

The Lyon Paper

The Abstract

In *The Economic and Philosophical Manuscripts of 1844* Marx takes two crucial steps in the formation of his worldview. The first relates to his rejection of all 'old' materialism, including Feuerbach's, and the adoption of his own version, which he called 'communist', 'practical'. In this view the labour process is the key to the history of man – presented definitively in the first Thesis on Feuerbach (spring of 1845), and the view that becomes the basis of the worldview as elaborated in *The German Ideology* (1845-46). The second step relates to Marx's synthesising of the philosophical standpoint that he had developed up to this point with political economy. Up to this point he had spoken of alienation in largely philosophical terms; now it is rooted in the process of production. On both counts Adam Smith was an important influence. This claim provides the focus of this paper. To make this point successfully I have found it necessary to trace the development of Marx's philosophical standpoint up to the writing of the *Manuscripts*, and to distinguish between the two methodologically distinct aspects of Adam Smith's thought, the one that Marx accepted and the other that he rejected.

Early Intellectual Development

While a student at Berlin University, Marx embraced Hegelian philosophy.¹ From now on Hegel would be an important influence on his thinking, and he would develop his own philosophical thought as an internal critique of Hegel, accepting certain aspects of it and rejecting others. According to Frederick Engels, Hegel's conception of history provided the direct premise for the materialistic outlook.² Years later, writing in the 'postface' to the second edition of *Capital*, Marx himself said he had extracted the 'rational core' of the 'great thinker's' concept of dialectic, which Hegel had mystified. One could arrive at the truth by de-mystifying the master.

Marx became a member of the Young Hegelian movement. Young Hegelians argued that institutions that served useful purposes and were historically justified did, through their own internal development, could become obsolete and irrelevant. The Prussian state, contrary to the conservative Hegelian interpretation, was not the end of history; the dialectic of historical development had some way to go yet. They argued for a constitutional monarchy in Prussia, an objective that was to be pursued through philosophical criticism. These ideas provided the context of Marx's early intellectual development.

In 1841, Marx received his doctorate in philosophy. The subject of the dissertation was 'Difference Between the Democritean and Epicurean Philosophy of Nature'. Marx

¹ See Marx's letter to his father. MECW, 1: 10-21.

² MESW, 2:132

considered Epicurus as greater of the two thinkers. What attracted him to Epicurus was the activist element in his philosophy that Democritus' materialism lacked.³

Marx had intended to pursue an academic career, but when that became impossible he turned to political journalism. He started contributing to a newly-launched liberal newspaper in Cologne, the *Rheinische Zeitung*, and later became its editor. It is during this period that, for the first time, he became aware of economic and social problem, and economic basis of political power. It is also during this period (from early 1842) that he started to have doubts about some aspects of Hegel's political philosophy. The beginning of the formation of Marx's own philosophical standpoint can be dated from this time, when he was not yet 24 years old.

During his association with the *Rheinische Zeitung*, Marx wrote a large number of articles for the newspaper, most of them from a developing theoretical perspective. According to a recent biographer of Marx, they 'can be best understood as exercises in applied philosophy.'⁴ Many of these were not published because of censorship restrictions. Those that were published dealt with a variety of issues, such as the freedom of the press, conditions of poor peasants in the Moselle valley, laws against theft of deadwood in forests, etc.

The theoretical perspective of these articles was provided by two ideas. First, Marx accepted the Hegelian idea of the state (or society), rejecting thereby the principle of individualism that underlies the social contract theory which sees society as a voluntary association, result of individual choices. For instance, in one of the articles published in the *Rheinische Zeitung*, Marx defined the idea of the 'rational' state (community) as follows:

'Whereas the earlier philosophers of constitutional law proceeded in their account of the formation of the state from the instincts, either of ambition or gregariousness, or even from reason, though not social reason, but reason of the individual, the more ideal and profound view of recent philosophy proceeds from the idea of the whole. It looks on the state as the great organism, in which legal, moral and political freedom must be realised, and in which the individual citizen in obeying the laws of the state obeys the natural laws of his own reason.' (*Ibid.* p.202]

³ Some five years later Marx wrote: Epicurus 'was the Enlightener of antiquity, he openly attacked the ancient religion, and it was from him, too, that the atheism of the Romans, insofar as it existed, was derived. For this reason, too, Lucretius praised Epicurus as the hero who was the first to overthrow the gods and trample religion underfoot, for this reason among all church leaders, from Plutarch to Luther, Epicurus has always had the reputation of being the atheist philosopher *par excellence*, and was called a swine' (NECW, 5:141-42.)

⁴ Gareth Stedman Jones, p.108.

In another article, Marx expressed the same idea, referring to the state as 'a moral and rational commonwealth' (*Gemeinwesen*). (*Ibid.* p.363.) The reason – social reason – that guides the state is the same thing as the collective intelligence of the people (*Volksintelligenz*), the spirit of the people (*Volksgeist*).

It is interesting that the expression *Gemeinwesen* was used by Engels, in a letter written to Bebel in May 1875, to describe the future communist society.

Second, though Marx was still thinking within the frame of Hegelian philosophy, there was developing in his mind increasing tension between this outlook and the reality he observed around him. This reality differed sharply from the Hegelian ideal. It consisted, among other things, of the feudal, autocratic Prussian state, domination of the landowning class over the Rhineland provincial assembly, and the oppression experienced by peasants. There was clearly a discrepancy between reality and philosophy, between the *actual* state and the rational state. Reality needed to be changed to correspond to the ideal; philosophy needed to be actualised.

This new realisation is particularly obvious in his two articles, one on debates in the Assembly on the 'pilfering' of wood in forests by poor people, and in his defence of the *Rheinische Zeitung* correspondent who had reported on the condition of Mosel peasants. The law on wood pilfering abrogated a traditional right of 'the poor, politically and socially propertyless' people in the interest of the landowning class. (*ibid.* 230.) The second article was written in response to a government order to the newspaper accusing it of distorting facts about conditions of Mosel peasants, and demanding answers to five specific questions. Marx met the challenge and planned to write a series of six articles on the subject, but the newspaper was banned soon after he had published the second. (It was widely believed that these articles were the proximate cause of the ban. The ban came one week after the publication of the second instalment.)

Writing seventeen years later, Marx recalled that this was the first time he realised the significance of 'material interests' and that it was this realisation that led him to the 'pursuit of economic questions'.⁵

The first clear indication of this is a letter Marx wrote on the 5th of March (1842) to the editor of a Young Hegelian radical journal, Arnold Ruge. Marx promised to submit an article for publication in his journal which 'is a criticism of Hegelian philosophy of natural law. Insofar as it concerns the *internal political system*'. (Marx's emphasis.) (MECW, 1:383.) Despite repeated promises, Marx was unable to deliver the promised article. (*Ibid.* p.383.)

It has been plausibly suggested that the difficulty in writing the critique of Hegel's political philosophy was the result of Marx not having the appropriate methodology to deal with the subject, and that the difficulty was resolved with the publication, in February 1843, of Ludwig Feuerbach's *Preliminary Theses on the Reform of Philosophy*.⁶ The *Theses* made an immediate impact on Marx. He wrote to Ruge (13 of March) that Feuerbach's 'aphorisms seem to be incorrect only in one respect, in that he refers too much to nature and too little to politics. But it is politics which happens to be the only link through which contemporary philosophy can become true.'⁷ (MECW, 1:400.)

Hegel's philosophical idealism had attempted to solve the traditional problem of dualism between mind and matter, thought and reality, by postulating that reality is merely a projection of Mind or 'world spirit' (or 'man's process of thinking', as Marx put it in his 'Postface' to the second edition of *Capital*.) Thought and reality were a unity, reality was simply alienated self of thought. Feuerbach reversed this relationship. Philosophy, he argued, should start with real man and not with world spirit or thought. Thought proceeds from being, not being from thought. Man is not an attribute of world spirit or God, on the contrary, God is the expression of the thought process of man. He wrote: 'Man – this is the mystery of religion – projects his being into objectivity, and then makes himself an object of this projected image of himself... Thus in God man has his own activity, an object. God is, *per se*, his relinquished self.'⁸ This is the definition of man's self-alienation in the realm of religion. And this is the materialist standpoint arrived at through an inversion of Hegel that Marx needed to develop his own critique of Hegel's political philosophy.

