

# Watch: Two Hundred Years Since the Birth of Karl Marx

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It has been said that the progress of human social and political thought leads from Aristotle to Marx, and is therefore either a further development of Marx, or arguments and analyses that attempt to refute him.

Whether or not you agree with this assessment, there is no question that Marx stands as a giant in the development of human thought and knowledge. He carried out a veritable revolution in the field of philosophy, and, together with his lifelong collaborator Frederick Engels, was the originator of the materialist conception of history, which transformed that discipline. He was the author of *Das Kapital*, the 150th anniversary of which we commemorated last year. A seminal work that analysed the laws of motion of capitalist economy, its writing was a feat never matched, rivalled, or even attempted since, by the bourgeois academy, for all its vast resources.

Most importantly of all, Marx was the founder of the modern revolutionary socialist movement.

For more than 150 years, Marx's theories and scientific analyses have inspired and guided hundreds of millions of people in every corner of the globe, as they have sought to "storm the heavens," defying all odds, and to cleanse the world of every form of class oppression and inequality, in order to enable humanity to raise itself to its full height, stretch its limbs and expand its mind, to enjoy real and lasting freedom.

Apart from Charles Darwin, the author of the theory of evolution, there is no other 19th century figure who exercises such influence in the modern world. And there is a connection between these two figures because, as Engels explained so well in his graveside speech on the death of Marx:

"Just as Darwin discovered the law of development of organic nature, so Marx discovered the law of development of human history."

## Attempts to refute Marx's *Capital*

The specific laws of development of capitalist society were laid bare by Marx in his masterwork *Capital*. In the words of a reviewer of the first edition, cited by Marx as an exposition of his method, the book illuminated "the special laws that regulate the origins, existence, development and death" of this social system and "its replacement by a higher one."

Down through the years the bourgeoisie and its ideologists have attempted, in one way or another, to refute the analysis contained in *Capital*. But they have invariably suffered the misfortune that, just as they advance a theory proclaiming the death and burial of Marx, some crisis in the capitalist system makes it all too clear that it is, indeed, riven by the irresolvable contradictions he had revealed.

And here we are now, having just passed the tenth anniversary of one of the greatest financial meltdowns in history, if not the greatest. Many articles have been published in the bourgeois media by commentators on this event. But there is no one who can suggest that this crisis—which plunged millions into poverty and whose social effects continue to deepen—has been resolved. Rather, they scan the horizon for where the

next crisis will emerge ... from the acceleration of debt, the vast expanse of speculation, a crisis in emerging markets, a meltdown of the stock markets, sparked by the growing upsurge of the working class, or some other, at this stage unknown, cause. The diseases of the profit system that led to the crisis have not been cured. On the contrary, they have metastasised and mutated into even more malignant forms.

When *Capital* was first published, it was generally ignored by the bourgeois academy. But when it became the theoretical foundation for the development of a socialist movement of the working class, in the last quarter of the 19th century, that tactic could no longer be continued. *Capital* had to be refuted.

Reflecting the general trend of bourgeois pressures at the end of the 19th century, one of the most serious of the refutation efforts came from within the socialist movement itself. In the late 1890s, Eduard Bernstein, a leading figure in the German Social Democratic Party—a party which claimed to rest on Marxist foundations—proposed a wholesale revision of Marx's analysis.

At its core, Bernstein's "revisionism," more accurately described as an outright repudiation of Marx, consisted of two interconnected components. First, that socialism would not come about through the seizure of political power by the working class in a revolution, as had been previously maintained, but would emerge through the gradual accumulation of reforms within the capitalist system, particularly the gains made by the trade unions.

Second, according to Bernstein, Marx's analysis that the contradictions of capitalism would produce an economic breakdown had been refuted by events. The development of vast corporations and banks, and the expansion of the credit system, had made the storms and crises of Marx's day a thing of the past.

Bernstein's perspective was decisively refuted by the outbreak of World War 1. The contradictions of capitalism had not been overcome. They were assuming an ever more violent and explosive form.

Nothing like this had ever been seen before. As Trotsky wrote, in a direct reference to Bernstein and the entire revisionist school:

"The War of 1914 is the most colossal breakdown in history of an economic system destroyed by its own inherent contradictions."

Those contradictions were no longer theoretical postulates on the pages of *Capital*, but were being materially expressed in the cold, the misery, filth, disease and the endless slaughter of the flower of the youth on the battlefields of Europe. If socialism could have been considered more advantageous than capitalism in the 19th century, the world war fought at the beginning of the 20th for profits and markets, in the interests of capital, meant it had become a burning necessity to prevent the plunging of human civilisation into barbarism.

