

Class and Capital

The concept of class has never remained a harmless concept for very long.

RALF DAHRENDORF¹



Dahrendorf gave a common view dramatic form when he wrote, ‘Marx postponed the systematic presentation of his theory of class until death took the pen from his hand. The irony has often been noted that the last (52nd) chapter of the last (third) volume of *Capital*, which bears the title “The Classes”, has remained unfinished. After a little more than one page the text ends with the lapidary remark of its editor, Engels: “Here the manuscript breaks off”’.² Unfortunately, the colourful picture this suggests, of the pen dropping from the hand of the dying Marx as he was on the point of completing his masterwork, isn’t ours to keep: the draft containing this chapter was completed, as is fairly well known, before Marx turned to the preparation of Volume I for publication. Nevertheless, some have taken Marx’s delay in returning to the chapter – until it was too late – as an admission *in actu* of failure, attesting to a basic flaw in his theory. Engels’s explanation is less dramatic: Marx liked to leave conclusions ‘for the final editing, shortly before printing, when the latest historical events would supply him, with unfailing regularity, with illustrations of his theoretical arguments, as topical as anyone could desire’.³ Reopening the question of the relation of Marx’s final page and a half to the rest of *Capital*, I wish to explore what Marx’s willingness to leave the matter in so sketchy a state might indicate about the nature, or even the existence, of a Marxian theory of class.

The matter is of importance, since Marx’s critique of political economy stands from the start under the sign of class. The preface to *Zur Kritik*, the publication that began the examination of ‘the system of bourgeois economy’, promises an analysis of ‘the economic conditions of existence of the three great

¹ Dahrendorf, *Class and Class Conflict in Modern Society* (1959), p. 3.

² *Ibid.*, p. 8.

³ Marx, *Capital* III, p. 97.

classes into which modern bourgeois society is divided'. This was to be carried out in the first three of the six books which Marx proposed to write, those on capital, landed property, and wage labour.⁴ In this plan Marx echoed Ricardo's identification of 'the principle problem in Political Economy' as to 'determine the laws which regulate' the distribution of 'the produce of the earth' among 'three classes of the community', the proprietors of land, the owners of the capital employed in cultivating it and the labourers who work it.⁵ The nature of Marx's critique of political economy may be indicated elliptically by pointing to the replacement of 'distribution' by 'conditions of existence' as analytical focal point. The former conceptualisation takes the existence of the 'three great classes' for granted as a feature of society, asking only how the social product is shared out between them. Marx, in contrast, is interested in the historically specific conditions under which society can be characterised in terms of these three groupings: both the mechanism of their historical production and (as discussed in the previous chapter) that of their continuous reproduction.

Marx's early studies of the dismal science reflected his discovery of the centrality of economic categories to the ideological terms in which bourgeois society represents itself. His serious reengagement with economic theory after the 1848 revolutions was more directly provoked by his perception of a relation between the rise and fall of radical mass movements on the Continent and the (inverse) movements of the economy. In the 'Review' of events he wrote with Engels, from exile in London, for the *Neue Rheinische Zeitung*, Marx discussed in detail the correlation of crisis and revolt, arguing that the prosperity sure to return to Germany and France in response to renewed expansion in England would rule out any rapid revival of the movement.

With this general prosperity, in which the productive forces of bourgeois society develop as luxuriantly as is at all possible within bourgeois relationships, there can be no talk of a real revolution. Such a revolution is only possible in the periods when both these factors, the modern productive forces and the bourgeois forms of production, come in collision with each other ... A new revolution is possible only in consequence of a new crisis. It is, however, just as certain as this crisis.⁶

4 Marx, *Contribution to the Critique of Political Economy* [1859], in MECW 29, p. 261.

5 Ricardo, *On the Principles of Political Economy and Taxation* (1966 [1817]), p. 5.

6 Marx and Engels, 'Review: May to October' [1850], in MECW 10, p. 510.

At the time these words were written, Marx was essentially a follower of Ricardo in economics; a particular motive for a return to his economic studies was the incompatibility of Ricardian theory with the course of economic events in the late 1840s.⁷ These studies, which eventually resulted in the writing of *Capital*, would lead (as we have seen) to a fundamental break with Ricardian theory, and in fact with classical political economy as a whole. Nonetheless, the statement quoted above can stand as a summary of the central underlying idea of the work which was to occupy Marx for the 30-odd years that followed its writing. Its basic elements reappear, for instance, in the summary of 'the guiding principle of my studies', reached by 1845, with which Marx introduced the first instalment of his study of capital in 1859. Here Marx describes human social existence as a matter of 'relations of production appropriate to a given stage in the development of their material forces of production'. While 'no social formation is ever destroyed before all the productive forces for which it is sufficient have been developed', that development produces a conflict between 'the material productive forces of society' and 'the existing relations of production' which have turned 'into their fetters. Then begins an era of social revolution'.⁸ In such an era, as Marx envisioned it, what he described with the theoretical abstractions of 'forces' and 'relations' would take practical form in the struggle between classes which he had identified in the *Communist Manifesto* as the central drama of history.

Again, in a letter to Engels of 1868, Marx discussed the theoretical advances at the heart of the third volume of *Capital* as a matter of relations between economic entities: the distribution of surplus value, the differentiation of forms of capital, the equalisation of profit rates, and the tendency of the rate of profit to fall. Yet he promised that, at the end of it all, he will show that economic theory constitutes only a set of appearances of a reality to be analysed, ultimately, in terms of 'the class struggle, as the conclusion in which the movement and disintegration of the whole shit resolves itself'.⁹

But if *Capital*, with all its three (or four) volumes, was intended only as the first book of a study of the 'three great classes', why does the chapter on classes appear at its conclusion? Roman Rosdolsky suggested one answer in his study of the development of Marx's theory. Rosdolsky argued that while writing his magnum opus Marx found that the intended books on landed property and wage labour 'had to be incorporated into' the study of capital because the lat-

7 See the discussion in Schrader, *Restoration und Revolution* (1980), pp. 15–23.

8 Marx, *Contribution*, pp. 262–3.

9 Marx to Engels, 30 April 1868, in MECW 43, p. 25.

ter ‘would have been inconceivable without a treatment of the questions which they deal with.’¹⁰ This seems a mistake, however.¹¹ For one thing, the treatment of rent in *Capital* should be distinguished, as Marx himself put it, from ‘the analysis of landed property in its various historical forms’, which ‘lies outside the scope’ of *Capital*.¹² As we know, Marx occupied himself to a great extent during his last years in collecting information for such an analysis (even learning Russian to read documents relevant to the history of landed property in Russia). In *Capital*, however, he studied, under the heading of rent, not a form of property but a form of revenue – a claim to income rather than a social relation mediated by claims to ownership of natural resources; he was concerned with the former ‘only in so far as a portion of the surplus value that capital produces falls to the share of the landowner’.¹³

Second, the discussion (in the first volume of *Capital*) of wages, the market-representation of the value of labour power, is similarly to be distinguished from an analysis of wage labour as a social institution – that is, of the waged working class, with a variety of characteristics in different periods and locations, and internally differentiated at every time and place by the distinction between employment and unemployment, by job status and wage differentials, and by gender, age, and ‘racial’ inequalities. It is true that Volume I contains a great deal of historical and analytical material bearing on the historical conditions of appearance and the development of waged labour, notably in Chapter 10, ‘The Working Day’; Chapter 15, ‘Machinery and Large-Scale Industry’; Chapter 25, on the effects of capital accumulation on the working class in the form of unemployment and immiseration; and Part Eight, which discusses the creation of the preconditions for capitalist production by the separation of producers from land and other means of production. But all this

10 Rosdolsky, *The Making of Marx’s ‘Capital’* (1977), p. 23.

11 I leave undiscussed Rosdolsky’s contention that Marx integrated into *Capital* not just the books on landed property and wage labour but also the sections of his study of capital devoted to competition, the credit system, and the stock market, originally planned for separate books following the analysis of ‘capital in general’. In this I take advantage of Winfried Schwartz’s essay, ‘Das “Kapital in allgemeinen” und die “Konkurrenz” im ökonomischen Werk von Karl Marx’ (1974). Schwartz argues convincingly that, contrary to Rosdolsky’s interpretation, the treatment of what Marx originally called ‘capital in general’ concludes with Part One of the third volume, the rest of which contains material for the remaining sections of the analysis of capital.