Marx had already resigned from the Cologne newspaper that he had edited. He got married and settled down in his mother-in-law's house to write his critique of Hegel. It was completed in the summer of 1843, when Marx was 25. The 130-page monograph (in the

⁵ Preface to *A Contribution to the Critique of Political Economy* (1859).

⁶ See Robert C. Tucker, *Philosophy and Myth in Karl Marx*, Cambridge University Press, London, pp.96-97; also Shlomo Avineri, *The Social and Political Thought of Karl Marx*, Cambridge University Press, London, 1975, pp.9-10.

⁷ Feuerbach's materialist approach to philosophy had been published earlier, for instance in his *Essence of Christianity* published in 1841. It seems that Marx was then intellectually prepared to make use of it in his critique of Hege's political philosophy.

⁸ Quoted in Tucker, p.87.

Marx-Engels Collected Works edition), *Contribution to the Critique of Hegel's Philosophy of Law [Right]*⁹ focused (as indicated to the letter to Ruge) on the 'internal political system', broadly speaking, on the paragraphs 257-321 of Hegel's *Philosophy of Right*.¹⁰ In this monograph (not published until 1927), Marx raised many of the major issues that he would have to deal with in his philosophical standpoint.

Let us now briefly present the aspects of Hegel's political thought that were the subject of Marx's critique.

Marx's view of the Hegelian idea of the state had been formed in his student days in Berlin. In the early period of his association with the *Rheinische Zeitung* he had, broadly speaking, worked in the Hegelian framework. Writing in July 1842, he regarded the state as the great organism in which the individual realised his freedom and in which he obeyed the laws of the state as the laws of his own reason. The real, actual state he had considered as merely a deviation from Hegel's ideal, rational state. But he was now making make a clearer distinction between the rational state and the actual, 'political' state. The monograph *Contribution to the Critique of Hegel's Philosophy of Law* (the *Hegel Critique*) he wrote during the spring and summer of 1843 was a development of these ideas.

It was also noted that Marx's interest in writing a critique of Hegel's political philosophy went back to March 1842 when he wrote to Ruge about his plan to write a critique of Hegel 'insofar as it concerns the *internal political system*'; and that despite repeated promises to send Ruge an article on the subject for publication, Marx was unable to deliver. It has been plausibly suggested that the delay in completing the critique was due to Marx not having an appropriate methodology to deal with the subject, and that this difficulty was resolved with the publication, in February 1843, of Ludwig Feuerbach's *Preliminary Theses on the Reform of Philosophy*.¹¹ The *Theses* made an immediate impact on Marx. He wrote to Ruge (13 March) that Feuerbach's 'aphorisms seem to be incorrect only in one respect, that he refers too much to nature and too little to politics. But it is politics which happens to be the

⁹ Hegel's *Rechtsphilosophie* is translated by some as *Philosophy of Law* and by others as *Philosophy of Right*. I follow the Marx-Engels *Collected Works* practice.

¹⁰ G.W.F. Hegel, *Outlines of the Philosophy of Right*, translated by T.M. Knox, revised, edited and introduced by Stephen Houlgate, Oxford University Press, 2008.

¹¹ See Robert C. Tucker, *Philosophy and Myth in Karl Marx*, Cambridge University Press, London, 1961, pp.96-97, also Shlomo Avineri, *The Social and Political Thought of Karl Marx*, Cambridge University Press, London, 1975, pp.9-10

only link through which contemporary philosophy can become true.’ (MECW, 1:400.)¹²

Hegel’s idealist philosophy had attempted to solve the traditional philosophical problem of dualism between mind and matter, thought and reality, by postulating that reality is merely a manifestation, projection of ‘world spirit’, in Marx’s words ‘man’s process of thinking’ or man’s consciousness.¹³ In other words, reality is phenomenal, it has no independent existence. ‘In the beginning’ consciousness does not recognise that objects, the external world is merely a projection of itself.¹⁴ This is alienation of consciousness. The process of historical development is the process of consciousness realising that all that appears external is in fact projection of itself; there are no objects outside consciousness. With this realisation consciousness overcomes its alienation.

In his *Theses*, Feuerbach reversed the Hegelian relationship between consciousness and reality. Philosophy, he argued, should recognise the primacy of the senses; it should start with the real man and not world spirit or consciousness. He wrote: ‘The relationship of thought to being is this: being is the subject, thought is predicate, thought proceeds from being, not being from thought.’ Man is not an expression or attribute of God. On the contrary, God is the expression of the thought process of man: ‘Man – this is the mystery of religion – projects his being into objectivity, and then makes himself an object of this projected image of himself... Thus in God man has his own activity, an object. God is, *per se*, his relinquished self.’¹⁵ This is the definition of man’s self-alienation in the realm of religion.

This is the materialist standpoint arrived at through the inversion of Hegel’s idealist philosophy that Marx needed to develop his own critique of Hegel’s political philosophy. Marx extends this approach from religion to the political sphere (and later to the economy). He wrote in the *Hegel Critique*: ‘Just as it is not religion which creates man but man who creates religion, so it is not the constitution which creates the people but the people which creates the constitution.’ (MECW, 3:29.) Marx’s general approach to Hegel’s philosophical

¹² *Karl Marx and Frederick Engels Collected Works*, vol. 1, Lawrence & Wshart, London.

¹³ Afterword to the second edition of *Capital*, vol.1.

¹⁴ Historical evolution in Hegel does not take place in time, only in logic.

¹⁵ Quoted in Tucker, p.87.

thought from now will be that it contains truth but in 'mystified' form; that it presents many of the real processes in social life in an abstract, metaphysical form. One could arrive at the truth by de-mystifying Hegel.

The Problem of Dualism in Society

Hegel's political philosophy attempts to solve the problem of dualism in society. Marx adopted this problem as very much his own, though he interpreted the nature of the problem in terms different from Hegel's. And the solution to this problem – which Hegel, according to him, had failed to resolve - will become central to his thought.

The problem arose (as Marx saw it) with the transition from feudalism to capitalism and the emergence of the modern state. There were two aspects of this great transformation that Western Europe underwent from, say, around 1500. First, there was a fundamental change in the nature of property. According to Marx, in all earlier societies property had a social dimension; for instance, under feudalism landed property was not freely disposable, and the serf had rights on the property on which he worked. Under capitalism property received its purely economic form by discarding its former political and social associations, becoming free and disposable. This was private property in its 'pure' form.

Second, there arose a clear distinction between the state, the public domain, and the domain of private interest, what Hegel had referred to as 'civil society'. The state now became a distinct and differentiated organism from the economy; political rule became distant from the class structure of society. Such a distinction was absent in all earlier societies. Marx wrote in the *Hegel critique*:

'In the Middle ages there were serfs, feudal estates, merchants and trade guilds, corporation of scholars, etc.; that is to say, in the Middle Ages property, trade, society, man are political ...every private sphere has a political character or is a political sphere... In the Middle Ages the political constitution is the *constitution of private property*, but only because the constitution of private property is a political constitution. In the Middle Ages the life of the nation and the life of the state are identical. Man is the actual principle of the state – *unfree* man. It is thus the *democracy of unfreedom* – estrangement carried to completion.' (MECW, 3: 32.) **New para.** Marx emphasised this point again and again: In the Middle Ages the economy was embedded in the political and

social life, political life and economic and social life were integrated. 'The estates of civil society and the estates in the political sense were identical, because civil society was political society – because the organic principle of civil society was the principle of the state.' (*Ibid.* p.72, see also p.82)

The problem for Hegel arose from the fact that modern capitalist society functions on the principle of individualism; that is, individuals pursue their private ends without regard to the interests of other members of society. And since under conditions of social division of labour and exchange, individuals must engage with each other, they are led to use others as means to their private ends. Civil society thus becomes (as he put it) the playground of competing interests which make for 'ethical degeneration'.¹⁶

Marx echoed this point (in 'On the Jewish Question'): 'Where the political [actual] state has attained its true development, man – not only in thought, in consciousness, but in *reality*, in *life* – leads a two-fold life, a heavenly and an earthly life: life in the *political community*, in which he considers himself a *communal being* and life in *civil society*, in which he acts as a *private individual*, regards other men as means, degrades himself into a means, and becomes the plaything of alien powers.' Marx referred to dualism as 'the conflict between the *general interest* and the *private interest*, schism between the *political state* and *civil society*', and referred to civil society as the sphere of egoism, of *bellum omnium contra omnes*.¹⁷ (MECW, 3:154-55.)

