

## KARL MARX AND CAPITALISM

THE propaganda of intellectual Marxism in England is the chief concern of this article. All Marxism is intellectual in the sense of being strictly doctrinal, not sentimental, though it may exploit sentiment; and not merely ' practical ' in the sense of valuing immediate ameliorations regardless of their relation to a general scheme and a final goal. The Communist Party of Great Britain, recruited though its membership is mainly from very unintellectual unemployed, is extraordinarily doctrinaire in its attitude to the matters on which it has to frame practical policies. This is as evident from the *Daily Worker* written for the crowd, as from the *Labour Monthly*, which aims to be philosophical. These two publications officially represent the C.P.G.B. and the Third International, and their Marxian orthodoxy must be taken to be indisputable. The National Council of Labour Colleges is also professedly Marxist, its educational reach is probably wider than that of the official Communist organizations, and if we consider it, as we justly may, as a continuation of the defunct Central Labour College, founded before the War, it is older than the C.P.G.B. and the Third International. It would be absurd for an outsider to attempt to adjudicate on disputed questions of Marxian orthodoxy, yet it can be said that the National Council of Labour Colleges, related as it is to the Labour Party and the trade unions, is not so exclusively Marxist as those bodies that frankly accept the leadership of Moscow.

The Communist stand-patters have still less use for a private enterprise like the *Adelphi*, a review that declares itself Marxist while displaying independence and eclecticism. Class-conscious comrades dismiss it as a magazine for dilettanti. The mere apologists for Marx, like Professor Laski, who do not admit themselves his disciples, but patronize him while supporting the anti-Communist Labour Party, are anathematized as distorters of Marx. Professor Lindsay, the Master of Balliol, is in a category by himself,

He is an extremely sympathetic interpreter of Marx, while also a candid critic, but he is so purely academic, so free from political party tendentiousness, that he draws no fire from the inquisitors of the C.P.G.B.

Though the Marxist propaganda in England commands many able and educated pens, as the pages of the *Labour Monthly* show, there is only one Marxist whole-hogger, Mr. Maurice Dobb, who has attained a high academic reputation in bourgeois circles. Neither the quantity nor quality of Marxist propaganda can be rated very high. Nevertheless it is profoundly significant and potentially dangerous. In 1920 one of the best-known British economists, the late Professor J. Shield Nicholson, published a book on *The Revival of Marxism*. He was not one of those opponents who pay high compliments to Marx's intellectual calibre; on the contrary, he found it impossible to understand what there was in Marx to appeal even to revolutionaries. 'And yet he moves,' admitted Nicholson, 'and just now moves more than ever, in spite of his arid hypothetical arithmetic and his massive learning and his overbearing conceit.'<sup>1</sup> Two explanations of the popularity of Marx are suggested by Nicholson, one that his system holds in solution contradictory aims and methods so that different interpreters can claim him for their own, the other is discontent with Capitalism. 'This discontent with Capitalism has been greatly intensified by the economic results of the War.'<sup>2</sup> Speaking with mildness equal to that of the Professor one may say that had he been living to-day he would not have found that between 1920 and 1934 the behaviour of Capitalism had done anything to allay the discontent engendered during the War—and a long time before it.

It is only because the existing economic system has so little hold on the loyalty of the masses of the people that there is reason to be afraid of Marxism. The latest report of the C.P.G.B. is published as a pamphlet with the title *The Road to Victory*, by Harry Pollitt, but except in

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<sup>1</sup> Nicholson, *The Revival of Marxism*, p. 13.

<sup>2</sup> *Ibid.*, p. 4.

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Shakespeare's version of the other Harry's speech before Agincourt no other commander in history has so proclaimed the paucity of his troops. The Communists in England do not encourage themselves by exaggerating their strength or progress, though they console themselves by saying that their difficulties are nothing to those of the pre-war Bolshevik party in Russia! Judging by the popularity of journalistic writing on the Red Menace it seems easy to make the bourgeois flesh creep by referring to the details of Communist propaganda organization and its rather foreign terminology—street cells, factory concentration groups, plenums, etc., but really the propaganda of Communism in England is less active and extended than that of, say, Christian Science, or Credit Reform, or Pastor Jeffreys. Probably few readers of *Blackfriars* will have heard of the latter, though he frequently fills the Albert Hall, London, and when he is not doing that he is filling other large halls in his tours through Great Britain. No, it is not the cleverness or zeal or material resources of the Communists that makes any of us afraid of their propaganda, it is the vulnerability of the economic system they attack. And the Communists themselves place no dependence on their own strength but on the inherent weakness of Capitalism and its inevitable 'collapse' which they now believe to be near. However, they have believed the same during every economic crisis since 1848.