If one were to summarise the efforts of bourgeois economy to refute Marx, they boil down to the following: that capitalism is not riven by fundamental and irresolvable contradictions.

The first attempt was based on Say's Law, which prevailed until the

1930s Depression made it untenable. This “law” maintained that since every commodity seller was also a buyer, there could be no permanent over-production. Any problems that did arise were simply a result of disproportionality.

After the disaster of the Great Depression, this doctrine was replaced by Keynesianism. It claimed that the problems of capitalism arose not from its inherent contradictions, but from “muddled thinking,” and that they could be resolved through judicious state intervention to ensure “effective demand.”

### **The post-World War II boom and its demise**

History, however, delivered its verdict on Keynesianism in the mid-1970s, with the breakdown of the post-war boom, a consequence of the resurgence of the tendency of the rate of profit to fall. Marx had characterised this tendency as the most important law of political economy, above all, from an historical point of view.

The boom’s demise was accompanied by a revolutionary upsurge of the working class, beginning with the May-June 1968 events in France, and extending across many countries, shaking the political and economic structures of world capitalism to their foundations.

However, the bourgeoisie was able to withstand the enormous economic and political upheavals of this period due to the betrayals of the working class by its Stalinist, social democratic and trade union leaderships.

Having being able to cling to power, the bourgeoisie then launched an offensive against the working class, marked politically by the coming to power of the Reagan presidency in the United States and the Thatcher government in Britain. A new “free market” ideology was advanced, and placed front and centre. In the words of Margaret Thatcher, “there was no alternative.”

But it was not only a question of a new ideology. Capitalism underwent a major restructuring, through the deployment of advanced computer-based and information technologies, which led to what we have now come to designate as the “globalisation” of production.

Globalisation was to have far reaching consequences. It cut the ground from under the feet of all those parties and organisations—the Stalinist and social democratic parties, the trade unions and the so-called national liberation movements—which based themselves on a national program.

One of the most graphic expressions of this process emerged in 1989-91, with the liquidation of the Stalinist regimes in Eastern Europe and then the Soviet Union itself, regimes falsely labelled as Marxist.

The liquidation of the USSR was met with an orgy of celebration by the bourgeoisie and its ideologists.

From the political rostrum, in the media, in the universities and well-resourced think tanks, and from the pulpit, they proclaimed that the demise of the USSR represented the final proof of the superiority of the private ownership of the means of production and finance; that the so-called “free market” was the only viable, indeed, the only historically possible, form of socio-economic organisation; that conscious socialist economic planning was inherently impossible; and finally, and most importantly, that Marxism was forever dead and buried.

Capitalism, freed from its historical nemesis in the form of socialist revolution, was now poised to bring economic advancement, democracy and peace to the peoples of the world.

### **The crises and crimes of the past quarter century**

History, in the form of the criminal events of the past quarter century, has cast its verdict on this claim. It has consisted of continuous wars and the looming threat of a new world war; the exponential growth of social inequality; the development of ever-more violent and authoritarian forms of rule; the state and corporate organisation of censorship; the creation of millions of refugees; the return of concentration camps; the forcible separation of children from their parents; the escalation of police

violence; the rise of extreme right-wing and outright fascist organisations; to cite just a few examples.

Even as the new doctrines of the bourgeoisie, based on the so-called “efficient markets hypothesis” were being advanced, storms clouds were massing. A series of financial crises, starting with the global stock market crash of October 1987, in which Wall Street lost 22 percent in a single day, erupted, culminating, in 2008, in the most serious breakdown since the Great Depression of the 1930s.

What has happened since then? Governments and central banks around the world, starting with the Obama administration and the US Federal Reserve, have pumped trillions of dollars into the financial system, handing over untold wealth to the very banks and finance houses whose activities led to the crisis in the first place, thus enabling still further speculation.

Immediately after the crisis, the leaders of world capitalism gathered in London for a meeting of the G20, to pledge they would not go down the road of the 1930s and impose the kind of tariff measures that played a key role in exacerbating the Depression and creating the conditions for World War 2. Today, we are at the beginning of a global trade war, an economic war with military implications, that intensifies every day, as the US imposes tariffs left, right and centre against “foes” and supposed “strategic allies” alike.