The other aspect of life, as mentioned, is represented by the state. In this sphere of their lives, people are united in a common bond, a bond of solidarity which makes them an organic whole, a community, a nation. In Hegel's conception, the community is the product of history. It has evolved over time as only an organism can; individuals are related to each other as parts of an organism. 'They are held together by the single life they share. The parts depend on the whole for their life, but on the other hand, the persistence of life necessitates the differentiation of the parts.'¹⁸ In this aspect social life is governed by the principle of social solidarity (as opposed to civil society where

¹⁶ G.W.F. Hegel, *Outlines of the Philosophy of Right* (translated by T.M. Knox) Oxford University Press, Oxford, 2008, p.182.

¹⁷ 'The war of all against all.'

¹⁸ Editor's note in Hegel (2008), p.336.

it is governed by the principle of individualism). The state is a manifestation of the spiritual essence of the people; the world spirit is embodied in the state.

Hegel's idea of the state as an ethical entity required resolution of the problem of dualism. His theory had to recreate, *at a higher level of development*, the unity that characterised society before the economy became differentiated from the political sphere; it had to resolve the conflict between the state and civil society such that individuals lived by universal criteria, and the individualism or egoism that is the foundation of civil society was reined in. In other words, his theory has to achieve reconciliation between the general interest and the particular interest *in the state*, in the realm of social solidarity.

According to Hegel, this reconciliation between the state and civil society had already been achieved in developed (capitalist) Europe (the Protestant world); the individualism and sectional and class interests that characterised civil society had already been transcended in the universality of the state. (How Hegel achieved this transcendence is outlined in the following section.) His theory of the modern state was a philosophical expression of this fact, and of corporatist capitalism.

To better understand Hegel's (and Marx's) problem it will be helpful to recall that the dualism or 'schism' between political life and economic life that presented a challenge for him was celebrated by the political economists of the eighteenth century – the time when the broad outlines of the capitalist economy had clearly emerged in parts of Europe. It became the principal task of classical political economy to conceptualise the new economy and theoretically demonstrate that it had a logic of its own, that it functioned without state interference; indeed it would function better when left alone; and, crucially, that there was no tension between the pursuit of individual self-interest and the general interest of society. In fact, political economy proposed a theorem according to which there existed a social mechanism that ensured that the general interest was best served when, in a framework of competitive markets, individuals were left free to pursue their egoistic impulses independently of the interests of others. Admittedly, the state had a social function, but this role, in classical political economy, was confined to ensuring a framework of law and order in which individual freedom and property were protected, and to undertaking those socially necessary functions that

individuals were unable to perform for themselves, acting individually. But private interest was seen to be prior to the general interest; reconciliation between the two took place *in the domain of private interest, in the competitive market*. It was in this manner that political economy presented a rationale of modern competitive capitalism.

Hegel, writing in 1821, could hardly have avoided reference to the political economy claims regarding the coincidence of the private and public interest being achieved in civil society. He did make reference to it in his dense and obscure jargon, but without confronting its central theoretical claim – that the coincidence of the general and private interest is achieved in the competitive market. He mentioned the names of Adam Smith, J.B. Say and David Ricardo, and referred to political economy as a science ‘which has arisen out of the conditions of the modern world’ and which is ‘credit to thought because it finds laws for a mass of *contingencies*’.¹⁹ (Emphasis added.) However, implying criticism of political economy, he drew attention to the inherent instability of the capitalist economy, and, foreshadowing Marx’s later ‘impoverishment thesis’, wrote: ‘In the same process [economic expansion], however, dependence and want increase *ad infinitum*, and the material to meet these [needs] is permanently barred to the needy.’²⁰

Despite his recognition of the social problems associated with the development of capitalism in early nineteenth century, Hegel was unwilling to suggest any measures that would ameliorate them. Like classical political economy he was strictly non-interventionist. (Hegel’s philosophy did not propose change or improvement; it merely expressed what had already been achieved in the real world.) He rejected political economy’s worldview on philosophical grounds. ‘... this is a field in which [superficial] understanding with its subjective aims and moral opinions vents its discontent and moral frustration.’²¹

Hegel’s Solution to the Problem of Dualism

Hegel’s model consists of the political and institutional structure of the state, a real-world structure that should correspond to his ideal of the state. It consists

¹⁹ Hegel (2008), p.187.

²⁰ *Ibid.* p.190.

²¹ *Ibid.* p.187.

of hereditary, constitutional monarchy, the executive or the bureaucracy, appointed by the monarch, to which Hegel refers as the 'universal estate, or, more precisely, the estate that devotes itself to the service of the government' pursuing only the universal interest, and a two-chamber legislature. The upper house of the legislature is based on hereditary peerage (consisting of the class of landowners – 'the agricultural estate') and the lower chamber that is *indirectly* elected by civil society ('the business estate'). It is through the election of the lower chamber that the claimed reconciliation between the private and the general interest is achieved and the schism between the state and civil society overcome.

It is a fundamental premise of Hegel's theoretical system that individual *qua* individual cannot be incorporated into the universality of the state. The individual is like an atom that cannot be directly absorbed in the collective. According to him an individual acquires personality only as member of a group or social order, an estate. He writes: 'When we say that a human being is 'somebody', we mean that he should belong to a specific estate, since to be a 'somebody' means to have substantial being. A person with no estate is a mere private person and does not enjoy actual universality.'²²

For Hegel, the agricultural, the 'substantial', estate does not present any problem. He refers to it as the 'immobile' part of society, and according to the medieval character of the estates system, landowners attend the Assembly of Estates, the legislature, in person, rather than through elected delegates. The land belongs to the family and on the principle of primogeniture it is passed down the family through the eldest son; and it is inalienable, that is, it lies outside the market. It is through this fact – that historically the landed family is rooted in the soil – that gives the gentry its privileged position in society. It is organically part of society, and its interest coincides with the general interest.²³ It is the rest of civil society, characterised by moveable property that presents

²² *Ibid.* p.197.

²³ Hegel writes: 'This estate is more particularly fitted for political position and significance in that its resources are independent alike of the state's resources, the uncertainty of business, the quest for profit, and any sort of fluctuation in possessions. It is likewise independent of favour, whether from the executive or the masses. It is even fortified *against its own arbitrary will*, because it is 'burdened with primogeniture'. Hegel (2008), pp. 292-93.

the problem. Individuals in this part of society are *atomistically* dispersed, lacking any 'political cohesion'.²⁴

What this means is that there must be institutions that 'mediate' between the individual and the state. The mediating institution in the sphere of industry and trade is the corporation, each trade or industry having its own such association. The corporation is a kind of 'second family' for its members.²⁵ Members of a corporation have common interests which are distinguished from those operating in other trades. The corporation will naturally look after these common interests. Members of a corporation will also have conflict of interest with each other. For instance, members compete with each other in the market. Hegel does not go into such mundane detail but we may assume that it will be the task of the corporation to manage internal competition, say with respect to prices and output levels. The central claim here is that through the corporation individuals learn to give greater priority to their common interests over individual interests and thus develop a greater sense of social solidarity. The corporation may thus be regarded as the first stage in the incorporation of the individual in the state organism. Deputies from various corporations come together in an estate. This is the second stage of mediation. And finally, delegates from this estate (or the chamber), together with the estate representing the landowners, constitute the legislature.

