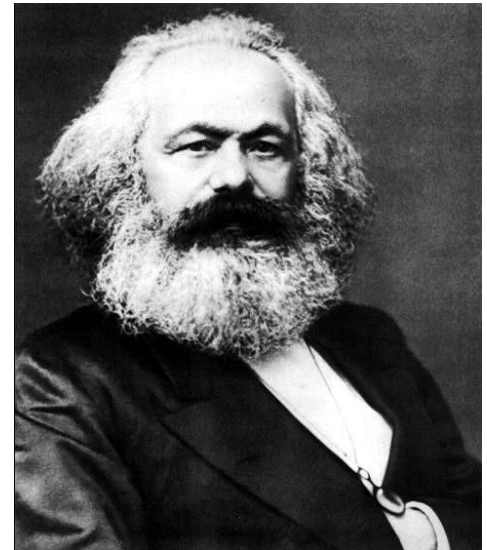






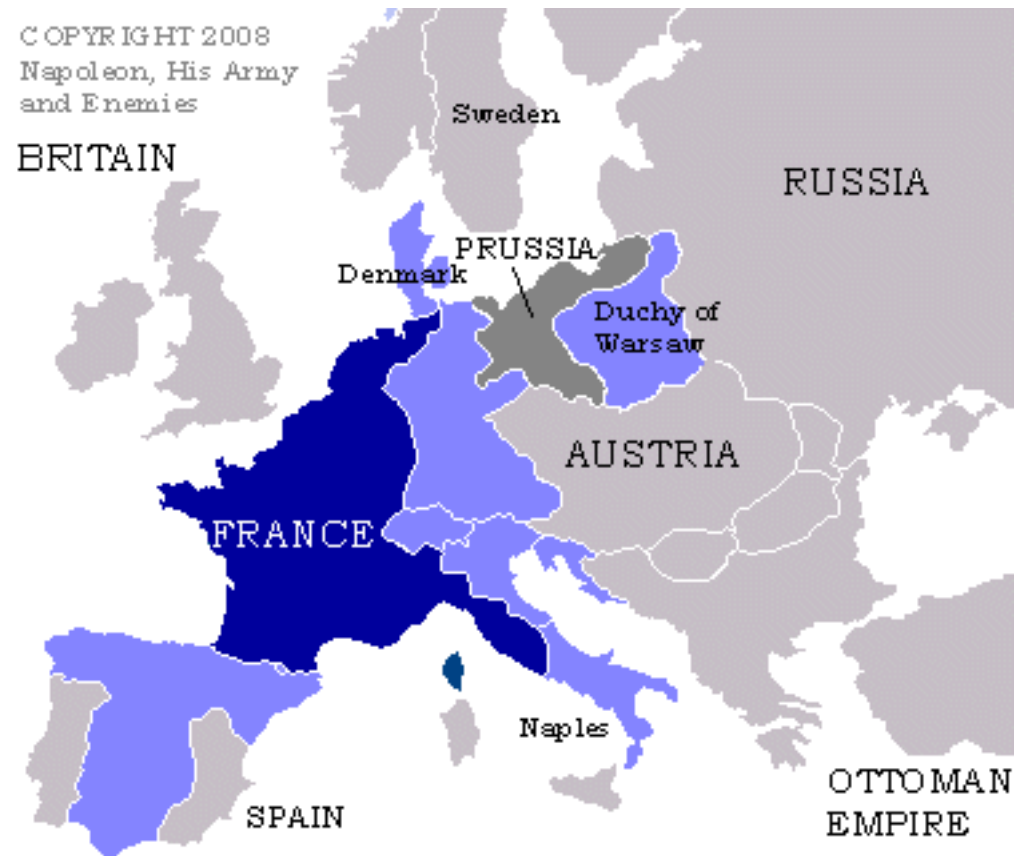
Karl Marx

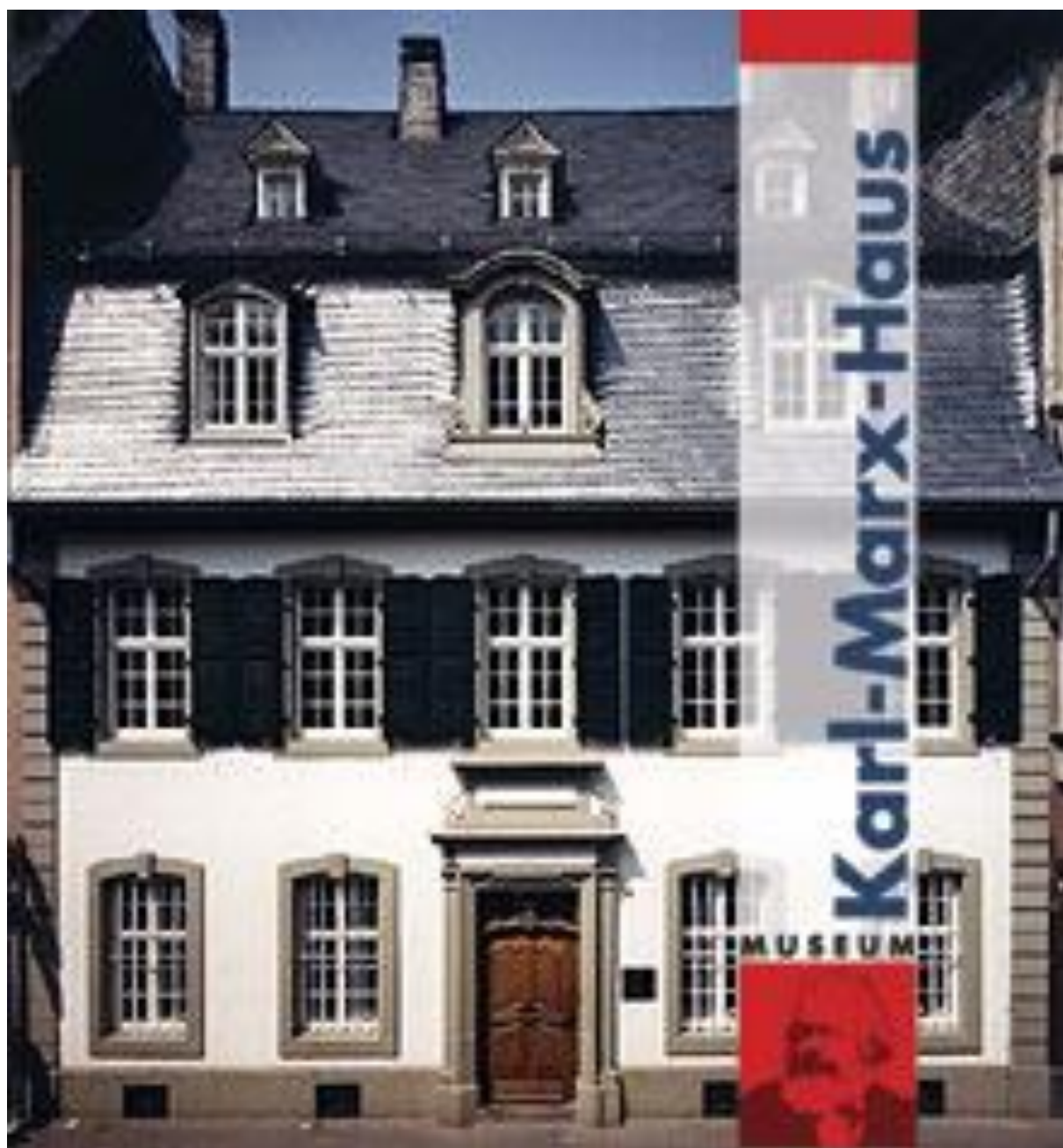
1818 – 1883



Life

- Marx is born in 1818 in Trier, Prussia (1525-1947)







Life

- ✓ A pleasant relationship with his father.
- ✓ At the age of seventeen, young Marx entered the University of Bonn as a law student.