12 Marx, *Capital* III, p. 751. For a discussion of Marx’s unwritten book on landed property, see Shortall, *The Incomplete Marx* (1994), pp. 170 ff.

13 Marx, *Capital* III, p. 751.

material considers the working and living conditions of wage-earners primarily as presupposition for and function of the accumulation of capital. Marx is concerned above all to destroy (as he put it in the unfinished 'Sixth Chapter' of *Capital*) 'the last vestiges of the illusion ... that ... in the marketplace, two equally matched *commodity owners* confront each other, and that they, like all other commodity owners, are distinguished only by the material content of their goods ...' He wishes to demonstrate as well that wage labour is 'one of the *essential* mediating forms of capitalist relations of production, and one constantly reproduced by those relations themselves'.¹⁴

The existence of wage labour is in fact a socio-historical requirement for the production of surplus value and so for the existence of capital. To explain this, however, is not to provide an analysis of wage labour as a distinct category of social relations. Marx observes in a brief chapter (22) on national wage differentials that to compare wages in different parts of the world we must 'take into account all the factors that determine changes in the amount of the value of labour power: the price and the extent of the prime necessities of life in their natural and historical development, the cost of training the workers, the part played by the labour of women and children, the productivity of labour, and its extensive and intensive magnitude'.¹⁵ Some fragmentary remarks on trade unionism in the 'Sixth Chapter' suggest the topic of workers' oppositional activity as a determining factor of the value of labour power.¹⁶ Such matters, considered at once historically and analytically, would no doubt have provided the content of the third book of Marx's critique of political economy.

If *Capital* was not meant to absorb the unwritten books on the labouring and landowning classes, it is all the more remarkable that Marx's chapter on classes concludes it. For the chapter begins in Ricardian fashion with the listing of 'the owners of mere labour power, the owners of capital, and the landowners' as 'the three great classes of modern society based on the capitalist mode of production'.¹⁷ Why then did Marx embark on a theory of class structure before the books to be devoted to the other two class categories, wage labour and landed property? The answer is to be found in the context: Part Seven, the concluding section of Volume III, deals with 'Revenues and Their Sources', that is, with 'the estranged and irrational forms' in which the capitalist production process appears to those who live by its laws.¹⁸ To explain how this section and the

14 Marx, 'Results of the Immediate Process of Production', in *Capital I*, pp. 1062, 1064.

15 Marx, *Capital I*, p. 701.

16 *Ibid.*, pp. 1069–70.

17 Marx, *Capital III*, p. 1025.

18 *Ibid.*, p. 969.

chapter on classes fit into Marx's argument requires a recapitulation of that argument, the critique of political economy, as a whole.

Economic Appearances and Social Reality

Capital begins, as it ends, with appearances: the appearance that wealth in 'societies in which the capitalist mode of production prevails' is an 'immense collection of commodities'. Wealth seems to crystallise in the marketplace, as the accumulation of commodities (including the money commodity). But, as Marx quickly demonstrates, wealth in modern society is specifically the accumulation of *capital*, of money invested in the means of production and labour power required to produce goods saleable for a larger sum of money. Capital requires the existence on the market of the commodity labour power, owned by people unable to employ it themselves because of their lack of access to means of production. Indeed, it is only when such people exist that the commodity becomes the general form of wealth, since only then must the producers purchase a portion of their product, made for the owners of the means of production, with the wages paid for their ability to work.

If Marx thereby shows that wealth consists in the control of other people's labouring, he emphasises that control is exercised in a particular way in this particular society: 'The specific economic form in which unpaid surplus labour is pumped out of the direct producers determines the relationship of domination and servitude' in different types of society. In capitalism, surplus labour, work performed in addition to that which provides for the consumption of the producers, is appropriated as surplus value, through the medium of market exchanges between employers and employees, in which first the latter and then the former appear as sellers of commodities to each other. Since the social relation of domination between them is represented in a roundabout way by the circulation process, the exploitative relationship is hidden behind the equality of market partners. Hence it is that wealth appears to be a matter of commodity ownership, or the possession of money, a means to ownership, rather than a relationship between people *manifested* in differential access to goods.

In so far as capital takes the form of produced goods and means for producing them, it is wealth whose use yields an income. The owner of capital, as just observed, is in a position to appropriate that part of the product made with it – translated into money terms – that exceeds the reproduction requirements of the producers. 'Capital thereby becomes a very mystical being, since all the productive forces of social labour appear attributable to it and not to labour

as such'.¹⁹ Alternatively expressed, each capitalist ascribes to the productive virtue of his individual capital the amount he manages to obtain from the surplus labour of employed workers. This appearance is all the more convincing because the amount of profit extracted by each capital does not in fact depend on the surplus production of the workers it employs but is drawn in a complex way from the surplus labour performed for the totality of capitalist employers.

It is only in the process of circulation – the totality of market exchanges that mediate, on the one hand, the relation between productive labour and the extraction of surplus value, and, on the other, the relation between capital investment and producers' consumption – that surplus labour is crystallised in a form (money) utilisable for future investment. Surplus labour in capitalism (unlike non-capitalist forms of society) is therefore a phenomenon definable only in relation to total social labour, and not firm by firm. Just as the labour engaged in at an individual workplace only counts as a part of social labour in so far as its product takes the form of a commodity sold on the market, so the surplus labour performed at that workplace exists as surplus value – in a form (money) utilisable for capital accumulation – only as market exchange makes it a portion of the social surplus produced under the dominance of the totality of capital. This is why that totality (what Marx calls 'social capital') is not just a conceptual aggregate of individual firms, but a fundamental unit in the functioning of the social system.

We will return to this aspect of the economic system below, because it is the society-wide character of exploitation that, in Marx's view, provides the basis for class as the peculiarly modern mode of social stratification. From the capitalist's viewpoint, however, the ratio of the total surplus value produced to the amount of value required for the worker's consumption – the socially specific measure of work done for employers relative to that done for the producers themselves – is unimportant. What counts is the rate of profit, the ratio of surplus value appropriated by the individual firm to the capital it has invested in means of production and labour power.

