

find each other.



# In Defense of the Anarchist Use of Marx's Economic Theory

**Anarchist Views of Marx's Critique of Political  
Economy**

Wayne Price

Wayne Price

In Defense of the Anarchist Use of Marx's Economic Theory  
Anarchist Views of Marx's Critique of Political Economy  
August 21st, 2015

Retrieved on August 29th, 2015 from [anarkismo.net](http://anarkismo.net)

**lib.edist.ro**

August 21st, 2015

# Contents

Other Anarchists on Marx's Economic Theories . . . .	5
First Topic: Concentration of Capital . . . . .	6
What Did Marx Say About Centralization of Capital? .	8
Kropotkin's Criticism of Marx on Centralization of Capital . . . . .	13
Second Topic: The Labor Theory of Value and the Law of Value . . . . .	15
Kropotkin and Other Anarchists on Value . . . . .	19
Third Topic: The Working Class . . . . .	20
Conclusion: "The Marxian Analysis is as Pertinent as Ever" . . . . .	23
References . . . . .	24

Mattick, Paul (2007). *Anti-Bolshevik Communism*. Monmouth, Wales UK: Merlin Press.

Morris, Brian (2015). "Anarchism and the Marxist Critique of Capitalism." *Anarchist Studies* 22.2. Pp. 104—108.

Price, Wayne (2013). *The Value of Radical Theory: An Anarchist Introduction to Marx's Critique of Political Economy*. Oakland CA: AKPress.

Price, Wayne (2014). "The Marxist Paradox: An Anarchist Critique;

Review of Ronald D. Tabor, *The Tyranny of Theory*." *Anarkismo*.

[http://www.anarkismo.net/article/26583?search\\_text=Wayn...Price](http://www.anarkismo.net/article/26583?search_text=Wayn...Price)

Rush, Peter (2014). "Review of Ronald Tabor's *The Tyranny of Theory*." *The Utopian*. [http://www.utopianmag.com/files/in/1000000137/Peter\\_Rus...y.pdf](http://www.utopianmag.com/files/in/1000000137/Peter_Rus...y.pdf)

Schmidt, Michael, & van der Walt, Lucien (2009). *Black Flame: The Revolutionary Class Politics of Anarchism and Syndicalism; Counterpower Vol. 1*. Oakland CA: AK Press.

Tabor, Ron (2013). *The Tyranny of Theory: A Contribution to the Anarchist Critique of Marxism*. Edmonton, Alberta, Canada: Black Cat Press.

- written for [www.Anarkismo.net](http://www.Anarkismo.net)

Wayne Price has defended Marx's critique of political economy as useful for revolutionary anarchists. In the past many anarchists have agreed. But some have not, such as Kropotkin. Several topics in Marx's economic theory are discussed, criticisms reviewed, and responses given.

World capitalism is faced with deep and lengthy problems—economic stagnation and inequality, endless wars, and ecological catastrophe, not to mention oppressions involving gender, race, nationality, sexual orientation, and so on. In response, many radicals have shown interest in Karl Marx's economic analysis of capitalism. This includes anarchists who are looking for a theoretical basis for their opposition to the system, even while they reject the authoritarianism of the Marxist movement and the (past and present) Marxist states. In various writings, I have been among those trying to speak to this interest.

One result was my book (Price 2013) introducing Marx's economic theories from an anarchist perspective. Reviews have been primarily positive. For example, Brian Morris (2015) wrote in *Anarchist Studies* that the book was "lucidly and engagingly written" (105) and was "highly recommended." (108). This was in spite of the book's weaknesses (looking at it in hindsight), such as the inadequate discussion of money. Those who might dislike my book have probably not bothered to read it.