Every country, with the US in the lead, is building up its military forces in preparation for another world war. Innumerable flashpoints for such a conflict have already been created: in the Middle East, in Northeast Asia, around Korea, in the South China Sea, in Eastern Europe over Ukraine, that could spark a war between nuclear-armed powers.

All over the world, the cost of the economic disaster has been born by the working class, in the form of stagnant and declining wages and cuts in social spending. Exploitation has intensified along with the development of new forms, such as those used by Amazon. Hundreds of millions of young people are being denied any prospect of a secure future.

One of Marx’s most frequently criticised conclusions has been his analysis that the inherent, objective logic of the capitalist system leads to the accumulation of wealth at one pole and the creation of poverty, misery and degradation at the other.

What is the situation today?

Since 2008, the policies developed in the US, and followed to one degree or another around the world, have institutionalised a process in which stock exchanges and financial markets function like some kind of giant financial vacuum cleaner, sucking up wealth and then exhaling it into the hands of the corporate and financial oligarchy, along with a tiny handful of people in the upper echelons of the income scale,

This is no aberration or temporary phenomenon. It is a permanent, entrenched feature of economic life. At the same time, the claims of working people for improvements in their conditions—in health, education, social services, aged care, pensions or the construction of public infrastructure—are met with the response “there is no money.” And that is true. Not because insufficient wealth is being produced, but because the wealth that is created through the labour, skills and ingenuity of billions of working people the world over, is, on an unprecedented scale, being funnelled into the bank accounts, stock portfolios and lifestyles of the ultra-wealthy.

### **The re-emergence of working class struggle**

To this point, the financial oligarchy’s actions, its states and institutions, have gone unopposed. Not because there is a lack of hostility to these; there is, on the contrary, seething anger; but because the working class has been suppressed by all the parties of the political establishment, along with the trade unions and their supporters in the pseudo-left, who maintain that the class struggle is a thing of the past and that the focus now must be on identity politics, preoccupied with race, gender, sexual

orientation, nationality, etc. to the exclusion of class.

This situation is, however, beginning to change. The year 2018 has seen a resurgence of class struggle around the world. The working class is being radicalised by the conditions created by decaying capitalism. Its struggles must be fertilised and developed, that is, politically armed, with an understanding of the laws of capitalism uncovered and laid bare by Marx.

How then to undertake an understanding of Marx and, above all, his seminal work, *Capital*?

### **Marx: the scientist and the revolutionist**

Such an understanding will be aided by making clear that, while Marx provided a scientific analysis of the laws of capitalist development, he did not do so out of academic interest. He worked, as Engels emphasised in the graveside speech, as a revolutionist, seeking to provide the working class with the theoretical weapons it needed in order to overthrow capitalism and end class oppression, thus opening the way for the development of a higher form of society, in which the condition for the development of each individual would be the condition for the development of all.

*Capital*, therefore, is not a book about “economics” as such, but centres on this struggle. While Marx strived for the highest development of science, Marx the scientist and Marx the revolutionist are inseparable. In fact, his enormous scientific breakthroughs were only possible because he was a revolutionist, with a critical attitude to bourgeois society, based on the understanding that its economic categories were not “natural” and therefore eternal, as maintained by the bourgeois economists, but the outcome of historical development.

Marx, of course, did not begin his intellectual and political life as a Marxist. So what was the path of his development?

### **From revolutionary democrat to Marxist**

Marx began as a revolutionary democrat, concerned with the key political issue in his native Germany at that time: how to bring Germany into the modern age? How to carry out the transformation of the country in line with the great changes wrought by the French revolution of 1789-93?

A key intellectual influence on Marx’s intellectual development was the philosophy of Hegel. Marx had begun his studies in the field of law, but philosophy rapidly became his central preoccupation. This was because the questions of philosophy were bound up with politics, and big political issues were on the order of the day.

Those pushing for political change in Germany maintained that just as the natural sciences had been freed from religion in order to become productive, so politics, likewise, had to be freed from religion. Philosophy, i.e., reason, had to become the basis for political organisation, just as it had become the basis for natural science.

According to Hegel, the state was the embodiment of reason. But there was a contradiction here. The enemy of reason, i.e., philosophy, was religion. But the Prussian state protected religion, maintaining it was a state based on religion. It regarded philosophy and its appeal to reason as the enemy of religion and, therefore, of the state itself.

The protection of religion by the state took a concrete form, through the imposition of censorship. Marx’s battle against it began with his work, first as a contributing journalist, and very soon as editor, on the *Rheinische Zeitung*, a publication established by bourgeois liberals to advocate the reform of the Prussian state, in line with developments in France.

