CAPITAL CONDENSED CONDENSED

A summary of the investigation into political economy carried out by Karl Marx in the three volumes of Capital

VOLUME 1

Part 1 Commodities and money

Any society where people produce things of use to each other produces and consumes **wealth**. In **capitalist societies** this wealth appears as *'an immense accumulation of commodities'* being produced, sold, bought and consumed. Our investigation therefore begins with the **commodity.**

Every commodity has a dual nature. On the one hand, it has a **use value** because it is useful in satisfying a human want. On the other hand, it has an **exchange value** because, as a commodity, it must be exchanged before it can be consumed. Commodities are the product of human labour and it is this labour that gives commodities their **value.**

This value, how much a commodity is worth, can only be expressed in terms of the use value of another commodity, for instance a table being worth four chairs. The ratio in which a commodity exchanges with another commodity is its exchange value with that commodity. The exchange value of a commodity expresses its value.

The dual nature of commodities as something both useful and having value, reflects the dual nature of the labour that produces them. On the one hand labour is specific, useful, **concrete labour** that produces a specific use value. On the other hand it is the expenditure of human labour as such, **abstract labour,** a part of society's total labour. The value of a commodity reflects the amount of labour time it normally takes to produce it rather than the amount of concrete labour it actually takes. This is why the **law of value** states that a commodity's value is determined by the **socially necessary abstract labour time** needed to produce it.

Value is a relationship between people, not a measure of usefulness. The same amount of labour always produces the same amount of value. When the **productivity of labour** increases, the same amount of labour produces more use values in a given length of time, reducing the value and exchange value of each commodity produced. Use values created by nature have no value because no human labour has been spent producing them.

The **private labour** of individual **producers** only becomes **social labour** through the exchange of privately produced commodities, a relationship between things rather than people, creating **commodity fetishism**. Socially exchanged commodities produced by private labour *'appear as independent beings endowed with life'*.

As the variety of commodities grows, the need for one commodity to become the **universal equivalent** to all other commodities grows too. Instead of a table being worth four chairs, the table and the chairs become worth the same amount of **money.** Normally gold becomes this money commodity.

Gold does not need to be exchanged when people buy and sell commodities. Symbols of money, like banknotes, can perform this function of money just as well. This **token money** can represents money in circulation but *'only in so far as paper money represents gold, which like all other commodities has value, is it a symbol of value'*.

Commodity producers sell the commodities they produce to get money to buy other commodities they need. This can be expressed as a circuit of commodities (C) to money (M) to commodities (C), **C-M-C.**

Part 2 Capital and labour power

The circulation of money and commodities becomes the **circulation of capital** when the circuit C-M-C, selling in order to buy different commodities, develops into the circuit **M-C-M'** buying in order to sell for more money than was invested. *'The life-process of capital consists only in its movement as value constantly expanding, constantly multiplying itself'*.

The sole source of the extra value created in the circuit M-C-M' is the commodity **labour power**, the only commodity with the use value of being able to produce value. Labour power is human creativity, *'the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use value of any description'*. Capital expands by turning this ability to labour into a commodity which the **worker** has to sell to the **capitalist** in order to live. When workers do this, they **alienate** their labour power, allowing their labour to become part of capital. The alienation of labour power, labour power becoming labour, value being created and commodities being produced are the same thing and constitute **capitalist production**.

Once human creativity becomes the commodity labour power, the **value of labour power,** like the value of any commodity, becomes the labour needed to produce it, the worker's **means of subsistence**. The worker's means of subsistence include food, clothing and the normal necessities of life as determined by what society finds acceptable.

Domestic labour carried out privately in the household, usually by women, is necessary for labour power to be reproduced but produces no value itself. Like so much else, it is a free gift to capital.

Part 3 Exploitation

'Capital is dead labour, that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks.'

The aim of the **labour process** in capitalist production is not to produce useful products, it is to produce more value than the individual capitalist invested, contributing to the **self-expansion of capital**.

Capitalists buy labour power and means of production - machines, raw materials and other products of previous labour - to produce a particular kind of commodity. The capitalist then consumes the workers' labour power in the labour process by bringing it together with means of production and free gifts of nature so that the worker's **living labour** produces new commodities and new value out of them. At the same time as creating new value, living labour transfers the value of the **dead labour** embodied in the means of production used up during the labour process. Once commodities have been produced, they belong to the capitalist.

