

# **Karl Marx: the Needs of Capital vs. the Needs of Human Beings<sup>1</sup>**

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Like other early 19<sup>th</sup> Century socialists, Karl Marx's vision of the good society was one that would unleash the full development of all human potential. "What is the aim of the Communists?" asked Marx's comrade Friedrich Engels in his early draft of the *Communist Manifesto*. "To organise society in such a way that every member of it can develop and use all his capabilities and powers in complete freedom and without thereby infringing the basic conditions of this society." In Marx's final version of the *Manifesto*, that new society appears as an "association, in which the free development of each is the condition for the free development of all."<sup>2</sup>

This idea of the development of human potential runs throughout Marx's work--- the possibility of rich human beings with rich human needs, the potential for producing human beings as rich as possible in needs and capabilities. What, indeed, is wealth, he asked, "other than the universality of individual needs, capacities, pleasures, productive forces...?" Think about the "development of the rich individuality which is as all-sided in its production as in its consumption;" think about "the absolute working-out of his creative potentialities." The real goal is the "development of all human powers as such the end in itself".

Realization of this potential, however, cannot drop from the sky. It requires the development of a society in which people do not look upon each other as separate, one where we consciously recognize our interdependence and freely cooperate upon the basis of that recognition. When we relate to each other as human beings, Marx proposed, we produce for each other simply because we understand that others need the results of our activity, and we get pleasure and satisfaction from the knowledge that we are accomplishing something worthwhile. Your need would be sufficient to ensure my activity, and, in responding, I would be "confirmed both in your thought and your love." What Marx was describing, of course, is the concept of a human family.

Marx's vision of a society of freely associated producers, a profoundly moral and ethical one, led him quite early in his life to pose certain analytical questions. What is it about this society in which we now live that if you were to tell me you had a need for something I was capable of satisfying, it would be considered as a plea, a humiliation, "and consequently uttered with a feeling of shame, of degradation"? Why is it, he asked, that rather than affirming that I am capable of activity that helps another human being, your needs are instead a source of power for me? "Far from being the *means* which would give you *power* over my production, they [your needs] are instead the *means* for giving me power over you."

As long as we relate to one another not as members of a human community but as self-seeking owners, Marx concluded, this perverted separation of people is constantly reproduced. So, Marx was led to explore the nature of the social relations that exist between people, the character of the relations in which they engage in producing---

producing themselves as well as producing for each other. It was how he proceeded to analyze capitalism.

### **Capitalist Relations of Production**

The story told by economists who celebrate capitalism is that competition and markets ensure that capitalists will satisfy the needs of people--- not because of their humanity and benevolence but (as Adam Smith put it) “from a regard to their own interest”. Competing on the market with other capitalists, they are driven (as if whipped by an invisible hand) to serve the people. For Marx, though, this focus upon competition and markets obscures exactly what distinguishes capitalism from other market economies --- its specific relations of production. There are two central aspects of capitalist relations of production---the side of capitalists and the side of workers. On the one hand, there are capitalists---the owners of wealth, the owners of the physical and material means of production. And their orientation is toward the growth of their wealth. Beginning with capital of a certain value in the form of money, capitalists purchase commodities with the goal of gaining *more* money, additional value, surplus value. And that's the point, profits. As capitalists, all that matters for them is the growth of their capital.

On the other hand, we have workers--- people who have neither material goods they can sell nor the material means of producing the things they need for themselves. Without those means of production, they can't produce commodities to sell in the market to exchange. So, how do they get the things they need? By selling the only thing they do

have to sell, their ability to work. They can sell it to whomever they choose, but they cannot choose *whether or not* to sell their power to perform labor... if they are to survive.

Before we can talk about capitalism, in short, certain conditions must already be present. Not only must there be a commodity-money economy in which some people are the owners of means of production but also there must be a special commodity available on the market--- the capacity to perform labor. For that to happen, Marx proposed, workers first must be free in a double sense. They must be free to sell their labor-power (i.e., have property rights in their capacity to perform labor--- something, e.g., the slave lacks) and they must be “free” of means of production (i.e., the means of production must have been separated from producers). In other words, one aspect unique to capitalist relations of production is that it is characterized by the existence of people who, lacking the means of production, are able and compelled to sell a property right, the right of disposition over their ability to work. They are compelled to sell their power to produce in order to get money to buy the things they need.

