A Guide to Marx’s *Capital*
Vols I–III
In a few days I shall be 50. As that Prussian lieutenant said to you: ‘20 years of service and still lieutenant’, I can say: half a century on my shoulders, and still a pauper. How right my mother was: ‘If only Karell had made capital instead of etc.’

(Marx to Engels, 30 April 1868; emphasis added)
This book is dedicated to my mother,
Mrs Alice Smith (née Flynn)
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Appendix: On Social Classes
INTRODUCTION

Reading *Capital*

Marxists as divergent as Louis Althusser and Karl Korsch have recommended reading Volume I of Marx’s *Capital* in a different order to that in which it is published.1 Korsch (*Three Essays on Marxism*) suggests beginning with *Capital*, Vol. I, Part III, Chapter 7, on ‘the labour-process and the process of producing surplus value’ and then moving on more or less to the rest of Volume I; only then does he suggest the reader return to Parts I and II. Althusser (*Lenin and Philosophy and Other Essays*) suggests leaving aside Parts I and V, and reading first Parts II, III, IV, VI, VII and VIII, only then returning again to start at the beginning. Even Marx himself suggested a more comprehensible order of reading. In a letter dated 30 November 1867,2 addressed to his good friend Dr Ludwig Kugelmann, shortly after the publication of the first German edition of *Capital*, Vol. I, Marx advises Kugelmann that he might tell his ‘good wife’ that the chapters ‘Working Day’ (Vol. I, Part III), ‘Co-operation’, ‘The Division of Labour and Machinery’ (Part IV) and ‘Primitive Accumulation’ (Part VI) were the most immediately readable – although he warns Kugelmann that it would still probably be necessary for him to explain to his wife some of the more ‘incomprehensible terminology’ in these sections (**MECW**, 1987, 42:490). While Marx gives slightly different advice to another woman, a Mrs Wollmann, in a letter dated 19 March 1877;3 in which he advises her to start with the last section of the French edition of *Capital* (the last but one in the English translation), ‘The Process of Accumulation of Capital’.

All of these suggestions seem to have been made with much the same intention; namely, to avoid the conceptually difficult Parts I and II of Vol. I, on the subject of commodities and money, including Marx’s initial discussion of the general form of value and the section on commodity fetishism. However, this perfectly understandable intention leads to the peculiar result, in Korsch’s case, of beginning *Capital* with the sections on the labour process and the process of producing surplus value without first having looked at Marx’s preliminary discussion of value and the buying and selling of labour-power itself. While in Althusser’s case, we find the even more peculiar suggestion that
we should begin our reading of *Capital* with the rather dull and uninteresting sections on the various formulae for the circuit of money capital. Even Marx’s own suggestions raise the interesting question why he chose to publish Vol. I beginning with the conceptually difficult Parts I and II if even he thought it might be better to start with the more descriptive historical material in Part III? In his letter to Mrs Wollman Marx gives some explanation of this. ‘In the scientific exposition the arrangement is prescribed for the author, although some other arrangement might often be more convenient and more appropriate for the reader’ (*MECW*, 1991, 45:212). This implies that the matter was out of his hands, but of course this is not the case.

Although I agree with Althusser and Korsch in wishing to avoid for the moment the conceptually difficult Part I of *Capital*, Vol. I, I do not agree that Part II, or even the first half of Part III, makes a suitable beginning for reading *Capital*. In what follows, I therefore adopt the procedure recommended by Marx himself in his letter to Kugelmann, and begin with the discussion of the lengthening of the working day and the distinction that Marx makes between absolute and relative surplus value.4

It is here, however, that my discussion of *Capital* departs dramatically from what has gone before in books which claim to provide a guide to reading Marx’s *Capital*, but which in point of fact are nearly always restricted to discussions of *Capital*, Vol. I alone.5 I believe that it is imperative at this point, if we are to gain a proper understanding of Marx’s argument, to look at what Marx has to say on the subject of the accumulation of capital in *Capital*, Vol. II, and especially on the subject of merchant’s capital, in *Capital*, Vols II and III, before we go back and gain a proper understanding of Marx’s discussion of capitalist accumulation in Vol. I.