- ✓ Marx's father withdrew him from the school the following year and enrolled him at the University of Berlin where he studied jurisprudence and political economy.

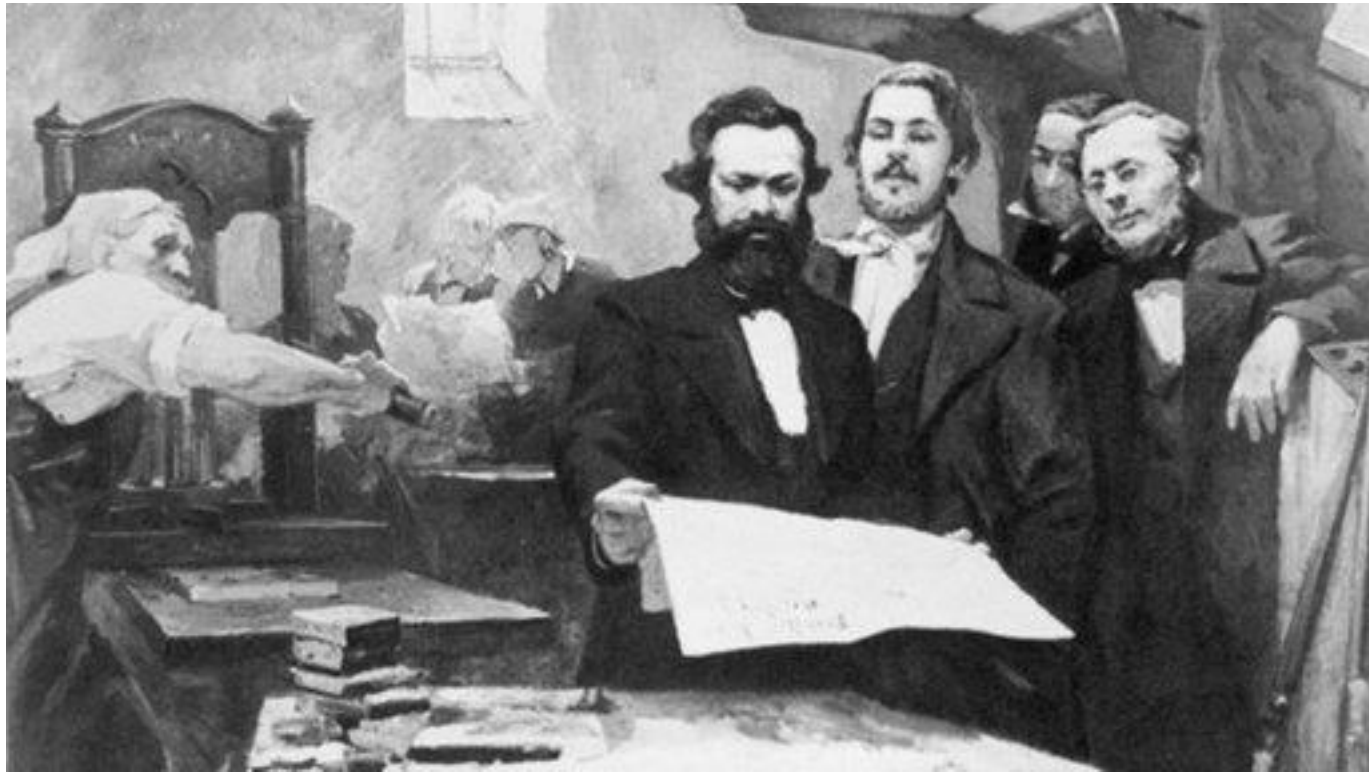
Studies

- During these studies, he got influence from the ideas of Hegel and Feuerbach, whose ideas helped shape his own views of **history**, **religion** and **society**.