Yet, it is important to understand that while the separation of the means of production from producers is a necessary condition for capitalist relations of production, it is not a sufficient condition. If workers are separated from the means of production, there remain two possibilities: (1) workers sell their labor-power to the owners of means of production or (2) workers rent means of production from their owners. There is a long tradition in mainstream economics which proposes that it doesn't matter whether capital hires labor or labor hires capital because the results will be the same in both cases. For Marx, we will see, there was a profound difference: only the first case, where the sale of

labor-power occurs, is capitalism; only there do we see the unique characteristics of capitalism.

But, it is not simply wage-labor that is critical. Capitalism requires both the existence of labor-power as a commodity and its combination with *capital*. Who buys that particular property right in the market and why? The capitalist buys the right to dispose of the worker's capacity to perform labor precisely because it is a means to achieve *his* goal, profits. Because that and only that, the growth of his capital, is what interests him as a capitalist.

Well, we now have the basis for an exchange between two parties in the market, the owner of money and the owner of labor power. Each of them wants what the other has; each gets something out of that exchange. It looks like a free transaction. This is the point at which most non-Marxist economics stops. It looks at the transactions that take place in the market, and it declares, “we see freedom.” This is what Marx described as “the realm of Freedom, Equality, Property, and Bentham.” In fact, since the “free-trader *vulgaris*” sees *only* the transactions in the marketplace, he sees only freedom.

But this is not *every* market economy we are describing here. Not every market economy is characterized by the sale of labor power to a capitalist. A defense of a market economy as such is not a defense of capitalism. Any more than a defense of the market is a defense of slavery (which of course involved the buying and selling of slaves). This distinction between capitalism and markets, though, is not one the defenders of capitalism tend to make--- their ideology, Marx proposed, leads them to confuse on principle the characteristics of pre-capitalist market economies with capitalism.

Why? Think about what is unique about this market economy in which labor-power has been sold to the capitalist. Now that the market transaction is over, Marx commented, we see that something has happened to each of the two parties. “He who was previously the money-owner now strides out in front as a capitalist; the possessor of labor-power follows as his worker.” And where are they going? They are entering the place of work; they are entering the place where the capitalist now has the opportunity to *use* that property right which he has purchased.

### **The Sphere of Capitalist Production**

Two central characteristics exist in the process of production that takes place under capitalist relations. First, the worker works under the direction, supervision, and control of the capitalist. The goals of the capitalist determine the nature and purpose of production. Directions and orders in the production process come to workers from above. There is no horizontal relationship between capitalist and worker as buyer and seller in the marketplace here; there is no market here. Rather, there is a vertical relation between the one who has power and the one who does not. It is a command system, what Marx described as the despotism of the capitalist workplace. So much for the realm of freedom and equality.

And *why* does the capitalist have this power over workers here? Because he purchased the right to dispose of their ability to perform labor. That was the property right he purchased. It was the property right that the worker sold and *had* to sell because it was the only option available if she were to survive.

The second characteristic of capitalist production is that workers have no property rights in the product that results from their activity. They have no claim. They have sold to the capitalist the only thing that might have given them a claim, the capacity to perform labor. In contrast to producers in a cooperative who benefit from their own efforts because they have property rights in the products they produce, when workers work harder or more productively in the capitalist firm, they increase the value of the *capitalist's* property. Unlike a cooperative (which is not characterized by capitalist relations of production), in the capitalist firm all the fruits of the worker's productive activity belong to the capitalist, the residual claimant. This is why the sale of labor-power is so critical as a distinguishing characteristic of capitalism.