This was a very formative experience for Marx because, in the course of opposing the Rhenish parliament on its position regarding the theft of wood by peasants, and on the impoverished conditions of the peasant wine producers of the Moselle region, the state acted not according to

reason but openly sided with the landowners. As Marx was to later write, “I found myself in the embarrassing position of having to discuss what is known as material interests.”

The bourgeois owners of the newspaper thought that with a more compliant editorial line they would be able to avoid censorship. Marx completely rejected this position. He withdrew from the public stage to undertake, at the age of just 25, a critical re-examination of the philosophy of Hegel, in order, as he put it later, to dispel the doubts assailing him, namely that the state was the embodiment of reason.

### **The materialist conception of history**

That critical re-examination, centring on Hegel’s treatment of the state in his philosophy of law, was to culminate in a revolution in human thought—i.e., in the development of the materialist conception of history.

Previous critics of Hegel had maintained that his philosophy, which had provided a justification for the Prussian state in the name of reason, was the outcome of a conservative outlook on his part. Marx went deeper, showing that the problem lay at the very centre of Hegel’s method itself, in which every development was seen as the outcome of human thought. Consequently, the state was conceived as the outcome of reason and logic.

In other words, Hegel presented the world upside down.

This inversion could be seen in his analysis of the state. He maintained that it was the state that formed the organising and logical principle for what he called “civil society”—the family, commerce and the activities of daily life. In fact, Marx explained, it was the other way around. The state arose *out of* civil society, whose anatomy had to be sought in political economy. In other words, one had to undertake a materialist analysis of society.

But such an analysis could not be a return to the materialist philosophy developed by the French *philosophes* of the 18th century Enlightenment, because this had been completely unable to answer the question of how society developed.

The French materialists maintained that man was a product of his social environment, advancing the vitally important conception that both his vices and virtues were to be found there, and not in some innate God-given qualities, least of all in grace or original sin. If the environment could be changed, they argued, then man’s virtues could be developed and his vices progressively eliminated. Changes in the social environment would bring about changes in consciousness. But how was the social environment to be changed? By changes in public opinion, that is, social consciousness. But social consciousness, public opinion, was a *product* of the social environment. And so, French materialism set up a conundrum that it was unable to solve.

The solution lay in the discovery of an objective social process, which did not depend on public opinion, but which determined both the social environment and social consciousness. The discovery of this social process lay at the heart of the development of the materialist conception of history.

Its essential foundations were laid out in the work that has come down to us as the *German Ideology*, written in 1845. It consisted of the critical reworking of philosophy undertaken by Marx and his now close collaborator, Frederick Engels, who had turned Marx to the study of political economy.

In the *German Ideology*, they wrote, it was necessary to start from real individuals in their activity, the material conditions in which they lived, and the changes in those material conditions brought about by their activity, above all in production.

“Men can be distinguished from animals by consciousness, by religion or anything else you like,” Marx and Engels wrote. “They themselves begin to distinguish themselves from animals as soon as they begin to *produce* their means of subsistence, a step which is conditioned by their physical organisation. By producing their means of subsistence men are

indirectly producing their actual material life.”

The materialist conception of history is concisely summed up in the famous *Preface to the Critique of Political Economy* written in 1859:

“In the social production of their existence, men inevitably enter into definite social relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. ... At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production ... with the property relations within which they have operated hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an era of social revolution.”

Having elaborated the materialist conception of history, the task was now to apply it to the capitalist economy, to discover the specific laws of its development. But such an analysis of this, the most complex of all forms of socio-economic organisation, presented great theoretical challenges.

These were concentrated in the question of where to begin. Should one start with technology and the development of the productive forces? Or population, or, breaking that down, with the classes into which the population was divided? Or, perhaps with capital, with money and finance? ... The list goes on.

### **Marx's *Grundrisse***

Marx discovered the starting point in the work he conducted in a matter of a few months during 1857-58. He was driven back to work on political economy by the eruption of a major economic crisis, which, he believed, would produce a new revolutionary upsurge after the defeat of the 1848 revolutions.

In order to try to prepare this movement, he worked frantically day and night. The results can be found in what is now called the *Grundrisse*, the rough draft for what was to become *Capital*.

This work is very much a voyage of discovery. The starting point of the *Grundrisse* is money. Marx, therefore, subjects the analysis made by the Proudhonists in France to a detailed critique. The Proudhonists advanced a form of petty-bourgeois socialism, based on small artisans and craftsmen, which held that the exploitation carried out under capitalism, as well as its crises, could be overcome by reforming the monetary system, while retaining commodity production, that is, the production of goods for the market.