His life

- ✓ Having completed his Ph.D. dissertation at the University of Jena in 1841
- ✓ Marx moved back to Bonn, hoping to secure teaching position at the university he had formerly attended.
- ✓ He abandoned this hope in 1842 and
- ✓ He became the editor of a German newspaper, *Rheinische Zeitung*.



Life

- He studies French socialist during this period.
- One year later, Marx has resigned from this editorship. Then he got married with his childhood sweetheart, **Jenny von Westphalen**.
- He moved to Paris.



Work

- ✓ 1844 wrote a number of manuscripts which were later collected and published as *Economic and Philosophic Manuscripts of 1844.*
- ✓ Marx expelled first from his country, because the Prussian government declared him guilty of treason in 1844 because of an article.
- ✓ Went to France. Expelled from there also and came to Brussels.

Work

- *Theses on Feuerbach* (1845)
- *The German Ideology* (1846, with Engels)
- *The Poverty of Philosophy* (1847)

(A critique of Proudhon's book entitled *Philosophy of Poverty*)

Then Marx in 1847 gave a series of lectures which were later published as

- *Wage Labour and Capital* (1849)
 - *The Communist Manifesto* (1848)
- (wrote it with Engels).

Movie "Young Marx"

https://www.youtube.com/watch?v=hVTDoZLssg8&ab_channel=Movieclipslndie

Life

- ✓ In 1849 Marx and his family settled in London where he was to stay for the rest of his life. He spent most of his time writing and studying in economics in the library of the British Museum.
- ✓ In 1851, Marx entered a ten-year period as occasional contributor to the New York Daily Tribune, whose fees helped to sustain his family's meagre existence

NEWEST ADDITIONS

[Abraham Lincoln's Boyhood Home: Knob Creek](#)
[Abraham Lincoln's Children](#)
[Abraham Lincoln's Tomb](#)
[Abraham Lincoln's Wife: Mary Todd](#)
[Joseph Stalin's Political Career](#)

Karl Marx's Children

Karl Marx had seven children with his wife, Jenny von Westphalen.

Jenny Caroline (May 1, 1844 – January 11, 1883)

Nicknamed "Jennychen," she was born in Paris, France, and was the eldest of Karl Marx's children. She engaged in social activism and was a writer for the socialist press in the 1860s. She also worked as a German and French language teacher. At the age of 28, she married Charles Longuet, with whom she had six children. Ten years later, at 38, she died of bladder cancer.

Jenny Laura (September 26, 1845 – November 26, 1911)

Laura was born in Brussels, Belgium. Like her elder sister, she was also a social activist. She married Paul Lafargue in 1868, and together they accomplished decades of political work. They had three children, but they all died in infancy. The couple translated Marx's writings into French and disseminated his ideas. In November 1911, after deciding that they had given their all to the movement, Laura and Lafargue committed suicide by injecting themselves with cyanide. Their suicide letter ended with "Long live Communism! Long Live the international socialism!"

Charles Louis Henri Edgar (February 3, 1847 – May 6, 1855)

Charles was born in Brussels, Belgium, and was nicknamed "Mush." He was named after his uncle, Edgar, the brother of his mother. Charles died at the age of eight.

Henry Edward Guy (September 5, 1849 – November 19, 1850)

Jenny Eveline Frances (March 28, 1851 – April 14, 1852)

Jenny Julia Eleanor (January 16 1855 – March 31, 1898)

Eleanor was born in London and was also a social activist. She was the first to translate the novel *Madame Bovary* into English. In 1898, Eleanor discovered that her partner of 14 years, Edward Aveling, had clandestinely married a 22-year-old actress, Eva Frye. Following the example of Emma Bovary in Flaubert's novel, she ingested cyanide and died.

An unnamed child

A child was born to Karl and Jenny on the 6th of July, 1857. The child died on the same day