What happens, then, in the sphere of capitalist production? It all follows logically from the nature of capitalist relations of production. Insofar as the capitalist's goal is surplus value, he only purchases labor-power to the extent that it will generate that surplus value. For Marx, the necessary condition for generation of surplus value was the performance of surplus labor--- the performance of labor over and above the labor contained in what the capitalist pays as wages. The capitalist, through the combination of his control of production and ownership of the product of labor, will act to ensure that workers add more value in production than the capitalist has paid them.

How does this occur? At any given point, we can calculate the hours of daily labor that are necessary to maintain workers at their existing standard of living. Those hours of "necessary labor," Marx proposed, are determined by the relationship between the existing standard of necessity (the real wage) and the general level of productivity. If productivity rises, then less hours of labor would be necessary for workers to reproduce

themselves. Simple. Of course, the capitalist has no interest in a situation in which workers work only long enough to maintain themselves. What the capitalist wants is that workers perform *surplus* labor--- i.e., that the labor performed by workers (the capitalist workday) *exceeds* the level of necessary labor. The ratio between surplus labor and necessary labor, Marx defined as the rate of exploitation (or, in its monetary form, the rate of surplus value).

We now have in place the elements that can illustrate what Marx referred to as the “law of motion,” i.e., the dynamic properties, which flow from these particular capitalist relations of production. Remember that the whole purpose of the process from the point of view of the capitalist is profits. The worker is only a means to this end---the growth of capital. Let us begin with an extreme assumption--- that the workday is equal to the level of necessary labor (i.e., there is no surplus labor). If this case were to remain true, there would be no capitalist production. So, what can the capitalist do in order to achieve his goal?

One option for the capitalist is to use his control over production to increase the work that the laborer performs. Extend the workday, make the workday as long as possible. A 10-hour workday? Fine. A 12-hour workday? Better. The worker will perform more work for the capitalist over and above the wage, and capital will grow. Another way is by intensifying the workday. Speed-up. Make workers work harder and faster in a given time period. Make sure there is no wasted motion, no slack time. Every moment workers rest is time they are not working for capital.

Another option for the capitalist is to reduce what he pays. Drive down the real wage. Bring in people who will work for less. Encourage people to compete with each



other to see who will work for the least. Bring in immigrants, impoverished people from the countryside. Relocate to where you can get cheap labor.

That is the inherent logic of capital. The inherent tendency of capital is to increase the exploitation of workers. In the one case, the workday is increasing; in the other, the real wage is falling. In both cases, the rate of exploitation is driven upward. Marx commented that “the capitalist [is] constantly tending to reduce wages to their physical minimum and extend the working day to its physical maximum.” He *continued*, however, saying “while the working man constantly presses in the opposite direction.”

In other words, within the framework of capitalist relations, while capital pushes to increase the workday both in length and intensity and to drive down wages, workers struggle to reduce the workday and to increase wages. They form trade unions for this purpose. Just as there is struggle from the side of capital, so also is there class struggle from the side of the worker. Why? Take the struggle over the workday, for example. Why do the workers want more time for themselves? Marx refers to “time for education, for intellectual development, for the fulfillment of social functions, for social intercourse, for the free play of the vital forces of his body and his mind.” Time, Marx noted, is “the room of human development. A man who has no free time to dispose of, whose whole lifetime, apart from the mere physical interruptions by sleep, meals, and so forth, is absorbed by his labor for the capitalist, is less than a beast of burden.”

What about the struggle for higher wages? Of course, there are the physical requirements to survive that must be obtained. But Marx understood that workers necessarily need much more than this. The worker's social needs include “the worker's participation in the higher, even cultural satisfactions, the agitation for his own interests,

newspaper subscriptions, attending lectures, educating his children, developing his taste, etc.” In short, workers have their own goals. As they are beings within society, their needs are necessarily socially determined. Their needs as human beings within society stand opposite capital’s own inherent tendencies in production. When we look at the side of the worker, we recognize, as Marx did, “the worker’s own need for development.”

From the perspective of capital, though, workers and, indeed, all human beings, are only means. They are not an end. And if satisfying the goals of capital require employing racism, dividing workers, using the state to outlaw or destroy unions, destroying the lives and futures of people by shutting down operations and moving to parts of the world where people are poor and unions are banned, so be it. Capitalism has never been a system whose priority is human beings and their needs.