The value of the dead labour remains constant during the labour process so the means of production are called **constant capital**. Labour power creates more than its own value during the labour process so is called **variable capital**. The difference between the value of a commodity and the value of the means of production and labour power consumed in producing it is **surplus value**, value created by workers which belongs to capitalists. The creation of surplus value is the purpose of capitalist production. The value of any commodity is made up constant capital, variable capital and surplus value, **c + v + s.**

The **working day** is made up of **necessary labour time** when workers produce commodities with the same value as their wage and **surplus labour time** when workers produce surplus value for the capitalist. If the amount of value produced in the labour process going to capitalists and workers is the same then the **rate of exploitation** or rate of surplus value is 100%. In the **class struggle** between capitalists and workers over how the value produced by workers is distributed between them *'force decides'*.

Part 4 Productivity

Individual capitalists are always trying to increase productivity so they can beat their competitors. When capitalists producing the means of subsistence for workers increase the productivity of labour, less labour time is needed to produce them so more labour time can produce surplus value.

Cooperation between large numbers of workers in the labour process *'forms the starting-point of capitalist production'*. The **division of labour in production** introduced by **manufacture** split handicraft skills into series of small operations performed by different workers. **Machines** increase the rapidity and intensity of the labour process, forcing workers to adapt to their rhythms so that instead of the worker consuming the material elements of his productive activity, *'they consume him'*.

Commodity fetishism makes the **productive power of social labour** appear to be the **productive power of capital** and capitalists the wealth creators rather than workers. Capitalist production *'develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth - the soil and the labourer'*.

Part 7 Accumulation

The **accumulation of capital** is the conversion of surplus value into capital and therefore *'the reproduction of capital on a progressively increasing scale'*. As capital accumulates and expands, machines replace workers, increasing the proportion of dead labour to living labour in the labour process. This rise in the **organic composition of capital** reflect the growing productive power of social labour. Accumulation leads to the **centralisation of capital**, the transformation of small capitals into a few large capitals, '*new and powerful levers in social accumulation*'.

Once we bring increasing productivity and the accumulation of capital into our investigation, the law of value implies the **law of capitalist accumulation** that as capital accumulates and centralises, the organic composition of capital rises and living labour is replaced by machines, reducing the amount of living labour needed to produce commodities. This process creates a **relative surplus population** that becomes *'a condition of existence of the capitalist mode of production'*.

'Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole i.e., on the side of the class that produces its own product in the form of capital.'

VOLUME 2

Parts 9 to 11 Circulation and reproduction

The circuit of **industrial capital** starts when an industrial capitalist with money (M) buys two kinds of commodity capital (C), labour power (L) and means of production (MP), with the purpose of making more money. The productive consumption of the means of production by labour during the production process (P) produces new commodities (C') with more value than the labour and means of production used up in their production. The capitalist then sells these commodities for more money (M') than they advanced. The formula for the circuit of industrial capital, using dots to indicate a break in circulation, is **M-C (L + MP) … P … C'-M'.**

The length of time between a capitalist investing their money and getting more back is their capital's **turnover time**. Turnover time includes the time it takes to buy what is needed for production, produce new commodities and sell them. Capitalists want to reduce turnover time as much as possible so they can reinvest M' in more production as quickly as possible. The only part of the turnover time that capitalists want to lengthen is surplus labour time, that part of labour time when workers produce surplus value.

Social production can be divided into two **departments of production** making commodities with fundamentally different use values - department 1 making means of production to be consumed in production and department 2 makes consumer goods to be consumed privately by individuals. Department 1 supplies means of production to department 2 and department 2 supplies consumer goods to the workers and capitalists of department 1. When production increases in department 1, the demand for consumer goods from department 1 workers and capitalists also expands, expanding production in department 2. Through constant **disproportionality** between the departments of social production and amongst different branches of industry, commodities tend towards being produced in the proportions needed.

Underconsumptionism is the view that capitalism's regular crises are caused by one specific disproportion within the economy, workers not being able to buy enough commodities. This view is common amongst people who want to improve workers' living standards without abolishing capital. But workers will always get less than they produce while capital exists.

