

THE UNTENABLE STRUCTURALISM IN MARX'S ECONOMICS

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All economists share the error of examining the *surplus-value* not as such, in its pure form, but in the particular forms of profit and rent [emphasis added] - Karl Marx (1860)¹

un-ten-a-ble *adj.* 1. Incapable of being defined, as an argument, thesis, etc.; indefensible. 2. Not fit to be occupied or lived-in. – Random House College Dictionary

Abstract

The purpose of this paper is to critique Karl Marx's economics, a necessary part of the Marx/Engels system of scientific socialism, as untenable structuralism. In doing so most fundamentally we will explain why the class struggle and capital's exploitation of labor is necessary to complete a system based on Marx's philosophical predispositions, a pre-analytical vision which necessarily defines the surplus product as "social". This analysis begins with Marx's concept of historical materialism and through to the workers' revolution as triggered by an increasingly immiserated working class. Then we will show that Marx in his economics creates an irresolvable, and logically incoherent, split between microeconomic behavior and macroeconomic structure in order to 'close' this system. Finally we argue that structuralism in the dialectic too prevents the necessary preconditions for the Marxian class-struggle, by negating the possibilities for a capitalist class-consciousness and therefore making scientific socialism unscientific.

¹ From the first page of the *Theories of Surplus Value*.

Part 1: Origination of the Marxian Concept of Social Surplus²

Scientific socialism

Marx developed what is seen by some ‘Marxists’ as an internally-consistent system³ of scientific socialism, said socialism being the result of a dialectical progress of unsustainable stages of history leading up to communism.

Marx’s system was based on a theory of history, Historical Materialism, which states that stages in the history of human development can be best understood by evaluating the property relations at any given stage of history. These property relations are the Social Relations of Production. The Social Relations of Production are the predominant determinant in defining the Modes of Production for any given stage of history (in the capitalist stage of history where private property and market relationships predominate, the predominant Mode of Production is wage-labor in a factory system; in feudalism, agriculture production by a serf-class is the predominant Mode of Production, in ancient Greece and Rome - the “ancient” stage of history - the ownership of slaves and slave labor is the general, predominant, Mode of Production).

The ‘thesis’ and ‘antithesis’ of any period of history (in capitalism, the thesis and antithesis is the working class contra the capitalist class, an unsustainable class struggle) play themselves out as history progresses into a ‘synthesis’⁴, and this

² This section has been revised from my paper “Karl Marx and the Origins of the Class Struggle”, available at cameroneconomics.com.

³ To label scientific socialism as a ‘system’ is also consistent with Marx’s description of his method in “Preface to a Contribution to the Critique of Political Economy” as analogous to natural science (physics), which during Marx’s time was based on the conservation of energy.

In considering such transformations it is always necessary to distinguish between the transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, artistic or philosophic, in short ideological, forms in which men become conscious of this conflict and fight it out” (Marx 1859, 4).

⁴ A reviewer of this paper has noted that both Marx’s and Hegel’s uses of the terms ‘thesis’, ‘antithesis’ and ‘synthesis’ to formulate the dialectic was rare and is only a modern usage, however it was used by Marx on occasion (see footnote 8).

synthesis brings with it a new stage of history and a new dialectic, and thus a new set of moments (the moment being the surface ‘appearance’ of the underlying dialectical “essence”) creating historical movement. This is Hegel’s ‘march of history’, but, however counterjuxtaposed with Hegel, Marx taught that history was a march of material, economic, forces, not a march based on a dialectic of opposed ideas or idealism. Both Hegel and Marx though, it might be argued, saw this historical march as one towards human freedom.

Marx in his “Preface to a Contribution to the Critique of Political Economy” (1859) states that the reason he turned to the study of political economy, away from and after the study of philosophy, is because he believed that it was economic forces which controlled man’s destiny.