True, wages have increased and the workday has been reduced since Marx wrote. But that doesn’t invalidate Marx’s description of capitalism--- every gain occurs despite the opposition of capitalists (as it did in Marx’s time). Writing about the Ten-Hours Bill, the law that reduced the length of the workday in England to ten hours, Marx described it as a great victory, a victory over “the blind rule of the supply and demand laws” which form the political economy of the capitalist class; it was the first time, he noted, that “in broad daylight the political economy of the [capitalist] class succumbed to the political economy of the working class.”

In other words, the gains workers make are the result of their struggles. They press in the opposite direction to capital; they struggle to reduce the rate of exploitation. And, implicit in that political economy of workers and in the struggles of working people is the overcoming of divisions among them (whatever their source). None of this is new.

Marx described the hostility at the time between English and Irish workers as the source of their weakness: “It is the secret by which the capitalist class maintains its power. And that class is fully aware of it.” In this respect, the struggle between capitalists and workers is a struggle over the degree of separation among workers.

Precisely because workers (given their needs as human beings) do resist reduced wages and increased workdays, capitalists must find a different way for capital to grow; they are forced to introduce machinery in order to increase productivity. By increasing productivity relative to the real wage, they lower necessary labor and increase the rate of exploitation. In the struggle between capital and labor, Marx argued, capitalists are driven to revolutionize the production process.

Marx traced in *Capital* the manner in which capitalists historically altered the mode of production in order to achieve their goals. Beginning with the pre-existing mode of production (one characterized by small-scale craftwork), capitalists used their control over production, their ability to subordinate workers, to extend and intensify the workday. There are, however, inherent barriers to this method of expanding surplus value and capital, barriers given by both the physiological limits to the workday and the resistance of workers. Accordingly, capitalists proceeded to introduce new divisions of labor, new forms of social cooperation under their control, in an altered production process. An important effect was to increase productivity and foster the growth of capital.

Yet, even within this new form of manufacturing characterized by new divisions of labor within the workplace, there remained barriers to the growth of capital. This form of production remained dependent upon skilled workers, with their long periods of apprenticeship, and was subject to the resistance of those skilled workers to the rule of

capital within the workplace. Marx detailed, then, how capital proceeded by the mid-19<sup>th</sup> Century to go beyond these barriers to its growth by altering the mode of production further--- it introduced machinery and the factory system. With this development of what Marx called “the specifically capitalist mode of production”, capital subordinates workers not merely by its power to command within the workplace but by their real domination by capital in the form of machines. Rather than workers employing means of production, means of production employ workers.

Tracing the logic of capital well beyond the alterations in the mode of production that had occurred in his own lifetime, Marx described the emergence of large automated factories, organic combinations of machinery which perform all the intricate operations of production. In these “organs of the human brain, created by the human hand,” all scientific knowledge and the products of the social brain appear as attributes of capital rather than of the collective workers; and, the workers employed within these “automatic factories” themselves appear as insignificant, stepping “to the side of the production process instead of being its chief actor.”

The transformation of production through the incorporation of the products of the social brain, not surprisingly, generates the potential for enormous productivity increases. A good thing, obviously--- it has the potential to eliminate poverty in the world, to make possible a substantially reduced workday (one that can provide time for human development). Yet, remember, those are not the goals of the capitalist, and that is not why capital introduces these changes in the mode of production. Rather than a reduced workday, what capital wants is reduced necessary labor; what it wants is to maximize surplus labor and the rate of exploitation.

Similarly, because it is not increased productivity but only increased profits that motivate capitalists, the particular technology and technique of production selected is not necessarily the most efficient; rather, given that workers have their own goals, the logic of capital points to the selection of techniques that will divide workers from one another and permit easier surveillance and monitoring of their performance. It is, of course, no concern of capital whether the technology chosen permits producers to find any pleasure and satisfaction in their work. Nor what happens to people who are displaced when new technology and new machines are introduced. If your skills are destroyed, if your job disappears, so be it. Capital gains, you lose. Marx's comment was that "within the capitalist system all methods for raising the social productivity of labor are put into effect at the cost of the individual worker."

