A young reporter asked a leading capitalist how he made his fortune. "It was really quite simple", the capitalist answered. I bought an apple for 5 cents, spent the evening polishing it, and sold it the next day for 10 cents. With this I bought two apples, spent the evening polishing them, and sold them for 20. And so it went until I amassed 80. It was at this point that my wife's father died and left us a million dollars". Is this true? Is it fair? What does it all mean? There are no more hotly contested questions in our society than why some are rich and others poor-and whether things have to be this way.

Karl Marx sought the answers to these questions by trying to understand how our capitalist society works (for whom it works better, for whom worse), how it arose out of feudalism and where it is likely to lead. Concentrating on the social and economic relations in which people earn their livings, Marx saw behind capitalism's law and order appearance a struggle of two main classes: the capitalists, who own the productive resources, and the workers or proletariat, who must work in order to survive. "Marxism" is essentially Marx's analysis of the complex and developing relations between these two classes.
1 ORIGINS

The main theories that make up this analysis - the theory of alienation, the labor theory of value, and the materialist conception of history - must all be understood with this focus in mind. Even Marx's vision of socialism emerges from his study of capitalism, for socialism is the unrealized potential inherent in capitalism itself (something our great material wealth and advanced forms of organization makes possible) for a more just and democratic society in which everyone can develop his/her distinctly human qualities.

Some socialist ideas can be traced as far back as the Bible, but Marxism has its main intellectual origins in German philosophy, English political economy, and French utopian socialism. It is from the German philosopher, Hegel, that Marx learned a way of thinking about the world, in all its fluid complexity, that is called "dialectics." The British political economists, Adam Smith and David Ricardo, provided Marx with a first approximation of his labor theory of value. From the French utopians, especially Charles Fourier and the Comte de Saint-Simon, Marx caught a glimpse of a happier future that lay beyond capitalism. Along with the paradox of an Industrial Revolution which produced as much poverty as it did wealth, these are the main ingredients that went into the formation of Marxism.


2 MARXIST PHILOSOPHY

Marx's study of capitalism was grounded in a philosophy that is both dialectical and materialist. With dialectics, changes and interaction are brought into focus and emphasized by being viewed as essential parts of whatever institutions and processes are undergoing change and interaction. In this way, the system of capitalism, the wider context, is never lost sight of when studying any event within it, an election or an economic crisis for example; nor are its real past and future possibilities, the historical context, ever neglected when dealing with how something appears in the present. Whatever Marx's subject of the moment, his dialectical approach to it insures that his fuller subject is always capitalist society as it developed and is still developing. The actual changes that occur in history are seen here as the outcome of opposing tendencies, or "contradictions", which evolve in the ordinary functioning of society.

Unlike Hegel's dialectic, which operates solely on ideas, Marx's dialectic is materialist. Marx was primarily concerned with capitalism as lived rather than as thought about, but people's lives also involve consciousness. Whereas Hegel examined ideas apart from the people who held them, Marx's materialism puts ideas back into the heads of living people and treats both as parts of a world that is forever being remade through human activities, particularly in production. In this interaction, social conditions and behavior are found to have a greater affect on the character and development of people's ideas than these ideas do on social conditions and behavior.
3 ALIENATION

Marx's specific theories are best understood as answers to his pointed questions about the nature and development of capitalism. **How do the ways in which people earn their living affect their bodies, minds and daily lives?** In the theory of alienation, Marx gives us his answer to this question. Workers in capitalist society do not own the means-machines, raw materials, factories—which they use in their work. These are owned by the capitalists to whom the workers must sell their "labor power", or ability to do work, in return for a wage.

This system of labor displays four relations that lie at the core of Marx's theory of alienation: 1) The worker is alienated (or cut off) from his or her productive activity, playing no part in deciding what to do or how to do it. Someone else, the capitalist, also sets the conditions and speed of work and even decides if the worker is to be allowed to work or not, i.e. hires and fires him. 2) The worker is alienated from the product of that activity, having no control over what is made or what happens to it, often not even knowing what happens to it once it has left his hands. 3) The worker is alienated from other human beings, with competition and mutual indifference replacing most forms of cooperation. This applies not only to relations with the capitalists, who use their control over the worker's activity and product to further their own profit maximizing interests, but also to relations between individuals inside each class as everyone tries to survive as best he can. 4) Finally, the worker is alienated from the distinctive potential for creativity and community we all share just because we are human beings. Through labor which alienates them from their activity, product and other people, workers gradually lose their ability to develop the finer qualities which belong to them as members of the human species.