Over the years, a few anarchists have denounced me as "really" being a Marxist rather than a true-blue anarchist, because I value certain aspects of Marxism, especially its economic the-

ories. This is even though I have clearly stated my opposition to Marx's program of a "workers' state", nationalization and centralization of the economy, electoral party-building, etc. I have written of my opposition to all the "Marxist" states, regarding them as state-capitalist, to Marx's determinism, and, indeed, to Marxism as a total worldview. "Wayne Price also highlights the serious limitations of Marx's politics." (Morris 2015; 105)

I regard myself as in the broad, mainstream, tradition of revolutionary, class-struggle, anarchist-socialism (Schmidt & van der Walt 2009). However, I do not really care whether others see me as an "orthodox anarchist," whatever that would be. I have long since lost interest in being orthodox in anyone's eyes. Of course, I am aware that I am imperfect and—I hope—I am capable of learning from criticism.

There has been one rather detailed attack on my anarchist appreciation of Marx's political economy. I wrote a critical review (Price 2014) of Ron Tabor's *The Tyranny of Theory* (2013), expressing my disagreement with Tabor's rejection of most of Marx's economic theory. Peter Rush (2014) also wrote an extensive (and highly laudatory) review of Tabor's book, in the course of which he included a denunciation of my review and my opinions. Rush claimed that I believe "in some of Marx's most absurd theories." Because I was not persuaded by Tabor's arguments, Rush concluded "that Price's starting point includes a strong belief in a great deal of the Marxism that Tabor is criticizing, and that he is...ideologically committed to preserving these beliefs..." (12) You can't win over everyone!

Anarchism; A Polemic. (ed. Freedom Press.) London: Freedom Press. Pp. 47—58.

Burkett, Paul (2005). *Marxism and Ecological Economics; Toward a Red and Green Political Economy*. Chicago IL: Haymarket Books.

Burkett, Paul (2014). *Marx and Nature: A Red and Green Perspective*. Chicago IL: Haymarket Books.

Draper, Hal (1992). *Socialism from Below* (ed. E. Habekern). Atlantic Highlands NJ/London UK: Humanities Press.

Engels, Frederick (1954). *Anti-Duhring: Herr Eugen Duhring's Revolution in Science*. Moscow: Foreign Languages Publishing.

Foster, John Bellamy (2000). *Marx's Ecology: Materialism and Nature*. NY: Monthly Review Press.

Foster, John Bellamy (2009). *The Ecological Revolution: Making Peace with the Planet*. NY: Monthly Review Press.

Graham, Robert (2015). *We Do Not Fear Anarchy, We Invoke It; The First International and the Origins of the Anarchist Movement*. Oakland CA: AK Press.

Kropotkin, Peter (1975). *The Essential Kropotkin* (ed. E. Capouya & K. Tompkins). NY: Liveright.

Kropotkin, Peter (1985). *Fields, Factories, and Workshops Tomorrow* (ed. Colin Ward). London: Freedom Press.

Marx, Karl (1906). *Capital: A Critique of Political Economy*. Vol. 1: *The Process of Capitalist Production* (ed. F. Engels). NY: Modern Library.

Marx, Karl (1992). *The First International and After; Political Writings Vol. 1* (ed. D. Fernbach). London UK: Penguin Books.

tiated....” They felt that Marx’s rare statements about the transition to an eventual classless, stateless, communism actually permitted the development of state capitalism. “His pronouncements in this respect remained opaque....The planned economy controlled from above, the new state-apparatus which realized party dictatorship—all this...could well appear to conform to Marxian theory....The Marxism evolved by Marx and Engels...had not been able to rid itself of its bourgeois inheritance....” (Mattick 2007; 153-4)

And yet, “the Marxian analysis of the capitalist mode of production and of its historical development is as pertinent as ever;...none of the social problems that beset Marx’s world have ceased besetting the world of today and [they] are visibly driving it towards its own destruction....The proletariat not only exists but increases all over the globe with the capitalist industrialization of hitherto-underdeveloped nations....In brief, all capitalistic contradictions remain intact and require other than capitalistic solutions.” (154)

From the point of view of revolutionary class-struggle anarchist-socialism, I believe that this judgement remains true, both the negative statements about Marx’s Marxism as well as the positive ones. Marx’s critique of political economy remains useful for anarchists.