The reader who is new to *Capital* might well be surprised to learn that Marx did not publish either *Capital*, Vol. II or *Capital*, Vol. III during his own lifetime. Marx originally intended to publish *Capital*, Vols II and III as a single volume,6 almost certainly of about the same length as the present Vol. I and therefore with much of the material included in the present Vols II and III left out. What we now call *Capital*, Vols II and III were edited by Marx’s good friend Frederick Engels more or less as he found this material in Marx’s notebooks, and were not published in their present form until after Marx’s death in 1883: Vol. II appearing first in 1885 and Vol. III not until 1894, the year before Engels died. Just why Marx failed to publish this material during his own lifetime is likely to remain an enduring problem for Marxist scholarship, but is perhaps of little interest to anyone else. His health is usually given as one of the main reasons – never well, his health declined significantly during the later years of his life, during which time he spent much of his time convalescing at the seaside. This might well explain why he did little or no work on *Capital* from about 1880 onward, but it
does not explain why he could not have done more during the thirteen years after the 1867 publication of *Capital*, Vol. I. In a letter to Kugelmann dated 18 May 1874 (MECW, 1991, 45:17–18), Marx cites his health as one of the main reasons why he could not continue further with *Capital*. He also mentions the considerable work he was doing at this time toward the publication of the first French edition of Vol. I, which appeared in instalments between 1872 and 1875 (MECW, 1991, 45:457, 17n). Marx and Engels also devoted a considerable effort during the period from 1864 to 1873 to the work they were doing for the First, or Communist, International, a loose association of workers movements throughout Europe and North America. However, an additional reason for the delay is given by Marx in a letter to Nikolai Danielson five years later (10 April 1879, MECW, 1991, 45:355–6). In it Marx again mentions his health – he jokes that his medical advisers had warned him to shorten considerably his ‘working-day’ if he did not wish to relapse into the poor state of health he was in 1874 – but goes on to say that ‘[t]he bulk of [new] materials I have received not only from Russia, but also from the United States, etc., make it pleasant for me to have a “pretext” of continuing my studies, instead of winding them up finally for the public.’ For whatever reason then it seems that Marx simply did not wish to publish the second and third volumes of *Capital* during his own lifetime, but left this work to Engels.

Marx was a perfectionist as far as his work was concerned and simply could not bear to let it go until he was *entirely* satisfied with it. In a letter to Engels dated 31 July 1865, Marx says,

> But I cannot bring myself to send anything off until I have the whole thing in front of me. Whatever shortcomings they may have, the advantage of my writings is that they are an artistic whole, and this can only be achieved through my practice of never having things printed until I have them in front of me *in their entirety*. (MECW, 1987, 42:173; emphasis original)

Writing to Marx’s wife Jenny in 1860, Engels says that ‘there will be no one to blame but Mr Moor [Marx’s nickname] himself’ if there was a delay in publishing and refers to his ‘thoroughness and his failure … to do anything about publishers himself’ (15 August 1860, MECW, 1985, 41:179). While Marx himself, in a letter to Ferdinand Lassalle dated 28 April 1862, refers to ‘that quirk I have of finding fault with anything that I have written and not looked at for a month, so that I have to revise it completely’ (MECW, 1985, 41:356). Even during the period when Marx was writing up what eventually became the first (German) edition of *Capital*, Vol. I, although sympathetic to the problems caused by his health, Engels had to continually urge Marx to get on and publish something, even if this meant bringing out *Capital*, Vol. I before
Capital, Vol. II was ready for publication (10 February 1866; MECW, 1987, 42:225–6). This was the plan that Marx was eventually forced to adopt later that year (Marx to Kugelmann, 13 October 1866, MECW, 1987, 42:328).