The cutting of these relationships in half leaves on one side a seriously diminished individual physically weakened, mentally confused and mystified, isolated and virtually powerless. On the other side of this separation are the products and ties with other people, outside the control and lost to the understanding of the worker. Submitted to the mystification of the marketplace, the worker's products pass from one hand to another, changing form and names along the way—"value", "commodity", "capital", "interest", rent "wage"—depending chiefly on who has them and how they are used. Eventually, these same products—though no longer seen as such—reenter the worker's daily life as the landlord's house, the grocer's food, the banker's loan, the boss's factory, and the various laws and customs that prescribe his relations with other people.

Unknowingly, the worker has constructed the necessary conditions for reproducing his own alienation. The world that the worker has made and lost in alienated labor reappears as someone else's private property which he only has access to by selling his labor power and engaging in more alienated labor. Though Marx's main examples of alienation are drawn from the life of workers, other classes are also alienated to the degree that they share or are directly effected by these relations, and that includes the capitalists.

4 THEORY OF VALUE

**What is the effect of the worker's alienated labor on its products, both on what they can do and what can be done with them?** Smith and Ricardo used the labor theory of value to explain
the Cost of commodities. For them, the value of any commodity is the result of the amount of labor time that went into its production. Marx took this explanation more or less for granted. His labor theory of value, however, is primarily concerned with the more basic problem of why goods have prices of any kind. Only in capitalism does the distribution of what is produced take place through the medium of markets and prices. In slave society, the slave owner takes by force what his slaves produce, returning to them only what he wishes. While in feudalism, the lord claims as a feudal right some part of what is produced by his serfs, with the serfs consuming the rest of their output directly. In both societies, most of what is produced cannot be bought or sold, and therefore, does not have any price.

In accounting for the extraordinary fact that everything produced in capitalist society has a price, Marx emphasizes the separation of the worker from the means of production (whereas slaves and serfs are tied to their means of production) and the sale of his or her labor power that this separation makes necessary. To survive, the workers, who lack all means to produce, must sell their labor power. In selling their labor power, they give up all claims to the products of their labor. Hence, these products become available for exchange in the market, indeed are produced with this exchange in mind, while workers are able to consume only that portion of their products which they can buy back in the market with the wages they are paid for their labor power.

"Value", then, is the most general effect of the worker's alienated labor on all its products; exchange-which is embodied in the fact that they all have a price-is what these products do and what can be done with them. Rather than a particular price, value stands for the whole set of conditions which are necessary for a commodity to have any price at all. It is in this sense that Marx calls value a product of capitalism. The ideal price ("exchange value") of a commodity and the ways in which it is meant to be used ("use value") likewise exhibit in their different ways the distinctive relationships Marx uncovered between workers and their activities, products and other people in capitalist society.

"Exchange value" reflects a situation where the distinct human quality and variety of work has ceased to count. Through alienation, the relations between workers has been reduced to the quantity of labor that goes into their respective products. Only then can these products exchange for each other at a ratio which reflects these quantities. It is this which explains Smith's and Ricardo's finding that the value of a commodity is equal to the amount of labor time which has gone into its production. While in use value, the physical characteristics of commodities - planned obsolescence, the attention given to style over durability, the manufacture of individual and family as opposed to larger group units, etc. - give unmistakable evidence of the isolating and degraded quality of human relations found throughout capitalist society.
Surplus-value, the third aspect of value, is the difference between the amount of exchange and use value created by workers and the amount returned to them as wages. The capitalist buys the worker's labor power, as any other commodity, and puts it to work for eight or more hours a day. However, workers can make in, say, five hours products which are the equivalent of their wages. In the remaining three or more hours an amount of wealth is produced which remains in the hands of the capitalist. The capitalists' control over this surplus is the basis of their power over the workers and the rest of society. Marx's labor theory of value also provides a detailed account of the struggle between capitalists and workers over the size of the surplus value, with the capitalists trying to extend the length of the working day, speed up the pace of work, etc., while the workers organize to protect themselves. Because of the competition among capitalists, workers are constantly being replaced by machinery, enabling and requiring capitalists to extract ever greater amounts of surplus value from the workers who remain.

