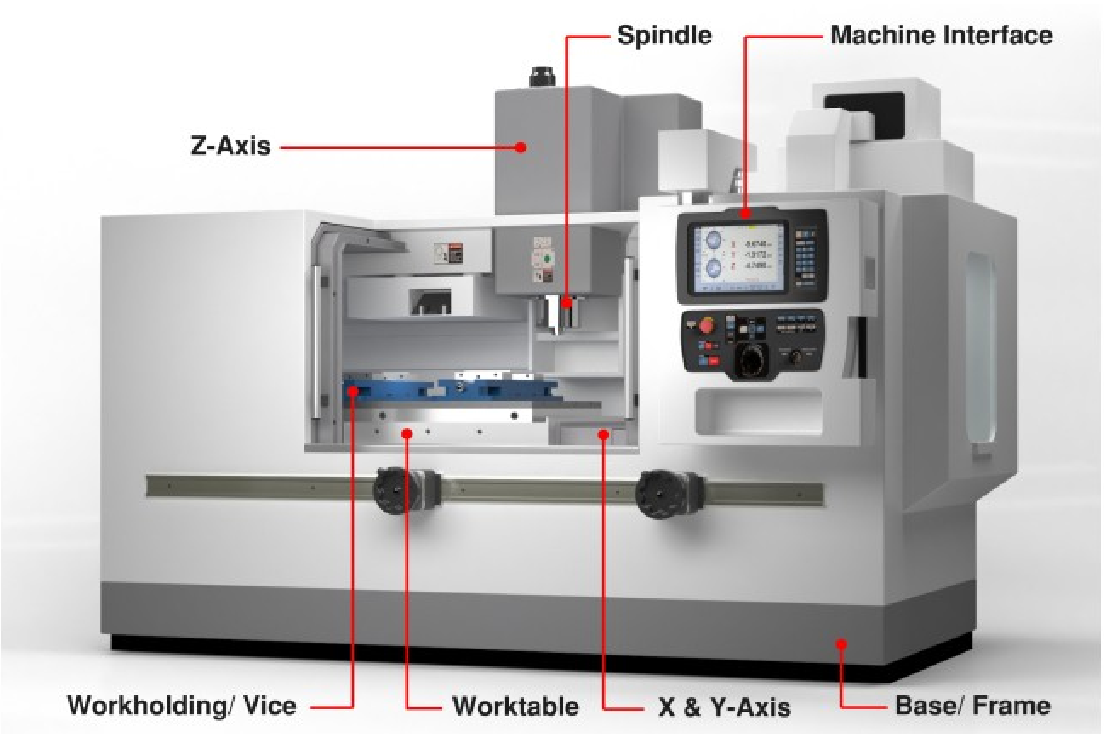


Talking points

• In what form do rich people keep most of their wealth? How does this qualify the first sentence of Capital volume 1?

• If you put a pile of cash on a table and leave it for some months, will it get bigger all by itself?

If you put an industrial machine in place and look at it for months, will you get extra wealth?



How come, then, that wealth held in company shares can expand without you doing anything?

How come that wealth held in government bonds can yield income?

See Capital chapter 4

Tariffs

Also in *Capital* chapter four:

"The circulation of commodities is the starting-point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical ground-work from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market".

Marx emphasises that markets are historical and social constructs, not given by nature.

"Political Economy has indeed analysed, however incompletely, value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour time by the magnitude of that value. These formulæ, which bear it stamped upon them in unmistakable letters that they belong to a state of society, in which the process of production has the mastery over man, instead of being controlled by him, such formulæ appear to the bourgeois intellect to be as much a self-evident necessity imposed by Nature as productive labour itself. Hence forms of social production that preceded the bourgeois form, are treated by the bourgeoisie in much the same way as the Fathers of the Church treated pre-Christian religions."