Not only then was Marx a great perfectionist as far as his published work was concerned, but he was also a great procrastinator it seems, two things which of course often go together. Procrastinators are generally said to be extremely concerned about what other people think of them – the idea here seems to be that ‘if I never finish I can never be judged’ – and although Marx frequently claimed in his letters that he was not at all concerned what anyone said about him or about his legacy, this does not in fact seem to have been the case. According to David McLellan in his biography, Karl Marx, His Life and Thought, Marx and Dr Kugelmann had a friendship ending quarrel in 1874 over the issue of the publication of Capital while Marx was on a holiday in Carlesbad that had been arranged for him by Dr Kugelmann. According to McLellan, ‘Marx and Kugelmann quarrelled violently during a long walk in which Kugelmann “tried to persuade Marx to refrain from all political propaganda and complete the third book of Capital before anything else”, a subject on which’, McLellan comments, ‘Marx was always touchy’ (McLellan 1973, 428). Elsewhere in his biography McLellan notes:

A study of the evolution of agriculture in Russia was intended to illuminate Marx’s ideas on ground rent in Volume Three of Capital in the same way as English industrial development provided the practical examples to the ideas expounded in Volume One. Marx had learnt Russian specifically to be able to study the original sources. As in the 1850s and 1860s, Marx amassed a huge amount of material but he now lacked the power of synthesis and the driving force to make something of it. After his death Engels was amazed to find among Marx’s papers more than two cubic metres of documents containing nothing but Russia statistics. During these years Marx filled in his microscopic handwriting almost three thousand pages – these manuscripts comprising almost exclusively notes on his reading. In his later years this reading became almost obsessional: he no longer had the power to create but at least he could absorb. Thus the manuscripts for Volume Three of Capital remained virtually in the state in which they had been since 1864–65. Marx had rewritten almost half of Volume Two in 1870, but thereafter made only minor additions and revisions – realising as he said to [his daughter] Eleanor shortly before his death that it would be up to Engels ‘to make something of it’. Marx kept the state of his manuscript a secret from everyone, including Engels, who wrote to [August] Bebel that ‘if I had been aware of this I would not have let him rest day or night until everything had been finished and
INTRODUCTION

Following McLellan, I want to make a rather controversial claim in this book. I will argue that one of the main reasons Marx did not complete the publication of *Capital*, Vols II and III was not only because of his health etc., but because he was dissatisfied with his own account of reproduction on an extending scale in what we now know as *Capital*, Vol. II (the second volume to be published but actually the third to be written). Marx, I will argue, was concerned to find a materially compelling reason why capitalist accumulation took place on an extended scale and he was therefore not satisfied with an explanation that depended either on the inclinations of the capitalists – the lure of ever greater profit as it were – or on the supposed compulsion of capitalist competition to bring it about. Why, Marx wondered, should a capitalist, who might simply reproduce an existing process of production on the same unchanging scale (i.e. a successful capitalist enterprise perhaps which was already up and running), continually extend the scale of the process of production, with all the risks that this entailed for the process of production to become over-extended and then fail? The answer to this question could not be the one that is usually given (i.e. capitalist competition) because that is not a first order explanation: it does not explain why the first capitalist in any particular cycle of reproduction chooses to extend the scale of the process of production themselves, thereby forcing others to follow suit. Similarly, Marx could not rest easy with a more psychological explanation of the kind provided by Max Weber or Joseph Schumpeter, which relied on the entrepreneurial spirit of the capitalists or their desire for greater wealth. Such an explanation might well be the only one we have for this phenomenon, but it was not an explanation that satisfied Marx. Something so fundamental to the nature of capital as the colossal expansion of the capitalist mode of production on a continually expanding scale simply could not be due, Marx thought, to the will of the capitalist. There must then be some other, more fundamental, mechanism at work, embedded within the capitalist mode of production itself, that could account for reproduction on an extended scale and reproduction on a progressively extended scale against the natural inclination of capitalists to conserve what they already had. What then was this ‘something else’? What was the explanation of this phenomenon?

Perhaps, as McLellan suggests, because of his failing powers of synthesis, or perhaps for some other reason, Marx simply could not find the answer to this question. However, in what follows, I will argue that the answer is contained in Marx’s writings – it is in what is now known as *Capital*, Vol. II – and I suggest that the answer to this problem has something to do with what Marx

printed. Marx himself knew this better than anyone…’ In fact, the state of the manuscript was so chaotic that Engels published Volume Three of *Capital* only eleven years after Marx’s death. (McLellan 1973, 422)
himself referred to as the ‘precipitation of fixed capital’. Marx spent a great deal of time considering this question and was convinced that the solution to the problem had something to do with the reproduction of fixed capital, but for some reason or other Marx just could not seem to see what the answer was for himself. The details of this argument – which have to do with why a capitalist should accumulate capital in its productive rather than in its money form – are explained in Part II, Chapter 9 of this book. In short though, I will argue that Marx simply became stuck at this point somewhere around 1870 – halfway through his rewrite of Vol. II, and at the point where we now know that he broke off his studies on the second volume of Capital altogether – and, being a perfectionist, felt that he simply could not complete this project, his life’s work.