There was, however, a fatal flaw in this approach. Money was not some kind of technical device that had been invented, and so could be replaced by another mechanism, or a reformed monetary system. It arose out of the system of commodity production itself, which the Proudhonists proposed to retain. To do away with the existing monetary system, while retaining commodity production, would be like getting rid of the Pope without abolishing the Catholic Church.

After dealing with money, Marx examines the question of capital, and at the end of 880 pages of analysis arrives at the starting point.

“The first category in which bourgeois wealth presents itself is that of the commodity.” This is preceded by a note: “This to be brought forward.” A short sentence, but a turning point in human understanding.

### **Marx's *Capital***

Accordingly, *Capital* begins:

“The wealth of societies in which the capitalist mode of production prevails appears as an ‘immense accumulation of commodities;’ the individual commodity appears as its elementary form. Our investigation therefore begins with the analysis of the commodity.”

Marx then proceeds to show that the commodity is the unity of two determinations. It is first of all a use-value, a thing that satisfies a material need, whether that need is connected to immediate consumption or further

production.

It is also a value that appears in the form of exchange-value, that is, the relationship in which different use-values exchange one for another. Marx then proceeds to examine this appearance form, this relationship.

He makes the following decisive point, fundamental to everything that follows: If I say 20 yards of linen equals one coat, that is, 20 yards of linen exchanges for one coat, I am saying that these two different things are commensurable, they have the same quantity. But to have the same *quantity*, to be able to be measured one against the other, they must be *qualitatively* the same thing.

What is being equated in the exchange relation where 20 yards of linen equals one coat? What is the common quality they have? It cannot have anything to do with their use values—because they are different things.

The common quality is that they are products of *human labour*, and the measure of this general or abstract human labour, is what determines the proportions in which they exchange.

Each commodity has a value that is determined by the amount of *socially necessary labour* expended in its production. Why does Marx say *socially necessary*? Because it is clear that, say for example, it takes, on average, one hour to produce 20 yards of linen, and one hour, on average, to produce one coat, then the two will be equal. But if an individual weaver takes two hours to produce 20 yards of linen, he will not receive back two coats when he takes that linen to the market. One hour of his concrete labour will not count as *socially necessary* abstract human labour, because he will have worked twice as long as the average weaver.

Moreover, the weaver will not be told that one hour of his labour has been socially unnecessary by any person, but by a thing, by the relationship of his commodity to other commodities—things—in the market. Here we see the origin of what Marx called the *fetishism of commodities*, which assumes fantastic forms in the present day world, where millions of people are told by a movement in the financial markets, or by a profit and loss account, i.e., by *things*, that they must be thrown out of their livelihood.

How then is value expressed or revealed? If I pick up the 20 yards of linen, twist and turn it as much as I like, subject it to detailed chemical analysis, I will not find an atom of value within it. But it has a value; it is worth something. It can only show the value it contains, however, when it enters into an exchange relation with another commodity, in this case, the coat. And that exchange relationship is determined by the quantity of value it contains. The coat is the material representative of the value contained within the linen.

But this is still not sufficient. The linen must be able to express its value in relation to the whole world of commodities. Commodity production, itself, generates the formation of a specific commodity, standing aside from all others, which is the general material representative of the value of all commodities. That commodity is money. It is the material representative of the abstract human labour contained in all commodities, which is the substance of their value.

In his examination of the value form, something that had not even been attempted by his classical bourgeois predecessors, Marx makes a decisive advance in his discovery of what he called the *dual character of labour*, which, he insisted, was “critical to an understanding of political economy.”

Let me point to one reason why that is the case. We have seen that Marx explains that the objective foundation of social revolution is the growing contradiction between the development of the productive forces of society and the social relations within which they have developed.

How is this contradiction expressed in the commodity, the cell-form of capitalism?

A development of the productive forces in linen production will bring about an increase in material use values. But the value of each yard of linen will have decreased, because it contains less socially necessary

labour time. Thus we have a contradictory movement.

The development of the productive forces has increased material use values. But the value of each piece of linen has been *reduced*. Capitalist production however, is not production for increased material wealth, it is production aimed at the *expansion* of value.