My inquiry led to the conclusion that neither legal relations nor forms of state could be grasped whether by themselves or on the basis of a so-called general development of the human mind, but on the contrary they have their origin in the material conditions of existence, the totality of which Hegel, following the example of the Englishmen and Frenchmen of the eighteenth century, embraces the term “civil society”; that the anatomy of this civil society, however, has to be sought in political economy (pp 2-3).

In his subsequent economic writings then Marx is considered canonically as a ‘classical’ political economist, meaning, definitionally and historically, as an economic writer who came before the “marginal revolution” of the 1870s. (His self-acknowledged predecessors in political economy are most fundamentally Adam Smith, David Ricardo and John Stuart Mill.⁵) As a “classical” then he sought after a long-term measure of value for commodities (for Marx the “commodity” itself representing a dialectic between use-value and exchange value) that are traded in an economy, a “natural value” around which market prices gravitate and a said “natural value” which emerges only in the long-term. Marx then, as is well known, settled on the labor embedded in a commodity as this measure of “natural value.”

⁵ It might be more accurate to say that Marx was a critic, not necessarily a devoted follower, of the classicals, although he used much of the classicals’ ideas (particularly “natural value” and the long-period, competition and a class-based analysis of macroeconomic distribution) to build his own system. For Marx as a critic for example see Chapter 51 of Volume III of *Capital* which is a critique of J.S. Mill, despite Mill being a leader of ‘progressive’ and pro-labor thought during his time.

This labor-embedded natural value then fits into Marx's larger system of historical materialism for the 'capitalist' stage of human development. While Ricardo had a '93% labor theory of value', Marx, when adding the class struggle of the capitalist class exploiting the working class, devised a similarly cost of production-based theory of value where *all* value in production originates from labor, with the rate of exploitation of the worker (value created by the worker above and beyond the wage received by the worker) accruing to the exploiter class, the capitalist, depending on how much the capitalist could exploit the worker. The greater the exploitation of the worker, the greater the profit to the capitalist.

Marx's system is one of political economy and not one of economics (here defined as limited to the analysis of the distribution of a given set of resources and consumer preferences, a given "starting point" in a Walrasian system) because Marx used political economy to describe history's march. This march is one where the increasing exploitation of the worker, who receives only a historically and culturally-determined subsistence wage, leads to increasing wealth on the part of the capitalist (as a class) relative to the worker (as a class), capital then becomes concentrated and centralized (resulting in a growing 'army' of oftentimes unemployed labor as previous capitalists lose their capital and become part of the working class). Thusly and finally a revolution against the remaining capitalist class takes place by the increasing numbers of exploited and immiserated workers.

Along with the constant decrease in the number of the capitalist magnates, who usurp and monopolize all advantages of this process of transformation, the mass of misery, oppression, slavery, degradation and exploitation grows; but with this there also grows the revolt of the working-class, a class constantly increasing in numbers, and trained, united and organized by the very mechanism of the capitalist process of capitalist production. The monopoly of capital becomes a fetter upon the mode of production which has flourished alongside and under it. The centralization of the means of production and the socialization of labor reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated (Marx 1867, 292).

This revolution leads to a new form of the State (one where the majority rules over the minority, counter to the trend of history); the dictatorship of the proletariat (socialism). This new form of the State destroys the capitalist stage of history and the capitalist stage's Social Relations of Production which then leads to a classless and depoliticized society (after a transition period and cultural lag due to a

necessary consciousness-raising on the part of the now predominant working class), where man is free from exploitation by man (communism, or, a State-less society) and material distribution is communally (socially) - and not privately-based.

When, in the course of development, class distinctions have disappeared, and all production has been concentrated [sic] in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organized power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled, by the force of circumstances, to organize itself as a class; if, by means of a revolution, it makes itself the ruling class, and, as such sweeps away by force the old conditions of production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms, and of classes generally, and will thereby have abolished its own supremacy as a class.

In place of the old bourgeois society, with its classes and class antagonisms, we shall have an association, in which the free development of each is the condition for the free development of all (Marx 1848, 32).