There is another important aspect to the introduction of machinery. Every worker displaced by the substitution of machinery adds to what Marx described as the reserve army of labor. Not only does the existence of this body of unemployed workers permit capital to exert discipline within the workplace but it also keeps wages within limits consistent with profitable capitalist production. The constant replenishing of the reserve army ensures that even those workers who, by organizing and struggle, may "achieve a certain quantitative participation in the general growth of wealth" nevertheless would not succeed in keeping real wages rising as rapidly as productivity. The rate of exploitation, Marx believed, would continue to rise. Even with rising real wages, the "abyss between the life-situation of the worker and that of the capitalist would keep widening."

In short, Marx offers a picture in which capital has the upper hand in the sphere of production. Through its control of production and over the nature and direction of

investment, it can increase the degree of exploitation of workers and expand the production of surplus value. While it may face opposition from workers, capital does drive beyond barriers to its growth in the sphere of production. But Marx noted that there was an inherent contradiction in capitalism in this respect: it cannot remain in the sphere of production but must return to the sphere of circulation and there sell its products as commodities--- not in some abstract market but in one marked by the specific conditions of capitalist production.

### **The Sales Effort and “Overproduction”**

Insofar as capital succeeds in the sphere of production, it produces more and more commodities containing surplus value. However, capitalists do not want these commodities. What they want is to *sell* those commodities and to make real the surplus value latent within them; i.e., they must re-enter the sphere of circulation (this time as sellers) to realize their potential profits. And here, Marx noted, they face a new barrier to their growth--- the extent of the market. Accordingly, capitalists turn their attention to finding ways to transcend that barrier; just as they are driven to increase surplus value within the sphere of production so also are they driven to increase the size of market in order to realize that surplus value. Thus, Marx talked about how “just as capital has the tendency on the one side to create ever more surplus labour, so it has the complementary tendency to create more points of exchange.” Whatever the size of market, capitalists are always attempting to expand it. Marx noted, indeed, that “the tendency to create the

world market is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome.”

How, then, does capital expand the market? By propagating existing needs in a wider circle, by “the production of *new* needs”--- the Sales Effort.<sup>3</sup> Once you understand the nature of capitalism, you can see why capital is necessarily driven to expand the sphere of circulation; it was only, however, in the 20<sup>th</sup> Century that the spread and development of the “specifically capitalist mode of production” made the sales effort so overwhelming. The enormous expenditures in modern capitalism upon advertising, the astronomical salaries offered to professional athletes whose presence can increase viewership and thereby the advertising revenues which may be captured by media outlets--- what else is this (and so much like it) but testimony to capital’s successes in the sphere of production and its compulsion to succeed similarly in *selling* the commodities produced? For those commodities latently containing surplus value to make the “mortal leap” of sale successfully, capital must invest heavily in the sphere of circulation (which in a rational society would be grasped as an unacceptable waste of human and material resources).

Capital’s problem in the sphere of circulation, though, is not simply that it must expand the sphere of circulation; it is that capital tends to expand the production of surplus value *beyond* its ability to realize that surplus value. Overproduction, Marx indicated, is “the fundamental contradiction of developed capital.” There is a constant tendency toward overproduction of capital, a tendency to expand productive capacity more than the existing capitalist market will justify. Capitalist production takes place “without any consideration for the actual limits of the market or the needs backed by the

ability to pay”. Accordingly, there exists a “constant tension between the restricted dimensions of consumption on the capitalist basis, and a production that is constantly striving to overcome these immanent barriers.”

For Marx, this inherent tendency of capital to produce more surplus value than it can realize flows directly from capital’s successes in the sphere of production--- in particular, its success in driving up the rate of exploitation. What capital does in the sphere of production comes back to haunt it in the sphere of circulation: by striving “to reduce the relation of this necessary labour to surplus labour to the minimum,” capital simultaneously creates “barriers to the sphere of exchange, i.e. the possibility of realization--- the realization of the value posited in the production process.”