Marx had already pointed to the expression of this contradiction in the *Communist Manifesto*. There he points out that in capitalist crises an epidemic breaks out “that in all earlier epochs would have seemed an absurdity—the epidemic of over-production.” Society is thrown back, industry and commerce are destroyed. Why? Because there is too much industry, too much commerce, too much civilisation and millions are plunged into poverty, not because of a famine or some other natural disaster, as in previous times, but because the productive forces have come into conflict with the social relations within which they have developed.

Having shown how money, as the general representative of value, arises out of the commodity form of production, Marx then develops his analysis of the interaction between money and commodities.

From the standpoint of the *commodity*, this takes the form of commodity-money-commodity. That is, it consists of the exchange of a commodity for money and then the purchase of another commodity with money, whereby the movement ends, since the commodity that has been purchased drops out of the sphere of circulation and is consumed.

But viewed from the side, of *money*, the movement is very different. Here, the form of circulation takes the form of money-commodity-money. The money at the end of the process does not drop out of circulation, but begins the process again. And here we have the genesis of capital, as self-expanding value. Money, the material representative of value, is thrown into circulation with the purchase of commodities. Commodities are then turned back into money, which then purchases commodities again. But in this circuit, money as capital, expands in size. If there is no expansion there is no point in beginning—the owner of money might just as well have kept it in his pocket. What then, is the source of this expansion of money, that is, the expansion of value?

How can additional value arise, since, in the sphere of circulation, equivalents exchange for equivalents?

This is the problem that taxed the brains of Marx’s predecessors. How was it possible, on the basis of the law of value, for an *expansion* of value to take place? It is no use trying to explain it by saying that robbery or theft occurs, or that the commodity sold by the capitalist in order to return to money, is sold at above its value. This is because in both cases, and they undoubtedly take place, the overall mass of value does not increase, it has merely been redistributed. If I take \$10 from your pocket, I have expanded the value I hold, but the total value in this room has not increased. Yet the capitalist system as a whole is evidently characterised by the expansion of value.

This was the great stumbling block that Marx overcame. “Moneybags,” he wrote, must be so lucky as to find on the market a commodity which is, itself, the source of additional value. And that commodity is *labour power*, the commodity that the worker sells to the capitalist.

Having purchased that commodity, the capitalist, like every other purchaser of a commodity in the market, is entitled to consume it. The capitalist, having also purchased raw materials and other means of production, consumes labour power by setting the worker to work in the transformation of these raw materials, and the means of production, into other commodities that are then sold to realise more money. The raw materials and means of production pass on the value embodied in them to the final commodity—that is, their consumption does not increase overall value. But the consumption of the commodity, *labour power*, does.

This is because the value of the commodity the worker sells to the capitalist, his or her labour power, is less than the value that is added by the worker in the course of the working day. The worker does not sell his

or *labour* to the capitalist, but his or her *capacity to labour* or *labour power*.

The value of that commodity is the value of the commodities needed to reproduce it—the value of the commodities needed to sustain the worker and the worker’s family so that the next generation of workers can emerge. These commodities embody, say, four hours of socially necessary labour. But the worker does not work for just four hours, he or she works for eight or ten or even more. The capitalist, like every other commodity owner, is entitled to the fruits of the use value, realised in consumption, of the commodity he has purchased. And the *use-value* of the commodity labour power, realised in the process of production, is the additional or *surplus value* that it creates.

The epoch-making significance of this discovery by Marx was rightly emphasised by Engels.

Marx was by no means the first socialist, he explained. The socialism of earlier times trenchantly criticised capitalism and its consequences. But it could not explain them; it could only reject them as evil as it denounced the exploitation of the working class. It could not grasp the nature of the process itself. This was done through the discovery of *surplus value*.

With these two great discoveries, Engels continued, “the materialist conception of history and the revelation of the secret of capitalistic production through surplus value ... socialism became a science. The next thing was to work out all its details and relations.”

### **The revolutionary role of the working class**

With the discovery of the secret of surplus value, Marx established that the working class, that class which sells its labour power to capital, is the sole social force within capitalism whose historical task is to overthrow it. No other social entity can carry this out.

Marx had verified a conclusion that he had previously drawn: the historical mission of the working class, the task to which it would be driven, arising from its objective position within the capitalist mode of production, was to overthrow it and the whole system of commodity production on which it was based. The working class was not simply an exploited class, but a revolutionary class, created by capitalism itself.

As he put it in one of his early writings: “It is not a question of what this or that proletarian, or even the whole proletariat, at the moment regards as its aim. It is a question of what the proletariat is, and what, in accordance with this being, it will historically be compelled to do. Its aim and historical action is visibly and irrevocably foreshadowed in its life situation as in the whole organisation of bourgeois society today.”