## References

Bookchin, Murray (1997). “Deep Ecology, Anarchosyndicalism, and the Future of Anarchist Thought.” In *Deep Ecology &*

## Other Anarchists on Marx’s Economic Theories

Many anarchists have agreed with Marx’s economic views, beginning with the founder of revolutionary anarchism, Mikhail Bakunin. Despite his bitter conflict with Marx in the First International, “Bakunin...still referred to Marx’s *Capital* as a ‘magnificent work’....Bakunin knew of no other work that contained ‘an analysis so profound, so luminous, so scientific, so decisive...and so merciless...of the formation of bourgeois capital and the systematic and cruel exploitation that capital continues over the work of the proletariat.’” (Graham 2015; 163-4) There were many “anarchists in the International who admired Marx’s critique of capitalism, while rejecting his politics....” (260) Again: “Marx’s analysis of the core features of capitalism deeply impressed the early anarchists.” (Schmidt & van der Walt 2009; 85)

Such opinions have continued to be held by various modern-day anarchists. Murray Bookchin wrote, “With Bakunin, I share the view that Marx made invaluable contributions to radical theory, contributions one can easily value without accepting his authoritarian politics or perspectives. For anarchists to foolishly demonize Marx...is to abandon a rich legacy of ideas that should be brought to the service of libertarian thought....Which does not mean that we have to accept Marx’s grave errors about centralism, his commitment to a ‘workers’ party,’ his support of the nation-state, and the like....” (1997; 54)

Not all anarchists liked Marx’s critique of political economy. Peter Kropotkin rejected it entirely. (He had a big argument with

Carlo Cafiero about this.) I will discuss some of Kropotkin's objections below. In any case, agreement with anarchists from Bakunin to Bookchin does not prove that I am right, only that seeing positive uses for Marx's economic opinions may be consistent with anarchism.

There is also a minority tradition within Marxism which interprets it in a radically democratic, anti-statist, humanistic, and proletarian manner. Such views were held by William Morris, Rosa Luxemburg, C.L.R. James, Raya Dunayevskaya, Erich Fromm, Paul Mattick, and others. I would not argue that these libertarian (autonomous) Marxists were "correct" in their interpretation of Marx, as compared with the authoritarian mainstream of Marxism. I only note that some radicals found it possible to combine Marxist economic theory with politics which were very close to anarchism.

## **First Topic: Concentration of Capital**

In my review (Price 2014) I acknowledged that capitalism had changed over the century and a half since Marx wrote *Capital*. But I believe that Marx's overall understanding of capitalism has held up pretty well. Peter Rush denies this. As far as he (and, he says, Tabor) can see, Marx has been completely wrong and his views are of no worth whatsoever. I will now discuss a few of the topics raised by the Rush/Tabor argument—and also touch on the views of Kropotkin. (To respond to all the issues raised by Rush and Tabor would require another book.)

In my review I wrote that Marx predicted "the growth of larger and larger capitalist enterprises, in semi-monopolistic

for an antiauthoritarian socialist to do but to continue to work for a proletarian revolution.

This was also an issue among anarchists. Errico Malatesta criticized Kropotkin for his belief that anarchist communism was inevitable. I doubt that there are any anarchists today—and not that many Marxists—who would claim that a revolution is inevitable before nuclear war or global warming or other civilization-destroying catastrophe. And many anarchists (including Bookchin) have written off the working class. This is somewhat contradictory, since the proletariat is the majority in the imperialist (industrialized) countries and at least a large minority in the rest of the world. If the working class is not revolutionary there cannot be a popular revolution! It is true that the working class is not currently for socialist revolution, and many workers (in the U.S.) are quite conservative, but this was not always true and what is true today is not necessarily true forever. History is not over. "Nothing remains to do" but to work for a total social change. It is not a matter of prediction but of commitment.

## **Conclusion: "The Marxian Analysis is as Pertinent as Ever"**

Paul Mattick, Sr., wrote a 1962 essay on Karl Korsch (both were libertarian Marxists—"council communists"—and Mattick joined the IWW in the U.S.). They criticized Marxist "philosophy," namely, "The inflation of dialectical materialism into an eternal law of cosmic development, which Friedrich Engels ini-

odic depressions, job insecurity, and other evils (such as wars and ecological disasters). The workers tend to develop a consciousness of their common exploitation and then a revolutionary desire to transform society.

