During the mid 19th century, Karl Marx set out to critique the prevailing political economy through a ruthless criticism, unafraid of its own conclusions or of conflict with any other mainstream theories (“powers that be”). This critique, *Capital*, challenges many of the ideas that surrounded economic thought at the time. Primarily, Marx calls into question several of the key assumptions that economic theorists had made. This paper will discuss the conditions that gave rise to this prevailing political economy and how Marx initiates his critique within the first three chapters of *Capital*.

To being, the relevant economic system of the time, capitalism, must be put into perspective. There are two opposing ways to view the rise of this system. The first view is consistent with Adam Smith, who ascribes a very specific “human nature” to the individuals of the economy. This “human nature” concentrates on an individual’s inherent self interest. This self interest leads to a desire to increase capital and overall abundance. As a result, the individual, “governed by rational thoughts and preferences,” is naturally focused on increasing productivity and bettering themselves financially. According to this economic theory, capitalism emerged inevitably as a result of the human mind and it’s natural tendencies. As a result, capitalism is an unavoidable and certain system.

The second view does not see the emergence of capitalism as inevitable. Instead, it claims that within historical context, one can view capitalism not as an inevitable condition of human nature; rather, as a coincidence of the cultural, political, and economic histories of humanity.

According to Appleby, capitalism has a start that can be pinpointed to England. This theory centers on several necessary cultural shifts, without which capitalism could not have emerged. In illustrating that capitalism was coincidental, Appleby points out that in several of the largest trading nations (e.g. Spain and Portugal), trade only helped increase the wealth of the rich and reinforce the existing feudalist system and no capitalism emerged, as theorists might expect.

The key elements to this view are as follows: Unlike Spain and Portugal, England experienced two major shifts in production and thinking that allowed capitalism to take root. First, manufacturing was increasing as a portion of national output and fewer individuals were dedicated to agriculture. As more manufactured, agricultural productivity increased to maintain output levels for the nation. Combined, these labor shifts brought growth in the national market. This led to changes in lease agreements, enclosure of common lands, and movement of feudal serfs to cities. As the nation urbanized, an new class of “masterless men” emerged, ready to work sans a feudal lord. This shift was occurring nowhere but in England, and is the first key element that set England up as the birthplace of capitalism.

The second key element was a dramatic change in thought. While agricultural producers discovered new ways to think about farming, philosophers began to introduce innovative concepts of society. Specifically, an idea of “social contracts” emerged, where society is governed by agreements between the rulers and the ruled. Hobbes and Locke disagreed on the specifics; however, both believed in civil society. In addition, new ways of thinking about economics developed. Mercantilists and physiocrats had unique theories of economic wealth and organization and Adam Smith criticized both in his *Wealth of Nations*. Ricardo expanded on Smith’s theories on an international level and Jeane Baptiste Say added his theory of market stabilization.

In the end, these massive changes in economic and social thought, combined with the radical agricultural changes, a middle class was able to emerge and markets developed. As a result, we see capitalism in England. This capitalism is seen not as inevitable, but instead as a coincidence of history.

Karl Marx’s biggest concerns are with the first view, which outlines Capitalism as a necessary result of human’s rational characteristic. As he read the literature of his time, Marx determined that his predecessors and contemporaries made assumptions that were not self-evident. Such thinkers presented economics in non-personal terms (e.g. production, technology, and nature). Because this theory made a generalizing assumption about the human psyche, it can be generalized itself and exist outside of historical context.

For Marx, this is a mistake. His stance is partly contributable to his study of German philosophy. After reading Hegel’s theories on the rational order of history and Feuerbach’s conception of human’s self-alienation, Marx considered history, social context, and progress to be vital considerations in understanding the world. As such, Marx believed that “what [individuals] are…coincides with their production, both with what they produce and with how they produce.” Instead of analyzing human nature outside of history, Marx wants theorists to consider production as the “definite form of activity of…individuals” and “a definite form of expressing their life.” Because the modes and organization of production change with culture, time, politics, and many other social elements, Marx is wary of any theory that ignores these factors. Like the second perspective above, Marx looks to contextual and definite expressions of mankind (production) to evaluate its current state instead of making generalizing assumptions, as other classicals did.

Thus, Marx encourages a materialist conception of history that sees the production and reproduction of real life as the ultimately determining elements of that history. So emerges Marx’s desire for a “ruthless criticism” of existing thought. This criticism is aimed at demonstrating how the production of the time was impacting the surrounding culture and showing the world what it was fighting for. Instead of standing apart from the struggle of the world, Marx hopes to embrace it, determine why it exists, theorize a way to eliminate it, and ultimately change the world for the better.

This process begins in *Capital*, where Marx aims to prove that he can take logical steps in developing an economic theory in a social context that results in contradictions to Smith and other classical theories. If successful, this would demonstrate that Smith’s generalization of human nature is misguided because it does not lead to a general theory that can exist outside of historical context but still survive within it. In doing so, Marx calls capitalism’s inevitability into question and can begin consideration of a new economic system.

The first steps of this process come in beginning of *Capital,* where Marx begins by analyzing the role of commodities in capitalism. This is where his contemporaries began and for Smith and other classical economists, wealth was determined by commodity accumulation; therefore, this is the best starting place for Marx’s critique.

From this starting point, Marx defines commodities as use values and exchange values. These exchange values are linked to socially necessary labor time through a view of labor that separates abstract labor from concrete labor. Marx then establishes abstract labor as the basis for the exchange value of commodities (similar to classical theory). He next develops an exchange theory that sees the relation between commodities as social, while the interaction between individuals is material (i.e. commodities’ value is *social* value but individuals interact *through* commodities, or commodity fetishism). As such, Marx concludes his introductory chapters by introducing a general equivalent to his theory of exchange. Here, a socially determined universal equivalent (commodity money) has a use value and exchange value just like any other commodity, and thus begins the departure from the classics. Next, Marx summarizes the effects of money and the new ability to separate sale and purchase. This ability both expands and destabilizes trade, and from here, Marx will move to continue with his logical assumptions and construct a sound economic theory, distinct from the conclusions of Smith.