This is how in Hegel's model, when it is brought down to earth from its metaphysical heights, the individualism and the conflicts of civil society are transcended, and the reconciliation of the private and public interest achieved. Civil society or the capitalist economy, which has now been purged of self-interest, retains its autonomy. At the same time, the economy is overseen by a highly centralised state - it operates 'under the surveillance of the public authority'²⁶, with political power resting with the monarch and the bureaucracy. Hegel's is a corporatist capitalist economy in which competition is reined in. This may be seen as Hegel's response to the challenge of classical political economy that achieves the coincidence of the public and private interest through the competitive market.

²⁴ *Ibid.* p.294-95.

²⁵ *Ibid.* p.226.

²⁶ *Ibid.* p.224.

To conclude: Both the models – Hegel's and political economy's – provide a rationale of the early 19th century capitalist economy, Hegel gives capitalism a *philosophical expression*, while classical political economy does it by constructing a *theoretical model* of a competitive economy. Marx's own thought will develop through a critique of both these approaches.

Marx's Critique

As suggested earlier, Marx's critique is directed against Hegel's constitutional and institutional arrangements aimed at integrating the individual (civil society) with the state. Marx argues that the device of mediation fails to achieve the desired result. The delegates that make up the business estate do not represent the general interest of society. They attend to their sectional interests. In any case the real power rests with the bureaucracy which is responsible to the monarch.

It was noted that Marx shares with Hegel the problem of dualism in society. But his interpretation of the problem is very different from Hegel's. In Hegel the state, the political domain, is completely abstracted from civil society, from economic and social forces. The state is up in the heavens and the civil society is of this world. Hence the need for mediation to achieve the coincidence of the universal and the particular.

Marx's understanding of the problem is clearly illustrated with his references to earlier forms of historic societies. In the Middle Ages, as we have seen, the estates had both economic and political characteristics and functions, and property had a social dimension. But of course man was 'unfree' and alienated from the political process. By contrast, in the modern (capitalist) world political domain and civil society have become separated and political restrictions on property have been removed. The doctrine of laissez faire neatly captures this separation. The bifurcation of man into his universal self and his private sphere, and the nature of his alienation from the political process, has been crystallised and formalised. But this does not mean that the political domain is abstracted from the civil society.

At this point Marx reaches his momentous theoretical advance. Hegel's mystification consists in the fact that he deduces real world phenomena from concepts; he takes the Idea as the determinant and empirical facts as the

determined. To arrive at the truth you need to de-mystify Hegel, he is standing on his head, he must be put the right side up. Marx is here doing for politics what Feuerbach had done for religion.

As noted earlier, for Feuerbach God is man's relinquished self. That is man's self-alienation in the realm of religion. Marx extends this approach to politics (as he will later extend it to the economic sphere): 'Just as it is not religion which creates man but man who creates religion, so it is not the constitution which creates the people but the people which creates the constitution.' (MECW, 3:29.) Just as man is alienated from his own powers in the realm of religion, so is man in the political domain. Man confers his powers on institutions of his own creation which then come to dominate over him.

One important difference between Feuerbach and Marx may be noted. In Feuerbach overcoming of alienation requires no more than an act of cognition, the realisation that man is alienated from his own powers. This is not the case in the realm of politics. For Marx, the reversal of Hegel directs attention to economic and social forces working in society, to empirical facts and social analysis, the working of civil society which becomes the determinant, with the political domain as the determined. And this directs attention to the need for social action.

The second major advance made by Marx in the **Hegel critique** refers to the nature of society. Earlier, Marx had, following Hegel, adopted the notion of the organic nature of society; he had noted that a great merit of Hegel's philosophy was that it proceeded from 'the idea of the whole'. But Hegel's notion of society was metaphysical. He was not dealing with the real, empirical man. Here too the advance is made by inverting Hegel. Marx wrote: 'Hegel starts from the state and makes man the subjectified state; democracy [Marx's ideal political constitution] starts from man and makes state objectified man.' (MECW, 3:29.) And again: 'This nonsense comes in because Hegel takes state functions and activities in abstract isolation, and the particular individuals in antithesis to them. He forgets, though, that the particular individual is human and that the functions and activities of the state are human functions. He forgets that the essence of a 'particular' personality is not its beard, its blood, its abstract physical character, but its *social quality*, and that state functions, etc., are nothing but modes of being and modes of action of the social qualities

of men. Clearly, therefore, insofar as individuals are bearers of state functions and powers, they must be regarded in the light of their social and not their private quality.’ (MECW, 3:21-22.)

Marx argues that man must be conceptualised in his historical and social context. Marx kept coming back to this idea of the socialised model of man, as opposed to the notion of the atomised society and Hegel’s abstractions again and again. This idea is articulated in the *Economic and Philosophical Manuscripts of 1844* composed a year later (MECW, 3:299.); it is expressed in the sixth Thesis on Feuerbach (MESW, 2:404)²⁷ and again in the *Grundrisse* (1857-58)²⁸ and in *Capital*.²⁹

Man’s ‘human essence’, also referred to as man’s ‘communist essence’, derives from the empirical fact that man is an ensemble of his social relations. Marx rejected the principle of individualism – ‘the war of all against all’ - on empirical grounds. Contemporary society – modern capitalism – violated man’s ‘human essence’. This essence of man will only be realised in the ideal society of the future which will be based on the socialised model of man. This idea will take definite shape during the next fifteen months.

Marx’s critique of the contemporary society becomes more explicit and direct in the article he wrote immediately after he had completed the **Hegel Critique**.

The article ‘On the Jewish Question’ is ostensibly a review of two articles by Bruno Bauer on the ‘Jewish question’ – the demand of German Jews that they be given the same rights as German Christians. Bauer had argued that to solve the ‘Jewish question’ Jews must first give up any claims based on religion, and then demand that the Prussian state give up its relation with religion. Once Christianity had lost its privileged position, that is, once the state had become secular, the Jewish problem would simply disappear.

Marx argues that ‘political emancipation’ (a secular, liberal state) would certainly be a step forward in a semi-feudal, autocratic country such as Prussia, but what political liberalism did was to sanctify the principle of individualism, the Rights of Man were the rights of an egoistic man. The right of man to private property is ‘the right to enjoy one’s property ... without regard to other

²⁷ *Karl Marx and Frederick Engels Selected Works in two volumes*, Foreign Languages Publishing House, Moscow, 1958.

²⁸ David McLellan, *Marx’s Grundrisse*. Paladin, St. Albans, Herts. 1973, p.89.

²⁹ See, for instance, the section ‘The Fetishism of the Commodity and its Secret’, in chapter 1 of volume 1.

men, independently of society, the right of self-interest.... It makes every man see in other men not the realisation of his own freedom, but the barrier to it.' (MECW, 3:163.) Marx was now talking of 'human emancipation', a social revolution.

The political state ensured universal rights of private property, equality of all citizens before the law, and freedom of conscience. The freedom of conscience meant the transfer of religion from the realm of politics to the private sphere, civil society. The state freed itself from religion, but the individual did not achieve freedom from religion. This demonstrated the limits of political emancipation. According to Marx, the existence of religion in society even when exercised through 'free' choice is the existence of a defect in society. It is a self-imposed limitation on man. Free choice in this case is the choice of an unfree man. Man is alienated in the Feuerbachian sense. He can experience himself only by surrendering to something that is his own creation.

As noted Marx extends this idea to political alienation. Alienated man, writes Marx,

'acknowledges himself only in a roundabout route, only through an intermediary. Religion is precisely the recognition of man in a roundabout way, through an *intermediary*. The state is the intermediary between man and his freedom. Just as Christ is the intermediary to whom man transfers the burden of his divinity, all his burden of divinity, all his religious constraint [bonds], so the state is the intermediary to whom man transfers all his non-divinity and all his unconstraint [freedom]'. (MECW, 3:152.)