Overproduction, Marx commented, arises precisely because the consumption of workers “does not grow correspondingly with the productivity of labour.”

A period of great increases in productivity while real wages lag behind--- this is a recipe for overaccumulation of capital and its effects (as occurred in the Great Depression of the 1930s). How far are we from that now--- with an enormous growth in productive capacity around the world in countries with low wages and a constant replenishing of the reserve army as peasants move (or are driven) from the countryside? The ability of capital to move to low wage countries to manufacture commodities that are exported back to the more developed world significantly increases the gap between productivity and real wages--- i.e., increases the rate of exploitation in the world. And, it means that the sales effort to move commodities through the sphere of circulation must intensify. In this respect, there is more than just an obscene contrast between the low wages of women producing Nike shoes and the high endorsement fees of the Michael Jordans; there is,



indeed, an organic link.

The first sign of overaccumulation of capital is intensified competition among capitalists. (Why would that happen if the ability to produce surplus value were *not* outrunning the growth of the market?) However, the ultimate effect of overproduction is crisis, those “momentary, violent solutions for the existing contradictions, violent eruptions that re-establish the disturbed balance for the time being.” Inventories of unsold commodities grow. But if commodities cannot be sold under existing market conditions, they will not be produced under capitalism. And so, production is reduced, lay-offs are announced--- even though the potential to produce is there and people's needs are there. Capitalism is not, after all, in the business of charity.

In the crisis, the nature of capitalism is there for everyone to see: *profits--- rather than the needs of people as socially developed human beings--- determine the nature and extent of production within capitalism.* What other economic system can you imagine that could generate the simultaneous existence of unused resources, unemployed people, and people with unmet needs for what could be produced? What other economic system would allow people to starve in one part of the world while elsewhere there is an abundance of food and where the complaint is “too much food is being produced”?

## **The Reproduction of Capital**

There's so much more to say about Marx's analysis of capitalism--- far more than any short introduction could hope to present. The increasing concentration of capital in the hands of a few large corporations, the division of the world into haves and have-nots,

the use of the state by capital--- all this can be found in Marx's examination of capitalism. So, too, a profound grasp of the incompatibility between the logic of capital and Nature, between "the entire spirit of capitalist production, which is oriented towards the most immediate monetary profit" and the "permanent conditions of life required by the chain of human generations." Capitalist production, he commented, develops the social process of production "by simultaneously undermining the original sources of all wealth--- the soil and the worker."<sup>4</sup>

Enough has been said, however, to grasp the essential story of capitalism that Marx painted. One in which the needs of capital stand opposite the needs of human beings. It is a picture of an expanding system which both tries to deny human beings the satisfaction of their needs and also constantly conjures up new, artificial needs to induce them to purchase commodities--- a Leviathan which devours the working lives of human beings and Nature in pursuit of profits, which destroys the skills of people overnight and in the name of progress thwarts the worker's own need for development. So, why is this abomination still around?

It would be a big mistake to think that Marx believed that replacing capitalism would be an easy matter. True, capitalism was subject to periodic crises, but Marx was clear that these crises weren't permanent. He never thought that some day capitalism would just collapse. Nevertheless, the nature of the system does come to the surface in a crisis. Furthermore, it becomes more transparent with the growing concentration of capital. So, isn't that sufficient to lead rational people to want to do away with it and to replace it with a system without exploitation, one based upon human needs?

Marx did not think that there was anything so automatic about a movement to end capitalism. People may struggle against specific aspects of capitalism--- they may struggle over the workday, the level of wages and working conditions, over capital's destruction of the environment, etc.--- but unless they understand the nature of the system, they are struggling merely for a *nicer* capitalism, a capitalism with a human face. They are engaged merely, Marx stressed, "in a guerrilla war against the effects of the existing system" rather than in trying to abolish it.

