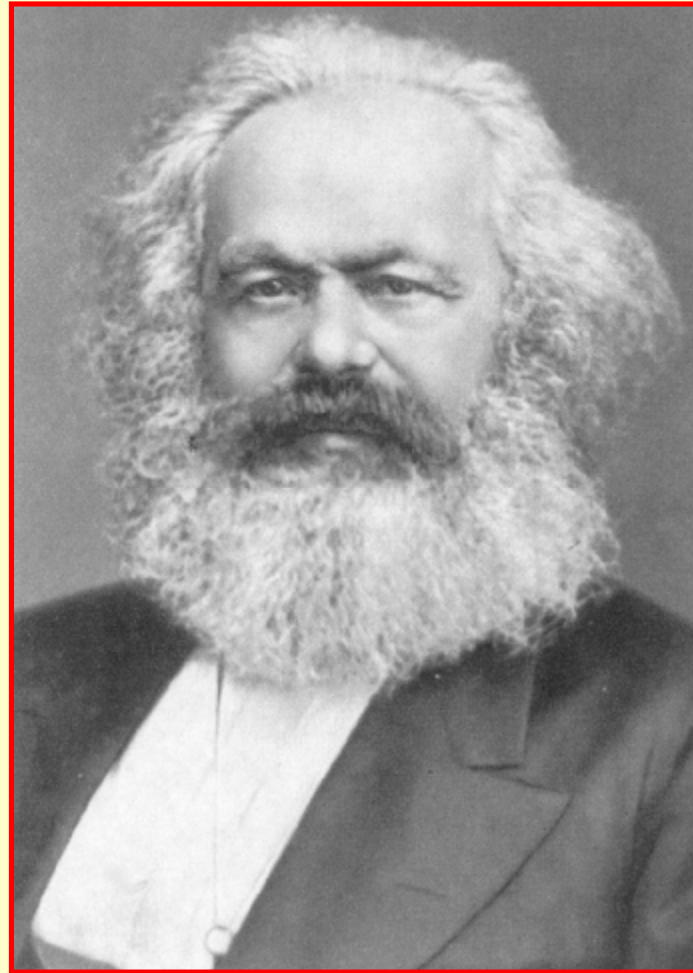


***Introduction
to Marxism***

Class 3.

**The
capitalist
mode of
production**



Commodities

- **What is a commodity?**
- **What determines the (exchange) value of a commodity?**

