CHAPTER 6

The Economic Theory of *Capital*

In our presentation of the economic theory of *Capital*, we shall confine ourselves to one or two results of the Marxian teaching, extremely abstract in appearance, which include, in our opinion, the revolutionary kernel of the Marxian theory and thus constitute its fundamental and epoch-making importance. It is this, in fact, which explains why the teaching of Marx has gained and retained, for almost a century, the active support of millions of revolutionary workers in all parts of the world, and which even today forces from the most bitter opponents of the proletarian class movement an unwilling tribute, in that they announce as the aim of their reactionary and counter-revolutionary endeavours – *war against Marxism*.

Marx himself, in a letter written to Engels soon after the appearance of *Capital*, described the following ‘three fundamentally new elements’ of his book:

1. that in contrast to *all* earlier economics which from the outset had dealt with the detached fragments of surplus-value in their fixed forms of rent, profit and interest, as given entities, he first treated the general form of surplus-value, in which all those elements are still grasped in an undivided unity like the uncrystallised components in a chemical solution;
2. that, without exception, economists had missed the simple fact that if a commodity is the sum of the ‘value in use’ and the ‘value in exchange’, the labour entailed in the production of the commodity must possess the same two-fold character, while the mere analysis for ‘labour sans phrase’, as in Smith, Ricardo, etc., must inevitably stumble upon something inexplicable. *This is indeed the whole secret of the critical conception*;
3. that for the first time wages are shown to be an irrational manifestation of some other relation hidden behind them.1

All these innovations are of decisive importance with regard to the ultimate aim of Marxist theory, the critical transformation of economics into a direct historical and social science dealing with the development of material production and of the class-struggle. That goal, however, is not reached by an immediate disintegration of economics as a particular form of knowledge,

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1 See Marx’s letter to Engels of 8 January 1868 (Marx 1931–21, p. 6).
but by a further theoretical development which brings into relief the inherent contradiction between the economic categories and principles and the actual facts which had hitherto been presented in their guise. While Marx seems merely to proceed with the work begun by the great bourgeois economists, his further development of their theories is guided in every case by a definite critical purpose. A more refined, more comprehensive, more thorough, and more consistent analysis serves to advance the traditional economic concepts and theorems to that point where the practical reality behind them, i.e. their historical and social contents, become tangible and subject to a critical attack.

Thus the Marxian definition of value in terms of labour differs from the classical definition not by its conceptual form but rather by a closer connection with the underlying social conditions. Similarly, the advance made by the famous Marxian doctrine of surplus-value, as stated by Marx himself, is new only because of the more comprehensive synthesis, by which he reduced to a common denominator the various phenomena of profit, interest, and rent as described by the classical economists. Nor does the new Marxian definition of wages, not as the ‘price of labour’ but as the ‘price of labour-power’, amount to a major scientific discovery since the best classical writers, and, indeed, Marx himself in his earlier period, had already applied the former term in exactly the same sense which was later more fully expressed by the more elaborate description.\(^2\) Both these apparent technicalities and, in fact, all of the Marxian improvements upon classical economic theory are important, not for their purely formal advance over the classical concepts, but for their definite transfer of economic thought from the field of the exchange of commodities and of the legal and moral conceptions of ‘right’ and ‘wrong’ originating therein to the field of material production taken in its full social significance. For example, the economic concept of a *surplus-value* existing in the form of goods and money and competed for by its rival claimants is now transformed into the concept of a *surplus-labour* performed by the real workers in the workshop under the social domination exerted upon them by the capitalist owner of the workshop. Furthermore, the ‘free-labour contract’ of the modern wage-labourer is, by an apparent change of terminology only, now revealed as a real sale of the labour-power of the wage-labourer to the capitalist in return for wages, and thus as a social oppression and exploitation of the labouring class persisting within an supposedly ‘free’ and democratically ruled society.

\(^2\) See Marx, *Wage Labour and Capital* (Marx 1931–2j) The full equivalence of the terms used by Marx in his earlier and later period is clearly demonstrated by the fact that Engels in his later editions was able to substitute the new term ‘price of labour power’ in all cases where Marx had originally used the term ‘price of labour’ without any change in the real argument.