

CRITICAL SOCIAL RESEARCH

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PART 2 CLASS

2.3 Karl Marx *Capital*

2.3.1 Introduction

There are contrasting analyses of Marx's philosophy, social analysis, ontological and epistemological position and methodology. However, most commentators agree that Marx developed a materialist approach to social, political and economic analysis out of his philosophical opposition to Hegel's objective idealism. Marx adopted a totalistic approach, that is, he argued that society could not be understood by examining its parts in isolation but that the parts had to be seen as interrelated into a coherent structure and that they only had meaning in relation to the structure. His analysis thus focussed on the interrelation of the components and the total structure and he reconceptualised the Hegelian dialectic.

Social critique underpins his whole work and in *Capital* Marx sets out to undertake a thorough analysis and critique of capitalism to present the inner organisation of the capitalist mode of production, 'in its ideal average' in order to 'lay bare the economic law of motion of modern society' (Marx, 1887, p. xix). He concentrates on the structural relations of the economic system but locates it in a wider social context and analyses it as a specific historical form. Marx's approach involves a critique of positivism. For him, science is not simply the process of explaining the surface nature of the physical and social world. If one needed only to explain surface appearances there would be no need of science. For Marx, the scientific process differed from the positivist view of science in that he saw science as transcending the world of appearances.

2.3.2 *Commodification, surplus value and capital accumulation*

Marx begins *Capital* with an analysis of commodities.¹ He does so because he wants to investigate the taken-for-granted starting point of bourgeois economics, viz. money. For Marx, capitalism is a particular form of social production. Marx argues that money is not in itself the root of capitalist productive relations. Rather, commodity exchange is fundamental to bourgeois relations of production. Commodities are the embodiment of labour time and they have an intrinsic use value and an extrinsic labour value. (Labour value is the amount of labour required to produce a commodity). Marx, thus, transforms the analysis of capitalism from the economists' concern with money, which is merely the surface appearance of capitalist relations, to a more fundamental analysis of capitalism embodied in the commodity form. Commodification is the concept that guides his further analysis.

The prevailing view of capitalism was based on the idea that it was based on the investment and accumulation of money. For Marx, this was surface appearance. The real

basis of capitalism is the exchange of commodities. The creation of profit, which Marx relabelled as 'surplus value' occurs through exchange. A commodity, for Marx is measured by the amount of labour that goes into producing it. A commodity also has use value. In the process of ordinary commodity exchange, equal values of commodities (as measured by labour value) are exchanged. Consumers of commodities gain use-value from the value created by the producers in the exercise of their labour power, for whom the use-value is in excess of their needs. (In short, people make things in excess of what they need and exchange them for things they do need). While any one exchange may lead to someone being cheated, this is an aberration and does not effect the total *social* value of the commodities exchanged. The social value of commodities depends upon the labour value (as measured by labour time) that goes into them. Exchanging commodities cannot lead to an overall increase in use value.

Profit, or surplus value, under capitalism, arises because labour power itself becomes a commodity. The exchange value of labour (that is, the value that labourers receive for their own use in exchange for their labour power) is less than the use value of the commodities they create. The difference, or surplus value, is appropriated by the capitalist.

So, for Marx, instead of money being a lubricant in the exchange of commodities which are ultimately consumed (and made use of), a commodity, labour power, becomes the medium through which money is exchanged. The capitalist, through the exploitation of labour, appropriates the surplus value of labour. In the process the commodities become alienated labour. Commodities come to exist objectively apart from their producer when their value is measured as 'exchange value' rather than their intrinsic 'use value'. Commodities become fetishised and relations between people become relations between commodities. Human relations, literally, become objectified.

From this fundamental reappraisal of the basis of capitalism Marx elaborates the nature of capital accumulation. His approach is both an examination of general abstract propositions and an assessment of practices in the advanced industrial nations. It is abstract in the sense that he sees it as a mere phase in the actual process of production and thus, for simplicity, treats the capitalist as the representative of all those who share surplus value. As Marx bluntly puts it, in order to see what is going on 'we should, for a time, disregard all phenomena that hide the play of its [capital accumulation's] inner mechanism'. (Marx, 1887, p. 530).