Paradoxically, the amount of surplus value is also the source of capitalism's greatest weakness. Because only part of their product is returned to them as wages, the workers cannot buy a large portion of the consumables that they produce. Under pressure from the constant growth of the total
product, the capitalists periodically fail to find new markets to take up the slack. This leads to crises of "overproduction", capitalism's classic contradiction, in which people are forced to live on too little because they produce too much.

5 HISTORICAL TENDENCIES

How did capitalism originate, and where is it leading? Marx's materialist conception of history answers the first part of this question with an account of the transformation of feudalism into capitalism. He stresses the contradictions that arose through the growth of towns, population, technology and trade, which at a certain point burst asunder the feudal social and political forms in which production had been organized. Relations of lord to serf based on feudal rights and obligations had become a hindrance to the further development of these productive forces; over an extended period and after a series of political battles, they were replaced by the contractual relation of capitalists to workers. With capitalists free to pursue profits wherever they might take them and workers equally "free" to sell their labor power to the capitalists however they might use it, the productive potential inherent in the new forces of production, especially in technology and science, grew to unmeasured proportions.

However, if maximizing profits leads to rapid growth when rapid growth results in large profits, then growth is restricted as soon as it becomes unprofitable. The periodic crises which have plagued capitalism from about 1830 on are clear evidence of this. Since that time, the new forces of production which have come into being in capitalism, their growth and potential for producing wealth, have come increasingly into contradiction with the capitalist social relations in which production is organized. The capitalists put the factories, machines, raw materials, and labor power all of which they own into motion to produce goods only if they feel they can make a profit, no matter what the availability of these "factors of production", and no matter what the need of consumers for their products. The cost to society in wealth that is never produced (and in wealth which is produced but in forms that are anti-social in their character) continues to grow and with it the need for another, more efficient, more humane way of organizing production.

Within this framework the actual course of history is determined by class struggle. According to Marx, each class is defined chiefly by its relation to the productive process and has objective interests rooted in that relation. The capitalists' interests lie in securing their power and expanding profits. Workers, on the other hand, have interests in higher wages, safe working conditions, shorter hours, job security, and- because it is required to realize other interests- a new distribution of power. The class struggle involves everything that these two major classes do to promote their incompatible interests at each other's expense. In this battle, which rages throughout society, the capitalists are aided by their wealth, their control of the state, and their domination over other institutions- schools, media, church-es-that guide and distort people's thinking. On the workers' side are their sheer numbers, their experience of cooperation - however alienated - while at work, trade unions, working class political parties (where they exist), and the contradictions within capitalism that make present conditions increasingly irrational.

In capitalism, the state is an instrument in the hands of the capitalists that is used to repress dangerous dissent and to help expand surplus value. This is done mainly by passing and enforcing
anti-working class laws and by providing the capitalists with various economic subsidies ("capitalist welfare"). Marx also views the state as a set of political structures interlocked with the economic structures of capitalism whose requirements - chiefly for accumulating capital (means of production used to produce value) - it must satisfy, if the whole system is not to go into a tailspin. And, finally, the state is an arena for class struggle where class and class factions contend for political advantage in an unfair fight that finds the capitalists holding all the most powerful weapons. An adequate understanding of the role of the capitalist state as a complex social relation requires that it be approached from each of these three angles: as an instrument of the capitalist class, as a structure of political offices and processes, and as an arena of class struggle.