Of course, as Marx restates in Volume III a point demonstrated (in other terms) in the fifth chapter of Volume I, 'the capital value advanced cannot form surplus value simply by means of its having been used up and forming therefore the cost price of the commodity' produced.²⁰ But the ability of a capitalist's investment to bear fruit seems to depend just on the willingness of the market to buy his product at a sufficiently high price. His investment counts for him as

19 Marx, *Capital* III, p. 966.

20 Marx, *Capital* III, p. 126.

an individual gamble, rather than as a contribution to the social production process, the product of which includes the social surplus that is distributed among individual firms. A sufficient demand for his goods allows him to collect a sum causally linked to his investment, since it represents money in excess of that needed to pay for labour power: 'surplus value itself does not appear as having been produced by the appropriation of labour time but as the excess of the sale price of commodities over their cost price ...'²¹ The latter 'appears to each capitalist as a given quantity',²² the price he must pay for the inputs consumed in his production process, so that the relation between surplus value and the labour power set in motion as labour disappears from view. Surplus value is therefore conceptualised as profit, a 'return to capital'.

In Part Two of *Capital*, Vol. III, as discussed in Chapter 6 above, Marx traces the further obscuring of the relation between profit and surplus labour as a result of competition between the individual firms that constitute social capital. The attempt by firms to maximise profits through various manners of adjustment between quantities of product and prices involves a shifting of claims on the social surplus value among firms that conceals any relation between profits earned by firms and surplus labour performed by their workers. This effect is redoubled by the fact that some capital is invested in economic activities – such as commerce and banking – that are themselves unproductive of surplus value but that claim a share of the social surplus. A special category, one of great social and political importance in the eighteenth and nineteenth centuries, is that of rent, a share of surplus value demanded by the owners of natural resources for the use of their property. The process that obscures the source of profits, interest, and rent is basic to the operation of the system; the redistribution of surplus value effected by price competition is an aspect of the mechanism that effectively socialises the labour performed for various employers. It is because of this socialisation of their labour by way of its uniform representation by money in the marketplace that, despite the fact that workers are hired by individual firms, they may be more properly said to be exploited as a group by capitalists as a group.

The last part of Volume III examines forms in which the social organisation of surplus value extraction appears 'on the surface of society ... in the everyday consciousness of the agents of production themselves'.²³ This 'everyday consciousness' provides the material for what Marx calls 'vulgar economics', the

21 Ibid., p. 135.

22 Ibid., p. 1010.

23 Ibid., p. 117.

direct ancestor of the dominant economic theorising of the last hundred years, which 'actually does nothing more than interpret, systematize and turn into apologetics the notions of agents trapped within bourgeois relations of production'.²⁴ The annual social product seems to arise through the cooperation of three factors of production, the trinity of land, labour, and capital. Stand-ins for natural resources, human activity, and products of previous human activity, these are historically specific forms of the universal constituents of the labour process²⁵ masquerading as transcultural universals. Their historically specific character appears in the asserted link between them as forms of property and the corresponding forms of revenue – rent, wages, and interest – sums of value from which seem to arise the prices of commodities.

Capital-profit (or better still capital-interest), land-ground-rent, labour-wages, this economic trinity as the connection between the components of value and wealth in general and its sources, completes the mystification of the capitalist mode of production, the reification of social relations, and the immediate coalescence of the material relations of production with their historical and social specificity: the bewitched, distorted, and upside-down world haunted by Monsieur le Capital and Madame la Terre, who are at the same time social characters and mere things.²⁶

But if the social character of the production process is invisible in the marketplace, where relations between individuals are on view, it makes itself felt not only in the despotic domain of the workplace but in the impersonal economic dynamics of the social system as a whole. Throughout the history of capitalism, as Marx explains at the start of his study, value 'magnitudes vary constantly, independently of the will, knowledge, and actions of the exchangers'.²⁷

The social rate of surplus value and the general rate of profit determine the possibilities for capital accumulation; experienced by capitalist entities in the form of inter-firm competition, the constraints set on the activities of individuals by social relationships unknown to them are represented as the workings of 'the economy', as if this were a structure or mechanism independent of human action. The 'law of value' that Marx claims to have discovered regulating mod-

24 Ibid., p. 956.

25 See the discussion in Marx, *Capital* I, Chapter 9.

26 Marx, *Capital* III, pp. 968–9.

27 Marx, *Capital* I, p. 167.

ern society makes itself known in daily life ‘the same way that the law of gravity asserts itself when a person’s house collapses on top of him’.²⁸

This conflict between the social character of production and the individual character of property ‘impresses itself most strikingly on the practical bourgeois in the changes of the periodic cycle through which modern industry passes, the summit of which is the general crisis’.²⁹ At a time of economic crisis, the relation of value – the representation of the social character of labour by the exchangeability of all capitalist products against money – to labour as actual human activity manifests itself in the form of the existence of unsaleable products. Produced for sale at a profit, capitalist commodities cannot be consumed (at least within the framework of the market-exchange system) if this condition cannot be met; the abstract social labour-time they contain is revealed to be equal to zero. It is then the (historically specific) social nature of the labour involved in commodity production that renders its products unusable by society, a paradox that exposes the limits capitalism sets to people’s ability to use their ability to work to meet their needs. Such moments clarify the choice that exists as soon as capitalism has reached a relatively high stage of development, between the preservation of the existing society and its transformation into one more adequate to people’s needs.

It is for this reason that Marx devotes much of the argument in Volume III to demonstrating that the accumulation of capital, the form of exploitation mediated by commodity exchange, leads to a tendential fall in the rate of profit, which limits accumulation and, by way of economic crisis, increases the potential for social upheaval. Economic crisis brings to light the fact that ‘it is the appropriation of unpaid labour, and the proportion between this unpaid labour and the objectified [previous] labour [owned as capital] ... that determines the expansion or contraction of production, instead of the proportion between production and social needs ...’³⁰ It points towards a generalised social crisis because it is, according to Marx, ‘the direct relationship of the owners of the conditions of production to the immediate producers ... in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence’, the state.³¹

28 Ibid., p. 168.

29 Ibid., p. 103.

30 Ibid., p. 927.

31 Marx, *Capital* III, p. 367.

Economic Class and Social Structure

Just as the value of commodities is the representation in money terms of social labour in capitalism, the rate of profit is the money representation of 'the proportion between unpaid labour and objectified labour'. As such it represents in a pair of economic quantities the relationship between the interests of the producers and those of their employers, for 'unpaid labour' is the work the producers must perform in addition to that necessary for their own reproduction. Groups defined by such a relationship are what Marx, using the terminology that developed gradually during the late eighteenth and early nineteenth centuries, called classes.³² The category of class was produced by bourgeois society as a means of stating its distinction from the earlier European system of juridically-recognised social stratification, conceptualised in terms of 'ranks' and 'orders' ('*états*', and '*Stände*' in French and German). The increasing use of the term reflected 'not only increased individual mobility, which could be largely contained within the older terms, but the new sense of a [society] or a particular *social* system which actually created social divisions, including new kinds of division'.³³ Unlike pre-capitalist hierarchies, class is not a permanent attribute of individuals but is carried by money, whose possession confers control over social labour. Class itself thus appears as social power abstracted from relations between people, incarnated in the symbol of value, something individuals can acquire and lose, like the commodities with which it is often equated.³⁴

According to Marx, the 'historical tendency of capitalist accumulation' includes 'the dissolution of private property based on the labour of its owner',

32 For a brief history of the concept 'class', see Williams, *Keywords. A Vocabulary of Culture and Society* (1985), pp. 60 ff. An extended historical survey, by an East German historian, is Herrnstadt, *Die Entdeckung der Klassen* (1965).

