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Marxian Economic Theory

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Essay #1

**Understanding Marx’s Critique of Political Economy through a Social Lens**

One of the most detailed, yet oft-ignored alternative economic theories is Marx’s critique of political economy. Marx, with his partner Engels, sets out to criticize the prevailing economic notions of the day in his varied works. At the center of his theories lies the notion that “the nature of individuals thus depends on the material conditions determining their production.” Engels clarified this statement by adding, “the ultimately determining element in history is the production and reproduction of real life.” That is, people and their attitudes do not create the conditions of their material existence, but rather, the exogenous environments in which people live determine the type of lives they lead. It is around this assumption that Marx launches a detailed criticism against capitalism, the understood economic system of the day. Given this, the economic, cultural, and political conditions of Marx’s time period must be understood to completely understand the development of the Marxian critique of political economy.

One of the most important factor’s leading to Marx’s critique is the idea that Human Nature is embedded in capitalism. In developing his economic theories in the *Wealth of Nations*, Adam Smith creates an idea that capitalism is no more than the realization of Human Nature. In saying this, it follows that capitalism stems directly out of the natural behavior of humans. Thus, capitalism becomes the ultimate, true expression of how a society of human beings is to be properly organized. By describing capitalism in this manner, it becomes impossible to attribute any kind of history to the system. For, if capitalism is but an expression of the natural order, it has always been existent under the surface of human interactions throughout the ages. Given the influence of Hegel on Marx, in the idea that true knowledge of the noumenon comes only through a full understanding of phenomenon, Marx would see a historical back story as not only helpful in understanding the capitalist way of thought, but as completely necessary. It is from this initial point of friction that Marx is compelled to critique political economy, and, thus, the economic system it embodies: capitalism.

The inclusion of Human Nature into the concept of capitalism, and its lack of a historical back-story, has profound cultural implications. Rather than being a system of economics that can be questioned and challenged, capitalism evolves into a societal dogma. If all of human nature is included in the equations that describe economies, there cannot be any way in which they falter to describe the material way of life. And, as Marx lays out in *For a Ruthless Criticism of Everything Existing*, he is skeptical and suspicious of anything that becomes dogmatic. Marx does not even want his own theories to become a dogmatic way of thought, as some with utopian ideals would rather have. In providing a critique to such a way of thought, then, Marx is trying to combat blind acceptance of a system that is chalk full of problems that are, out of this blindness, ignored. Part of this ignorance stems from the belief that things will always get better when following this capitalist system. Because capitalism, until this point, was denied a history of development, people only saw the vast improvement in quality of life, and they assumed that capitalism provided a perpetual movement towards a better life and richer culture. If they had, however, a story such as the one Joyce Appleby lays out in *A History of Capitalism*, they would see and understand the bloody path that capitalism carved through the earth. For example, the development of capitalism would be very near impossible had not a system of slavery developed alongside it. In this case, capitalism was improving the lives of the wealthy Europeans, but it was also destroying those of the enslaved.

So far, then, a clear linkage can be seen between the denial of a history to capitalism and the development of a culture of intellectual blindness in the face of this supposedly ideal and perfect system. In turn, this culture of blind dogmatic acceptance closes the eyes of people to their actual economic and political situations. If their eyes had only been opened, as Marx’s were, they would see what drove Marx to his critique.

This critique, being economic in nature, obviously developed out of a set of very specific economic conditions. Capitalism, being a system focused around the specialization of labor and increased outputs of production, required a great new supply of workers moving to cities. Such movements would give rise to an age of wage laborers working in centralized urban areas. Something had to have changed to free up all of this labor. One of the largest influences was a greatly improved and efficient agricultural system that freed a huge portion of the population from having to cultivate food. Thus, a shift of people from rural lands to urban city centers occurred to help fuel the budding industrial production. As a result, there were vast swaths of people producing things, and relatively few industrial leaders who controlled the means of production and, therefore, reaping the benefits. In their cultural blindness to dogmatic thought, however, the majority of people paid no attention to this extraordinary control over surpluses that industry leaders held. To the people, this way of production was simply natural and correct, as an economic theory based on Human Nature implies. Furthermore, the father of political economy, Adam Smith, believed in the theoretical “invisible hand” over the market. It was his belief that the best organization of markets is in taking a laissez faire approach. While only using the term “invisible hand” once, all of Smith’s economic theories find their focal point in the free organization of market systems. When these types of markets that concentrate power at the top of the production ladder are left to be free, a perpetual cycle emerges, where those at the top continue to wield power over the workers who are doing the true production. Such economic conditions were extremely problematic to Karl Marx. First, he recognizes that capitalism is nothing more than a system based on continuous exploitation, where one group creates surpluses, and another takes it away. In this case, the “industrial monarchs” steal from the laborers. Secondly, free markets will continuously produce economic crises on a periodic basis, only to rebound, creating cycles of booms and busts. Such living is not conducive to a stable social order. Out of such observations rises the need for Marx to offer his critique of political economy, setting up a new and alternative theory of economic order.

Politically, the ideas of the enlightenment had a huge influence on the necessity for Marx to critique political economy. New ideas such as the “social contract” and the birth of civil society made institutions like corporations possible. This pushed along the development of capitalism, whereby free individuals operated in a free market system. At the same time, as capitalism progressed further and further along, Marx must have taken notice to a contradiction, as he is so apt at doing. In a society that should be operating by a social contract, where the people give their consent to be governed, a capitalist way of producing seems counterintuitive. The general people who labor to create commodities have no control over the surplus they create. They have essentially become the slave laborers to the business owners. They are no longer participating in a free contract. While they cry for their freedom and right to participate in a social contract in the public sphere, this kind of agreement seems to have disappeared from the private arena. Previously, nearly eighty percent of the population worked out of necessity to barely supply enough food for the population in a mutual recognition of the necessity to stay fed. But now, people only produce what the owners of industry decide, and in the quantities that they decide. It was in response to this that Marx had to be called into action.

As he finally sat down to develop his theories in the first three chapters of *Capital*, a clear strategy emerges. He chooses as his starting point the idea of the commodity. From this he traces the process of exchange up to the development of a new, radical theory of value. In doing so, Marx is describing society and the world of commerce, as it exists in that moment. Out of this, Marx hopes to make known and better understand the consciousness of the time and to open up the eyes of those around him. By starting with these common concepts, perhaps he can get through to the minds of others, showing them that capitalism does indeed have a backstory, and should not be dogma. He is also clearly making his way to a heavy emphasis on labor and the role it plays in economics. Until this point, the continuous exploitation of labor acted to reduce the labor process to nothing more than another input into the production of goods. Adam Smith did develop the first Labor Theory of Value, where the value of a product depends on the value of the labor put into it. It still only fixes labor as a cost whose value is embedded in the price of a good. Marx, on the other hand, saw the importance of recognizing the integral part labor plays in transforming raw materials into a true commodity. Out of this, he developed his dichotomous theory of value that fully recognizes the part of labor in production. In his theory, labor in its abstract form does set the exchange value of a good, similar to Smith’s Labor Theory of Value, but a good develops its use value from the process of concrete, specialized labor. Now, labor is finally being recognized as the mechanism by which raw materials become truly useful things to human beings.

As it appears now, it is from this ending point that Marx will pick up the rest of his critique. It will be interesting to see how the rest of his theories emerge to combat the troubling social conditions set forth here. In analyzing these conditions, it is apparent that Marx is not simply providing a possible alternative to political economy, but, in his eyes, he is providing a *necessary* alternative. In today’s troubling economic times, perhaps the rest of the world should once again pay attention to these words of Marx.