Marx here has taken the first step towards his conception of man's alienation in the economic sphere or man's alienation in his productive activity, an idea he will develop fully a few months later in his *Economic and Philosophical Manuscripts of 1844*. He writes here: 'Just as man, so long as he is engrossed in religion, can only objectify his nature by turning it into an *alien* creature of the fantasy, so, under the domination of egoistic need, he can act in a practical way, create objects practically, only by subordinating these products as well as his activity to the power of an alien being – money.' (MECW, 3:171)

Emancipation of Jews as well as of Christians can only be part of general human emancipation which will be achieved only when man has overcome his alienation in all spheres of life – religious, political and economic, that is, when society is so organised that it is free from the power of the state, private property and money. 'Only when man has recognised and organised his '*forces propres*' [own powers] as social forces, and consequently no longer separates social power from himself in the shape of political power, only then will human emancipation will have been accomplished.' (MECW, 3:168.)

At this time (autumn of 1843) Marx had no idea that he was moving towards the idea of communism.

Within three months Marx wrote another article in which he argued that social criticism must lead to social action, and introduced the new and original idea that the proletariat will be the agent of change. In 'Contribution to the Critique of Hegel's Philosophy of Law. Introduction'³⁰ Marx sharpened his materialist standpoint. He argued that the criticism of religion in Germany had remained in the Feuerbachian anthropological frame without leading to social criticism. Religion is man's inverted consciousness because the world that produces religion is an inverted world. The struggle against religion is, therefore, struggle against the existing social conditions. It was now the task of criticism to unmask man's self-alienation in all its forms.

Who will then lead the struggle to achieve social revolution in Germany? By an interesting twist of logic, Marx argues that while in countries like France political emancipation (bourgeois revolution) can eventually lead to human emancipation, in Germany, which is unable to arrive at human emancipation through the intermediate stage of a political revolution, human, universal emancipation becomes 'the *conditio sine qua non* of any political emancipation. Thus, German emancipation lies in the

'... formation of a class with *radical chains*, a class of civil society which is not a class of civil society, an estate which is the dissolution of all estates, a sphere which has a universal character by its universal suffering and claims no *particular right* because no *particular wrong* but *wrong generally* is perpetrated against it; which can no longer invoke a *historical* but only a *human* title; which does not stand in any one-sided antithesis to the consequences but in an all-round antithesis to the premises of the German state; a sphere, finally, which cannot emancipate itself without emancipating itself from all other spheres of society and thereby emancipating all other spheres of society, which, in a word, is the *complete loss* of man and hence can win itself only through the *complete rewinning of man*. This dissolution of society as a particular estate is the *proletariat*. (MECW, 3:186.)

In an article written six months after the publication of the 'Introduction' to the **Hegel Critique** articulates more clearly his developing materialist method, the idea that political conditions, the character of the state, are powerfully influenced by the economic and social conditions prevailing at the time; the subjective will of the rulers is limited by objective conditions.³¹ During the

³⁰ This article was intended to be the introductory section of an extended critique of Hegel's political philosophy that Marx had planned to have published. The plan however did not materialise. This article and 'On the Jewish Question' were published in *Deutsch-Franzoesische Jahrbuecher* in February 1844 in Paris.

³¹ 'Critical Marginal Notes on the Article 'The King of Prussia and Social Reform by a Prussian'' was published in the German language journal *Vorwaerts!* in Paris in August 1844.

French Revolutionary period the Jacobin had attempted to force the will of the state on economic and social conditions of life, had thought the subjective will of its leaders could achieve all it wanted, reducing political to arbitrariness. He wrote:

‘Thus, *Robespierre* saw in great poverty and wealth only an obstacle to *pure democracy*. Therefore he wished to establish a universal Spartan frugality. The principle of politics is the *will*. The more one-sided and, therefore, the more perfected the *political* mind is, the more does it believe in the *omnipotence* of the will, the more is it blind to the *natural* and spiritual *limits* of the will, and the more incapable is it therefore of discovering the source of social ills.’ (MECW, 3:199.)

This article was written around the same time that Marx completed his *Economic and Philosophical Manuscripts of 1844*. Marx, now 26, was a communist. But he did not think that he had yet a philosophy of his own to provide a basis of communism. In a letter of 11 August he was writing to Feuerbach that the latter’s philosophy could form the basis of communism. His own philosophical standpoint was complete when in the spring of 1845 when he wrote his *Theses on Feuerbach*.

Two Aspects of Adam Smith’s Thought

Marx’s studies in Paris covered a variety of subjects. As was his habit, he made extensive notes on the works he studied. These notes have been referred to as the Paris Notebooks. In the Notebooks there was a set of notes that pertained particularly to economics. As noted in an earlier chapter, these notes were extracted from the Notebooks by the editors of his works, given a systematic form and published in 1932 under the title *The Economic and Philosophical Manuscripts of 1844*.

In the *Manuscripts*, written between April and August, Marx made his first attempt to synthesise his philosophical standpoint, developed during the preceding fifteen months, with classical political economy as found in Adam Smith’s *Wealth of Nations*. Although Marx studied the works of a number of political economists the author with whom he engages most intimately is Adam Smith. It was with reference to *The Wealth of Nations* that he exclaimed: ‘Political economy has merely formulated the laws of alienated labour. (MECW, 3: 291.) It is this encounter with political economy that will provide Marx with the first source for the development of his own economic thought.

We have here something of a paradox. How come that the founder of a worldwide movement against capitalism should find his source of inspiration in

the work of the most respected prophet of capitalism? The paradox is soon resolved when we observe that there are two methodologically distinct aspects but are interwoven in Adam Smith's thought.

The first aspect is scientific and theoretical in which Smith identifies an objective phenomenon, the causes of the increase in the wealth of a nation in specific historical conditions, conceptualises the existing mode of production ('commercial', that is, capitalist economy), studies its functioning, its law-determined regularity. Marx inherited this aspect of Smith's thought, and through a critique of it developed his own economic thought. The second aspect relates to Smith's social philosophy. This latter aspect is briefly outlined in the following paragraphs. The first provides the subject matter of the following two sections.

In his social philosophy, Smith adopts what may describe as the principle of individualism. According to this principle the leading institutions of society are formed by individuals pursuing their individual self-interests. Society is seen essentially in terms of exchange. It needs to be emphasised that Smith was not a blatant individualist preaching greed and egotism. He believed that 'all members of human society stand in need of each others assistance'; and that society flourishes when 'the necessary assistance is reciprocally afforded from love'. But when this is not possible

Society may subsist among different men, as among different merchants, from sense of utility, without any mutual love or affection; and though no man in it should owe any obligation, or bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuations.³²

In its economic aspects at least, Smith appears to subscribe to the social contract theory in which society is seen as a voluntary organisation. This view stands in stark contrast to Marx's organic view of society.

The essential point here is exchange, man's 'natural propensity' to truck, barter. The phenomenon of division of labour, for instance, follows from that propensity. In the chapter 'Of the Principle which gives occasion to the Division

³² *Theory of Moral Sentiments*. edited by D.D. Raphael and A.L. Macfie. Clarendon Press, Oxford, 1976.

of Labour, he writes: 'It [division of labour] is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.'³³ In the same vein, the origin of money is attributed to the same propensity.³⁴

Another feature of the aspect under discussion relates to the idea of the immutability of human nature – the assumption of 'abstract man', without any historical and social conditioning. 'The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which publick and national, as well as private opulence is originally derived'³⁵ seems to be the driving force for capital accumulation and economic development. One can take the view that at least in this aspect of his thought Smith seems to take the view that the transition from feudalism to capitalism was the result of this natural propensity – the desire of every man to improve his condition leading to victory over the artificial restrictions that governments had place on man's desire to better his condition.

Finally, we have Smith's most important theorem. The free operations of competitive markets, there is, free mobility of capital and labour across different economic activities, will lead to a state of 'natural balance' (general equilibrium) of the economy. 'The natural price ... is ... the central price to which all prices of all commodities are continually gravitating. ...But whatever may be the obstacles which hinder them from settling in this center of repose and continuance, they are constantly tending towards it.'³⁶

But Smith goes beyond this proposition. He claims that this situation of unhindered resource mobility leads not only to the natural balance of the economy, but also to the general coincidence of the private interest and general interest. This latter conclusion is derived entirely pragmatically: in a competitive market producers will be free, and choose, to invest in lines of production that offer them the highest profits, and workers will seek employment in industries and firms where they find the highest rewards for

³³ *An Inquiry into the Nature and Causes of Nations*, edited by R. H. Campbell and A. S. Skinner Clarendon Press, Oxford, 1976, vol. 1, p.25.