33 Williams, *Keywords* (1985), p. 62. Rudolph Schlesinger emphasises an important aspect of this development: 'Historically, the concept of class arose from the realization that the mere abolition of legal discriminations did not establish social equality, which had been demanded by the ideology of the bourgeois-democratic revolutions: the first explanations of the course of the French revolution in terms of class coincide with the realization that the expectations of the urban poor, who had borne the main burden of the struggle, were disappointed by the result, the access of the *bourgeoisie* to power' (*Marx, His Time and Ours* [1950], p. 213).

34 'The two people who face each other on the marketplace, in the sphere of circulation, are not just a *buyer* and a *seller*, but *capitalist* and *worker* who confront each other as *buyer* and *seller*. Their relationship as *capitalist* and *worker* is the precondition of their relationship as *buyer* and *seller*' (Marx, 'Results of the Immediate Process', in *Capital* I, p. 1015).

such as that of the peasant, artisan, and small shopkeeper who emerged out of feudal society, and the transformation of the majority of people into sellers of labour power to capitalist employers.³⁵ Capitalist social structure is experienced both as a complex system of social differences and, thanks to the gradual weakening or extinction of legal rank ('estate') differences, as involving a trend towards social equality.³⁶ The salience of equality derives from the fact that, in contrast to pre-capitalist societies, 'the domination of the exploiters loses the form of a power relationship and makes an indirect appearance, on the basis of the equality of commodity exchange, which mystifies the capitalist exploitation relation in an economic form, but also thereby legitimates it'.³⁷ The apparent homogenisation of social personality was clearly stated by Adam Smith, despite his acute recognition of the persistence of social hierarchy: 'every man ... lives by exchanging, or becomes in some measure a merchant ...'³⁸ Because the social character of production is only indirectly acknowledged, by the exchange of commodities for money, the relations between commodity exchangers – capitalists and workers alike – are represented in the form of contracts (explicit and implicit) between legal equals.

This kind of equality, understood as legal equivalence or the abstract uniformity of civil or human rights, is compatible with the existence of myriad

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- 35 Marx, *Capital*, Vol. I, p. 927. This view – basic to Marx's critique of the classical economists' labour theory of value – should not be confused with a mythical doctrine, often ascribed to Marx, of the disappearance of the middle classes in capitalism. See the discussion in Draper, *Karl Marx's Theory of Revolution*, Vol. II, 'The Politics of Social Classes' (1978), pp. 613 ff.
- 36 'In this sense, the equality of employers and employees before the law was genuine. The distinction between them was now based only on their private faculties and resources, rather than on an enduring juridical privilege; if a wage earner accumulated enough private property to become an employer, he became an employer with the same rights as any other. Employers were no longer', as under the guild system, 'a permanent body of privileged masters, but simply the most successful competitors in a free and open market at any particular point in time' (Sewell, Jr., *Work and Revolution in France: The Language of Labour from the Old Regime to 1848* [1980], p. 141).
- 37 Mauke, *Die Klassentheorie von Marx und Engels* (1970), p. 22. Mauke's book remains the best introduction to Marx's conception of class.
- 38 Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Volume I (1979 [1776]), p. 37. It is this homogenisation, in contrast to the pre-modern essentialisation of status differences, to which Smith gave expression in his theory of the 'impartial spectator', the 'man within' each person who adjudicates conflicts of interest between individuals conceived of as fundamentally equal. See Smith, *The Theory of Moral Sentiments* (1976b [1759]), pp. 135 ff.

forms of inequality, both those defined in noneconomic terms, such as gender and 'race', and those defined in terms of level of wealth, the particular good or service brought to market, or position in the complex hierarchy of production. The resulting conceptual (and even practical) conflict is typically resolved by locating the origins of inequality outside social relations proper. For example, the concept of race, which emerged in Europe in the eighteenth century to become a durable peculiarity of modern thought, serves to explain social inferiority as a function of biological difference, as do explanations of social success as due to personal characteristics like 'talent' or 'drive', and of failure as due to the lack of these characteristics or to participation in social group characteristics like 'family dysfunction' and 'the culture of poverty'. Specifically economic inequality is seen as the result of differential access to goods rather than as a product of the functioning of the market-exchange system (thus it can appear as a 'problem' to be solved, by the extension of educational opportunities or other state action),³⁹ The ability to buy others' labour power appears due to the possession of money, rather than to the existence of a form of society in which social labour is represented by money and in which society is divided into economically-determined classes.

Thus, Marx says in the fragment on classes that closes Volume III of *Capital*, the question 'what makes wage-labourers, capitalists, and landowners the formative elements of the three great classes?' seems 'at first sight' to find an answer – where John Stuart Mill, most famously in the early nineteenth century, found it – in 'the identity of revenues and revenue sources'.⁴⁰ The classes are defined by the commodities they own, whose economic utilisation yields

39 A central argument of classical economics was that the operation of 'commercial society' had the effect of redistributing wealth; thus, in his *Theory of Moral Sentiments* (1976b [1759]), Smith asserted that in satisfying their taste for luxury the rich 'are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants ...' (iv, i.10). For a discussion of this theme in classical political economy, see Winch, *Riches and Poverty. An Intellectual History of Political Economy in Britain, 1750–1834* (1996), Chapter 2 and *passim*. A modern statistically-based version of this idea was advanced with great success by Simon Kuznets ('Economic Growth and Income Inequality' [1955]). Thomas Piketty, who contests this (obviously unrealistic) expectation in his *Capital in the Twenty-First Century* (2014) sees inequality of wealth and income as due not to historically specific features of capitalism but to the eternal nature of human production, which makes '[e]conomic growth ... quite simply incapable of satisfying this democratic and meritocratic hope, which must create specific institutions for the purpose and not rely solely on market forces or technological progress' (p. 89).

40 Marx, *Capital* III, p. 1026.

a particular form of income. The even more ‘vulgar’ conception of class as income level – probably, in combination with a conception of class as social status, the dominant folk and social-scientific concept of class in the United States at the present time⁴¹ – abstracts from type of resource brought to market to simply compare revenues quantitatively, the differences between which can then be explained as a function of kinds and amounts of property owned.

As this example suggests, while Marx’s analysis is primarily focused on the ‘classical’ and ‘vulgar’ economics of the nineteenth century, it remains applicable to current conceptions of class. A striking case in point is what is probably the best-known late twentieth-century attempt to produce a marxist theory of class, that of Eric Olin Wright. Highly elaborated in the form of a sociological research programme as well as an abstract economic argument, Wright’s position is only a recent example of a longstanding tendency within marxism to distinguish ‘class analysis’ from ‘economic theory’.⁴² Wright defines class in terms of exploitation, itself defined following the ‘analytic marxist economics’ of John Roemer, who abandoned Marxian value theory in favour of a combination of neo-Ricardian economics and game theory.⁴³ In this analysis, one class

41 This folk concept appears both in the replacement of the concept of ‘working class’ by that of ‘middle class’ and in the contrast between the ‘1%’ and the ‘99%’ made prominent by the Occupy movement of 2011 in the US. Adam Theron-Lee Rensch provides an elegant critique: ‘To say that class is the difference between income brackets is to again beg the question of how such a difference is possible ... The problem is that ... an emphasis on the abstract quantity of wealth one might have usually does nothing to criticise the social relations that make such inequality possible in the first place. I may be envious of professors at my university for living more comfortably than I do, but unless they are using their money as capital – which is to say, to produce profit, and not merely to consume – my envy misses the point. I am critiquing privilege, not class, and while these things often go together they should not be conflated’ (‘What We Talk About When We Talk About Class’ [2016]).