Is this perspective true? Tabor simply does not discuss it. Instead he focuses on the question of whether Marxism says that a proletarian revolution is inevitable. He concludes that Marx sometimes indicated that he thought it was inevitable but sometimes implied only that it was possible—but that the emphasis of Marx’s writing was on inevitability. Tabor argues—correctly, in my opinion—that the concept of socialism as inevitable points in a totalitarian direction. If revolution is inevitable, then there is no moral choice involved and no freedom; if history then produces mass-murdering totalitarian states which call themselves “socialist,” there is no moral reason allowed to reject them. This argument is valid, but Tabor does not discuss whether Marx has demonstrated that there are forces at least pushing in the direction of working class consciousness—forces which make a revolution of the working class and its allies possible, even if not inevitable.

Rush concludes, “Everything that Marx worked for his entire life...was aimed at bringing about the proletarian revolution that Marx forecast.... If such a revolution is not inevitable, nothing remains for a true Marxist to do....” I am not interested in being “a true Marxist.” However, I do agree that Marx worked his entire life to bring about a revolution of the working class and its allies—making some big mistakes but also some major contributions. “If such a revolution is not inevitable, nothing remains”

form....” which would lead to increased state intervention. He wrote in a time when almost all business firms were family enterprises, competing on a mostly free market. The classical political economists—like the neoclassical economists of today—used models of freely competing capitalist enterprises. Marx (and only Marx) predicted the rise of giant firms which would dominate the market, and would require increasing capital/state integration.

To which Rush (2014) responds, “Not really. The growth of the trusts in the 1890s was probably the closest capitalism has come to fulfilling Marx’s predictions, and countervailing tendencies have stopped the process of unlimited concentration that Marx actually predicted.... Only in banking would it be accurate that we have more concentration now than ever before. Marx’s prediction was fundamentally totally off....I don’t think Marx anticipated transnational conglomerates....” (14) He claims that, besides predicting “unlimited concentration,” Marx expected “the total concentration of all capitalist enterprises into fewer and fewer...and the takeover of the capitalist industries by the state....Wayne, hello, none of these things happened.” (15)

Similarly Tabor (2013) writes, “While many of the tendencies Marx discerned certainly do exist, they have been offset by various counter tendencies, so that the extreme economic concentration...that Marx envisioned has not come to pass. Thus, while capital does get concentrated and centralized, and many enterprises and corporate entities do get larger, capitalistic development also continually generates smaller capitals and smaller enterprises....The modern state certainly in-

tervenes in the economy to a far greater extent than it did in Marx's day, but it has by no means taken over anything approaching the majority of capitalist enterprises." (164-5)

It should be clear from the above that Tabor and Rush are not really denying that capitalism has tendencies to concentration, centralization, monopolization, and statification—tendencies which have appeared in the past and which continue today. (This acknowledgement saves me from having to go through the major industries in the US and internationally, pointing out the many that are dominated by semi-monopolies of a few giant companies.) They merely insist that there are “counter tendencies” which modify and limit these centralizing tendencies. “Marx's prediction was fundamentally totally off” only if they are right that he had predicted “unlimited concentration” of capital, “total concentration,” “extreme economic concentration,” and state takeover of a “majority of capitalist enterprises”—while overlooking the existence of “countervailing tendencies.”

## **What Did Marx Say About Centralization of Capital?**

Marx actually discussed this topic, specifically in Volume 1 of Capital (1906), as part of “the general law of capital accumulation.” He predicted that there will be a general growth and accumulation of capital (wealth which can be used for production of more wealth). Capital is driven to carry out the laws of capitalism by competition. As capitals grow, the mass of

anarchist-communists, this has been the class-orientation of revolutionary anarchism.

In this Marxism has a contradictory position. For Marx and Engels and the early Marxists, its conscious goal was to champion the working class. Yet in practice, Marxism has led not to the triumph of the workers but to the victory of another class altogether, what Engels referred to (above) as the “salaried employees” (bureaucrats) who served capital-accumulating states. This was what anarchists had always predicted would be the result of the Marxist program.