³⁴ *Ibid.*, pp.36-7.

³⁵ *Ibid.*, p.343.

³⁶ *Ibid.*, p.75.

their abilities and skills. In these circumstances the wealth of the nation would be maximised, and the conditions for economic progress will be the most conducive. Smith associates the increasing wealth of the nation with increasing general prosperity, and the latter with the 'general interest' of society.

It deserves to be remarked, perhaps, that it is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired the full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable. It is hard in the stationary, and miserable in the declining state. The progressive state is in reality the cheerful and the hearty to all different orders of the society...³⁷

Adam Smith as the Martin Luther of Political Economy

Before Marx completed *The Manuscripts* he had assembled most, but not all, of the elements of his philosophical standpoint. He did not have his own version of materialism to base his standpoint on. He wrote to Feuerbach on 11 August saying that the latter's philosophy could provide the basis for socialism or communism. Marx's philosophical standpoint was completed in the spring of 1845 in Brussels when he wrote his *Theses on Feuerbach*.³⁸ Here in the first thesis he rejected all 'previous' materialism, including Feuerbach's, and adopted his own version which he called 'practical', 'communist'. The central idea underlying the new version is first expressed in *The Manuscripts* when he calls Adam Smith the Luther of political economy (though at this time Feuerbach is still his hero).³⁹ This point is discussed in the present section.

Until now, when he first confronted political economy in the form of *The Wealth of Nations*,⁴⁰ Marx had been exclusively ploughing the philosophical field. For instance, the leading role of the proletariat in social change is attributed to its suffering, it is a 'universal class' like Hegel's bureaucracy; he had talked about civil society and property in rather general terms. In *The Manuscripts* they take a definite shape, here he is talking specifically about capitalism and capitalist property. The same with the concept of alienation. When he read *The Wealth of Nations* he must have felt that Adam Smith had

³⁷ *Ibid.*, p.99.

³⁸ Engel's comment.

³⁹ Reference.

⁴⁰ . Reference. There are of course others.

already cocked the gun for him. This aspect of Marx's reaction is discussed in the section that follows.

Adam Smith as the Martin Luther of Political Economy

The very first sentence of *The Wealth of Nations* reads: 'The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consists always, either in the immediate product of that labour, or in what is purchased with that produce from other nations.'

Marx did not read this sentence as a mere rhetorical flourish. He observed that Smith's political economy had acknowledged labour as its principle. He wrote:

'To this enlightened political economy, which has discovered – within private property – the *subjective essence* of wealth, the adherents of the monetary and mercantile system, who look upon private property *only as an objective* substance confronting men, seem therefore to be *fetishists, Catholics*. Engels was therefore right to call *Adam Smith* the *Luther of Political Economy*. Just as Luther recognised *religion – faith* – as the substance of the external *world* and in consequence stood opposed to Catholic paganism – just as he superseded *external* religiosity by making religiosity the *inner* substance of man – just as he negated the priests outside the layman because he transplanted the priest into layman's heart, just so with wealth: wealth as something outside man and independent of him, and therefore as something to be maintained and asserted only in an external fashion is done away with; that is, this *external, mindless objectivity* of wealth is done away with, with private property being incorporated in man himself and with him being recognised as its essence.'⁴¹ (MECW, 3: 290-91.)

Marx sees Smith as conceiving wealth as materialised labour. This idea, expressed here so clearly, will appear in a more general form in the first thesis on Feuerbach in which he rejected all 'previous' materialism, including Feuerbach's. Previous materialism accepted the duality of matter and mind and gave primacy to matter. Reality was something 'external', objective, given, thus conceiving mind (for Marx this meant man) as passive. This is the crucial point. This is how (as Marx sees it) mercantilists conceived wealth, as

⁴¹ Engel's reference to Adam Smith as 'the economic Luther' is made in his 'Outlines of a Critique of Political Economy' published in the *Deutsch-Franzoesische Jahrbuecher*.. (MECW, 3: 422) This notion of labour figures prominently in Marx's philosophical thought. For instance, he writes in the *Manuscripts*: 'Hegel's standpoint is that of modern political economy. He grasps *labour* as the *essence* of man... [but] the only labour which Hegel knows and recognises is *abstractly mental* labour.' (MECW, 3: 333.)

something 'external' to man. Smith, by saying that it is nothing but materialised labour, did away with this 'mindless objectivity of wealth'.

Marx will generalise this idea from wealth to all reality in the first thesis on Feuerbach. [Giving credit to Hegel for having recognised this, Marx writes 'Hegel's standpoint is that of modern political economy. He grasps *labour* as the *essence* of man ... [but] the only labour which Hegel knows and recognises is *abstractly mental* labour.' (MECW, 3: 333)] **Footnote**

In *The German Ideology* (written with Engels, 1845-46) this idea is elaborated when Marx distinguishes between 'original' nature and 'historical' nature.

'He [Feuerbach] does not see that the sensuous world around him is not a thing given direct from eternity, remaining ever the same, but the product of industry and of the society; and, indeed [a product] in the sense that it is a historical product, the result of activity of a whole succession of generations, each standing on the shoulders of the preceding one, developing its industry and its intercourse, and modifying its social system according to the changed needs. Even the objects of the simplest 'sensuous certainty' are given him through social development, industry and commercial intercourse. The cherry tree, like almost all fruit trees, was, as is well known, only a few centuries ago transplanted by *commerce* into our zone, and therefore only *by* this action of a definite society in a definite age has it become 'sensuous certainty' for Feuerbach.' (MECW, 5:39.)

Marx emphasises this point again and again. If man's activity were interrupted only for a year we would not only find an enormous change in the natural world, we would find the very existence of mankind threatened. Here Marx makes a distinction between original nature and historical nature.

For that matter, nature, the nature that preceded human history, is not by any means the nature in which Feuerbach lives, it is nature which today no longer exists anywhere (except perhaps on a few Australian coral islands of recent origin) and which, therefore does not exist for Feuerbach either.' (*Ibid.* p.40)

If man creates the reality in which he lives, he can also change it. This is the activist element that Marx incorporated into his own version of materialism which he referred to as 'practical', 'historical', and 'communist'.⁴²

⁴² It is interesting that although at this point Marx has broken away from all 'previous materialism', including Feuerbach's, he still at this time (as noted in chapter two) regards Feuerbach's philosophy as being capable of providing a basis of communism. See Marx's letter of 11 August 1844, MECW, 3:354.)

Conceptualisation of Capitalism and Generalisation of the Concept of Alienation

Built into Smith's concept of wealth is the notion of economic reproduction, a process that takes place in real time. This year's cycle of production starts with the inputs, including labour's subsistence, inherited from the preceding year; these inputs that are used up are reproduced (with a surplus), and used in the following year. When part of the surplus is re-invested we have economic expansion. Marx could not have failed to see here the Hegelian notion of evolution. It is a situation of internally generated development or expanded self-reproduction without the involvement of any *extraneous factor*. We note that the circularity of the production process as outlined here necessarily gives the economy an *organic* character: only an organic entity can reproduce itself, and grow, without the involvement of an extraneous factor.

The concept of reproduction is central to Marx's theory of historical development (as we will see in chapter six). According to *The German Ideology* (written with Engels, 1845-46): 'History is nothing but the succession of the separate generations, each of which uses the materials, capital funds, the productive forces handed down to it by all the preceding generations, and thus, on the one hand, continues the traditional activity in completely changed circumstances, and on the other, modifies the old circumstances with a completely changed activity.' (MECW, 5: 50.)