Jenny Carolina and Jenny Laura Marx in 1869

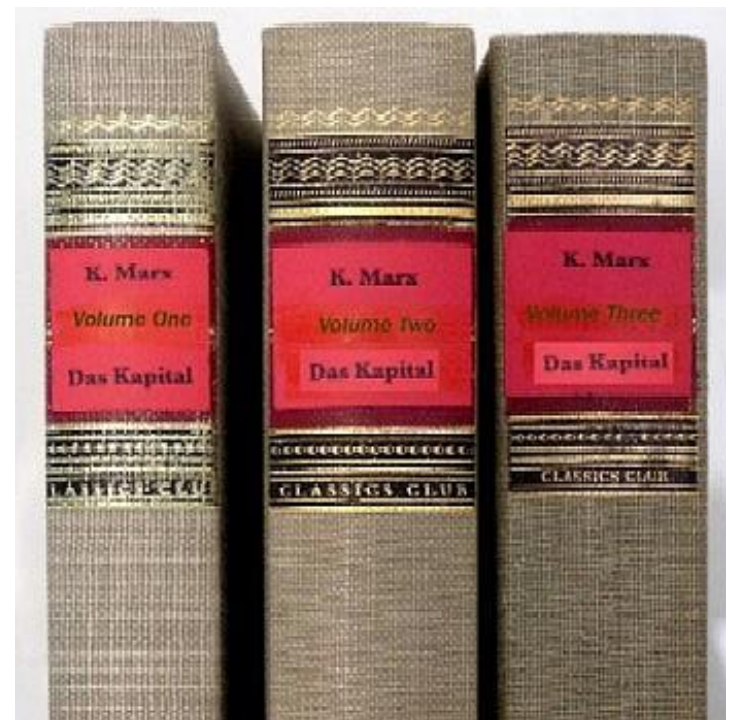
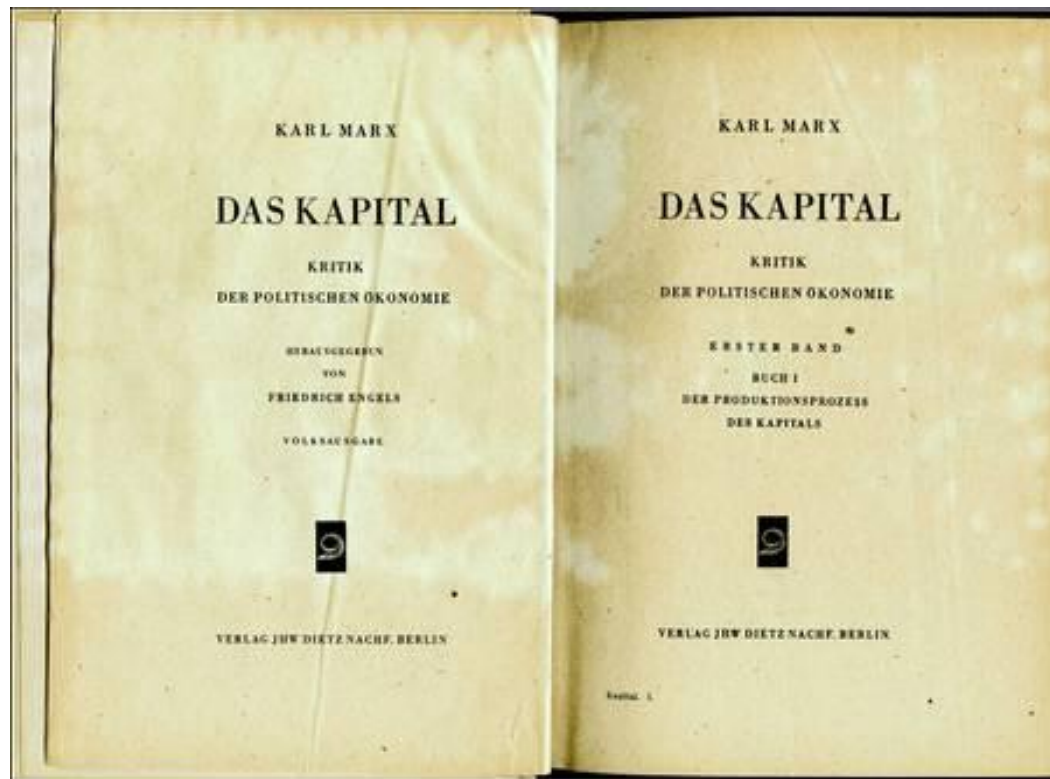
Life and Work

- ✓ Beginning 1857, he wrote a lot too. He prepared a critique of political economy now known as the Grundrisse, these are some manuscripts which were undiscovered and unpublished until the World War II period.
- ✓ *A Contribution to the Critique of Political Economy* is finished in 1859.
- ✓ Marx completed also *Theories of Surplus Value*.
- ✓ And finally the first volume of *Capital* appeared in 1867.
- ✓ Marx died in 1883, before the second and third volumes could be published. The latter appeared under the editorship of Marx's lifetime friend and collaborator, Frederick Engels.

Capital (3 volumes)

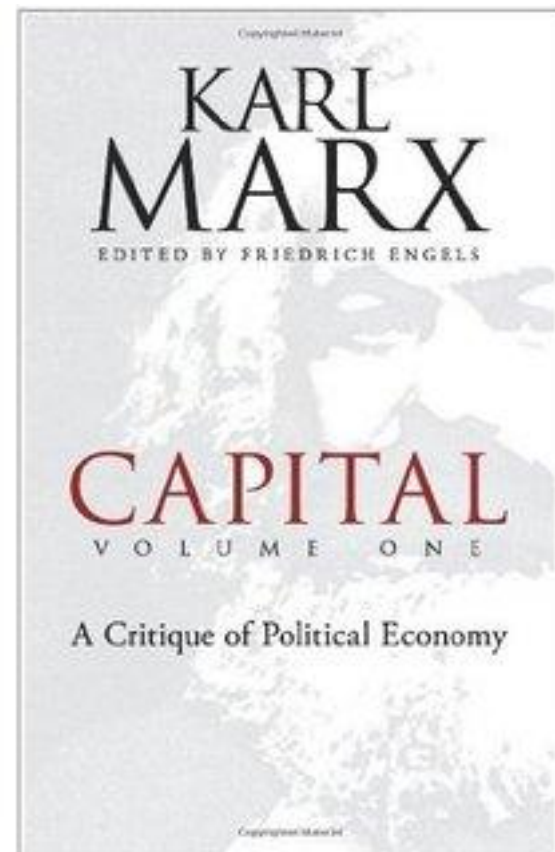
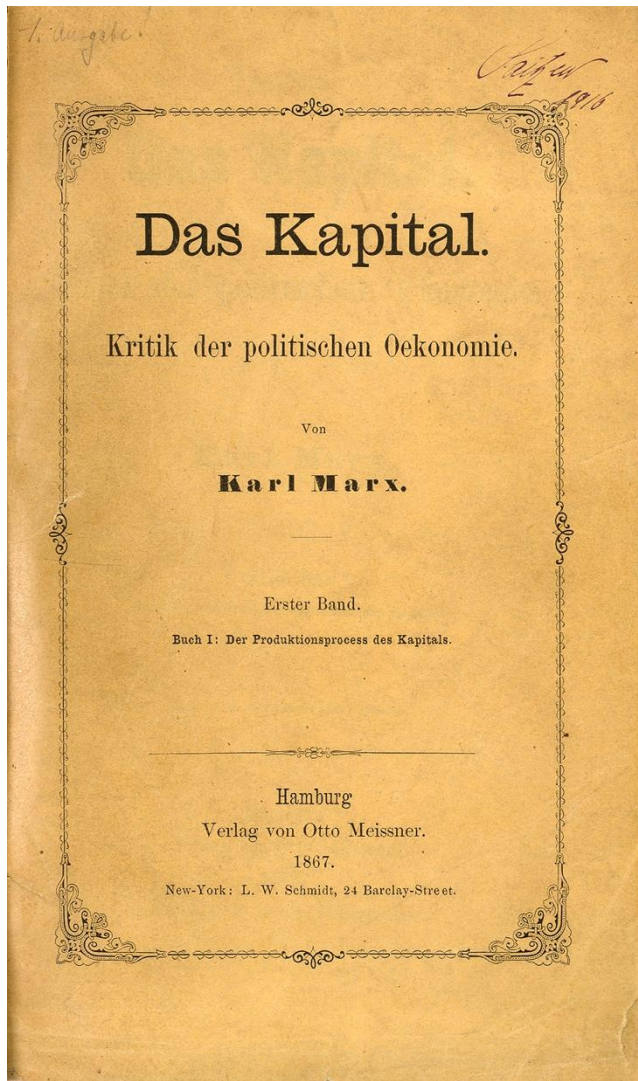
Capital is Marx's *magnum opus*