The philosophical foundations of Marx's system

Marx's historical materialism, where temporally irreconcilable forces create movement toward another, more free, stage of history, was based on the writings of Hegel, whose 'continental' philosophy it might be said was a reaction against the individualism of the Enlightenment. For Hegel it was not in fact natural law and the rights of man which created human freedom. Man was a communal person, a social person, a species-being, whose true essence could only be found in uniting with what Hegel called the "Other". It was only a change in human nature or a change in consciousness which could negate, subsume and transcend the Other and thus achieve a higher stage of human existence.

This idea of alienation in Hegel came from his belief that God's creation of nature (including man) was of itself an act of alienating man from God, this then resulted in Hegel's "social theory of mind" where only a collective, social man, can reunite man with God. This is of course the antithesis of Enlightenment thought and orthodox Christianity where redemption and reunification with God is an individual redemption and where it is natural rights and the Golden Rule which guide moral conduct on earth and which then determine an individual's personal

redemption based on his or her (individual) earthly conduct towards other individuals.

Following Hegel Marx also believed that man was separated from himself, his species-being, by limits of consciousness. Hegel said that man placed these limits upon himself through his mental or ideological processes. Marx said the opposite (“turning Hegel on his head”) and believed that it was man’s material, economic, surroundings which prevented the rising of collective consciousness and allowing man’s unification of himself with himself. In material terms this alienation under capitalism manifests itself in the economic division of labor. In one of Marx’s (and Engel’s) most well-known passages (from the *German Ideology*) we can see how this alienation would be resolved under communism where a person was free (by becoming a communal species-being, or actually by realizing his species-being) to do as they please without the need to earn a living under the capitalist system by specializing in any one activity. It is only by giving up ourselves to the communal that we actually gain control of ourselves.

Further, the division of labour implies the contradiction between the interest of the separate individual or the individual family and the communal interest of all individuals who have intercourse with one another. And indeed, this communal interest does not exist merely in the imagination, as the “general interest,” but first of all in reality, as the mutual interdependence of the individuals among whom the labour is divided. And finally, the division of labour offers us the first example of how, as long as man remains in natural society, that is, as long as a cleavage exists between the particular and the common interest, as long, therefore, as activity is not voluntarily, but naturally, divided, man’s own deed becomes an alien power opposed to him, which enslaves him instead of being controlled by him. For as soon as the distribution of labour comes into being, each man has a particular, exclusive sphere of activity, which is forced upon him and from which he cannot escape. He is a hunter, a fisherman, a herdsman, or a critical critic, and must remain so if he does not want to lose his means of livelihood; while in communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic. This fixation of social activity, this consolidation of what we ourselves produce into an objective power above us, growing out of our control, thwarting our expectations, bringing to naught our calculations, is one of the chief factors in historical development up till now (Marx 1848, 13,14).

The “social” surplus

The communal, or social, philosophical pre-disposition defining freedom is carried-over into Marx’s economic writings and his (and Engel’s) system of scientific socialism. If we view society or the economy, as Marx and the other classical economists did, as first a system which reproduces itself, then anything beyond this material reproduction represents a surplus.⁶

$$\text{Reproduction} + \text{Surplus} = \text{Economy (Society)} \quad (1)$$

Then, because man’s essence is only realized in its social, communal, self, and because man’s social consciousness is held sway by the fetters of materialism this surplus product then pre-analytically becomes a “social” surplus.

$$\text{Reproduction} + \text{Social Surplus} = \text{Economy} \quad (2)$$

From here we can view the foundations for Marx’s system of economic value, a system where the surplus is one which belongs objectively to social man and not to individuals creating subjectively-demanded value.⁷ For Marx then the challenge is

⁶ We can use Marx’s concept of necessary and surplus product to define “reproduction” and “surplus” in this formulation. “Reproduction” would be the necessary product and “surplus” the surplus product. I thank Duncan Foley for this elucidation.