Interpreting Marxism from the first, radically-democratic, perspective (focusing on its analysis and not on its statist program): “The heart of the theory is this proposition: that there is a social majority which has the interest and motivation to change the system....This is the exploited class, the working class, from which comes the eventual motive-force of revolution....even if they seem backward at a given time and place. Capital, after all, is nothing but the demonstration of the economic basis of this proposition.” (Draper 1992; 10)

Marx argued that capitalism has created a collectivized, co-operating, class of waged (and salaried) workers (and their families). This class grows from a large minority of the population to a majority (including “blue collar,” “white collar”, and “pink collar” workers). They are concentrated in factories and workplaces, and in cities. Potentially they have great strategic power, with their hands on the means of production, transportation, communication, and services. The system creates a mass of poverty, unemployment, and suffering at its lowest levels. Even the better-off workers are affected by exploitation, peri-

ture has a conditional character....In every case there is an 'if—a condition." (1975; 80-2)

While various Marxist writers may have expressed themselves in absolutist terms, Marx (1906) clearly explains that all his "laws" are best seen as "tendencies," which are modified and interfered with by countervailing tendencies.

Schmidt & van der Walt (2009) summarize the criticisms of Marx's value theory by Kropotkin, Alexander Berkman, and some other anarchists: "Prices were affected [not only] by labor time, [but also] by levels of supply and demand, and were also manipulated by powerful monopolies and the state." (90) As I have already stated (in my very condensed explanation above), this is completely consistent with Marx's economic theory. The labor time which goes into each commodity is altered by the transformation of its surplus value into the average profit, affected by overall demand (if more of a commodity has been produced than there was a demand for, a portion of the labor was wasted and thus not "socially necessary"), raised or lowered by the effects of monopoly (including state influence), and altered in the short run by the jerking around of immediate supply-and-demand—to become a commodity's price.

### **Third Topic: The Working Class**

The area where Marxism most clearly overlaps with class-struggle anarchism is in their mutual support for the modern working class—the proletariat (while advocating alliances of the working class with all oppressed classes and groupings). From Bakunin and Kropotkin to the anarchist-syndicalists and

total capital in the economy grows. This also causes decentralization and the spread of separate capitals (businesses). He wrote, "Portions of the original capitals disengage themselves and function as new independent capitals...[causing] the division of property....The number of capitalists grows to a greater or less extent....The increase of each functioning capital is thwarted by the formation of new and the subdivision of old capitals....This splitting up of the total social capital into many individual capitals or the revulsion of its fractions one from another, is counteracted by their attraction." (685-6)

Individual capitals grow bigger ("concentration") and they also merge and take over other capitals ("centralization"). This is "their attraction," reflecting the increasing socialization of a modern economy. However, "smaller capitals...crowd into spheres of production which modern industry has only sporadically or incompletely got hold of." (687) "The additional capitals formed in the course of normal accumulation (...) serve mainly as vehicles for the exploitation of new inventions and discoveries, or of industrial improvements in general." (689) These enterprises in a new fields compete viciously until a few firms win out and dominate the industry. Meanwhile "the credit system...becomes a new and formidable weapon in the competitive struggle, and finally it transforms itself into an immense social mechanism for the centralization of capitals." (687)

Marx's summarized this trend: "Nowadays, then, the mutual attraction of individual capitals and the tendency to centralization are stronger than ever before.... Centralization in a certain line of industry would have reached its extreme limit if all the

individual capitals invested in it would have been amalgamated into one single capital. This limit would not have been reached in any particular society until the entire social capital would be united, either in the hands of one single capitalist, or in those of one single corporation.” (687-8) He did not mention government ownership (although it is hard to imagine the unification of “the entire social capital” without a merger with the state).

Marx did not actually predict that capitalism would ever reach such a final limit—before a workers’ revolution, for example. He presented it as the conclusion of a certain tendency, without saying whether he expected it to ever be completed in reality. He did not say that there would be an end to the countervailing tendencies of competition among capitals, dividing property, splitting capital, or making investments in new areas of the economy—tendencies which (he wrote) thwarted the complete concentration of capital.