- ❑ The first volume is published in 1867
- ❑ The second one is published in 1885 (posthumously)
- ❑ The third one is published in 1894 (posthumously)



Have you ever heard about 4th volume of Capital?

Actually, a so-called **Volume IV** (Marx had intended to publish as a critical history of the theories of surplus-value) is first published in full as ***Theories of Surplus Value*** (3 parts) under the auspices of the Institute of Marxism-Leninism in Moscow by Progress Publishers, in **London** by Lawrence & Wishart and **New York** by International Publishers.



Question

What makes Marxian economic theory scientific?

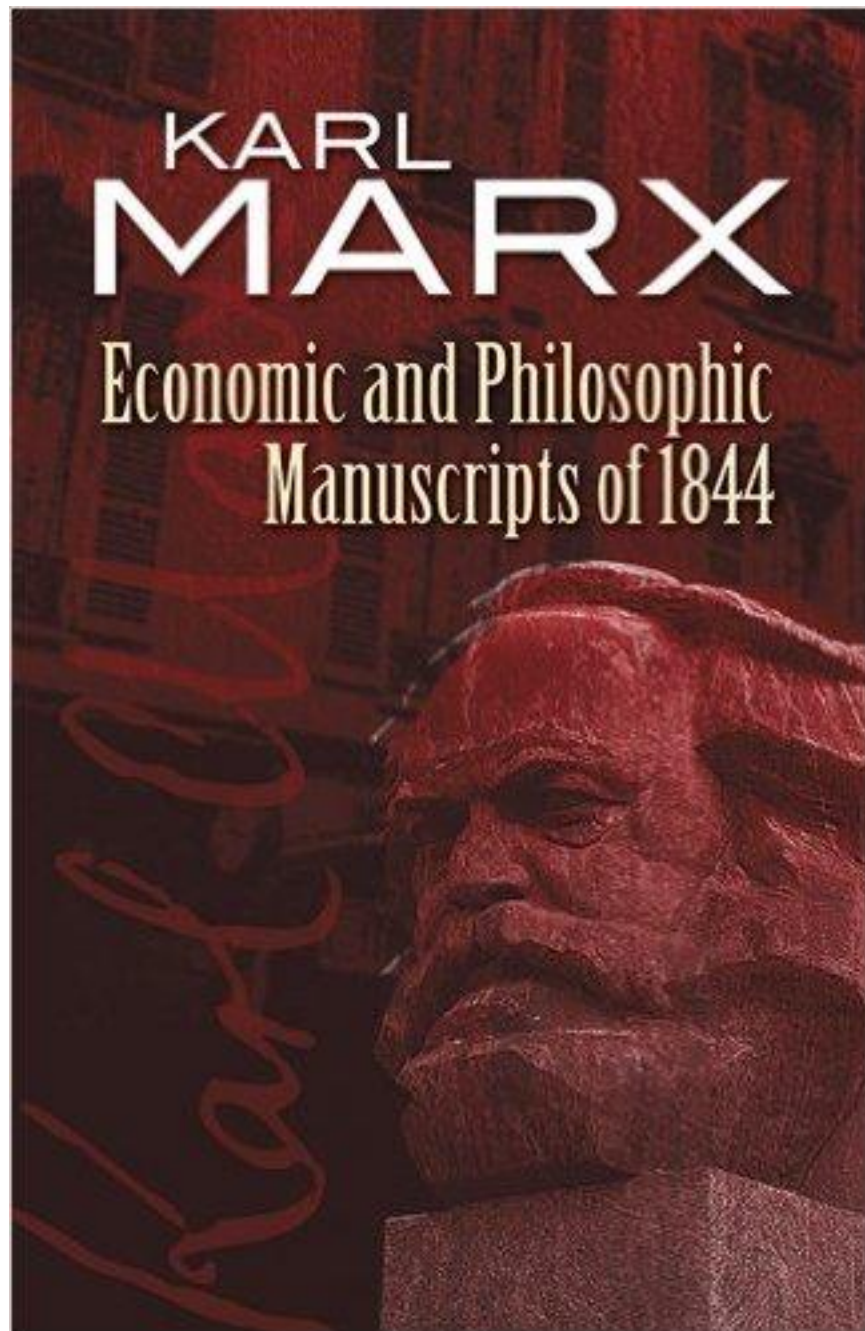
It's critical character

Theory

He's criticizing **the laws governing the working of the capitalist society**. He's doing that by understanding **the secret of the production of surplus value**.