⁷ Marx’s system necessitating a conservation of value in exchange can be opposed to the subjective utility-based economists writing before Marx’s time (Turgot, Destutt de Tracy, J-B Say) who believed that there were mutual gains through trade and that this was the foundation of economic value. The conservation-of –value formulation is consistent with objective exploitation and unequal gains through trade, including “cheating” the trading partner (see next section of this paper), whereas “cheating” for the utility-theorists would be outright fraud. This is not to say that Marx’s system of “natural value” in the long-term is incompatible with entrepreneurial activity in the market in the short-term, resulting in greater than average profit of enterprise for certain capitalists. But in Marx’s system return to entrepreneurial talent is temporal and not the foundation of economic value, whereas for utility-theorists it *is* the foundation of value.

to create a system which, 1) allows a revolutionary agent to bring about the new, State-less, stage of history, and 2) can identify the source of the ‘social’ surplus.

Logical and philosophical necessity creates the exploitation of labor (the change agent) by capital (against which the change agent reacts) with the source of profit (surplus value) being said-same labor.⁸ Social man necessitates a social surplus, capitalism necessarily makes this surplus “private” (i.e., belonging to the capitalist class), and, only a revolution based on uniting a private man with his social self can bring freedom to alienated (private) beings under capitalism.

Marx shows his disdain for the market and specialization of labor under capitalism and how only by removing the institutions of capitalism that we will reunite under our “own control”.

How otherwise could for instance property have had a history at all, have taken on different forms, and landed property, for example, according to the different premises given, have proceeded in France from parcellation to centralisation in the hands of a few, in England from centralisation in the hands of a few to parcellation, as is actually the case today? Or how does it happen that trade, which after all is nothing more than the exchange of products of various individuals and countries, rules the whole world through the relation of supply and demand – a relation which, as an English economist says, hovers over the earth like the fate of the ancients, and with invisible hand allots fortune and misfortune to men, sets up empires and overthrows empires, causes nations to rise and to disappear – while with the abolition of the basis of private property, with the communistic regulation of production (and, implicit in this, the destruction of the alien relation between men and what they themselves produce), the power of the relation of supply and demand is dissolved into nothing, and men get exchange, production, the mode of their mutual relation, under their own control again? (Marx and Engels 1845, 14).

However, this disdain for the market is only in relation to Marx’s teleology. Marx, as is made clear throughout the *Communist Manifesto*, wrote that only the market under capitalism would create enough wealth to enable the revolution (and the beginning of history) to take place. By making the surplus “social” the surplus

⁸ This explanation for the development of Marx’s labor-based economics is not meant to deny that Marx’s sympathy for the wage-laborer in the factory system of the mid-19th century played a role in his pre-analytical vision. Additionally Marx’s idea of the necessity of revolution might derive from one of his historical heroes, Spartacus, who led a massive slave revolt against the Romans who of course appropriated all of the output produced by the slaves.

is defined as necessarily belonging to a Hegelian social-man reunited with himself and only then is man under his own control.

Part 2: A Critique of Marx's Social Economic System

In Marx we can find a clear dichotomy (schizophrenia if you will) between microeconomics and macroeconomics. All value in an economy is produced by capital (as a class) exploiting labor (as a class) by appropriating the “social” surplus, yet, we find that individual actors (agents) in the competitive economy act to maximize their own individual returns. We shall find that this micro-macro divide means that Marx's system is both inconsistent with the reproduction of society under capitalism for the “working class” and inconsistent with the concept of class consciousness for the “capitalist class”.

Structural-determinism means labor has no incentive to seek higher wages

Capitalists seek (as individuals) to find the highest return for their individual capitals, thereby resulting in a long-period natural rate of profit through competition and capital mobility between sectors. Workers (as individuals) move between skill sets to maximize the returns to their labor, yet, workers (as a class) don't, can't, earn above a socially-determined long-period subsistence wage.⁹ Marx recognized this limit in his system, and specifically identified the fact that workers must consume all of their wages or will indeed become capitalists themselves.

⁹ “The price of his work will therefore be determined by the price of the necessary means of subsistence” (Marx 1847, “By What are Wages Determined?”, 26), and, “Besides this mere physical element, the value of labor in every country is determined by a traditional standard of life” (Marx 1865, 57).