42 In the strictly economic literature we may remember, from Chapter 3 above, Joseph Schumpeter’s division, in his *History of Economic Analysis* (1954), of ‘the pieces’ into which Marx’s theoretical structure decomposes: ‘two groups, one sociological and one economic’, with no essential connection between them (p. 389); Schumpeter’s pupil Paul Sweezy argued that Marx’s value theory, while unnecessary (given the development of neoclassical equilibrium economics) for the derivation of his economic results, is worth saving because in its qualitative dimension it spotlights capitalist class structure (see *Theory of Capitalist Development* [1942], p. 129). Thirty years later, Mario Cogoy, responsible earlier for a devastating critique of Sweezy’s work, came to roughly the same conclusions on the similar but then more fashionable grounds of neo-Ricardian theory (see ‘Das Dilemma der neoricardianischen Theorie’ [1974], pp. 204–63).

43 See Roemer, *A General Theory of Exploitation and Class* (1982).

is said to exploit another when, *ceteris paribus*, consumption would increase and toil decrease for the latter if the former did not exist. That is, class exploitation consists in the taking of the surplus produced by the exploited class. Although this seems close to Marx's analysis, it conceptualises exploitation (in terms curiously reminiscent of the position of J.S. Mill) as the appropriation of a produced surplus through the process of distribution. In Marx's understanding of capitalism, as in reality, the surplus – by definition – belongs to capital as soon as it has been produced; successful capitalist production *is* the production of surplus value. For Wright, in contrast, exploitation is 'market based'.⁴⁴

According to Roemer and Wright, 'there is complete symmetry in the structure of exploitation in a system in which capital hires wage labourers and in a [hypothetical] system in which workers rent capital ...' and thereby exploit capital owners.⁴⁵ Labour and capital are, that is, here conceived of as two types of 'asset', and classes are defined 'by the productive assets which [they] control'.⁴⁶ The kinship of this conception with the vulgar economics Marx criticises in *Capital* is evident in the ahistorical understanding of 'labour' and 'capital' as 'factors of production', common to all social systems. This is why Wright can imagine that feudal exploitation can be analysed in the same theoretical terms as the extraction of surplus value in capitalism, despite the earlier nonexistence of the system of generalised commodity production that alone makes the concepts of value, labour power, surplus value, and capital significant.⁴⁷

As in this case, so generally in bourgeois thought, the reality of class is hidden behind economic categories; or rather, it appears only in the form of economic interest groups, classes of agents defined by their relation to sources (or quantities) of revenue rather than by their relations to each other in the performance of social labour and surplus labour. Seen in this way, as a collection of interest groups (or of income levels), a population can be classified into an indefinite number of classes and subclasses, in a rather arbitrary manner.⁴⁸ Asking 'What makes a class?', Marx observes at the very end of Volume III of *Capital* that the

44 Wright, 'A General Framework for the Analysis of Class Structure' (1989), p. 10.

45 Ibid.

46 Wright, *Classes* (1985), p. 73.

47 For a thorough criticism of Wright's argument, see Guglielmo Carchedi, 'Classes and Class Analysis' (1989); for another, showing the drawbacks of Wright's approach from a sociological point of view, see Clarke, *New Times and Old Enemies. Essays on Cultural Studies and America* (1991), pp. 44 ff.

48 For an interesting study of the way in which differing conceptions of class structure produce different categories of statistical information in use by social scientists, see Donnelly, 'Statistical Classification and the Salience of Class' (1997).

answer at first sight seems to be the ‘identity of revenues and revenue sources’. For these seem indeed to identify the ‘three great classes’ of Ricardian theory. But ‘the same would hold true for the infinite fragmentation of interests and positions into which the division of social labour splits not only workers but also capitalists and landowners – the latter, for instance, into vineyard-owners, field-owners, mine-owners, fishery-owners, etc.’⁴⁹

‘At this point the manuscript breaks off’, Engels noted. This is because the essential theoretical point had already been made: that class structure, in the sense of interest to Marx, cannot be adequately theorised from the standpoint of political economy – or, more generally, from that of bourgeois ideology, in which economic thinking has such a central place. ‘Class’ is an unavoidable category in a culture pervaded by the inequality whose systemic centre is the relation between worker and capitalist defined by the extraction of surplus value. But since this relation is represented ideologically by the generalisation of commodity relations, as one of market exchange between legal equals who may possess differing assets, class is (so to speak) dispersed throughout the social system rather than localised at the point of exploitation.

This dispersal of class can be seen in its most sophisticated form in the thinking of Pierre Bourdieu, whose book *Distinction* offers a particularly valuable contemporary analysis of class difference.⁵⁰ Bourdieu locates a chief failing of what he calls the marxist theory of class – the dominant political framework among those of his fellow French intellectuals whose tradition was shaped over the past half-century by a range of relationships to the Communist Party – in its inability to explain ‘all those oppositions which structure the social field and which are not reducible to the opposition between owners and non-owners of the means of economic production’, such as the ambiguous class position of intellectuals and other cultural producers.⁵¹ In contrast to the two-class system imagined by marxists, ‘the social space is a multi-dimensional space, an open set of relatively autonomous fields’, such as the field of culture, within which we might distinguish the academic field, the artistic field, etc., ‘fields which are more or less strongly and directly subordinate, in their functioning and their transformations, to the field of economic production’.⁵² Social class position is therefore multidimensional, as individuals occupy locations in more than one such field; in each a person’s position can be defined in terms of a relation to a type of social power, which Bourdieu calls a mode of capital on the

49 Marx, *Capital* III, p. 1026.

50 Bourdieu, *Distinction. A Social Critique of the Judgment of Taste* (1984).

51 Bourdieu, ‘Social Space and the Genesis of “Classes”’ (1991), p. 244.

52 *Ibid.*, p. 245.

model of the dominant form of social power. For instance, university professors possess 'cultural capital', in the form of degrees, institutional connections, mastery of certain jargons, etc., which allow them to dominate others, both in their particular field of action, the university, and outside it, say, as experts on television or advisors to trade unions or governments. Successful exercise of this power yields 'cultural profits' in the form of increased prestige, higher positions, etc.; and cultural capital can be converted into economic capital, yielding above-average salaries and other privileges. This model explains why 'cultural capitalists', who share power and therefore interests with the monied upper class but base their social advantages on a competing social principle, both serve the bourgeoisie in various ways and have traditionally seen themselves as to some degree at odds with it, and even, on occasion, behaved accordingly.

As this example shows, Bourdieu's theory stays within the explanatory logic of modern understandings of social classes as 'sets of agents who occupy similar positions and who, being placed in similar conditions and submitted to similar types of conditioning, have every chance of having similar dispositions and interests, and thus of producing similar practices and adopting similar stances'.⁵³ Unlike the comparative study of positions and attributes practised by bourgeois class analysis, Marx is interested in examining the positions themselves. Hence 'class' in Marx's use is not analysed with a set of sociological descriptions, but with an idealised model (like his value theory) framed to expose a dynamic structure hidden by the complexity of 'economic' and 'sociological' phenomena. This structure, he believed, emerges to view (like and with the law of value) at moments of extreme social crisis, but is normally obscured by more immediate interests.