KARL MARX

Economic and Philosophic
Manuscripts of 1844



Economic and Philosophical Manuscripts of 1844

1. The central theme is **history**

Especially under modern capitalism, the history is the saga of alienation. History is an important element of his arguments : for example, about the escape from alienation, he says that communism will achieve through a revolution against private property.

2. **Labor** is the source of wealth but labor becomes a mere commodity under capitalism. **All** human relations are soon reduced to **money relations**

In the manuscripts, although he has not worked out on the labor theory of value, Marx already expressed in the *Manuscripts* the idea that labor is the source of wealth. The empirical observation is also there that the worker gets only a small part of this wealth, barely enough to continue working. The lion's share of the product of labor goes to the capitalist, and this leads to a bitter struggle between capital and labor. In this struggle the aim of the capitalist, who has all the advantages, is to keep wages to a minimum.

And this famous analysis :

Labour becomes a mere commodity under capitalism, and all human relations are soon reduced to money relations. In these relations, the capitalist inevitably is enriched at the expense of the worker, who lives at a subsistence level.

3. We can also find in this work an early analysis of **profit**

He observed a trend toward monopoly concentration of capital into fewer and fewer hands. This trend leads to an increase in total profits and an increase in the total misery of the working class. And he theorized exactly this idea to show that the capitalist system would lead to its demise, thus opening the way for human to become truly free.

4. There is some methodological criticism aimed at political economy. Smith, Ricardo ignored history.

Karl Marx

Grundrisse

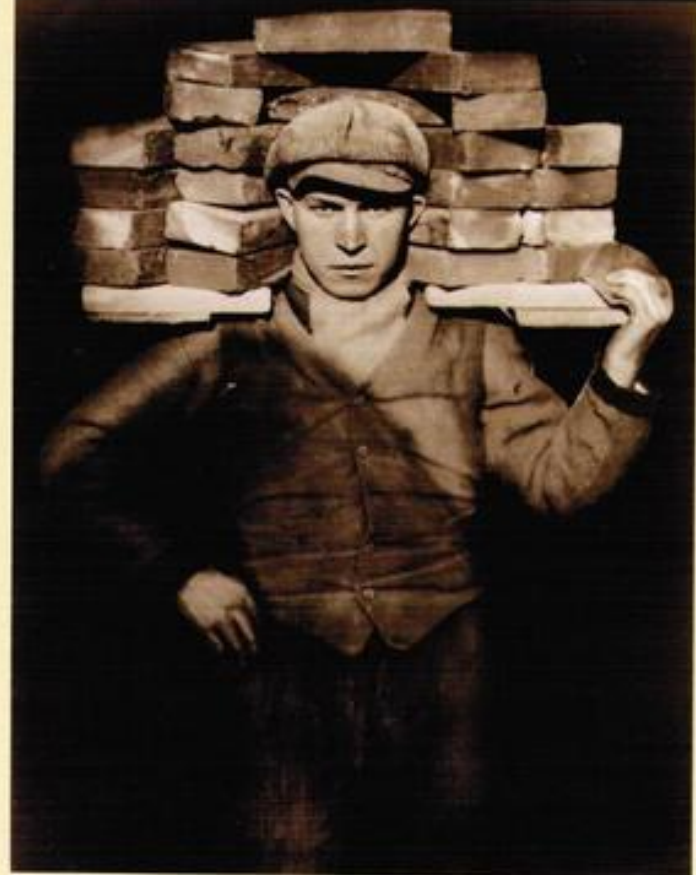
Ekonomi Politikin
Eleştirisi İçin Ön Çalışma



Birikim
Yayıncılık

PENGUIN CLASSICS

KARL MARX GRUNDRISSE



Grundrisse

1. He sought to relate **the process of production** to the stage of social development in society.

He particularly took issue with **Mill's position** that production – as opposed to distribution – is subject to immutable laws independent of history. In *Grundrisse*, Marx underlines this idea a lot of time, he criticizes his processors in economics for their basically ahistorical view of production.

2. He deals with the « **true nature of capitalist** », that means the study of labor as basis to production, the analysis of historical bases of capitalist production, and examination of the fundamental conflict between **bourgeoisie** and **proletariat**.

He perfected **the labor theory of value** and **the theories of surplus value and of money**.

at **the** Walker Arts Center in
Minneapolis



His aim

He linked up Ricardo's deductive method with **Hegel's dialectics** to understand the underlying causes of capitalism.

He replaced Hegel's **Weltgeist** or **universal mind**, as a cause for the evolution of history, by material relationships that Marx called:

- ❖ THE RELATIONS OF PRODUCTION
- ❖ THE COMPETITION
- ❖ THE CLASS STRUGGLE

Relations of Production are between

Things – Things

Things – Humans

Humans – Humans

Commodities (symbol: C) are :

- 1) useful
- 2) produced
- 3) offered for sale in the market
- 4) separable from individual who produced them

