

John Gurley, "Marx and the Critique of Capitalism," chapter 3 of *Challengers to Capitalism: Marx, Lenin, Stalin, and Mao*, 3rd ed. (Reading, MA: Addison-Wesley, 1988), pp. 30-61.

- I. Introduction: This chapter introduces and summarizes Marx's critique of capitalism, focusing initially on how Marx viewed capitalism and subsequently on how he saw it unraveling.

- II. Capitalism according to Marx
 - A. Capital is not a thing but an exploitative social relationship that belonged to a specific historical formation of society. The means of production only become capital to the extent that they are separated from labor and confront labor as an independent power.
 - B. There are four kinds of capitalists: industrialists, lenders, traders, and land-owners. The industrialists exploit labor directly by extracting from it a surplus. The surplus is equal to the gross value of production less the cost of "constant capital" (the cost of raw materials and machinery) and "variable capital" (the cost of compensating labor at a level that will be tolerated by society).
 - C. Note that the value assigned to variable capital (labor's compensation) is NOT equal to the value of labor's input in Marx's view. Instead, the value of labor's input is equal to the gross value of production less the cost of constant capital. The surplus is created by labor, and rightfully belongs to labor, but is expropriated by the industrialist capitalists.
 - D. Since the industrialists must make payments to land-owners, lenders, and traders, the surplus is divided between these four types of capitalists. (So surplus is not the same as profit.) The surplus value divided by the variable capital value (s/v) represents the extent to which labor is exploited by the capitalist class.
 - E. The production of surplus value is the absolute law of capitalist production according to Marx. Capitalists extract the surplus to constantly accumulate and expand their capital -- if they fail to expand they will be destroyed by competitors. This expansion proceeds on a worldwide basis.
 - F. Capital accumulation polarizes the distribution of wealth in society. It produces growing wealth for the capitalist class, whose membership shrinks as competition whittles away weaker enterprises, and mounting misery for the growing working class. The working class is not only exploited economically, but is also spiritually alienated from its work through the dehumanizing processes of industrial production and the treatment of labor as a commodity.

- III. How Capitalism is Transcended
 - A. Marx did not have a complete theory of how capitalism would be overthrown but he did have a basic view of how it would disintegrate, which Lenin extended.
 - B. As competition made capitalist production increasingly centralized and swelled the ranks of the working class, inadequate consumption levels were bound to result. The working class was not well enough paid to buy all the products it produced, placing a heavy burden on the capitalist class to make up the remaining demand. This it could do in part by purchasing additional capital as part of the never-ending process of capital accumulation, but Marx saw this as an inadequate compensatory mechanism.

- C. The resultant swelling of an increasingly miserable working class and its continuing exploitation by the dwindling capitalist class would lead to increasing class consciousness among the proletariat. When this consciousness combined with the economic crises that would result from the tendencies for underconsumption described above, proletarian revolution in the advanced industrial countries was bound to occur.
- D. Lenin accepted this analysis for most of his life, but extended it to include the imperialist proclivities of industrial capitalism. He saw imperialism as capitalism's weakest link since the super-profits of advanced capitalism would buy off the top levels of the working class in the industrialized countries and thereby delay the revolution there. Exploitation would be more pronounced in the colonies, and this would give rise to national liberation movements. These movements, plus capitalist countries own wars with each other, would ultimately mean that industrialized countries would eventually crumble as well as communist revolutions swept in on the center from the periphery.
- E. Marx gave few details about just how a post-capitalist society would operate, but he did see it as a generally utopian society in which labor would regain its human dignity and that such a society would be free of armed conflict.