However, this elaboration of the abstracted nature of capitalist production goes on throughout *Capital* side by side with historical and contemporary case studies, which lead Marx to an examination of contemporary economic debates. For example, Marx examines the nature and debates about the 'working day' in England and its bearing on other countries. Here he draws on contemporary and historical data. His primary concern, however, is not a simple account of capitalist practices but an illustration of the nature of capitalist exploitative thinking, its 'reification' in bourgeois economics and an illustration of how such economic theorists (be they academics or industrialists) fail to understand (or don't want to understand) the nature of capitalist exploitation. Similarly, in his discussions of the division of labour, of machinery and modern industry and of wages, Marx outlines the basic principles of capitalist production in respect of these elements within the structure, examines them historically, provides case material and engages political economic theory.

2.3.3 Empirical sources

Marx used a wide variety of empirical sources in *Capital*. Apart from his own ‘excellent’ observations (Korac, 1962) he made extensive use of secondary sources, which he approached critically and ‘with responsibility’ adopting an ‘historical comparative method’. Research, for Marx, required approaching the subject matter in detail, analysing its different forms of development and finding its internal connections. Only then can the ‘real’ state of affairs be revealed. Indicative of Marx’s concern to found his theory on empirical evidence is the letter to N. F. Danielson in which Marx points out that the delay in publishing the second volume of *Capital* in Germany suits him because it gives time for the crisis in England to reach its peak and thus furnish him with further empirical validation (Bogdanovich, 1986).

The various parliamentary and official reports used by Marx are listed at the end of each volume of *Capital*. In the first volume he cites thirty reports of H.M. Inspectors of Factories made between 1841 and 1867; five reports of the Medical Officer of the Privy Council on public health (between 1860 and 1865); reports of select committees on the adulteration of food (1855), on the adulteration of bread (1855), and on mines (1866); Royal Commissions on Mines (1864) and on Railways (1867); reports of select committees on the Banking Acts (1858) and the Corn Laws (1813–14); the House of Lords Select Committee’s reports on *The State and Growth of Commerce and Consumption of Grains and all laws relating thereto* (1814–15); the report of the Commissioners on Transportation and Penal Servitude (1863); the Inquiry Commission report on the employment of children in factories (1833); six reports of the commissioners on the employment of children in unregulated manufacture and trades (1863–1867); reports by Poor Law Inspectors on wages of agricultural labourers in Dublin (1870) and in Ireland as a whole (1862); the report on the grievances of journeymen bakers (1862); the report of the committee on the baking trade in Ireland (1861); Inland Revenue Reports for 1860 and 1866; the report of the Social Science Congress in Edinburgh (1863); the *Report of the Committee of the Master Spinner’s and Manufacturers Defence Fund* (1854); and the report of the Registrar General on births, deaths and marriages in England (October, 1861). Finally he cites *Correspondence with Her Majesty’s Missions Abroad regarding Industrial Questions and Trades Unions* (1867) and *Hansard*.

These reports were extensive, were the result of questionnaire research, observation and medical practice. They usually included statistical material as well as vivid descriptions of social conditions. In addition Marx used the 1861 Census for England and Wales; statistical abstracts (1861 and 1866); various agricultural statistics for Ireland (1860 and 1867); official ‘Miscellaneous Statistics’; and Parliamentary Returns (1839, 1850, 1856, 1862).

He makes use of statistical sources to point out changes and relationships. When he does not have adequate statistics he says so. For example, he lacks suitable statistics to illustrate the concentration of agricultural holdings in England, and therefore he restricts his empirical analysis to ten countries for which such information is available between 1851 and 1861. Marx regarded statistical data as important and drew up a draft proposal to the First International urging the world-wide collection of statistics by workers

covering sex, age and occupation, the length of the working day, shifts, breaks, wages, health, physical and moral conditions (Bogdanovich, 1986, p. 108).