Das Capital

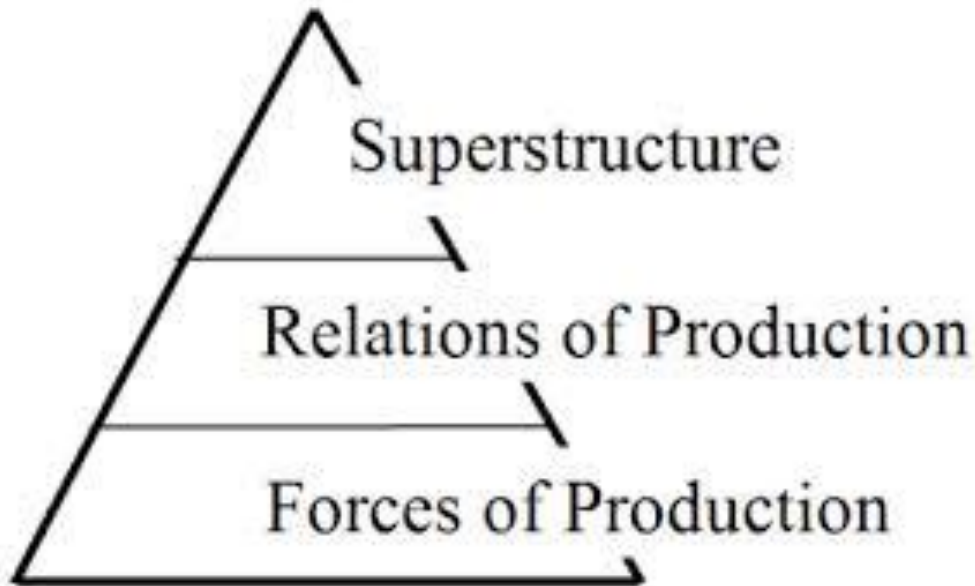
What are the objectives that Marx had in mind writing *Das Capital* ?

- 1) How does the commodity form of market lead to **class conflict** and **exploitation of the labor force**?
- 2) How will the commodity system eventually fail to operate because of **its own inherent contradictions**?
- 3) Why the class conflict under capitalism, unlike class conflicts under earlier economic systems, should ultimately result in rule by the formerly exploited class rather than by a **new ruling class**?

economic conditions are continually changing

How to explain social change?

Explanation of “social change”





Commodities (symbol: C) are :

- 1) useful
- 2) produced
- 3) offered for sale in the market
- 4) separable from individual who produced them

Theory of value of Marx

1st form of value : The natural form or use value

2nd second form of value : The social form of being exchangeable

3rd form of value : The form of materialized human labour value (The exchange value as a manifest of value is also designated by Marx as the value substance)

The definition of value substance :

- The value substance simply consists of the amount of homogenous labour which is normally necessary to produce the good.
- Marx first disregards the differences between different kinds of labour in order to make labour serve as **value**.
- Then he considered money to be most fully developed form value. Consequently, he considered the price of a good to be the same as the value of the good expressed in money.
- That will help him to show that, in human labour there is **a good** which can create a value that is larger than the costs of maintaining and reproducing itself, what's that ?

Labor

Only labor,
not machines, can produce surplus value

...

The worker & the capitalist

- Labour is a good that can create a surplus value. The owner of the means of production

□ But who got the surplus value ?

- The capitalist.

And normally as **ONLY** labour is the essence of value, **labor-intensive work** should be more expensive than **capital-intensive work**. This is *the great contradiction* of the capitalism.

The Theory of Alienation

THE FOUR TYPES OF ALIENATION

1. Alienation of the worker from their product: The design and development of a production rest not in the hands of a worker but within the decisions of the capitalists. A worker does not have control over what he or she intends to produce or the specifications of his or her product.

2. Alienation of the worker from the act of production: The production of goods and services within a capitalist society is repetitive and mechanical that offers little to no psychological satisfaction to the worker. Labor seems coerced because a worker undertakes this as a means of survival.

3. Alienation of the worker from their species-essence: The species-essence or "Gattungswesen" of an individual comprises all of his or her innate potentials. Under a capitalist mode of production, an individual loses identity and the opportunity for self-development as he or she is forced to sell his or her labor-power as a market commodity.

4. Alienation of the worker from other workers: The reduction of labor to a mere market commodity creates the so-called labor market in which a worker competes against another worker. Labor is traded in a competitive labor market instead of considering it as a constructive socioeconomic activity characterized by collective common effort.

The "Great Contradiction" A more serious objection to the labor theory arose from Marx's critics in the form of what has since become known as the "great contradiction." The contradiction is posed as follows: If the exchange value of commodities is determined by the labor time they contain, how can this be reconciled with the empirically observed fact that the market prices of these commodities frequently differ from their labor values? Or to put it another way: We know that competition guarantees a uniform rate of profit throughout the economy. Yet even in a competitive economy the ratio of capital to labor differs among industries. With a Marxian theory of value (i.e., labor alone creates surplus value), profits should be higher in labor-intensive industries, but empirically this is not the case. Thus, since capital/labor ratios differ while the rate of profit remains uniform, it cannot be true (Marx's critics argued) that value is determined by payments to labor alone.

Although the evidence is that Marx anticipated this problem early in his writings, the celebrated answer to his critics is contained in the third volume of *Capital*, published posthumously. Marx maintained that the problem is resolved by the theory of the competition of capitals, which asserts that competition between firms and industries will tend to establish a uniform rate of profit for all firms engaged in production. When this average profit is added to the (different) costs of production in different industries, the individual deviations of market prices from true (labor) values tend to cancel out (in the aggregate).

Some Marxian Definitions Before analyzing Marx's solution to the great contradiction in detail, it is necessary to clarify some of his technical terms. In solving the valuation problem, Marx employed the following terminology:

Constant capital (c)	= charges on fixed capital (i.e., depreciation plus the cost of raw-material inputs)
Variable capital (v)	= total wages paid to labor
Outlay (k)	= cost of production (excluding profit), or $c + v$
Surplus value (s)	= contribution of workers for which they are not paid, or excess of gross receipts over the sum of constant and variable capital
Rate of surplus value (s')	= ratio of surplus value to variable capital employed, or s/v
Rate of profit (p')	= ratio of surplus value to outlay, or $s/(c + v)$
Organic composition of capital (O)	= ratio of capital to labor employed in production

In contemporary terms it could be said that $GNP = c + v + s$ and $NNP = v + s$.