Once we have gained a thorough understanding of the process of capitalist accumulation in the second half of Capital, Vol. II – in Part II of the present book – we will then turn our attention, in Part III of this study, to what is now the first half of the present Vol. II, to look at Marx’s discussion of the circulation of capital and the very important distinction that Marx makes here between the circuit of industrial capital and the circuit of merchant’s capital. At this point we will then go on to look at Marx’s further discussion of mercantilism and the circulation of money capital generally in the middle third of Vol. III and – following on from the argument presented in Part II of this study – I will present a second controversial argument; namely, that a proper understanding of this part of Vol. III is crucial for a correct understanding of why the capitalist mode of production did not develop as quickly or in the form that Marx seems to have expected it would. I argue that the pure, or fully developed, capitalist mode of production that Marx describes in detail in Vol. I became underdeveloped by the contact it had with the rest of the non-capitalist world at that time. It is simply not possible – it is not logical or dialectical, I think – to claim that the capitalist mode of production could have developed fully in isolation in Europe (or even in Europe and North America), and had the devastating effect on the rest of the non-capitalist world which Marx and Engels attribute to it in their writing on Ireland, India and China, without at the same time acknowledging that the underdevelopment of the rest of the non-capitalist world must also have had a devastating effect on the fullest possible (or as we might say, the pure) development of the capitalist mode of production itself in Europe. As Marx said on this point in a letter to Engels, dated 8 October 1858:

There is no denying that bourgeois society has for the second time experienced its 16th century, a 16th century which, I hope, will sound its death knell just as the first ushered it into the world. The proper task of bourgeois society is the creation of the world market, at least in outline,
and of the production based on that market. Since the world is round, the colonisation of California and Australia and the opening up of China and Japan would seem to have completed this process. For us, the difficult question is this: on the Continent the revolution is imminent and will, moreover, instantly assume a socialist character. Will it not necessarily be crushed in this little corner of the earth, since the movement of bourgeois society is still in the ascendant over a far greater area? (MECW, 1983, 40:346–7)

We now know that the answer to this question is ‘yes’. The development of socialism in Europe, which Marx thought imminent in 1858, was crushed because the development of capitalism in the rest of the world was still taking place. This being the case, the relative underdevelopment of capitalism in the rest of the world at this time could not possibly fail to have an effect on the development of capitalism in Europe and hence on the development of socialism. As I will explain in Part III of this study, it is not only the development of socialism in Europe that was undermined by the underdevelopment of capitalism in the rest of the world at that time but also the character of the capitalist mode of production itself. In particular, this caused the CMP to change from the highly industrialized mode of production that Marx describes in Capital, Vol. I (one which is in fact premised on a closed economy model) to the more mercantile kind of capitalism that he describes in detail in Vols II and III and with which we are all too familiar today.

Finally, in Part IV of this book, once I have considered what Marx has to say in the first third of Capital, Vol. III, on the subject of the tendency of the rate of profit to fall, we will only then return to the first part of Vol. I and the question of labour theory of value and the degree of exploitation of labour. And here I will present a third and probably even more controversial argument, since I will claim that Marx is not in fact especially interested in the question of the nature of value in the first part of Vol. I – he is not a supporter of a ‘crude’ labour theory of value, as developed by the English economist David Ricardo. Rather, much more important to Marx, and the basis of his own unique contribution to classical political economy, is the origin and nature of surplus value (what I will call ‘the labour theory of surplus value’ in order to distinguish it from Ricardo’s theory), and this, I will argue, is the only reason we have for still being interested in what he has to say today. Extending the argument presented in Part III of this study, I will argue that it is only by looking at what Marx has to say on the subject of merchant’s capital in Vol. II and on the subject of the rate of profit in Vol. III before we look at what Marx has to say on the nature and the substance of value generally at the beginning of Vol. I, that we can see what Marx meant when he famously claimed just