Marx also referred to various acts and statutes especially the Factory Regulation Acts, 1833, 1859, 1867 and 1878, which were, for Marx an important source of the evolving relations between labour and capital. Other legislation he used directly were the Statutes of Labourers (1349, 1496) and Statutes of Massachusetts.⁴ Besides these official sources Marx lists thirty-three ² different British and overseas newspapers and periodicals as sources; these include *The Times*, *Morning Star*, *Spectator*, *Economist*, *Neue Rheinische Zeitung*, *Deutsch-Französische Jahrbucher*, *New York Daily Tribune* and *Sankt-Peterburgskie Viedomosti*. He also collected data and opinions from friends abroad in order to effect comparative analyses between Britain and other parts of the world. Finally, he drew on the writings of over 250 different authors, involving in excess of 300 publications as well as another 48 anonymous essays, pamphlets and open letters.

Marx used one source to complement another and rarely, if ever, relied on a single source. He made considerable use of comparative study, for example, comparing the length of working week and the exhaustion of workers in England, France, Belgium, Switzerland, Austria and Russia. The comparison is founded on an analysis of factory legislation, and various Parliamentary reports, as well as medical reports. In widening his comparisons from Western Europe to America and Russia, Marx undertook detailed examinations of the economic history of each country, as their development was the consequence of essentially different historical conditions to those of Western Europe.

Marx, however, was critical of his source material, in particular he criticised the inadequacies in the collection of statistics. For example, the 'surprising' fall in the number of children under thirteen years of age employed, which was a result of surgeons increasing the ages of children 'to suit the greed of capitalists'. Marx also criticised the inconsistencies and inadequacies in the conceptualisation of statistical measures, and the misleading application of statistics. An example of the latter is the use of absolute wage levels to show how the workers are better off, whereas Marx argues that the cost of living (which, for example, had increased by 20 per cent between 1860 and 1862) has far exceeded wage rises and thus workers were worse off.

His approach to the reports is typified by his view of the reports of the Factory Inspectors, which he saw as providing 'regular and official statistics of the capitalist greed for surplus-labour' (Marx, [1887] 1977, p. 230). This is not a casting of doubt on their accuracy. Indeed, in the Preface to the first (German) edition of *Capital* (25th July 1867) Marx indicated in broad terms his faith in the impartiality of much of the collection of these empirical sources.

The social statistics of Germany and the rest of Continental Western Europe are, in comparison with those of England, wretchedly compiled. But they raise the veil just enough to let us catch a glimpse of the Medusa head behind it. We should be appalled at the state of things at home, if, as in England, our governments and parliaments appointed periodically commissions of enquiry into economic conditions; if these commissions were armed with the same plenary powers to get at the truth; if it was possible to find for this purpose men as competent, as free from partisanship and respect of persons as are the English factory-inspectors, her medical reporters on public health, her commissioners of inquiry into the

exploitation of women and children, into housing and food. (Marx, [1887] 1977, p. 20)

What Marx's comment on the documentation of capitalist greed in the Factory Inspector's reports reflects is the way Marx fundamentally reconstituted the empirical data as a result of the dialectical process of analysis.

For example, as part of his analysis of the working day Marx compares the surplus-labour manufacturer in England and the Danubian boyard (in what is now Romania). Marx points out that, for example, if the English 12 hour working day consists of 6 hours of necessary labour, and 6 hours of surplus-labour. Then it is the same as if the labourer 'worked 3 days in the week for himself, and 3 days in the week gratis for the capitalist.' However, 'this is not evident on the surface. Surplus-labour and necessary labour glide one into the other' (Marx, [1887] 1977, p. 227). In the case of the Danubian peasant prior to the Crimean War, the demarcation of labour was clear. The labour that the peasant does for his/her own maintenance is distinctly marked off from the surplus labour on behalf of the boyard on the seignorial estate. Both parts of the labour time exist independently side-by-side.³ The required labour of the *corvée* is codified in the 'Règlement organique'.⁴

The situation for the labourer is the same yet capitalism attempts to conceal this surplus labour. Unlike the positive expression of greed for surplus labour in the *Règlement*, the English Factory Acts are a negative expression. They conceal the greed by acting to curb the actions of capital. They forcibly limit the working day by state regulations, 'made by a state that is ruled by capitalist and landlord'. The limitation is not out of any concern with the well-being of the worker but a pragmatic response to the exhaustion of the exploited class and its growing threats. The Reports of Factory inspectors are published half yearly by order of Parliament. Marx uses these documents to list details of the fraudulent activities of capitalists who, in their avarice for surplus labour, start the working day a few minutes early, reduce breakfast and lunch breaks and thereby pilfer labour time.