There was a further discussion of this topic, not by Marx but by his friend and co-thinker, Friedrich Engels (1954). Marx is known to have gone over this book by Engels and presumably agreed with it; however, they were two separate people and Engels explained their common views in simpler, even cruder, versions, in order to popularize them. In this discussion, he wrote that capital tends to merge into “different kinds of joint stock companies” and then into “trusts” (in which the different corporations within an industry agree on common prices and plans). (384) These, he expected, would be followed by eventual mergers within whole industries, each into a united “gigantic joint stock company”—a monopoly.

an integration of town and country, of industry and agriculture (Engels 1954)—similar in that regard to the vision of the anarchists (Kropotkin 1985).

As raw materials get used up and more difficult to access, they require more labor to mine and this raises their value. And, as natural materials become rarer, they become monopolies and semi-monopolies, permitting their owners to drain off value from the total value produced elsewhere. In fact, Marx had a lengthy discussion of how the landlords’ monopoly of natural land leads to various forms of (unproductive) rent, draining surplus value from the capitalist manufacturers.

Much more could be written about Marx’s approach to value (and has been). The point here is that Marx was fully aware of the contribution—and necessity—of nature, its materials and process, in creating exchange value. Marx used a value analysis to expose how capitalism misused nature. (There are a number of books which discuss Marx’s theories in relation to nature; Tabor and Rush should have looked at them before commenting on the topic. See Burkett 2005; 2014; Foster 2000; 2009.)

## **Kropotkin and Other Anarchists on Value**

Kropotkin criticizes “certain economists [who] tell us that ‘in a perfectly free market the price of commodities is measured by the amount of labor socially necessary for their production’....Modern economists of both the middle class and the social-democratic camps...do not know that every law of na-

There is no value without use-value. Without the materials of nature, nothing could be worked on. This combination of use-value with value is called “exchange value” by Marx, which is necessary if a commodity is to have a price. So Marx insists on the importance of nature (and eventually, worked-up materials and machines) for the creation of exchange value.

Tabor criticizes Marx for a false conception of nature, that it has use-value but not value. He even blames Marx for the environmental destructiveness of the Soviet Union; it was because the bureaucrats were Marxists, he claims, that they ignored the real goodness of nature. He completely misses the point.

It was not Marx who turned natural resources and processes into a lack of economic value. Marx was not expressing his personal opinion of the valuelessness of nature. Instead, Marx was saying that capitalism treats nature as if it were valueless! This is his criticism of capitalism, not his program for socialism. Capitalism treats everything as a homogeneous and quantifiable substance, “value,” alienating nature socially from its actual qualities. Capitalism is driven to endlessly accumulate value, regardless of its effects on the world. Capitalism incorporates everything, regardless of how it starts out, into its system of commodities.

Is this an accurate depiction of capitalism’s approach to nature or isn’t it? Doesn’t capitalism treat nature as a bottomless mine pit? A resource to be used without regard to its regeneration? We know that it does. This is why Marx wrote about the ways capitalism depleted the soil and poisoned the environment, as well as wearing out the working class. It is why Marx and Engels stated that under socialism there had to be

“In any case, with trusts or without, the official representative of capitalist society—the state—will ultimately have to undertake the direction of production. This necessity for conversion into state property is first felt in...the post office, the telegraph, the railways.” (384-5) The completion of this trend would be what we would today call “state capitalism” (or “statified capitalism”). According to Engels, it would not be directed by the bourgeoisie, who would become idle parasites, but by a class of managers or bureaucrats. “All the social functions of the capitalists are now performed by salaried employees.” (385) The society would remain capitalist because the capital/labor relation continues in the process of production. The workers would still be exploited by the state bureaucrats (“salaried employees”) who would serve as agents of capital, carrying out the “social functions of the capitalists.” (Marx and Engels agreed with the anarchists that economic ownership by a capitalist state would still be capitalism. The disagreement was that Marx thought that nationalization by some sort of “workers’ state” would be the beginning of socialism. The anarchists did not believe in the possibility of a “workers’ state,” and expected such a program to lead to state capitalism with a bureaucratic ruling class—which it did.)