Professor Shield Nicholson was impressed by the revival of Marx after he has been supposed to be dead and buried by the Reformist Socialists. The survival of Marx to-day is an arresting phenomenon. 'The outstanding fact of contemporary political thought in England,' says Mr. Maurice Dodd, 'is that Socialism, except in its Marxian interpretation, is losing, or has even lost, significance as a distinctive trend of thought and doctrine.'<sup>3</sup> The term Socialism, as currently used, is certainly without distinctive meaning. Communism, however, does mean something, it means Marxism. The persistence of the influence, or we

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<sup>3</sup> Dobb, *On Marxism To-day*, p. 40.

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should better say the authority, of **Marx is** a fact that calls for explanation. Countless critics, Socialist as well as non-Socialist, have refuted Marx, yet still he moves and still he is followed. His two principal doctrines are the Theory of Value and the Materialistic Conception of History.

On the assumptions of ordinary economics it is very easy to refute the Marxist theory that the exchange value of commodities is determined by the quantity of labour expended on their production. But Marx refuted the theory himself! There is the famous 'Great Contradiction' between the first and the third volumes of *Das Kapital*. Throughout the 800 pages of the first volume, to say nothing of the 600 pages of the second volume, he is laboriously arguing that labour is the sole determinant of the exchange value of commodities. In the third volume, however, he is at pains to prove that price is determined quite otherwise, and his theory of price is much the same as the usually accepted theory of exchange value. He disposes of the Great Contradiction by making his concept of exchange value something entirely different from that of other economists. Whether this was or not an afterthought with him, and a subterfuge, can never be proved. There is a perception of the 'contradiction' shown in a footnote on page 144 of the first volume,<sup>4</sup> but this may have been a late interpolation. Throughout the volume as a whole he seems to be taking exchange value in its ordinary meaning. To the ordinary economist a theory of value that does not explain price is, to say the least, a misnomer. However, most attempted refutations of Marx are beside the point, for they charge him with fallacy when they have only proved a misnomer. Marx used his theory of value to explain what he called surplus-value, arising from unpaid labour and representing the profit of capital. His theory of value, in his later teaching at any rate, **did** not purport to be a theory of price, and in all his teaching it was always a theory of the exploitation of labour by

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<sup>4</sup> English translation, Swan Sonnenschein edition.

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capital. If it is to be refuted it must be refuted on this ground.

Marx's theory of value was concerned with the social consequences of the fact of exploitation, his characteristic teaching begins where that of ordinary economics leaves off. Ordinary economic science has not concerned itself with morals; the theory of value in its classical and more modern forms is not moral, it is a purely positive explanation of the determination of actual prices, not guidance towards a just price. The best economists have not been men indifferent to social justice, but in their formulation of economic 'laws' they have deliberately abstracted from morals. Hence it has easily appeared that their explanation of facts has been meant to be justification of facts, that what has been the rule under the system of competition has been inevitable and therefore right.

The ordinary theory of value, being merely a theory of actual price, not the just price, has appeared sterile, irritating, unreal and in that sense untrue, to minds preoccupied with the grievances of the poorer classes. To such minds Marx's theory made, and continues to make, a powerful appeal. The very fact that Marx distinguished radically between value and price was counted to him for righteousness instead of being regarded as self-contradiction. Marx, in short, had a moral appeal which ordinary economics had not. Here we come to the real contradiction in **Mam**. Nobody disclaimed moral implications more unreservedly than he. He was not content, like the ordinary economists, to keep ethics and economics in separate compartments, he finally denied all validity to moral ideas. He did not say exploitation was unjust or that labour was paid less than its true value under capitalism. On the contrary he asserted that the capitalist paid for labour at its proper value and sold the products of labour at their value, yet obtained for himself a surplus value out of unpaid labour! He took a perverse delight in re-iterating the paradox that the relationship between exploiter and exploited was one of freedom and equality:

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**O**ur friend, Moneybags, who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting. His development into a full-grown capitalist must take place, both within the sphere of circulation and without it. These are the conditions of the problem. *Hic Rhodus, hic salta!*<sup>5</sup>

This sphere [the labour market] that we are now deserting, within whose boundaries the sale and purchase of labour power goes on, is in fact a very Eden of the rights of man. There alone rule Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, say, of labour-power, are constrained only by their free will. They contract as free agents, and the agreement they come to is but the form in which they give legal expression to their common will. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to himself. The only force that brings them together and puts them in relation with each other is the selfishness, the gain and the private interests of each. Each looks to himself only, and no one troubles himself about the rest, and just because they do so, do they all, in accordance with the pre-established harmony of things, or under the auspices of an all-shrewd providence, work together to their mutual advantage, for the common weal and in the interest of all.<sup>6</sup>