Under 'normal' conditions – conditions of relative economic prosperity – the bourgeois discourse of class is the dominant one, because it corresponds to the immediate problems faced by all sectors of society.⁵⁴ As Marx and Engels wrote already in *The German Ideology*, 'separate individuals form a class only

53 Ibid., p. 231.

54 As sociologist G. William Domhoff explains, in his excellent study of American class structure, 'The opinions of the majority on a wide range of issues have differed from those of the corporate elite for many generations without major consequences for public policy. To assume that differences in opinion will lead to political activity does not give due consideration to the fact that people's beliefs do not lead them to opposition or disruption if they have stable roles to fulfill in the society. Routine involvement in a daily round of activities, the most important of which are a job and a family, probably is a more important factor in social stability and acquiescence in corporate-supported policies than any attempt to shape public opinion' (*Who Rules America? A View for the '80s* [1983], p. 83).

insofar as they have to carry on a common battle against another class; in other respects they are on hostile terms with each other as competitors'.⁵⁵ The fact that intra- and inter-class conflict coexist limits the use of the class concept to focus attention on the relation between capital and wage-labour. Workers organise their mutual competition by means of craft, industry, ethnic, gender, national, and other groupings – as well as on a purely individual basis – groupings that effectively obscure the commonalities in which Marx was interested. Similarly, although the shared class interest of capital is expressed in a general insistence on the basic rightness and even necessity of the existing social order, capitalists compete with each other by all convenient means, forming interest-group coalitions where this is helpful.⁵⁶ Inter-class struggle, the mutual competition for the stakes defined by capitalist property relations, seems to be just another form of the generalised struggle between individuals and 'interest groups', and does not in itself call society's conceptions of property into question.⁵⁷

This duality of class awareness and obfuscation can be seen in the way in which the localisation, spatial and social, of class conflict – kept small scale by geography, union jurisdictions, and other factors – cohabits with the systematically maintained unity of the ruling class. The latter is, as Domhoff explains, discussing the American case,

a business class based in the ownership and control of large corporations ... The fact that the upper class is ... intertwined with the corporate community adds a second dimension to the nature of its cohesiveness. This cohesion is not only social, based on school and club affiliations [traced in

55 Marx and Engels, *The German Ideology*, in MECW 5, p. 77.

56 Hal Draper identifies this as one of the features of capitalism that produces a tendency towards autonomisation of the state: 'No other ruling class [in history] is so profoundly criss-crossed internally with competing and conflicting interest groups, each at the other's throat – the dog-eat-dog pattern. Competing national groups (countries) are split by regional group interests, different industrial interests, antagonisms within an industry, rivalry between producers of consumers' and producers' goods, light and heavy industry, and so on, aside from religious, political, and other ideological differences. Internally, capitalism is a snake-pit' (*Karl Marx's Theory of Revolution*, Vol. I: *State and Bureaucracy* [1977], p. 323).

57 It may be remembered that by his own account Marx first became aware of the centrality of economic categories to modern politics when, as a journalist in the early 1840s, he covered disputes in the Rhineland over 'thefts of wood and the division of landed property': see Marx, *Contribution* [1859], in MECW 29, p. 262.

detail in Domhoff's book], but economic, rooted in common stock ownership and most visibly manifested in the complex pattern of interlocking directorships that unites the corporate community and creates a dense and flexible communication network.

[Their economic powers] give them a direct influence over the great majority of Americans, who are dependent upon wages and salaries for their income. They also give the corporate rich indirect influence over elected and appointed officials, for the growth and stability of a city, state, or the country as a whole can be jeopardized by the lack of business confidence in the government.⁵⁸

This is why, as Engels suggested in his editorial note, Marx would have been able to illustrate his conclusion to *Capital*, in which the application of economic categories points to their systematic inadequacy, from reports in any week's newspapers.

The correctness of Marx's understanding of the ideological structure here in play is demonstrated by the history of social politics since his time, in which right and left alike have tended to couch their programmes by reference to a general (classless) social interest and at the same time to conceive of the organisational basis of politics in terms of interest-group formations.⁵⁹ The bourgeois discourse of class has thus moved historically between economic apologetics, which discover in the operation of the market the principle of fair rewards for each of the factors of production (and, as in such different frameworks as Smith's political economy and modern general equilibrium economics, the optimisation of social welfare), and left-wing demands for a fairer (re)distribution of social wealth. Revolutionary movements, in contrast, represent not the definition of a new group interest but the calling into question of a form of society. The abolition of capitalism, though certainly in the interest of the working class, would mean not the achievement of specifically working-class

58 Domhoff, *Who Rules America?* (1983), p. 77. The turn of the twenty-first century has brought more directly exercised influence of business over government, by way of the gigantic sums of money transferred in the form of campaign contributions.

59 Cf. Domhoff's view that 'an analysis of Marxist books and articles on the nature of the state demonstrates that the Marxist view does not differ greatly in practice from that of non-Marxist [pluralist] social scientists ... For the Marxists, there are two basic 'interest groups' underlying the many interest groups that pluralists emphasize ... Marxists, then, start out with definitions that sound very different from those of pluralists, but they end up saying that the state apparatus does what pluralists say it does' (*Who Rules America?* [1983], pp. 213–14).

interests but the abolition of that class itself – the elimination of the institutional separation between the owners of social means of production and those who operate them productively – and with it the disappearance of its socio-historically specific interests.

Moishe Postone has expressed this aspect of Marx's analysis in an agreeably provocative way in the statement that, in that analysis, 'social domination in capitalism does not, on its most fundamental level, consist in the domination of people by other people, but in the domination of people by abstract social structures that people themselves constitute'.⁶⁰ As Marx himself puts it, while he does not 'by any means depict the capitalist and the landowner in rosy colors ... individuals are dealt with' in his theory 'only in so far as they are the personifications of economic categories ...' The employer who responds to a business downturn by laying off workers is caught up in the same abstract mechanism of value-production as the employees he fires. As this example suggests, however, the 'abstract social structure' in question here does involve 'the domination of people by other people', which is why Marx's passage continues by specifying the economic categories in question as structured by 'particular class-relations and interests'.⁶¹ And it is indeed people who constitute (as Postone says) the social structures that dominate them, so that it is only their fetishistic attitude towards their own constructions that maintains that domination.⁶²

It is to illuminate not the existence of conflicting social interests, which are indeed legion, but the question of fundamental social transformation that Marx's analysis abstracts from the myriad occupational groupings and income

60 Postone, *Time, Labour, and Social Domination. A Reinterpretation of Marx's Critical Theory* (1993), p. 30.

61 Marx, *Capital* I, p. 92.

62 This fetishisation of the economy is visible in Postone's own account, when he asserts that 'the form of social domination that characterises capitalism is not ultimately a function of private property, of the ownership by the capitalists of the surplus product and the means of production; rather, it is grounded in the value form of wealth itself, a form of social wealth that confronts living labour (the workers) as a structurally alien and dominant power' (ibid.). For Marx, as we have seen, the value form of wealth only came into dominance historically with the expulsion of pre-capitalist producers from the land and the shift in ownership of manufacturing workshops from artisans to capitalist employers. The structural dominance of the value form depends on the maintenance of the social relationship between those who do and those who do not control the means by which social wealth is produced. Postone's fetishism of the value form, consistently, leads him to the conclusion that the working class 'does not embody a possible future society' (p. 357), just as 'overcoming class society is not the abolition of a set of property relations – hence of a class of private expropriators' (p. 366).

levels to focus attention on the distinction between the producers and appropriators of surplus value. With respect to these groups – employees and owners of industrial capital, enterprises producing capitalist commodities – ‘the class relation between capitalist and wage-labourer is ... already present, already presupposed, the moment the two confront each other’ in the employment contract, for ‘although in the act [of exchanging money for labour] the possessor of money and the possessor of labour power relate to each other only as buyer and seller ... the buyer appears right from the start as the possessor of the means of production which form the objective conditions for the productive expenditure of labour power by its possessor’.⁶³