We see that market forces for labor-power tend toward the subsistence wage, removing incentives for worker mobility and thus economic growth under capitalism, and in fact results in a negation of wage-competition under capitalism, “If supply and demand coincide, their effect ceases, and wages are equal to the value of labor-power”, (Marx 1861-1863, 478).

The fact that it becomes capital only after it has been disposed of, makes no difference, any more than the use-value of cotton is altered by the fact that its use-value only emerges after it has been disposed of to the spinner or that the use-value of meat only becomes apparent after it has been transferred from the butcher's shop to the consumer's table. Hence money, once it is not spent on consumption, and commodities, once they are not used as means of consumption by their owners, transform those who possess them into capitalists and are in themselves—separated from the capitalist production process and even *before* their conversion into “productive” capital—capital, that is, they are self-expanding, self-maintaining and self-increasing value (Marx 1860, Part III, 461).

In order for Marx's system of increasing relative worker immiseration to be “closed” it is instrumental that the worker consume his or her entire wage, otherwise the number of capitalists would increase not decrease. Therefore the competition of the market which is supposed to equalize returns to labor (wages) is predetermined at subsistence, reproduction, wage level at the macro-level. There appears to be little room for worker incentives to retool skill-sets to remain competitive if they are only to gain a predetermined wage no matter what they do. Therefore it appears that reproduction of society seem logically unlikely under the Marxian labor-based economic system because there is no individual micro-incentives to better oneself and find more lucrative ways to spend one's time (time in any one given person's life being the ultimate scarce resource in any economic system) due to macro-structural predetermination. Without the incentive to provide labor-power there is no incentive to reproduce labor-power.

Capital does not does not represent a “class”

It is well-known in the history of economic thought that the Physiocrats had a class system comprising of landowners (rentiers), manufacturers and agriculture laborers. It is only the agriculture worker who is “productive” (because it is only land and agriculture products which bring value to society), the other classes being “sterile”. It is from perhaps from the Physiocrats, and specifically Turgot, where Marx derives his theory of exploitation of the worker.

The seller sells what he has not bought. Turgot at first presents this unbought element as a pure gift of nature. We shall see, however, that in his writings this pure gift of nature becomes imperceptibly transformed into the surplus-value of the labourer which the landowner has not bought, but which he sells in the products of agriculture (Marx 1860, Part I, 55).

Marx's take on a Turgotian theory of exploitation can be juxtaposed with the quote from Turgot below as "riches being augmented" through trade, and the economic calculations necessary to make this trade, itself, and not on exploitation. There are quotes from Turgot, like all Physiocrats, that agriculture is the sole source of the growth in wealth, however, this does not necessarily amount to 'exploitation' of the agricultural worker.

One sells his merchandize by retail to those who use them, another only sells in large parcels at a time, to other traders who retail them out to the consumers: but all have this in common that they buy to sell again, and that their first purchases are advances which are returned to them only in course of time. They ought to be returned to them, like those of the cultivators and manufacturers, not only within a certain time, to be employed again in new purchases, but also, 1. with an equal revenue to what they could acquire with their capital without any labour; 2. with the value of their labour, of their risk, and of their industry.

[...W]e here see another method of employing personal property, a new use that the possessor of a parcel of commodities reserved and accumulated, of a sum of money, in a word, *of a capital*, may make of it to procure himself subsistence, and to augment, his riches (Turgot 1766, Section 66, emphasis in the original).

We can oppose the Turgotian vision of wealth-creation above (the entrepreneur as productive combining their labor, risk, work ethic and capital) with that of Marx's economic system. In the following quote from *Theories of Surplus Value* we find that only to the degree that exploited productive labor is used in the industrial-capital process (the production of commodities under capitalism) is value created. This necessitates a distinctively different view of the entrepreneur (under Turgot) than that of the capitalist (under Marx). It is not risk-taking and creating for the market which brings value as in Turgot, it is only the degree of exploitation (Turgot's "industry" in supplying for the market is transferred to the ability for increased exploitation), the ability to cheat the trading partner, and luck, which brings the capitalist a *wage* higher than that of the exploited worker, and that again only because the capitalist is paying herself. We find that capitalist social relations mean that capitalists appear to be earning a wage, not one at the abstract, structural, level but a specific, higher, wage, depending on the profit of enterprise.