This example, then, shows how Marx locates practices historically. He draws on a number of sources to make explicit the nature of social practices including official reports, legal codes, and published histories. His approach is comparative, complementary and critical. He shows how empirical material corroborates his exposition, but only after it has been radically transformed by deconstructing its theoretical basis. Central to this is the process of abstraction.

2.3.4 Abstraction, essence and totality

In developing his critique of capitalism Marx engages the whole positivist⁵ notion of abstraction. He does not start with factual observations and abstract from them. Rather, he operates the other way round. Marx argues that beginning with the 'real and the concrete' is a superficial exercise as objects of observation are only apparently concrete but in actuality are abstractions. The correct procedure, he argues, is to move from the abstraction to the concrete.

Abstractions are not irrelevant because beginning with categories facilitates the analysis of the 'inner structures' of objects. However, these abstractions must be made concrete. For example, Marx argues, the positivists' generalised and undifferentiated concept of 'population' is a reified abstraction, which hides the complexity of social

relations that make up a class-differentiated population. For Marx, population is a correct starting point for analysis but it is a mistake to construe it as a concrete fact, as opposed to an abstract whole emptied of empirical content.

Marx's analysis in *Capital* attempts to get to the meaning behind the categories used by the political economists of the time. He wanted more than the organisation of 'facts', he wanted to reveal the essential nature of the social world that lay beneath the world of appearances.

Marx's process of abstraction in *Capital* involves a rejection of the taken-for-granted starting point of bourgeois economics. Marx wants to examine the essential nature of capitalist relations so he does not start with money values, as is conventional, but examines the basis of production and exchange to see what lies behind the obfuscation of money values. The commodity, as we have seen, is the essence he reveals.

Marx's conception of essence and phenomenal form are qualitatively different from the notions of 'fixed essences' and 'natural forms' employed by the classical political economists. It is also different from phenomenological reduction to essences. While Marx is concerned to get beneath the surface of phenomenal appearances his aim is not a mere reduction to essences. Rather the aim is to utilise the examination of the essential nature of phenomenal appearances as a base for a fundamental critique of the social process (system). He wants to analyse the essential nature of the social (economic, political) world. It is a work of critique. The unveiling of surface appearance is but an initial step. The ultimate aim is to provide a basis for practical revolutionary activity.

For Marx, essences are dynamic and historical. The task of science is to critically analyse abstract categories, penetrate empirical observations, grasp them in concepts, and reproduce them in concrete thought.

For example, as we have seen, in *Capital* Marx argued that surplus value resulted from the commodification of labour power. Marx's selection of commodity as the essence or fundamental element of capitalist relations was not arbitrary. Marx derived his starting point dialectically. Only as his analysis and critique shuttled back and forth between the elements of capitalism and its phenomenal form manifested as a structural totality did he begin to approach the idea of the commodity as fundamental. Its core role emerged only as Marx analysed the nature of commodities to reveal the objectivation of relationships that they conceal (the fetishism of commodities). Concentrating on commodity form did not prejudge the outcome of Marx's analysis, rather it was a pivotal device for elaborating the structural and historically specific nature of capitalism. The use of the commodity as pivot was the result of a dialectical analysis, not a phenomenological reduction. Marx showed that the concept of commodity involves something other than the object in itself; it embodied relationships between people.

So the discrepancy between the basic condition of social exchange of equivalents and the observable phenomena of capitalism, (the generation of profit), is thus explained through an examination that addresses the essence of capitalist relations, that is, the commodity form.

However, underlying the first problem is a second, which Marx again proceeds to resolve through analysis designed to penetrate phenomenal form. He asks under what conditions can the commodification of labour power take place? This requires a totalistic perspective. In answering this question it becomes clear that capitalism, whose phenomenal form appears as a mode of production characterised by commodity

exchange, is itself presupposed by a class relation between labour and capital, without which capitalism cannot exist.

This cannot be understood simply through the phenomenal forms such as 'profit' and 'commodity'. These concepts indicate how surplus value appropriation takes place but not how the structure, which depends on it is developed and sustained. For Marx, the categories 'profit' and 'commodity' only make sense in relation to the wider social totality.