Further, Adam Smith sees the production of wealth as a *social activity*, a collective enterprise. It takes the form of *social* division of labour. Different productive activities or industries complement each other and are thus 'necessary to the existence of each other'. (WON, 1: 360) In the very first chapter of the *Wealth of Nations*, Smith illustrates this phenomenon with reference to the manufacture of a day-labourer's woollen coat. , 'Observe the accommodation of the most common artificer or day-labourer in a civilized and thriving country and you will perceive that the number of people whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation.' From the raising of the sheep, etc. to sorting, combing, spinning, weaving, transportation of the materials,

the manufacture of tools and machinery for use in these activities, and so on and on – all these activities are involved in the production of this item which becomes ‘the produce of the *joint labour* of a great multitude of workmen.’ (Emphasis added) (WON, 1: 22) Individual labour has become *social* labour and the product satisfies a trans-subjective need. This is how Marx will later define the term ‘commodity’.

The features of an economy outlined above are of a general nature; to various degrees they hold practically for all forms of human society. For example, all societies are characterised by social division of labour and of course they all reproduce themselves over time (if they did not society would cease to exist). Such features of an economy may be considered of a *technical nature*.

Adam Smith’s analysis of the conditions under which the wealth of a nation expands is set specifically in the social organisation he calls ‘the commercial society’, that is, modern capitalism. It is specially his conceptualisation of such an economy with the specific purpose of investigating the factors that lie behind economic development that determines the structure of classical political economy and gives it its scientific character. It is this analysis that makes an important contribution to the social theory that Marx will develop later. It is also here that we see Adam Smith departing from his individual-focused social philosophy.

In Smith’s model the ‘commercial society’ is divided into three social classes. These are defined in terms of the nature of the resources they own and their place in the production system. Landowners have no productive function and they derive their income – rent of land – from a resource (land) that is naturally scarce, in the sense that (unlike capital goods and labour skills) it is not reproducible. There are suggestions in his discussion of rent that there is conflict of interest between the landed class and the capitalist class (and society, more generally) – suggestions that Ricardo will later develop with the utmost rigour.

The central relation in the production system is that between the capitalist class and labour. The capitalist class consists of those who have accumulated capital (in the form of purchasing power) and who will ‘naturally employ it in setting to work industrious people, whom they will supply with materials and

subsistence, in order to make a profit by the sale of their work'. (WON, 1: 65-66.) Workers, as a class do not own capital and means of their subsistence and therefore they 'stand in need of a master to advance them the materials of their work, and their subsistence and maintenance till it [the product] be completed.' (*Ibid.* p.83.)

The relationship between the two classes is one of power and latent antagonism. For the capitalist labour's wages are a cost like any other, say, feed for farm animals. Higher costs mean lower profits and the capitalist must therefore strive to have wages as low as possible. Workers, on the other hand, want their wages to be as high as possible. We have here two parties 'whose interests are by no means the same. The workmen desire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labour.' Smith adds: 'It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms.' (*Ibid.* pp. 83-84.)

Smith then goes on to enumerate all the factors that work in favour of the masters. The only factor that works in favour of the workers is capital accumulation and economic expansion. Under these conditions when national prosperity is on the rise, and the demand for labour is buoyant, wages can rise above the level that is 'consistent with common humanity'. (*Ibid.* p. 86.) However, although in this situation the conflict between capital and labour may be kept under check, the fundamental fact of the relationship of power and latent antagonism between the two classes remains unchanged.

The most important accomplishment of the *Manuscripts* is the generalisation of the concept of economic alienation. Until now Marx had been exclusively ploughing the philosophical field. Economic alienation now takes centre stage and this concept is now expressed in the capital-labour relation, in production.

The first form of *economic* alienation Marx identified is the alienation of the worker from his product. This form of alienation – 'a fact of political economy' (MECW, 3: 278.) - is derived fundamentally from the capital-labour relationship as found in Smith. Marx's starting point is Smith's statement (quoted in the preceding section) that all wealth, consisting of commodities, is produced by

labour. Just as the religious man had 'objectified' or 'externalised' himself in the gods; just as the state was the 'externalisation' of man in the form of political power; in the same way labour 'objectifies' or 'externalises' itself in its product. Capital, since it consists of produced commodities, is also produced by labour, it is accumulated labour. Capital (Marx quotes Smith) is a 'certain quantity of labour stocked and stored up to be employed'; and again, 'The person who [either acquires, or] succeeds to a great fortune, does not necessarily [acquire, or] succeed to any political power [...] The power which that possession immediately and directly conveys to him, is the *power of purchasing*; a certain command over the labour, over all the produce of labour, which is in the market.' (Marx's emphasis) (MECW, 3: 247.) Marx concludes: 'Capital is thus the *governing power* over labour and its products.' (*Ibid.*)

In the very first paragraph of the 'First Manuscript', Marx paraphrases some of the observations from the chapter 'Of the Wages of Labour' in the *Wealth of Nations*, highlighting the relationship of power between capital and labour and the capitalist's ability to appropriate labour's product. 'His own labour as another man's property and that the means of his existence and activity are increasingly concentrated in the hands of the capitalist.'

All these consequences are implied in the statement that the worker is related to the product of his labour as to an alien object.... The *alienation* of the worker in his product means not only that his labour becomes an object, an *external* existence, but that it exists *outside him*, independently, as something alien to him, and that it becomes a power on its own confronting him. It means that the life which he has conferred on the object confronts him as something hostile and alien.' (MECW, 3:272.)

To repeat: through its social power, capital, itself the product of labour, is able to appropriate labour's product. Labour's own creation becomes a power over it. This is labour's alienation from its product.

The second form of alienation manifests itself in the *act* of production, 'in the labour process'. (MECW, 3: 275.) The product from which the worker is alienated is but the result of his productive activity. 'How could the worker (Marx asks) come to face the product of his activity as a stranger, were it not that in the very act of production he was estranging himself from himself? The product is after all but the summary of the activity of production.' (MECW, 3: 274.)

Marx starts from the premise that productive activity is an aspect of man's nature, his 'essence'. Marx transfers to man the creativity that Hegel had attributed to spirit. Man is by nature a creative being; his need to engage in productive activity goes beyond the need merely to maintain his physical existence. It is through 'conscious life activity' that man asserts his humanity, his 'species character'. Labour performed for the capitalist is labour solely aimed at physical existence; it is external to man's intrinsic need. It is a case of self-estrangement.

In creating a *world of objects* by his practical activity ... man proves himself a conscious species-being ... Admittedly animals also produce. They build nests, dwellings, like the bees, beavers, ants, etc. But an animal only produces one-sidedly while man produces universally. It produces only under the dominion of immediate physical need, while man produces even when he is free from physical need and only truly produces in freedom therefrom ... Man therefore forms objects in accordance with the laws of beauty. (MECW, 3: 276-77.)

[T]he external character of labour for the worker appears in the fact that it is not his own, but someone else's; that it does not belong to him, that in it he belongs, not to himself, but to another. Just as in religion the spontaneous activity of the human imagination, of the human brain, human heart, operates on the individual independently of him – that is, operates as an alien, divine or diabolical activity – so is the worker's activity not his spontaneous activity. It belongs to another; it is the loss of his self.' (MECW, 3: 274.)

When man is estranged from himself, he is necessarily estranged from other human beings. This follows from the standpoint that man's 'species character' is essentially *social*. As we noted in the preceding chapter, for Marx society is nothing but the sum of the relationships in which individuals find themselves. Here he writes: 'The estrangement of man, in fact every relationship in which man [stands] to himself, is realised and expressed only in the relationship in which man stands to other men.' (MECW, 3: 277; also p.278.)

We see here Marx moving towards what is perhaps the most momentous theoretical achievement in the development of his synthesis between his philosophical standpoint and the scientific discipline of classical political economy.

Hence within the relationship of estranged labour each man views the other in accordance with the standard and the relationship in which man finds himself *as a worker* [as a producer]. (Emphasis added). (MECW, 3: 278.)