In fact, nothing was clearer for Marx than the way capital maintains its hegemony, the way the rule of capital is reproduced. It continues to rule because people come to view capital as necessary. Because it looks like capital makes the major contribution to society, that without capital--- no jobs, no income, no life. Every aspect of the social productivity of workers necessarily appears as the social productivity of *capital*. And, there is nothing accidental about this appearance. Marx commented that the transposition of "the social productivity of labour into the material attributes of capital is so firmly entrenched in people's minds that the advantages of machinery, the use of science, invention, etc. are *necessarily* conceived in this *alienated* form, so that all these things are deemed to be the *attributes of capital*."

Why? At the core of all this mystification of capital, this *inherent* mystification, is that central characteristic of capitalism, that act wherein the worker surrenders her creative power to the capitalist for a mess of pottage---the sale of the worker's capacity to labor to the capitalist. When we observe that transaction, Marx noted, it never appears as if workers have received the equivalent of their necessary labor and have performed surplus labor for the capitalist over and above that. The contract doesn't say--- this is the

portion of the day necessary for you to maintain yourself at the existing standard. Rather, on the surface, it *necessarily* looks like workers sell a certain quantity of labor, their entire workday, and get a wage which is (more or less) a fair return for their contribution-- that they are paid, in short, for *all* the labor they perform. *How else could it possibly look?* In short, it necessarily appears as if the worker is not exploited--- as if profits come from somewhere else.

Profits, it seems to follow, must come from the contribution of the capitalist. It's not only workers--- the capitalist *also* makes a contribution and receives its equivalent. We all get what we (and our assets) deserve. (Some people just happen to make so much more of a contribution and so deserve that much more!) There you have the apologetic wisdom of the economists, who (as Marx noted) simply codify these appearances in elaborate formulas and equations. Nothing, though, is easier to understand than why this mystification occurs--- given the form that the sale of labor-power necessarily takes on the surface. It is the source of "all the notions of justice held by both worker and capitalist, all the mystifications of the capitalist mode of production, all capitalism's illusions about freedom."

Further, insofar as profits are deemed not to be the result of exploitation but to flow from the contribution of the capitalist, it necessarily follows that accumulated capital must not be the result of the workers' own product but, rather, comes from the capitalist's own sacrifice in abstaining from consuming all his profits--- i.e., is the effect of "the self-chastisement of this modern penitent of Vishnu, the capitalist." Capital, in short, appears entirely independent of workers, appears as an independent source of

wealth (and all the more so, the more that science and social productivity appear in the form of fixed capital).

It can not be surprising, then, if workers look upon capital as the goose that lays the golden eggs and conclude that meeting the needs of capital is simply common sense. By its very nature, capitalism generates the appearance that there is no alternative. As Marx indicated:

The advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode as self-evident natural laws. The organization of the capitalist process of production, once it is fully developed, breaks down all resistance.<sup>5</sup>

It is this acceptance of capital that ensures the continuing reproduction of the system. Clearly, Marx did not think that replacing capitalism would be easy.

### **Going Beyond Capitalism**

Yet, Marx did think it was possible. Precisely because of the inherent mystification of capital, Marx wrote *Capital*, the culmination of his life's study. He believed it was essential to explain to workers the true nature of capital, important enough to "sacrifice my health, happiness and family." Marx, in short, wrote *Capital* as a political act, as part of his revolutionary project.

In order to understand what capital is, he stressed, you have to go beneath the surface and try to grasp the underlying hidden structure of the system. You can never understand capitalism by looking at the parts of the system separately. And, by focusing on competition, you won't understand the inner dynamics of the system; it means you will be lost in appearances, the way the inner laws necessarily appear to the actors, and will not ask the right questions. Rather, you need to consider the system as a whole and to ask--- how does this system reproduce itself? Where do the elements necessary for its reproduction come from? In short, where do the capitalists and wage-laborers necessary for capitalist relations of production come from?

What Marx demonstrated by examining capitalism as a reproducing system was that the capital that stands opposite the worker is not an unexplained premise (as it necessarily appears) but, rather, can be grasped as the result of previous exploitation, the result of previous extractions of surplus value. This same perspective of considering the system as one which must reproduce its own premises points to the shallowness of the view that wages reflect the contribution of workers to the production process. If workers simply are selling a quantity of labor and getting its equivalent, what ensures that they secure enough in return to be able to reproduce themselves? What, indeed, ensures that they don't (as a group) get enough to save up and *escape* from wage-labor? How does this system sustain itself?