**Marx** dwelt on exploitation not because of its injustice but because it revealed the antagonism of interest between the two classes of capitalists and workers, it explained the necessity of Class War which was to lead to the destruction of Capitalism and the establishment of Socialism. On his own principle it was inconsistent for Marx to accuse anybody or anything of injustice. He incessantly derided appeals to principles of justice and morality. What he could consistently do, and did with immense effect, having powers of sarcasm and invective in high degree, was to mock at the contrast between theoretical professions of justice and the actual conditions under capitalism which the professors so often tolerated with more or less com-

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<sup>5</sup> *Capital*, Vol. I, pp. 144-5.

<sup>6</sup> *Ibid.*, p. 155.

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placency. Moreover, Marx did not allow consistency to cramp his denunciatory style. The first volume of *Capital* burns with moral indignation against the evils of capitalism. Whether it was reasonable of Marx and his disciples to feel moral indignation we need not discuss. The point is that the book owed its power to its rousing of the passion of hatred of injustice. The most grudging critics of Marx admit that he drew a terrible indictment, very largely true, of the evils of the early days of the modern capitalistic system, an indictment based on Reports of H.M. Inspectors of Factories and other official evidence. Let any reader turn over the pages of the first volume of *Capital*. He will see it is a hard book to follow. It has much forbidding jargon and algebraic symbols and it is inordinately long. But certain passages will catch the eye, probably they will be the long footnotes of which Marx was fond. Sentences will arrest the attention because they are wise, or smart, or horrible. Very few people have read even the first volume of *Capital* from beginning to end, still fewer have understood the complete argument. But many have read portions of the book and been impressed by its power where they seemed to understand it, and they have taken the rest on trust. They were readers who knew from experience of life how much in the working of the capitalistic system was bad. Here they had a book which professed to explain, scientifically, just where the badness was, and how it must eventually be remedied. Where they found themselves incapable of following the explanation they blamed the difficulty of the subject and did not doubt the infallibility of Marx.

Marx, as we know, was forced to give up the theory which he undoubtedly seems to have begun by holding, that labour creates value as expressed by price. He fell back, in the third volume, on the position that labour creates value which is not expressed by price. As value with him always means exchange value, to speak of value other than that expressed by price is either nonsense or it is speaking a language unknown to economics. The explanation, I think, is that Marx, the arch-materialist, takes the position

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that labour determines the *just* value of a commodity; that a useful commodity, produced by a labourer of average skill and industry, is worth the cost of the labourer's subsistence during the time he works on that commodity. Marx does not speak of this as the *just* value, but there is no other interpretation that makes sense of value independent of price. And from my contract with many Marxians I am satisfied that they think of a moral relation between labour and value, though as Marxians they should have no use for morals at all. Mr. Maurice Dobb says:

This was the significance of the Labour Theory of Value, which has been so grossly misunderstood by economists, especially in England, because its significance as a term of comparison has been overlooked and our academic Don Quixotes have tilted at it as though it were an empirical generalization about price-equilibria. For Marx it represented an attempt to find a universal principal of social valuation (of social equivalence, or 'real cost'), to which particular price-relationships could be referred.<sup>7</sup>

Let the Catholic reader remark that word 'equivalence. He will find it in Catholic books of Ethics and not in the ordinary books of economics which have much about 'equilibrium.' Equivalence is a term in Morals, equilibrium in mechanics. Marx's rather tedious explanations in the third volume, of labour-time determining value—though not price—appear pointless to the ordinary economist, but they will remind the Catholic reader of the theological arguments used to prove the worker's right to a living wage. The theologians, as I understand them, say that the moral 'equivalent' to a man's work, when he is employed by another, is his proper subsistence. The value of his labour is determined] not by what he produces as the ordinary economists would have it, but by what he needs. Here we have an ethical theory of a minimum value of common, average labour. I think it follows that the just value of a product needed on the market is partly determined by the value of the labour embodied in it. This is

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<sup>7</sup> Dobb, *On Marxism To-day*, p. 24.



very different from the ordinary economic theory that shows value as depending on the relations between supply and demand; but it is less different from Marx's teaching that the value of a product must be at least equal to the cost of subsistence of the producer, provided that the labourer is of average skill and industry and that the product is 'socially necessary.' Though he never acknowledged it, Marx occupied moral ground closer—at this point—to that of Catholic Ethics than is the ground of ordinary economics. This is, I think, why he has such a persistent appeal despite all the more or less successful refutations that have been directed against his Theory of Value.