Surplus value

Marx calls the share of capital used for the purchase of labor power “**variable capital**” because “it both reproduces the equivalent of **its own value**, and also produces **an excess, a surplus-value.**”

- 20 h of constant capital (K)
- 9 h of variable capital (L) (paid for 5 hours)

(the worker's wage representing a value of 5 hours and “the constant capital” of 20 hours, for a total of 25 hours)

Surplus value = 4 h of labor

The rate of surplus value = $s / v = 4/9 = \% 4$

The rate of profit = $s / c+v = 4/25 = \% 16$

- 16-4=12 (normally the rate of profit should be 12 per cent)

GDP for Marx

$$P = C + V + S$$

the general rate of profits :

$$p = S / (C + V)$$

ASSUMPTION 1 :

- For Marx, **competition** guarantees a uniform rate of profit throughout the economy.

ASSUMPTION 2 :

- He considers that **the ratio of capital to labor** (the organic composition of capital) is equal among industries. (**Rate of profit** depends on the rate between **the use of labor** and **the use of capital** in an industry)

The Transformation Problem

(The transformation of values into prices)

Table 10-1

1. Different commodities are produced with **different organic compositions of capital** (i.e., different capital/labor ratios) (Column 2) and **use up constant capital** at different rates in production (Column 3)
2. For convenience, the rate of surplus value is taken to be 100 percent
3. Competition will tend **to equalize the rate of profit among industries** at the 'average rate', that is, the ratio of **aggregate surplus value** to **aggregate cost** (outlay) $\Rightarrow 110/500=0,22$

The Transformation Problem Marx attempted to resolve the great contradiction by employing the illustration reproduced below as Table 10-1. His analysis and discussion rest on three major assumptions: (1) different commodities are produced with different organic compositions of capital (i.e., different capital/labor ratios) and use up constant capital at different rates in production; (2) for convenience, the rate of surplus value is taken to be 100 percent; and (3) competition will tend to equalize the rate of profit among industries at the "average rate," that is, the ratio of aggregate surplus value to aggregate outlay.

Marx noted that the organic composition of capital in any single industry will depend on the technical relation of labor power to other means of production. But for purposes of illustration, the ratios of constant capital to variable capital in Table 10-1 are arbitrarily chosen. Five different commodities are represented in column 1, each produced with different capital/labor ratios, as revealed in column 2. Commodity A, for example, is produced with 80 units of constant capital and 20 units of variable capital. For simplicity assume that 80 and 20 are dollar expenditures so that the heterogeneous units of "capital" and "labor" can be summed to determine outlay in each of the five industries. It can be noted, therefore, that outlay equals \$100 in each industry and that the aggregate outlay of the simple economy is \$500. Column 3 shows the units of constant capital used up in the production process for each of the five industries. The dollar cost of each commodity is determined in column 4 by adding wage costs (variable capital) to column 3. Land is left out of the illustration as a means of production but can easily be accommodated along with constant capital. Column 5 shows surplus value in each industry, entered at 100 percent of expenditures on variable capital. Column 6 reveals the "true" value of each commodity according to Marx's labor theory. The values in this column are determined by adding each row in column 4 to each row in column 5.

According to Marx, the cost of a commodity differs from its sales price by the average amount of profit, which is added to cost (column 4) in order to determine the

TABLE 10-1
TRANSFORMATION OF VALUES INTO PRICES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Commodity	Capitals	Capital Used Up	Cost	Surplus Value	Labor Value	Average Profit	Sales Price	Deviation of Price from Value†
A	80c + 20v	50	70	20	90	22	92	+ 2
B	70c + 30v	51	81	30	111	22	103	- 8
C	60c + 40v	51	91	40	131	22	113	- 18
D	85c + 15v	40	55	15	70	22	77	+ 7
E	95c + 5v	10	15	5	20	22	37	+ 17
Total	500*	202	312	110	422	110	422	0

*This total includes a combination of "stocks" and "flows" (c + v) and is used to determine the average profit in column 7.

†Although the sales price (column 8) and labor value (column 6) differ for each commodity column 9 shows that the algebraic sum of individual differences is zero.

Reproduction and crises

(How the process of production recreates its prerequisites?)

- The realization of the value of the goods as the main problem of reproduction.
- He divides the total production of the society into two sectors.
- ✓ **The first sector** consisted of production of means of production, and
- ✓ **The second sector** of production of consumer goods.
(There is also a third sector: luxury good sector see Kurz p. 50)

Crises

- For Marx, the crises of capitalism were mainly **crises of overproduction** in the sense that the production of goods is larger than the efficient demand. The crisis disturbs the whole economic system. Commerce declines, the markets become repleted with goods that cannot be sold, workers are dismissed. A lack of necessary cash for payments arises. The credit system falls into disorder, share prices decline, many small business go bankrupt. Inflation is not discussed by Marx.
- According to Marx, the material basis of the cyclical crises was the massive renewal of machines and tools, ex, the renewal of real capital. For Marx, the economic crises are the necessary regulator of the capitalist process of production.

Contradiction

- The economic character of production
&
- The social character of production

The Laws of Capitalist Motion

- ◆ The law of accumulation and the falling rate of profit
- ◆ The law of increasing concentration and the centralization of industry
- ◆ The law of growing industrial reserve army (unemployment)
- ◆ The law of increasing misery of the proletariat
- ◆ The law of crises and depressions