Before his encounter with classical political economy (as we saw in the preceding chapter) the proletariat's role in 'human emancipation' was vaguely and un-empirically attributed to its 'universal suffering' and 'sheer necessity'. Now he speaks of the relationship of the worker to other workers and workers' relationship with capital in the context of *production*. This is the critical point of transition: before he spoke vaguely (as in 'On the Jewish Question') of the 'power of money', now he talks of the 'wage-system'⁴³ and identifies it with the system of private property; the abolition of one, he says, implies the abolition of the other. It is only when the wage-system is abolished that universal emancipation will be achieved. He writes:

'From the relationship of estranged labour to private property it follows further that the emancipation of society from private property, etc., from servitude, is expressed in the *political* form of the *emancipation of the workers*; not that *their* emancipation alone is at stake, but because the emancipation of the workers contains universal human emancipation – and it contains this, [emphasis added] *because the whole of human servitude is involved in the relation of the worker to production, and all relations of servitude are but modifications and consequences of this relation.* (MECW, 3: 280.)

The source of all forms of alienation and man's powerlessness are to be found in the relations that arise in the process of production. This, as indicated, is the crucial step towards the next stage of the development of Marx's thought.

Thanks to his study of political economy, Marx now sees the alienated man under capitalism as a *commodity*, bought and sold in the market, and which (as noted) for the capitalist is merely an item of cost of production. Adam Smith, while discussing the level below which capitalists ('who generally have the advantage') could not reduce the 'ordinary wages even of the lowest species of labour', had referred to a 'computation' of Richard Cantillon's. According to this computation the minimum subsistence wage was that that was necessary

⁴³ Marx uses the word 'wages' instead of the wage-system, but from the context it is clear that he means the latter.

to bring up a family and perpetuate 'the race of such workmen'. (WON,1:85) Marx noted this notion on the very first page of the 'First Manuscript' (MECW, 3: 235.). He observes: 'For it [political economy], therefore, the worker's needs are but the one need – to maintain *him whilst* he is working and insofar as may be necessary to prevent the race of labourers from [dying] out. The wages of labour have thus exactly the same significance as the *maintenance* and *servicing* of any other productive instrument, or as the *consumption of capital* in general required for its reproduction with interest, like the oil which is applied to wheels to keep them turning.'. (MECW, 3: 284.) (Marx uses the term 'political economy' to mean both the capitalist economy and the theoretical system that investigates that economy.)

Smith had seen the 'principle of natural liberty' in terms of the free mobility of resources in the economy: the freedom of the capitalist to invest and sell wherever his private interest led him, and the freedom of the worker to choose his occupation and employer. Marx points to the relation between capital and labour and their respective 'freedoms', and quotes a French observer of the contemporary scene in Britain: 'The worker is not at all in the position of a *free seller vis-à-vis* the one who employs him... The capitalist is always free to employ labour, and the worker always forced to sell it. The value of labour is completely destroyed if it is not sold every instant. Labour can neither be accumulated nor even be saved, unlike true [commodities].'(MECW, 3: 245.)

We note that Marx's indictment of capitalism goes beyond the concern for the material conditions of workers. The indictment would stand even if these conditions were to improve and the worker was better off. Even if wage increases could be 'enforced', such an increase would be 'nothing but better *payment* for the slave, and would not win either for the worker or for labour their human status and dignity.' They would remain a 'plaything of alien forces'. Thus, Marx is led to reject reform of capitalism, and measures aimed at 'enforced' increases in wages or 'equality of wages' as advocated by the French socialist Pierre Joseph Proudhon. (MECW, 3: 280.) Marx must reject capitalism and classical political economy's liberal philosophy (the second aspect of Smith's thought referred to earlier) on the basis of his philosophical

standpoint, just as he had rejected liberal political philosophy in the article 'On the Jewish Question'

We note also another line of thinking, insofar as Marx's indictment of capitalism and the critique of political economy are concerned. This relates to the *internal* problems of capitalism that classical political economy had either overlooked or chosen to ignore. Hegel, as we saw earlier, had made certain observations in this regard when he referred to the problem of overproduction and *increasing* income inequality associated with capitalist development. In this respect Marx relies entirely on the commentaries of certain contemporary French and German writers who were drawing attention to the darker side of British industrial development. We get some indication of the view Marx is adopting from the following quotation he gives from the writer Wilhelm Schulz:

But even if it were true as it is false that the average income of *every* class of society has increased, the income-differences and *relative* income-distances may nevertheless have become greater and the contrasts between wealth and poverty accordingly stand out more sharply. For just *because* total production rises – and in the same measure as it rises – needs, desires and claims also multiply and thus *relative* poverty can increase whilst *absolute* poverty diminishes. The Samoyed living on fish oil and rancid fish is not poor because in his secluded society all have the same needs. But in a *state that is forging ahead*, which in the course of a decade, say, increased by a third its total production in proportion to the population, the worker who is getting as much at the end of ten years as at the beginning has not remained as well off, but has become poorer by a third. (MECW, 3: 242.)

We may see here the beginning of the formation of Marx's 'increasing impoverishment' thesis.

In Smith's system, economic development remains strictly within the frame of competitive capitalist relations. Marx took this to mean that in classical political economy the capitalist system was considered to be eternal. This view of the permanence of the capitalist system may be compared with Smith's own understanding of historical development *before* the emergence of capitalism. In chapters 2 and 3 of Book three and chapter 1 of Book five of the *Wealth of Nations*, Smith traced human progress through four distinct stages identified

as socio-economic organisational forms. The earliest form was based on hunting and food gathering, then came the society of shepherds (this is when private property first appeared); this was followed by the feudal society, which gave way to the contemporary commercial society. It seemed that with capitalism, insofar as socio-economic change was concerned, history had come to an end. Smith was taking the existing property relations as a given datum, not only for analysing the working of the capital economy (which was legitimate and necessary), but also for understanding *historical* development. This is how Marx saw it.

Marx's own mature theory of capitalist development, by contrast to the Smithian schema, will attempt to show that there are forces *inherent in the logic* of the capitalist economy that will drive its *evolution* beyond the bourgeois horizon set for it by classical political economy. He will reach this result through an internal critique of the classical theory.

In the *Manuscripts*, Marx does not discuss the developmental aspects of the classical theory. But he does make an important discovery that will provide one of the important ingredients of his mature theory of capitalist evolution. This observation refers to the *concentration* of capital in fewer and fewer hands as a necessary aspect of capital accumulation. Marx sees that the Smithian competition is dynamic and has the tendency to undermine the competitive character of capitalism.

Marx takes up this point in the section entitled 'The accumulation of capitals and the competition among the capitalists'. Here Marx quotes extensively from the *Wealth of Nations* (also from other writers). Of particular interest is the quotation from the 'Introduction' to Book two of the *Wealth of Nations* where Smith discusses the relationship between capital accumulation, increase in the division of labour (in the plant) and increase in labour productivity. Implicit in this relationship is the phenomenon of economies of scale. Marx recounts the numerous advantages that larger enterprises enjoy over smaller ones. In a competitive environment some enterprises will manage to get bigger and then, because of the advantages of size they enjoy, will begin to 'squeeze' the smaller ones out of the market. This is how, concentration of capital in fewer hands takes place. (MECW, 3: 252.) 'Accumulation, where private property prevails, is the *concentration* of capital in the hands of a few, it is in

general an inevitable consequence if capital is left to follow its natural course, and it is precisely through competition that the way is cleared for this natural disposition of capital' (MECW, 3:251.) With the concentration of capital, both in individual enterprises and regions comes, necessarily, the concentrations of labour, which, in turn, is a necessary condition for the development of working people's class consciousness. These considerations, leading to the conviction that the ingredients for the transformation of capitalism lie within its own manner of functioning, its inherent logic, will come later in the development of Marx's thought.

To conclude: It has been emphasised that Marx's focus now shifts to alienation to be found in the realm of economic life, in production, in particular in the capital-labour relation. Capital is nothing but the product of labour; the worker's own product becomes for him an alien and hostile power. Under capitalism the worker has become a commodity, subject to the forces of supply and demand. He works simply to earn a living wage in order to survive and provide for the capitalist a constant supply of labour. The goal of life, for Marx must be free productive activity, that is, activity aimed at not mere physical survival but to produce creatively. The solution lies in the abolition of wage-labour, that is, of private property. To achieve that goal a material force is needed, and that force is provided by the proletariat.