Since the moneyed capitalist in fact receives his part of the surplus-value only as *owner of capital*, while he himself remains outside the production process; since the price of capital—that is, of the mere title to ownership of capital—is quoted on the money market as the rate of interest in the same way as the market price of any other commodity; since the share of surplus-value which *capital as such*, the *mere ownership* of capital, secures is thus of a *stable* magnitude, whereas the rate of profit fluctuates, at any given moment it varies in the different spheres of production and within each sphere it is different for the individual capitalists, partly because the conditions under which they produce are more or less favourable, partly because they exploit labour in capitalist fashion with different degrees of circumspection and energy, and partly because they cheat buyers or sellers of commodities with different degrees of luck and cunning (profit upon expropriation, alienation)—it therefore appears natural to them, whether they are or are not owners of the capital involved in the production process, that *interest* is something due to capital as such, to the ownership of capital, to the owner of capital, whether they themselves own the capital or someone else; industrial profit, on the other hand, appears to be the result of *their* labour. As operating capitalists—as real agents of capitalist production—they therefore confront themselves or others representing merely idle capital, as *workers* they consequently confront themselves and others as *property owners*. And since they are, as matters stand, workers, they are in fact wage-workers, and because of their superiority they are simply better-paid workers, which they owe partly also to the fact that they pay themselves their wages (Marx 1860, Part III, 477).

In addition, we find further that the dialectic of industrial opposed to finance capital requires a socially-constructed collapse of industrial profit into the industrial capitalist's wage.

Industrial profit, in contradistinction to *interest*, represents capital in the [production] process in contradistinction to capital outside the process, capital as a process in contradistinction to capital as property; it therefore represents the capitalist as functioning capitalist, as representative of *working capital* as opposed to the capitalist as mere personification of capital, as mere owner of capital. He thus appears as *working capitalist* in contrast to himself as *capitalist*, and further, as *worker* in contrast to himself as mere *owner*. Consequently, insofar as any relation between surplus-value and the process is still preserved, or apparent, this is done precisely in the form in which the very notion of surplus-value is negated. *Industrial profit* is resolved into labour, not into *unpaid* labour of other people but into *wage-labour*, into wages for the capitalist, who in this case is placed into the same category as the wage-worker and is merely a more highly paid worker, just as in general wages vary greatly (Marx 1860, Part III, 490).

Of course, this social-consciousness of being a wage-earner in the mind of the capitalist is mere appearance, an appearance created by industrial profit (profit of enterprise) as the antithesis of the interest paid on money capital¹⁰. Nonetheless it is this appearance-consciousness, not the essence of value as created through surplus value, which guide relations under capitalism.

In this quite alienated form of profit and in the same measure as the form of profit hides its inner core, capital more and more acquires a material form, is transformed more and more from a relationship into a thing, but a thing which embodies, which has absorbed, the social relationship, a thing which has acquired a fictitious life and independent existence in relation to itself, a natural-supernatural entity; in this form of *capital and profit* it appears superficially as a ready-made pre-condition. It is the form of its reality, or rather its real form of existence. And it is the form in which it exists in the consciousness and is reflected in the imagination of its representatives, the capitalists (Marx 1860, Part III, 483).

The point here is that if we are to place class-consciousness within the context of class-conflict, said conflict needed to complete scientific socialism, we find it absent in the capitalist class. Industrial capitalists cheat each other by definition under Marx's system and in fact think of themselves as productive labor, therefore do not think of themselves as a class, therefore they cannot have a class-consciousness. If workers are workers earning a wage, and certain capitalists are workers earning a wage, albeit a higher one due to their "superiority", there does not seem to be a moment of necessarily resolvable class-conflict as envisioned under scientific socialism.