The power of this approach is visible in its ability to assimilate social groupings outside the definitions basic to the theory of surplus value; this is an essential aspect of the concretisation of the idealised model of capitalist society with which Marx begins in *Capital*. Surplus value is appropriated not only by the industrial capitalists in whose enterprises it is produced but also by commercial and financial capitalists, owners of natural resources, and the state. Commerce and money-dealing are, Marx explains, necessary aspects of capitalist activity, involving as it does the sale of commodities and the handling of money; just as ‘money capital, commodity capital, and productive capital ... do not denote independent varieties of capital’ but ‘simply particular functional forms of industrial capital, which takes all three forms in turn’,⁶⁴ the specialisation of these functions in specific enterprises does not create new social classes, but further divisions (in addition to those due to industrial competition) within the class of exploiters. Workers employed by these non-surplus value-producing forms of capital encounter the structure of exploitation, since they are wage earners, participating, along with their employers, in reproducing industrial capital.⁶⁵ While they create no surplus value, ‘their unpaid labour ... does create [their employer’s] ability to appropriate surplus value, which, as far as this capital is concerned, gives exactly the same result; i.e. it is its source of profit’.⁶⁶

63 Marx, *Capital* II, pp. 114–15.

64 Ibid., p. 133.

65 See Marx, *Capital* II, pp. 210–11.

66 Marx, *Capital* III, p. 407. Marx’s prescience here is quite striking: ‘The commercial worker belongs to the better-paid class of wage-labourer; he is one of those whose labour is skilled labour, above-average labour. His wage, however, has a tendency to fall, as the capitalist mode of production advances, even in relation to average labour. Firstly, because the division of labour within the commercial office means that only a one-sided development of ability need be produced ... Secondly, because basic skills, knowledge of commerce and languages, etc., are reproduced ever more quickly, easily, generally, and cheaply, the more

In other words, Marx's analysis of surplus value production as an operation carried out on the level of society as a whole, rather than firm by firm, appears again in the understanding of class as the social relation of wage-labourers to capitalists. This is clear from the way the concept of 'labour power' is introduced in Volume 1 of *Capital*, as embodied not in the actual employees of any moment, but in their families, from which both the individual and his or her eventual replacement must come.⁶⁷ Necessary labour, the value of labour power, is represented by the money required to buy consumption necessities for the worker's family as a whole (and by extension, even for the currently unemployed, in so far as money is advanced to keep them alive).

Similar considerations apply to the economics of the state, a topic not treated in *Capital* but reserved for the last of Marx's intended six books. It is easy to see how his analysis could be extended, on the one hand, to the members of the capital-owning elite who take on state functions, or who enter the ruling class by way of governmental careers, performing tasks necessary for capital and rewarded with a share of surplus value;⁶⁸ and, on the other, to state employees, also paid out of surplus but with wages and working conditions appropriate to those paid for their labour power. The specific character of bureaucratic work, the efficiency of which is not measured by the profitable production of saleable output, suggests an at least partial explanation of the peculiarly ineffective and slow nature of governmental labour.

We can now understand Marx's placement of the critique of class discourse at the end of his treatment of capital, before the projected books on landed

the capitalist mode of production adapts teaching methods, etc. to practical purposes' (ibid., pp. 414–15).

67 'Hence the sum of means of subsistence necessary for the production of labour power – whose price determines the price of labour power – must include the means necessary for the worker's replacements, i.e. his children, in order that this race of peculiar commodity-owners may perpetuate its presence on the market' (Marx, *Capital* 1, p. 275).

68 Similarly, Bourdieu's description of the academic and cultural intelligentsia as 'the dominated fraction of the dominating class' may be justified in Marxian terms by reference to its activity as a sort of class-wide household servitors of the bourgeoisie. The homology between their position and that of bourgeois housewives might be taken to explain their traditional gendering as feminine by comparison to the masculinity of business and financial managers, on the one side, and factory workers, on the other. It also goes far to explain the relation of cultural to economic capital: it is not their incomes, high in relation to those of most wage earners but mostly not based on capital ownership, that set cultural producers in the dominant class; it is their class function that is signalled by the award of relatively high income or, when this is not convenient (as with an increasing majority of academics), of status.

property and wage labour. While from the point of view of 'everyday life' – or its theoretical representative, vulgar economics – three factors, each rewarded by its own form of revenue, cooperate equally in production, according to Marx capital has theoretical, because practical, primacy over landed property and wage labour. Labour power takes the form of a commodity because both the means of labour and the product of past labour confront the worker in the form of capital. And 'the transformation of these conditions of labour into capital also involves the expropriation of the immediate producers from the land, and hence a specific form of landed property'.⁶⁹

This last form is theoretically secondary to capital in that its revenue is a portion of the surplus value extracted from the labour force by the social capital; the burden of Marx's theory of rent is just to demonstrate that this is the reality measured by the appearance of rent as a 'return' to land employed in production. Here the distinction of classes, in part a residue of the central economic importance of land-ownership in pre-capitalist society and in part a mode of inter-capitalist competition, hides the unitary origin of rent and profit (and interest) alike in surplus value.

As this in itself suggests, things are somewhat different with respect to the relation between capital and wage labour. As Marx explains in Chapter 26 of the first volume of *Capital* ('The Secret of Primitive Accumulation'), 'in themselves, money and commodities are no more capital than the means of production and subsistence are. They need to be transformed into capital'. For this to happen, there must be

the confrontation of ... two very different kinds of commodity owners; on the one hand, the owners of money, means of production, means of subsistence, who are eager to valorize the sum of values they have appropriated by buying the labour power of others, and therefore the sellers of labour ... [W]ith the polarization of the commodity-market into these two classes, the fundamental conditions of capitalist production are present.

Even though it is one process 'which operates two transformations, whereby the social means of subsistence and production are turned into capital, and the immediate producers are turned into wage-labourers', Marx specifies the resulting social relation as the 'capital-relation'.⁷⁰ Labour is 'the universal condition for the metabolic interaction between people and nature ... and it is

69 Marx, *Capital* III, p. 1018.

70 Marx, *Capital* I, p. 874.

therefore ... common to all forms of society in which human beings live'. Specifically, 'the general character of the labour process' – the transformation of elements of the environment into forms assimilable by human beings – 'is evidently not changed by the fact that the worker works for the capitalist instead of for himself ...'⁷¹ What is changed is that the means of production and subsistence confront the worker as capital, the property of an employer. It is this that forces him or her to become an employee, and the labour performed to become wage labour.

In everyday parlance it is the capitalist who is the producer of a product; from the capitalist point of view, as Marx says, 'the labour process is a process between things the capitalist has purchased, things which belong to him', as therefore the product will also belong to him.⁷² *Capital* is a study of the production system as seen from this viewpoint, that of political economy (and economics), because this is the dominant viewpoint in a society in which capital is the dominating social category. Accordingly, the category of class arises at the conclusion of Marx's study – as in historical reality – as an attribute of society dominated by capital, and so as it is conceptualised in everyday life and its social-scientific theorisations, defined by source of revenue. The division of the social product among the three forms of income both reflects and reproduces the distribution of property (and propertylessness) that in reality defines the 'three great classes'. 'The so-called relations of distribution' that Ricardo identified as 'the principle problem in political economy' thus 'correspond to and arise from historically particular and specific forms of the production process'.⁷³ This is what Marx had substituted for Ricardo's problem: that of the 'conditions of existence' of the modern classes, whose solution is (the analysis of) the capital relation.