For Marx, then, science as the basis for the understanding of the social world was not the construction of causal laws but of a deeper understanding, arrived at through a process of deconstruction and reconstruction, in which the part is dialectically related to the whole. Marx attempts to grasp the essential nature of capitalist relations, not as phenomenal form in themselves but as a basis for the deconstruction and reconstruction, dialectically, of the productive process. This dialectical process involves relating parts to whole, through the analysis of concrete historical practices.

2.3.5 History and structure

In *Capital*, Marx (and Engels) treated history logically rather than as narrative (Schmidt, 1981). Marx denied the positivist historicist view of a self-evident unproblematic history. The past cannot be reclaimed, merely reconstituted, and such reconstitution is ideologically imbued. Similarly Marx denied the utopian view of the linear progress of history.

For Marx, a logical approach to historical understanding requires a 'correct grasp of the present, which involves understanding structural relations. This required that the primary pivot of attention in the construction of history be the logically generated critical theoretical perspective. Thus the process of reconstructing history starts out from an analysis of structures. Rather than begin with dogmas or arbitrary premises, Marx analysed the prevailing structure, deconstructed it, raised questions about its ideological underpinnings, and then 'logically' constructed the history.

In the analysis of capitalism, Marx first grasps the essence of capital theoretically and then adhered to the logic of that analysis in constructing the history. He focused on immanent developments and shelved particular details that may have served to clutter the analysis. Empirical history then appears to be processed to remove vicissitudinous instances. This is the sense in which Marx argued, that the present be grasped and the past interpreted in relation to it.⁶

So, in his analysis of bourgeois economy, Marx starts out from the existing social relations rather than beginning with an analysis of the origin of bourgeois social relations. The theoretical development in *Capital* is interwoven with historical detail. Theory and history dialectically inform each other. Historical 'fact' is reviewed in terms of the critical theoretical analysis of present social relations. But, the theoretical analysis, although primary, is also mediated by an analysis of past events. This dialectical process involves two essential elements; the grounding of a generalised theory in material history and the exposure of the essential nature of structural relations which manifest themselves historically. Thus, in order to comprehend the nature of capitalist relations of production it was necessary for Marx to get at the essential nature of capital, that is, the commodity form, rather than simply reconstruct the historical origin of capitalism. The commodity form of capitalism was then located within a specific historical context thus clearly

revealing the actual (rather than theoretically generalised) structural processes of capitalist production.

In this way the shift from abstract theoretical analysis to material historical analysis was effected. For, although Marx conceived of bourgeois society, irrespective of its origins, as a closed system explicable in relation to itself, he saw nothing inevitable or natural in bourgeois relations of production. Essentially they are arbitrary, historically specific, relations that can be transcended by human praxis.

2.3.6 Ideology and praxis

Marx saw social structures as oppressive. In *Capital* he was concerned with class oppression and economic exploitation. Oppressive structures, while maintained by oppressive mechanisms embodied in the state and judiciary, are also legitimated by ideology. For Marx, ideology was a transparent and intrinsic element of social structures. Prevailing ideology, as the ideology of the dominant class, was constantly represented through institutions such as the church, the school, the courts and the family. This dominant view legitimated, as natural, the existing social, political and economic structure. Ideology thus served not only to reify social relations but also to conceal their real nature; in the case of capitalist economy, their exploitative element. In order to understand the nature of the social relations it was necessary to engage ideology. However, as ideology is grounded in material relations, it is not just a matter of transcending ideology in thought (however useful that might be as an initial step in revealing the underlying nature of social relations) but of changing material relations through practical reflective activity (praxis). There is a dialectical relationship between ideology and material forms. Changes in material relations impact upon ideology, which in turn informs praxis and further effects the nature of material relations.

Marx's dialectical analysis, in engaging taken-for-granted abstractions and the pre-givens of bourgeois economics, exposed the transparent nature of prevailing ideology. His deconstruction of the capitalist mode of production and the reconstruction of the exploitative relations engaged the prevailing ideological forms. However, he was also aware that to effect changes required praxis. The dominant ideological legitimation could not be thought away and changes be effected on the basis of a new consciousness. Changes in the material base must also be effected in order to sustain, or even initiate, a comprehensive ideological critique.