Of his other famous theory, the Materialistic Conception of History, there is less that needs to be said. Marx said very little about it indeed. He wrote three enormous volumes to expound his Theory of Value but scarcely a page on the formal exposition of what the Plebs' Leaguers in England conveniently abbreviate as M.C.H. What is always quoted as Marx's classic formulation of the M.C.H. is merely a short passage in the preface to his *Critique of Political Economy*. Marx was certainly a materialist historian but the jejune philosophy of Historical Materialism is rather to be fathered on Engels and later Marxists. Marx elaborated a theory of the development of capitalism, especially its future development, and for this his stock stands high at the moment because the World Economic Crisis seems to many people, not only Marxists, to be an impressive fulfilment of his prophecies. If we look at the world only through economic blinkers he may indeed seem to be startlingly vindicated, but the political developments have been very different from what he anticipated and they show he was wrong in his capital assumption that the economic factor, especially class interests, are always decisive and predominant. The outstanding fact of the post-War period has been the subordination of economic interests to nationalist politics. For better or worse, nationalism has overruled capitalism. The outcome of present developments in most countries is as much likely to be Fascism as Communism. Of course the Marxist will

cherish the conviction that Fascism cannot be durable and will delay only for a period the final triumph of Communism.

The purpose of this article has not been to criticize Marx's teaching, or even to expound it, but only to explain why it has continued to have many adherents. There is a moral element in Marx's Theory of Value that makes it appeal. I think also that the Materialistic Conception of History has fascinated multitudes because it has, however incongruously, been taken in a sort of mystical and religious sense. Marxism is a kind of millennialism, predicting and promising a glorious reign of the proletariat. The call to the proletariat as the destined instrument of Revolution has carried the suggestion, with religious associations, of a Chosen People. The insistence on the necessity of a violent Revolution before the heaven on earth can be attained has appealed to the conviction often lying deep in the human mind that the way *ad astra* is always *per ardua*, that the desert must be crossed to reach the Promised Land. I may quote what I have written elsewhere: 'Marxism is powerful because it is a sort of religion: it professes to reveal mankind its destiny, a destiny that does not extend beyond this world yet one that stirs the hearts and imaginations at least of those condemned to the monotonous life of modern industry and the dreariness of materialism. Marxism appeals not to reason but to faith and hope, though it be faith and hope in economic law. The essence of Marxism is its promise of the certainty of Communism, its call to the proletariat as the class with the historical mission of inaugurating the social millennium, and its insistence on the necessity of class war and revolution.'

'Let us all bear in mind,' says *Quadragesimo Anno*, 'that the parent of this cultural Socialism was Liberalism and its offspring will be Bolshevism.' Professor Lindsay, the Master of Balliol, says: 'The Marxian doctrine of class conflict is, like much of Marxism, the nemesis that followed on philosophical Radicalism.'<sup>5</sup> Liberalism and philoso-

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<sup>5</sup> Lindsay, *Karl Marx*, p. 47.

phical Radicalism are both academic terms as here used. The *Quadragesimo Anno* comes closer to the language of the man at the street corner when it speaks of Socialism as the bitterest adversary and accuser of 'the actual condition of the economic order.' For good reasons the Encyclical does not use the term Capitalism in an opprobrious sense as the man in the street does. The spirit of Capitalism, in the frankly opprobrious sense I have myself adopted in this article, is the pursuit of self-interest. The mere structure of the modern system, the accumulation of wealth for productive purposes, the roundaboutness of production, the huge scale of enterprise are details. The soul of capitalism is trust in the working of self-interest as the motive force and automatic regulator of economic activity. Capitalism does not entirely possess the existing economic system but it dominates it, making economic life to a large extent; a state of war. Ameliorations which restrict certain forms of warfare and provide hospitals for casualties but leave the fundamental antagonisms untouched can do little good and may do more harm. The spirit which is here called Capitalism, acceptance of the pursuit of self-interest as the law of life, is not confined to the propertied and employing class, it is rampant in the trade unions. If Marx approached unknowingly to some truths of Ethics, there are Catholics who are unwitting Marxists because they see only one way of striving for social justice and that is by siding with Labour against Capital in the conflicts which are always taking place. What is needed is a change of heart all round. The demon of avarice may never be exorcised from all human breasts but we may hope to secure the repudiation of self-interest as a social principle. We must restore the principle of the Common Good as the guiding star of economic policy and thus, in eliminating what is definitely unchristian in the existing economic order, we shall deprive Communism of that element of justification without which it could never have had much appeal or constituted a serious menace.

H. SOMERVILLE.