As I noted at the outset, Marx’s analysis was at first ignored. But that attempt to confine him to oblivion could not be maintained. His theory now had to be refuted. And insofar as that task was undertaken, it consisted of the claim that his procedure was unscientific and arbitrary, because in starting with the commodity, and then examining the unfolding of the contradictions within it, Marx had simply developed his theory to achieve the result he desired.

This assertion of an arbitrary beginning is a crucial component of all the attacks on Marx, not only by outright bourgeois opponents such as Bohm-Bawerk, who was the first to advance it in the 1890s, but down to the present day. It is the central claim made by David Harvey, for example, who has put himself forward as a “guide” to Marx’s *Capital*, both in his books and in a series of online lectures.

“Marx’s starting point,” Harvey maintains, “is the concept of the commodity” and it is “crucial to understand that he is constructing an argument on the basis of an already determined conclusion.”

Now, if that were the case, then Marx’s entire analysis would have to be thrown out, on the grounds that it is completely unscientific.

Marx, in fact, replied to such criticism in the last years of his life. “I do not proceed on the basis of ‘concepts’ hence also not from the ‘value-concept’ ... What I proceed from is the simplest social form in

which the product of labour in contemporary society manifests itself, and this is as ‘commodity.’”

To elaborate this crucial point. A bushel of wheat produced by a slave has the same use-value as a bushel of wheat produced by a peasant farmer. But these two products of labour arise in two different social forms. Every society is based on the expenditure of human labour. But that expenditure takes place within definite social relations.

In the first case, the bushel of wheat is the product of the labour of a slave who is owned by his master. He has not produced a commodity, that is, a material thing destined for exchange. In the second case, the same thing has been produced, but that thing, that product of labour, is embedded in an entirely different set of social relations.

### **The “commodity” as Marx’s starting point**

Marx’s selection of the commodity as the starting point is not arbitrary, but thoroughly materialistic and scientific. Contained within the commodity, the “simplest economic concretum” of capitalist economy is, so to speak, the DNA of this social order.

You might ask why I have focused on Marx’s analysis of the commodity. The reason is that, as the most basic of all the economic phenomena of capitalism, it is simply accepted as natural, and therefore eternal, and from this acceptance all the other economic categories arising from the commodity, such as profit, wages, interest, credit etc. are so regarded.

If one has not scientifically probed the essential nature of the commodity, this cell of the capitalist economy, as Marx did, then one cannot understand the most important phenomena of our times—above all the recurring crises of the profit system—much less grasp how to overcome them.

We saw that the commodity is the unity of two opposed determinations, use value and exchange value, and that a growth in the productive forces, giving rise to an expansion of use values, could produce the opposite movement in value. How does this contradiction appear in a fully developed capitalist economy?

The growth of the productive forces signifies that ever greater masses of raw materials, machinery etc. are transformed by ever smaller amounts of labour, giving rise to the ever greater production of material wealth.

However, capitalism is not production of material wealth as such, but is driven by the extraction of surplus value. Here we have a contradiction because, on the one hand, production is carried out through an ever smaller proportion of living labour, while on the other, living labour is the sole source of surplus value, the basis of profit.

This contradiction expresses itself in the form of a persistent tendency for the rate of profit to fall, and so gives rise to recurring crises. The bourgeois economists seek to provide an explanation for these ... this one was caused by insufficient demand, that one by the breakdown of Keynesian measures, and so on. But they can never explain why crises recur. And their explanations become ever more bankrupt.

In the last few days, Mr Ben Bernanke, the chairman of the US Federal Reserve at the time of the 2008 meltdown, has told us that this collapse, marked by panic and lack of confidence, was caused by ... panic and lack of confidence!

### **The fundamental contradiction within capitalism**

The crises of capitalism take different forms according to the historical circumstances in which they arise. But, in essence, they constitute the eruption of the contradiction, rooted in the very cell form of capitalism—the commodity—between the growth of the productive forces and the social relations of the profit system.

How can this contradiction be overcome? Not within the framework of the capitalist system, because all the efforts to do so, as history has demonstrated, only lead to its eruption in an even more explosive form.

This can only be overcome through the overthrow of capitalist social relations. Billions of people the world over want, desire, a better world, free of all the horrors the profit system is unleashing upon them. But those desires and strivings remain but dreams, unless there is a material social force within capitalism whose life interests stand opposed to the system of capitalist social relations. That material social force is the international working class.

This conception is opposed by all the practitioners of identity politics and the theoreticians of post-modernism.