'Capitalist production comprises conditions independent of good or bad will, conditions which permit the working class to enjoy that relative prosperity only momentarily, and at that always only as the harbinger of a coming crisis'.

VOLUME 3

Part 12 and 13 Profit and competition

Capitalists do not know or care about value or surplus value. As far as they are concerned, the money it costs them to buy means of production and pay wages to make a commodity (c + v) is the commodity's **cost price,** the price they sell a commodity at (c + v + s) is the commodity's **selling price** and the difference, the surplus value (s), is their **profit**. Profit is only produced by variable capital but appears to arise from constant capital as well. Capitalists want to make the highest **rate of profit** possible from the capital they invest in production.

Competition between capitals tends to equalise the rate of profit between less productive capitals using more living labour and more productive capitals using less, transferring surplus value from less to more productive capitals. This **profit equalisation** means that commodities tend to sell at a **production price** that gives all capitals the same rate of profit rather than a price reflecting their values. The total amount of labour still determines the total amount of value but some commodities sell at prices reflecting more than their value and some less.

'The final pattern of economic relations as seen on the surface, in their real existence and consequently in the conceptions by which the bearers and agents of these relations seek to understand them, is very much different from, and indeed quite the reverse of, their inner but concealed essential pattern and the conception corresponding to it'.

This **unequal exchange** of labour between more and less productive capitals lies at the heart of **imperialism**, the division of the world into a few rich, high tech imperialist countries and lower tech, lower productivity countries where the majority of the world's people live.

Part 14 The falling rate of profit

As capital accumulates and productivity increases, living labour is replaced by machines in the labour process. The organic composition of capital rises, allowing more commodities to be produced, each with less value, in the same amount of time. This reduces the rate of profit while increasing the mass of profit. *'The development of the productivity of labour creates out of the falling rate of profit a law which at a certain point comes into antagonistic conflict with this development and must be overcome constantly through crises'.*

'The contradiction between the general social power into which capital develops, on the one hand, and the private power of the individual capitalists over these social conditions of production, on the other, becomes ever more irreconcilable, and yet contains the solution of the problem, because it implies at the same time the transformation of the conditions of production into general, common, social, conditions. This transformation stems from the development of the productive forces under capitalist production, and from the ways and means by which this development takes place.

Parts 15 to 17 Sharing the spoils

Industrial capitalists sell commodities to **commercial capitalists** at less than their production price to reduce their turnover time. The profit commercial capitalists make by buying cheap from factories and selling to consumers at the market price is equalised to the average rate of profit.

In order to expand production, industrial capitalists borrow money from **money capitalists** as **loan capital** on which they pay **interest**. The circuit of loan capital appears as **M-M'**, money becoming more money, creating the fetishistic illusion that profit can be made without workers producing surplus value.

Where **landowners** have a monopoly of land this acts as an obstacle to profit equalisation so that agricultural products tend to sell at a price reflecting their value. As agriculture is less productive (more labour intensive) than industry, this unequalised price is higher than an equalised price would have been, allowing the landowner to pocket the difference as **rent.** This explains how rent is consistent with the law of value.

Part 18 Appearance and reality

Commodity fetishism mystifies social relationships, making capitalism appear as natural and inevitable rather than a stage in the development of society. Labour must be wage labour for which workers get paid fair wages, the means of production must be capital owned by capitalists entitled to a fair profit and land must be privately owned land that entitles landowners to a fair rent. Value, surplus value and exploitation do not exist. As long as commodities are exchanged fairly, all is well.

In reality, wages, profit and rent constitute the sources of income of the three main classes in capitalist society, workers, capitalists and landowners. Workers create wealth, capitalists exploit workers to take most of that wealth for themselves then give a cut to landowners. But capital is not natural, inevitable or permanent. Capital's development of the productive forces, including the working class, leads to *'the creation of the elements for a new and higher form'* of society which can be reached by abolishing classes and taking the means of production into common ownership. In such a society **associated producers** will plan and develops production to meet human needs '*with the least expenditure of energy and under conditions most favourable to, and worthy of, their human nature'.*

Quotes from Marx's Capital are in italics, main categories are in bold.
This summary and a list of categories' meanings are available as PDFs from capitalcondensed.net
Handed out at the Common Knowledge event in Todmorden, May 2026