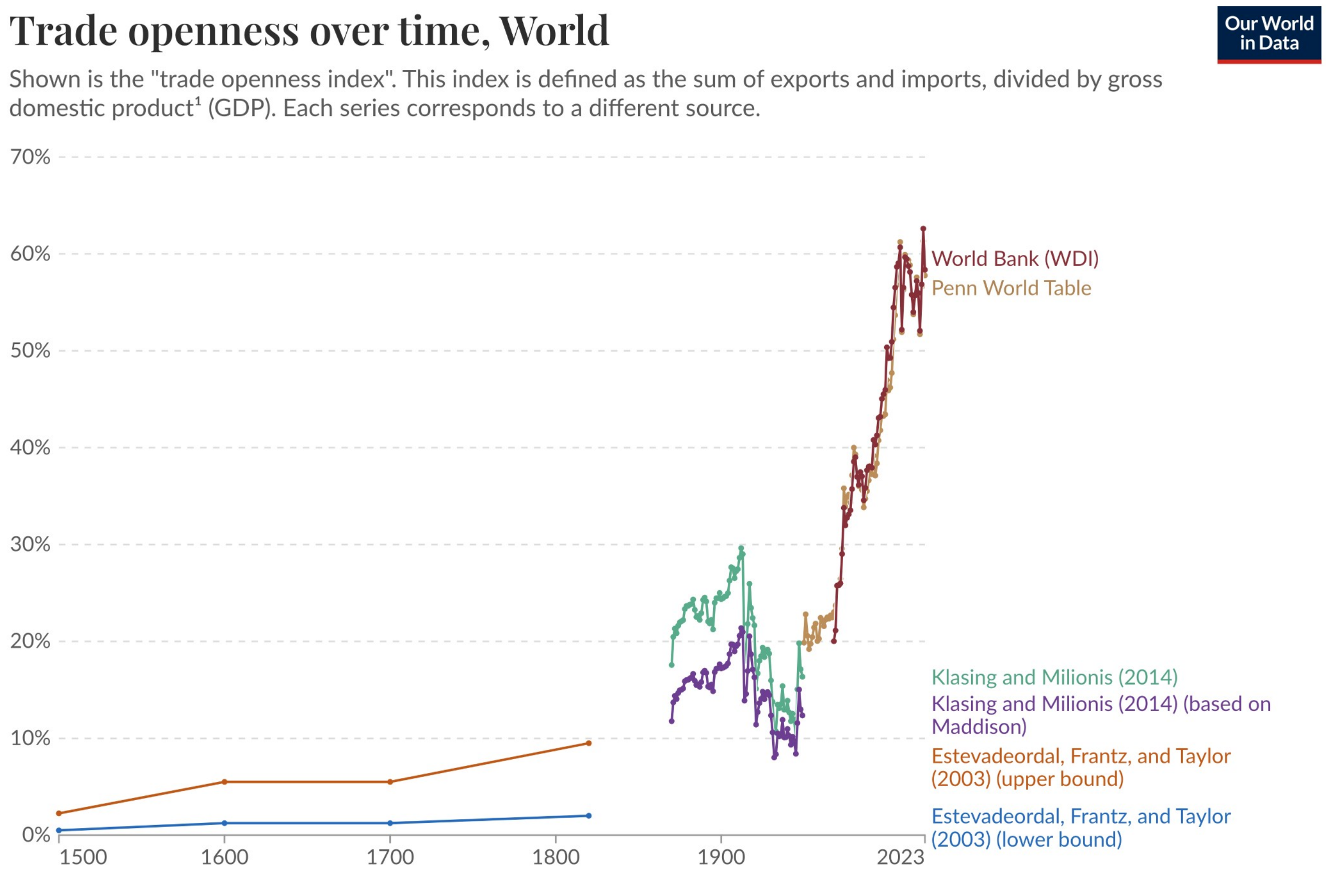
Thus: capitalism requires, and constructs, markets; and, from the start, global markets.

• In early capitalism most state income is from customs and excise, and there are often tariffs between different parts of the same country

• Why does capital have a drive to reduce tariffs?

• What is the effect when states push in the opposite direction, to increase tariffs?

• See Capital chapters 1 and 4



Inflation

• Marx didn't write about inflation (it was slight or non-existent in his time, and he assumed gold-based money)

• He did argue against the "quantity theory", saying price levels rise and fall in line with the money-stock (the argument is in the 1859 Contribution to the Critique of Political Economy, not in Capital)

• He did argue that wage rises do not in and of themselves raise the general level of prices (that is in Wages Price and Profit)

• There is a latter-day Marxist theory of inflation (adapted also by post-Keynesians) rooted in expectations and the intensity of class conflict: https://www.workersliberty.org/story/2022-11-16/economics-inflation

• Why wouldn't wage rises in and of themselves raise the general level of prices?

• Why wouldn't an increased money stock in and of itself raise prices?

See Wages, Price and Profit, and for Capital chapters 10 and 12.