Class Struggle and Revolution

A deeper – more abstract – understanding of class than that embodied in the Trinity Formula is required only for theoretical reflection on the possible replacement of capitalism by a form of society not based on the exploitation of one social group by another. According to Marx, it is capitalism itself that generates this possibility, giving the abstraction of class phenomenal reality by

71 Ibid., pp. 290–1; translation amended.

72 Ibid., p. 292.

73 Marx, *Capital* III, p. 1023.

'the concentration of the means of production in a few hands', by 'the organization of labour itself as social labour: through cooperation, division of labour, and the association of labour with natural science', and by the 'establishment of the world market', which by globalising capitalism creates the preconditions for a general transformation of social relations.⁷⁴ Under conditions of acute economic crisis, he believed, with the growing inability of commodity exchange to provide for the needs of large numbers of people, the conflict between the two aspects of modern society, as a mode of human reproduction and as a mode of exploitation, would lead to a reconfiguration of the category of class in thought and action.

The phenomenon Marx called fetishism, the identification of relations between human beings with relations between commodities, including the ascription of social powers of production to the capital owned by employers, is a particular and central case of what seems to be a general human tendency to view historically specific institutions as inescapable features of social life. It was Marx's early view that the dynamism of capitalism would be sufficient to overcome this tendency. As a result of the 'constant revolutionizing of production', according to *The Communist Manifesto*, 'man is at last compelled to face with sober senses, his real conditions of life, and his relations with his kind'.⁷⁵ Specifically those 'real conditions' would be faced in the form of 'the commercial crises that by their periodical return put on its trial, each time more threateningly, the existence of the entire bourgeois society'.⁷⁶

In the decades between the writing of the *Manifesto* and *Capital* it became clear to Marx that the end of this process would not arrive as rapidly as he had once hoped it would. He also, in the meantime, rethought the nature of crisis. While the *Manifesto* still spoke in classical accents of crises of overproduction, the theory first worked out in the 1850s and spelled out in detail in *Capital* located the origin of recurrent crises in the tendency of the social rate of profit to fall. The latter was explained as an effect of the process of capital accumulation, which by its tendency to increase the productivity of labour decreases the proportion of value-producing labour power within the invested capital against which the rate of profit is measured. Thus accumulation itself generates a process that 'would entail the rapid breakdown of capitalist production,

74 Marx, *Capital* III, p. 375; compare Vol. I, p. 929.

75 Marx and Engels, *The Communist Manifesto* [1848], in MECW 6, p. 487.

76 *Ibid.*, p. 489. These crises are described as outstanding exemplars of 'the revolt of modern productive forces against modern conditions of production, against the property relations that are the conditions for the existence of the bourgeoisie and its rule'.

if counteracting tendencies were not constantly at work ...'⁷⁷ Given these counteracting tendencies – to be discussed, along with Marx's idea of a tendentially falling profit rate, in the next chapter – the historical phenomenon of crisis must be distinguished from the idea of a self-propelled breakdown of the capitalist system. Yet Marx made crisis the focus of his theory of capitalism because it embodied, he believed, the idea of an internal limit to capitalist development.

This limit would be encountered by the working class, organised by capitalism in workplaces and industries ever more interconnected by the development of the world market and the centralisation of capital, in the course of its efforts to improve its conditions of work and life – the normal class struggle that is an integral part of the workings of the political economy. The built-in limitation of profit-extraction, leading to recurrent depressions, mass unemployment, and the degradation of working and living conditions, means that the growth of capitalism inevitably spells the growth of 'misery, oppression, slavery, degradation and exploitation ...' 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 production' until 'the monopoly of capital becomes a fetter upon the mode of production that has flourished alongside and under it'. With these words – nearly the last of *Capital* that Marx prepared for publication⁷⁸ – Marx returned to the formulation of the 'guiding thread' enunciated in the introduction to the *Contribution*, stating his subject as the theoretical analysis of the conditions of class struggle.

A revolutionary abolition of capitalism, as the abolition of the 'capital relation', would mean the radical transformation of both poles of that relation. Means of production, products of past labour, would remain, though they would no longer be the property of a distinct class of owners; they would pass, that is, into the possession of their creators and users. These would for that very reason no longer represent 'labour' as a social category. Just as 'labour' appeared historically as a concept for understanding social reality only when the advent

⁷⁷ Marx, *Capital* III, p. 357.

⁷⁸ Marx, *Capital* I, p. 929. This passage comes near the end of Chapter 32, 'The Historical Tendency of Capitalist Accumulation', which is clearly the conclusion of Marx's text; Chapter 33, 'The Modern Theory of Colonization', was most likely placed at the end of the volume in order to lull the German and Russian censors, who notoriously read only the first and last chapters of books (see Marx, *Oeuvres*, Vol. 1, edited by M. Rubel [1963], p. 1224, n. 2).

of capitalism produced labour power as a 'factor of production' bought and consumed by capital, this concept would require radical reconfiguring in a society in which the totality of individuals would be free to arrange their collective and private activities as they wished.

While such radical transformations lie in the future, the contemporary development of capitalism itself has undermined the earlier structure of class positions. The continuing mechanisation of productive activity, as Marx predicted, has produced a smaller value-producing working class, relative to the total capital, now a global matter. Increasing portions of the labouring class are occupied not with producing value but with moving it around (in commerce or 'financial services' or in employment by the state) or guarding it, or simply with serving its possessors.⁷⁹ Finally, the greater integration of women into the global working class, along with the casualisation of an increasing percentage of the global workforce, has undermined the conception of 'workers' as a distinct body of individuals (traditionally male, with a long-term involvement in particular production processes) within the Marxian working class as a whole. The self-description of the contemporary proletariat achieved by the American Occupy movement, as the '99%' of the population at war with the ruling '1%', despite its formulation on the basis of income and wealth distribution, rather than class position, represents a profound understanding of this new reality, which interestingly transcends classical notions of class as a congeries of interest groups.

To comprehend both the status quo and its possible revolutionary transformation does not require a distinct theory of class. This is a consequence of the fact that the exploitation relation exists in the historically specific form of the capital-wage labour relation; an understanding of its *modus operandi* is given by the system of economic categories and its critical analysis. In Mauke's words, 'Marx's social theory, the critique of political economy, as such already contains a general theory of class in capitalism.'⁸⁰ 'Class' is the name under which the social forces that brought capitalism into being conceptualised, in however confused a way, their mutual relations and their relations to other

79 With the accumulation of capital, '[t]hose classes and sub-classes who do not live directly from their labour become more numerous and live better than before, and the number of unproductive workers increases as well'. While the bourgeois earlier 'had to lay out more of his product in productive labour', with the development of mechanization 'he can now lay out more in unproductive labour, [so that] servants and other workers living on the unproductive class increase in number' (Marx, 'Economic Manuscript', in MECW 32, pp. 188, 196).

80 Mauke, *Die Klassentheorie* (1970), p. 8.

social systems. 'Class' therefore naturally constitutes a conceptual pole around which the exploited organise opposition to their domination by capital. But any revolutionary implications of such conceptualisations will be grasped not by (let us say, sociological) theorising about classes but by the critical examination of 'the system of bourgeois economy' commenced by Marx in *Capital*.