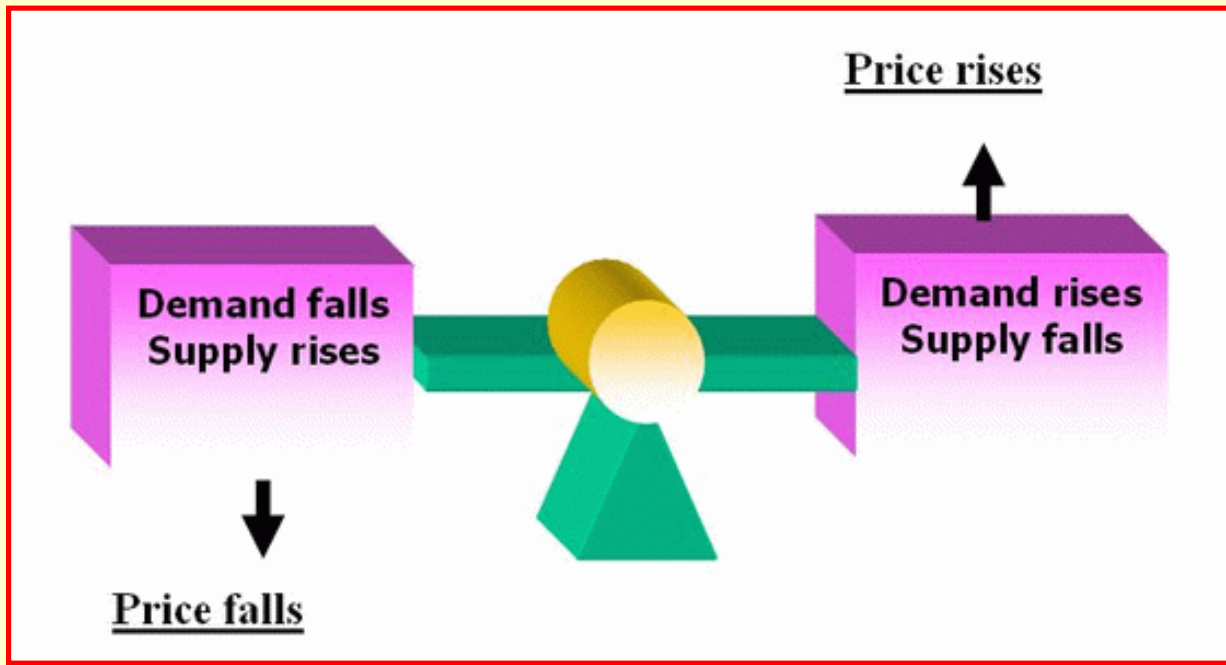


(Above) Roman food stall (approx. 2nd century AD; (right) modern container ship: an ocean of commodities ('stuff').



Prices

- What is the price of a commodity?
- What determines it?
- What is the connection between value and price?



Price of commodity rises and falls according to supply and demand, but around the axis of value. (Supply can outstrip demand due to overproduction, and supply can fall due to natural disasters).

Money

- What is money?
- What forms has money taken historically?
- What are some of its functions?



(Top) US greenbacks;
(bottom) ancient Roman coins.

Petty commodity producers: *selling in order to buy*

When small producers exchange commodities, money comes into play as a means of circulation, but not as capital. They sell something they have in excess in order to buy something they want. Petty commodity exchange is expressed by the formula:

C (commodity) — M (money) — C (commodity)

Merchants:

Buying in order to sell

- Merchants buy in order to sell with the object of realising surplus value — an increased amount of capital over what they started with. The formula is: **M — C — M'**
- This occurs in the sphere of exchange, not production.



Medieval merchants haggle over the price of wine casks.

Labour power & surplus value

- What is 'labour power'?
- What determines its value?
- What are 'wages'?
- How does surplus value arise in the process of capitalist production?
- What is 'capital'?



Women workers, Vietnam.

Slavery, feudalism, capitalism

**Different class societies —
slavery, feudalism,
capitalism — exploit the
actual producers in
different ways.**



(Top right) Roman slaves; (right) medieval peasants tilling fields; (above) modern workers.

The capitalist mode of production

The capitalist mode of production presupposes several key social realities:

- **There must be a class of people who own no means of production, who have to work in order to live — the working class (proletariat).**
- **There must be a class of people who own society's means of production — the capitalist class (bourgeoisie).**
- **There must be generalised commodity production: everything can be bought and sold (commodities, land, workers, etc.).**

Competition drives the system

- Why are capitalists driven to maximise profits?
- What is absolute surplus value?
What are its limits?
- What is relative surplus value? How can the bosses increase it?



The rate of profit tends to fall

- Workers set in motion ever larger amounts of capital but only living labour creates profit.
- Thus there is a tendency of the rate of profit to fall.



Modern oil refinery: huge capital outlay but relatively few workers.

Crises of overproduction

- **Economic crises in pre-capitalist societies.**
- **Capitalist overproduction leads to crises: competition —> overproduction —> profit rate falls —> disinvestment —> shakeout as some firms go bankrupt or are taken over —> profit rate recovers and capital accumulates again.**
- **Every economic crisis can lead to social and political crisis.**
- **But capitalism will survive if it can make workers bear costs of crisis.**

Contradictions of capitalism

- **Planned & organised production Vs. anarchy.**
- **Objective socialisation of production Vs. private appropriation of output & profit.**
- **Tendency towards unlimited production Vs. limits on workers' & social consumption.**
- **Technological potential Vs. war, injustice & environmental destruction.**
- **Class struggle: a fact of life & a potential way out of the madness.**