Let us conduct a thought experiment for a moment. Imagine that the dream of the practitioners of identity politics is fulfilled; that women, gays, people of colour, indigenous populations occupy all the key positions of power, and all white males have been excluded. This would make not one iota of difference to the operation of the laws of capitalist economy.

But the critics are not silenced. The working class as depicted by Marx no longer exists, they maintain.

Of course, the concrete forms of labour undertaken by the working class have changed over the years, in line with the development of the productive forces. They are not those of 150, 100 or even of 30 years ago. But the social relationships of capitalism, based on commodity production and the buying and selling of labour power, have remained the same from the time of the industrial revolution onwards.

When one hears the claim that the working class no longer exists, or has been reduced to a marginal existence; when one reads a book by a practitioner of pseudo-left politics with the title “Farewell to the Working Class,” one sometimes says to oneself, “are these people blind?”

The past three decades or so have witnessed one of the greatest changes in world history—the transformation of the hundreds of millions of peasant producers, in countries such as India and China and elsewhere, into proletarians, and the proletarianisation of what were once considered to be middle class occupations in the advanced capitalist countries.

Blindness to this process is not the result of defective theoretical eyesight. It is the expression of a very definite class standpoint—the result of efforts by privileged layers in academia, the media and elsewhere to deflect the growing hostility to capitalism, above all among young people, away from the scientific analysis of Marxism, and its understanding of the revolutionary role of the working class, and toward one or another form of identity politics.

### **The necessity for the revolutionary party**

Closely connected with these positions is the denial of the need for a revolutionary party. Indeed, the common thread of all the various positions of the pseudo-left is that the building of such a party, above all as developed by Lenin, is some kind of “original sin” that leads inexorably to Stalinism.

David Harvey even tries to invoke support from Marx in denying the necessity for a revolutionary party. He writes:

“Communists, Marx and Engels averred in their original conception laid out in *The Communist Manifesto*, have no political party. They simply constitute themselves at all times and in all places as those who understand the limits and destructive tendencies of the capitalist order, as well as the innumerable ideological masks and false legitimations that capitalists and their apologists (particularly in the media) produce in order to perpetuate their singular class power.”

It would take more time than we have available here to detail all the instances where this position has been refuted. Let us merely note that 40 years after the publication of the Communist Manifesto, Engels wrote that the working class could only come to power through a revolution and that for “the proletariat to be strong enough to win on the decisive day it must—and this Marx and I have been arguing since 1847—form a separate party distinct from all others and opposed to them, a conscious class

party.”

The forms taken by the revolutionary party have necessarily undergone development since the days of Marx and Engels, on the basis of the lessons drawn from the historical experiences of the international workers’ movement.

In particular, the most decisive was that carried out by Lenin at the beginning of the 20th century. He insisted that a revolutionary party could only develop through a theoretical, political and organisational struggle, within the workers’ movement itself, against opportunism, that is, against the constantly recurring pressure to undermine the struggle for the historical revolutionary interests of the working class, in the interests of supposed short term gains.

Outlined in theoretical form in his 1902 pamphlet *What is to be Done?*, Lenin’s perspective was verified in practice. In 1917, the Bolshevik party he had constructed, based on an intransigent struggle against opportunism, for which he had been denounced as a “hair splitter,” a “dogmatist” and a “sectarian,” carried out the first, and, to this day, the *only* conquest of political power by the working class.

What is that party today?

It is the International Committee of the Fourth International, grounded on the vast historical experience of the past 100 years: the fight waged by Lenin against opportunism, the struggle against counter-revolutionary Stalinism by Leon Trotsky from 1923 onwards, culminating in the founding of the Fourth International in 1938, and then the fight waged by our movement, the International Committee of the Fourth International, since 1953, against all those tendencies that emerged from within the Trotskyist movement itself, which sought to downplay, remove or emasculate its central perspective: that the key task in the overthrow of the capitalist system is the resolution of the crisis of the leadership of the working class.

That task remains before us. But the objective historical conditions for its accomplishment have been created: first, the ever deepening crisis of the capitalist mode of production, and second, the absolute bankruptcy and decay of the old organisations that held away over the working class and have played the central role in propping up the capitalist system.

But here one must recall another key point raised by Marx. History, he insisted, wages no battles. It fights no fights. It is real, live, active men and women who do that. On that basis, I urge you to join the ICFI and carry out the revolutionary task before us, revealed through the ground-breaking analysis and work of Karl Marx.

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