In my opinion, Engels (as compared to Marx) understated the continuation of competition and the countervailing tendency of capital to split, even under conditions of monopoly and statification. However, he did point to the fragility of the centralization tendency. “Trusts..., as soon as business becomes bad, are generally liable to break up.” (384) Engels then pointed to countervailing tendencies of a political nature.

With trusts and monopolies, “the exploitation is so palpable that it must break down. No nation will put up with production conducted by trusts, with so barefaced an exploitation of the community by a small band of dividend-mongers.” (384)

As we know, there have been limited anti-trust laws passed and used to keep monopoly within certain boundaries, for the sake of the overall capitalist system. In the Soviet Union this “break down” was postponed for a long time because there were no “dividend-mongers,” just “salaried employees,” and because the “barefaced exploitation” was masked by a pseudo-socialist ideology.

Of complete state-owned capitalism, Engels wrote, “The capitalist relation is not done away with. It is rather brought to a head. But, brought to a head, it topples over.” (386) Exactly what he meant by this is unclear (at least to me). Possibly he meant that there might be some sort of economic crisis would cause the system to crash. Or he may have expected that if capitalism reached such a degree of unification, it would provoke a revolution. Nor is it clear whether Engels expected capitalism to actually evolve into a completely statified form, before there was a socialist revolution. When he wrote that “the state will ultimately have to” take over the capitalist economy, just what did he mean by “ultimately”? Did he expect capitalism to reach this “ultimate” development? What is clear, however, is that he saw capitalist centralization as a dominant trend but one which was also fragile and brittle.

In summary, Marx believed that there was a main, long-term, trend toward concentration and centralization of capital. This trend, he saw, developed in a zig-zag pattern—as it has.

the statement that “Labor is the source of all wealth.” Instead, he wrote, “Labor is not the source of all wealth. Nature is just as much the source of use-values (and surely these are what make up material wealth!) as labor.” (1992; 341) The relation of natural resources and processes to value is covered repeatedly in *Capital* (Marx 1906).

Marx distinguishes between the use-value (utility) of a commodity, and its value (the main basis of price). Air has enormous use-value but no value. Capitalist manufacturers care only that the product they make has a use-value for someone else who has money to buy it. The manufacturers do not themselves care otherwise about the use-value of their product. All they care about is the value: that is, they spend money to make the product and hope to make back even more money after selling it. They care about their total wage bill, their total cost of materials, and the total amount of time it takes to make the things. Not what use their products are.

If they can get the workers to make more of the commodities in the same amount of time, this raises the total use-value (there are more of whatever they are making) but not necessarily the value. Suppose 10 hours of labor had been used to make 100 wickets, but now 10 hours can produce 200 wickets. They are using up more wicket-material in 10 hours, but not more labor time, so the wickets have each decreased in value. The material aside (which stays constant per wicket, let’s say)—where 100 wickets used to be worth 10 hours of labor, now 200 wickets are worth 10 hours of labor. Increased productivity results in cheaper products (inflation aside).

The law of value, enforced through competition, is the way in which capitalism organizes its total labor.

There is, however, a process by which values are expressed in money prices: what counts is not the actual labor which goes into each commodity but the average socially necessary amount of labor time it takes to make that commodity; competition causes the unpaid part of the labor (surplus value) of each commodity to be expressed in the average rate of profit; immediate supply-and-demand moves prices up and down in the short term; and monopoly power may raise or lower the prices. (This is gone into in more detail in Price 2013; also see its recommended further reading.) In any case, Marx is not really interested in predicting the specific prices of individual commodities, but in the overall movements of the economy.