¹⁰ "On the other hand, profit of enterprise does not form an anti-thesis with wage-labour but rather with interest" (Marx 1861-1861, 503).

To drive the point further from a well known passage in *Capital*¹¹, Marx believed that there was an inevitable concentration of capitals under capitalism. Capital as a commodity¹² itself is the driving force of capitalism, thus the capitalist herself is not free under capitalism, but rather subject to the alienated dog-eat-dog forces of the market. This is consistent, again, with capitalism as a necessarily unfree stage in human (pre-) history, but is not consistent with a capitalist class-consciousness against which the change agent (the working class) reacts to overthrow the system. It appears the workers would be pushing on a string during the inevitable revolution.

Part III. Conclusion

Marx began writing in the 1840s of the necessity of overthrowing the social relations of the capitalist stage of history based on his philosophical predispositions that the division of labor under capitalism alienates man from himself. In order to further his political and philosophical ends it was necessary to develop a labor-

¹¹ “It is concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals” (Marx 1867, 777).

The division of capitals by Marx into productive (industrial), finance and commercial may itself be a kind of structural-determinism, one needed to oppose finance capital with productive in order to develop a theory behind an evolution of a ‘natural’ rate of interest which was consistent with the labor system of value. As we have seen this structuralism was self-defeating as it helped to prevent logically the preconditions for a unified capitalist class-consciousness. This structuralism can be juxtaposed with Turgot’s quote above on capital being used by an entrepreneur to create economic goods which are (hopefully) demanded in the market. (In Turgot, the entrepreneur “uses” capital, in Marx, the capitalist is “used” by capital.)

It might be argued that demand-side analysis is missing (e.g., is historically-determined) in Marx’s microeconomic analysis of industrial capital (but, inconsistently, forms the basis of his macro-theory of crisis) and that, again inconsistently, demand analysis is present in his microeconomic analysis of financial and commercial capital.

¹² “Capital as a special kind of commodity also has a kind of alienation peculiar to it” (Marx 1861-1863, 470).

based system of economic value, part-and-parcel of the scientific socialism which Marx developed during the 1850s and 1860s. As argued in this paper however the economic system Marx subsequently formulated is untenable. Marx's economic structuralism does not allow for the reproduction of the working-class because workers as a class can only receive a subsistence wage at the macroeconomic level in the long-term, while individual workers need to have competitive incentives in the short-term in order to afford the economic growth under capitalism necessary for capitalism to implode under its own contradictions.

Furthermore, because, according to Marx, capitalists have an incentive to cheat one-another, and, because in fact industrial capitalists view themselves socially as productive labor and as opposed to finance capital, a class-consciousness amongst capitalists is negated. Without this class-consciousness there can be no class struggle, and without a class struggle there can be no revolution.

Marx's 1840s work was at a time when factory workers (on the Continent) were not sharing in the gains under industrialization as much as they were later in the 1860s (in the UK), immizeration was not increasing as necessary under scientific socialism when Marx was finishing the work in London which would become *Capital*, published in 1867. Perhaps Marx realized that the economic basis for scientific socialism, and the inevitability of revolution due to the class struggle and an increasing number of increasingly immizerated workers, was "pushing on a string", and it is for this reason that he abandoned the scientific approach and reverted to a more sophisticated rhetoric than the sloganeering¹³ of the 1848 *Communist Manifesto* in his 1865 speech to the First International, arguing against a fight for better labor conditions and for direct action.

Trade unions work well as centres of resistance against the encroachments of capital. They fail partly from an injudicious use of power. They fail generally from limiting themselves to a guerilla war against the effects of the existing system, instead of simultaneously trying to change it, instead of using their organized forces as a lever for the final emancipation of the working class, that is, the ultimate abolition of the wage system. (Marx 1865, 62).

¹³ "WORKINGMEN OF ALL COUNTRIES, UNITE!"

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