By analyzing the system as a whole, Marx demystified the nature of capital. Enter into the logic of his analysis, and you can no longer look at capital as this wondrous god providing us with sustenance in return for our periodic sacrifices. Rather, you understand capital as the product of working people, our own power turned against us. Marx's focus

upon the whole, in short, illustrates that the point is not to reform this or that bad side of capitalism but, rather, the need to do away with the anti-human system that is capitalism.

It didn't mean that Marx attempted to discourage workers from struggling for reforms. On the contrary, he argued that not to struggle for themselves on a daily basis leaves workers "apathetic, thoughtless, more or less well-fed instruments of production." Marx's consistent theme was that of the importance of revolutionary practice, the simultaneous changing of circumstances and self-change. By struggling against capital to satisfy their needs, workers produce themselves in ways which prepare them for a new society; they come to recognize the need to understand the nature of the system and to recognize that they *cannot* limit themselves to guerrilla wars against the effects of the existing system. And, that, as Marx knew, is the point when capitalism can no longer be sustained.

The society to which Marx looked as an alternative to capitalism was one in which the relation of production would be that of an association of free producers. Freely associated individuals would treat "their communal, social productivity as their social wealth," producing for the needs of all. They would produce themselves as members of a truly human community--- one that permits the full development of human potential. In contrast to capitalist society "in which the worker exists to satisfy the need of the existing values for valorization" (i.e., as a means for the growth of capital), this would be "the inverse situation, in which objective wealth is there to satisfy the worker's own need for development."<sup>6</sup> In such a society, "the free development of each is the condition for the free development of all."

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<sup>1</sup> I am very grateful to Doug Dowd and Sid Shniad for their comments on an earlier draft of this essay. I have taken many but not all of their suggestions.

<sup>2</sup> I have chosen to use many direct quotations from Marx in this essay--- not to send the reader in search of the source but to convey his point in language more compelling and relevant than mine. Most of the quotations from Marx are drawn from Volume I of *Capital* (New York: Vintage Books, 1977), the only volume of *Capital* that Marx completed, and from his rich notebooks of 1857-8 which have been published as the *Grundrisse* (New York: Vintage Books, 1973). I have used many of these quotations before (with proper citation) in my *Beyond Capital: Marx's Political Economy of the Working Class* (New York: St. Martins, 1992), an expanded version of which is forthcoming from Palgrave. See also for some of these arguments and quotations my "Marx's Falling Rate of Profit: A Dialectical View," in *Canadian Journal of Economics* (May 1976) and "Analytical Marxism and the Marxian Theory of Crisis," in *Cambridge Journal of Economics* (May 1994).

<sup>3</sup> Marx himself did not use the term, "The Sales Effort". This was stressed by Paul Baran and Paul M. Sweezy in their *Monopoly Capital* (New York: Monthly Review Press, 1966), and I use the term to underline the continuity here between the latter work and that of Marx. The importance of "salesmanship" to 20<sup>th</sup> Century capitalism was also a pointed theme of Thorstein Veblen.

<sup>4</sup> For a good Marxist introduction to the problem of capitalism and the environment, see John Bellamy Foster, *The Vulnerable Planet* (New York: Monthly Review Press, 1999). A more detailed study of the centrality of ecology to Marx's view can be found in his *Marx's Ecology* (New York: Monthly Review Press, 2000). See also James O'Connor--- both in his *Natural Causes: Essays in Ecological Marxism* (New York: Guilford, 1998) and in the journal, *Capitalism Nature Socialism*--- and Paul Burkett, *Marx and Nature: A Red and Green Perspective* (New York: St. Martin's Press, 1999).

<sup>5</sup> Marx, *Capital*, Vol. I, p. 899. I break here from my pattern of not providing specific citations because, despite its significance, this passage (and others on the page) have not received sufficient attention.

<sup>6</sup> Marx, *Capital*, Vol. I, p. 772.