Tabor rejects Marx's view of value. "...Marx's theory of value is either wrong or in need of considerable modification." (2013; 135) Rush (2014) also feels that the labor theory of value "has no validity...it is effectively meaningless." Tabor gives several reasons, but his main reason is that Marx does not take into consideration the value added by nonhuman natural resources. "The products of nature do have value behind what human labor may add to them....Human labor is not the sole source of value...." (2013; 135) This, or something like it, is a widespread criticism. "It is often argued that Marx's value analysis understates nature's importance as a condition of capitalist production...[but these] assertions are based on a fundamental misunderstanding of Marx's value theory." (Burkett 2014; 69)

As Tabor acknowledges, Marx did not deny the importance of nature. In his "Critique of the Gotha Program," Marx attacked

Contrary to Tabor and Rush, Marx did know that concentration was interfered with by counter trends toward the decentralization and splitting of capitals. Both tendencies co-exist and interact, dialectically. Even should a full state capitalism develop (as happened in the Soviet Union and Maoist China), it would have an underlying fragility, facing countervailing trends of internal competition and subdivision.

Most theorists of state capitalism did not understand the countervailing tendency of capital to split into many smaller capitals—in Engels' words, of statified capitalism to eventually "break down" and "topple over." This caused almost all of them to fail to foresee that the Soviet Union and similar states would eventually break down into traditional, overtly-market-based, forms of capitalism.

## **Kropotkin's Criticism of Marx on Centralization of Capital**

Interestingly, the influential anarchist Peter Kropotkin also criticized Marx's ideas on the tendency of capital to centralize and expand. Kropotkin rejected the argument in "Marx's Kapital...in which the author spoke of the concentration of capital and saw in it the 'fatality of a natural law'." (1985; 144) Kropotkin blamed this conception for the social democrats' positive attitude toward capitalist centralization, which contributed to their centralized conception of socialism. Instead, he focused on the spread of small scale industry. A friend of his wrote a book, "The Concentration of Capital: A Marxian

Fallacy.” (159) Kropotkin suspected that Marx would have changed his mind with more experience: “Very probably he would have mitigated the absoluteness of his early formulae....” (145) As I have demonstrated, Marx’s “formulae” of a tendency toward centralization were not “absolute.”

Kropotkin did not wholly deny the existence of such a tendency. Despite “the extreme slowness with which the wrecking of small industries goes on...a number of petty trades in Germany are already doomed to disappear.... The hand-loom against the power-loom is evidently nothing but a survival....The same [growth] is true with regard to many branches of the iron industries, hardware fabrication, pottery, and so on.” (145) “The great iron works and mining enterprises decidedly belong in this category; ocean steamers cannot be built in village factories.” (153)

However, he also argued that much of the economic centralization and concentration was not due to technology—not to increased productivity due to improved machinery. Rather it was due solely to reasons of capitalist profitability. There was increased cheapness in mass buying, decreased expenses in wholesale selling, better ability to dominate and organize the market, greater control over the work force, etc.. Such factors led to big firms and big factories regardless of technical improvements in productivity.

Marx’s analysis would not disagree with this important point. This is especially true in the epoch of monopoly-finance capital, of the financialized accumulation of fictitious capital, and of modern imperialism.

Kropotkin had a different approach to economics than Marx had, although both approaches are valuable. Marx was interested in showing the workers how capitalism worked and what factors within it could lead to a socialist revolution. But Kropotkin wrote, “Political economy...become[s] a science devoted to the study of the needs of men and of the means of satisfying them with the least possible waste of energy....” (17) That is, his focus was on what a future society could be like. Because of this perspective, he was mostly interested in demonstrating that a more decentralized, self-managed, society was technologically possible under communist-anarchism. And that is what he did.

## **Second Topic: The Labor Theory of Value and the Law of Value**

A central part of Marx’s critique of political economy is the “labor theory of value.” Despite their many qualitative differences, all the goods and services of the economy may be evaluated quantitatively as worth certain amounts of (some sort of) money. Economically speaking, this is their “value.” Like almost all political economists before him (Smith, Ricardo, Proudhon, etc.), Marx regarded the basis of value to be the amount of labor that went into making each commodity. Commodities with equal amounts of labor have equal values and are exchanged for each other—via money (this is the “law of value”). All societies have ways of organizing their total supply of human labor.