In order to supplement the institutions of force, capitalism has given rise to an ideology, or way of thinking, which gets people to accept the status quo or, at least, confuses them as to the possibility of replacing it with something better. For the most part, the ideas and concepts which make up this ideology work by getting people to focus on the observable aspects of any event or institution, neglecting its history and potential for change as well as the broader context in which it resides. The result is a collection of partial, static, distorted, one-sided notions that reveal only what the capitalists would like everyone to think. For example, in capitalist ideology, consumers are considered sovereign, as if consumers actually determine what gets produced through the choices they make in the supermarket; and no effort is made to analyze how they develop their preferences (history) or who determines the range of available choices (larger system). Placing an event in its real historical and social context, which is to say-studying it "dialectically," often leads (as in the case of "consumer sovereignty") to conclusions that are the direct opposite of those based on the narrow observations favored by ideological thinking. As the attempted separation of what cannot be separated without distortion, capitalist ideology reflects in thought the fractured lives of alienated people, while at the same time making it increasingly difficult for them to grasp their alienation.

As the contradictions of capitalism become greater, more intense, and less amenable to disguise, neither the state nor ideology can restrain the mass of the workers, white and blue collar, from recognizing their interests (becoming "class conscious") and acting upon them. The overthrow of capitalism, when it comes, Marx believed, would proceed as quickly and democratically as the nature of capitalist opposition allowed. Out of the revolution would emerge a socialist society which would fully utilize and develop much further the productive potential inherited from capitalism. Through democratic planning, production would now be directed to serving social needs instead of maximizing private profit. The final goal, toward which socialist society would constantly build, is the human one of abolishing alienation. Marx called the attainment of this goal "communism".

6 MARXISM TODAY

Capitalism has obviously changed a lot in the hundred years since Marx wrote. In the basic relations and structures which distinguish capitalism from feudalism and socialism, however, it has changed very little, and these are the main features of capitalism addressed in Marx's theories. Workers, for example, may earn more money now than they did in the last century, but so do the capitalists. Consequently, the wealth and income gaps between the two classes is as great or greater than ever. The workers' relations to their labor, products and capitalists (which are traced in the theory of alienation and the labor theory of value) are basically unchanged from Marx's day. Probably the greatest difference between our capitalism and Marx's has to do with the more direct
involvement of the state in the capitalist economy (primarily to bolster flagging profits) and, as a consequence of this, the expanded role of ideology to disguise the increasingly obvious ties between the agencies of the state and the capitalist class.

From its beginnings, Marxism has been under attack from all sides, but the major criticisms have been directed against claims that Marx never made. For example, some have mistakenly viewed Marx's materialism as evidence that he ignored the role of ideas in history and in people's lives. Viewed as an "economic determinism", Marxism has also been criticized for presenting politics, culture, religion, etc. as simple effects of a one-way economic cause. (This would be undialectical.) Viewed as a claim that labor is the only factor in determining prices (equated here with "value"), the labor theory of value has been wrongly attacked for ignoring the effect of competition on prices. And viewing what are projections of capitalism's tendencies into the future as inviolable predictions, Marx has been accused of making false predictions.

Some, finally, point to the anti-democratic practices of many Communist countries and claim that authoritarianism is inherent in Marxist doctrine. In fact, Marx's theories concentrate on advanced industrial capitalism with its imperfect but still functioning democratic institutions and he never thought that socialism could achieve its full promise in relatively poor, politically underdeveloped nations.

Marxism, as defined here, has had its main influence among workers and intellectuals in capitalist countries, especially in Europe, who have used it as a major tool in defining their problems and constructing political strategies. In the Western countries, even non-Marxist intellectuals, particularly sociologists and historians, have drawn considerable insights from Marx's writings. In the Third World, Marxism - considerably modified to deal with their special mixture of primitive and advanced capitalist conditions - has clarified the nature of the enemy for many liberation movements. In the Communist countries, selected doctrines of Marx have been frozen into abstract principles to serve as the official ideology of the regimes. The influence of these three varieties of Marxism is as different as their content.

In American capitalism's latest crisis, the combination of growing unemployment and worsening inflation has confounded all the usual experts. The most powerful nation in history cannot erase poverty, provide full employment, guarantee decent housing or an adequate diet or good health care to its people. Meanwhile, the rich get richer. Only Marxism, as an account of the rational unfolding of a basically irrational capitalist system, makes sense of our current chaos. In class struggle, it also points the way out. The rest is up to us.

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