Ideology, like material relations, is not a timeless abstraction but is a historically specific construct. Fundamental transformation, however, requires that people act to effect changes. The social world does not just change of its own accord; it changes as the result of praxis. So in pointing to exploitative processes, Marx was not simply undertaking an economic analysis he was engaging the bourgeois ideology that reified exploitative practices and was providing an examination that could be linked with revolutionary praxis.

2.3.7 Conclusion

Marx was opposed to the analytic approach of the classical economists because it accepted surface appearances at face value and made no attempt to penetrate bourgeois ideological forms. Marx was concerned to lay bare the essential relationships manifested in capitalism. His aim was to analyse the structure of bourgeois economy dialectically. This involved, initially, taking the social structure of a historically specific moment as

pre-given, and by concentrating on the fundamental unit of capital relations (commodities) to decompose the nature of commodities and thereby reconstitute the relations of production, thus revealing the essential structure. History would then be logically reconstructed using this revealed structure as guiding principle. Thus, Marx uses structure to guide history but this theoretical orientation is not a timeless abstraction, it is historically specific, and its illustration is grounded in material history. Essentially, the process incorporates history in the grasping of the essential nature of the totality. Thereby the nature of the processes of capitalist economy are revealed providing a basis for revolutionary action.

¹ Marx does not just stumble on this starting point, it is the result of much theoretical analysis over much of his intellectual lifetime and had been prominent in the *Grundrisse*.

² Bogdanovich (1986) says there are (36 not 33) to go along with the 50 Parliamentary Reports and other official publications. Further, she logs 4 of each type of source in the second volume of capital. The third, she notes, has 13 reports and 19 newspapers and periodicals.

³ Marx addresses the question of how the situation in Romania came about. The original mode of production was based on community with part of the land cultivated as freehold and part cultivated communally, the latter as a reserve fund against poor harvests, or to pay for war, religion, and so on.

In course of time, military and clerical dignitaries usurped, along with the common land, the labour spent upon it. The labour of the free peasants on their common land was transformed into corvée for the thieves of the common land. This corvée soon developed into a servile relationship existing in point of fact, not in point of law, until Russia, the liberator of the world, made it legal under pretence of abolishing serfdom. The code of the corvée, which the Russian General Kisseleff proclaimed in 1831, was of course, dictated by the Boyards themselves. Thus Russia conquered with one blow the magnates of the Danubian provinces and the applause of liberal cretins throughout Europe. (Marx, [1887] 1977, p. 228)

This passage also reveals Marx's use of irony, acerbic wit, relentless attack, and humour. Marx argued that the model of exposition is different from the method of research. Marx footnotes a comparable situation in Germany by way of further evidence.

⁴ On the face of it, each peasant owes fourteen working days to the landlord of which 12 are general labour. Not, perhaps excessive and far less a proportion of necessary labour than the British wage-earner provides to the capitalist. But this is an illusion for the *Règlement* goes on to point out that a working day is in effect the equivalent of three days' labour. To this must be added 'jobagie' owed by the community which effectively adds another 14 days per peasant. This total of 56 days is a large proportion of the working year, which, because of the seasonal climate, random bad weather, and religious days, amounts to just 140 working days. Even this large proportion gets larger. After it has made 56 days out of 12, the nominal day's work of each of the 56 corvée days is again so arranged that a portion of it must fall on the ensuing day. In one day, for example, must be weeded an extent of land, which for this work, especially in maize plantations, needs twice as much time. The legal day's work for some kinds of agricultural labour is interpretable in such a way that the day begins in May and ends in October. In Moldavia conditions are still harder. "The 12 corvée days of the *Règlement*

organique' cried a Boyard drunk with victory, amount to 365 days in the year." (Marx, [1887] 1977, p. 229)

⁵ There are many notions of positivism, but all seem to include the following. First, the world can only be apprehended directly via the senses. Second, the procedures of natural science are applicable to the social world, that is, causal 'laws' can be constructed to explain the social world. Third, social science should be value free.⁵

⁶ Marx was clearly not interested in historicalist mediation. Similarly, he dissociates himself from any notion of an ultimate goal of history. Marx was able to do this because he denied a pre-formed 'world view'. An analysis of the historically specific structure informs the historical analysis.