

## ADAM SMITH

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### BACKGROUND

Adam Smith (1723-90) received his education at Oxford University before becoming a professor at the University of Glasgow in Scotland. As a professor he gained recognition for his book *The Theory of Moral Sentiments*, a book he used to outline his belief that empathy was the basis for moral principles. He believed human beings, who were creatures of self-interest, could still be moral because of an innate ability to grasp the feelings of others.

Smith eventually resigned his professorship at Glasgow to work as a tutor for the Duke of Buccleuch. This was a fortunate assignment since Smith had the opportunity to travel throughout Europe and meet many of the great thinkers of the time. However, the assignment lasted only two years. After the Duke's brother was murdered in Paris, the Duke's family decided to return home. Smith returned with them.

Smith returned to Scotland where he wrote *The Wealth of Nations*, a book outlining his economic ideas. The book remains one of the most important works in the history of economic thought. In *Wealth of Nations* he stated his belief that the natural inclination of individuals to pursue self-interest resulted in the well-being of society. Arguing that wealth was measured by the consumable goods a nation produced, Smith assumed that if individuals pursued their self-interest when producing goods, the welfare of the entire society would come about from the power of an "invisible hand" guiding human action. In short, self-interest would be regulated by competition.

Adam Smith was respected by the public and received many honors in his lifetime. He was even a personal friend of Benjamin Franklin. Although he was highly regarded for his intellect, he was also known as a notoriously absent-minded man. People enjoyed hearing the amusing story of how he was once kidnapped and later abandoned by gypsies. Despite his fame, his death went largely unnoticed. In 1790 the people of England were evidently too preoccupied with news of the French Revolution and its possible effect on England to take much notice that Smith had passed away.

## ADAM SMITH – IN HIS OWN WORDS

*Theory of Moral Sentiments, 1759*

To the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance than the greatest concern of another with whom we have no particular connexion. His interests, as long as they are surveyed from our own station, can never be put into the balance with our own, can never restrain us from doing whatever may tend to promote our own, how ruinous soever to him. Before we can make any proper comparison of those opposite interests, we must change our position. We must view them, neither from our own place nor yet from his, neither with our own eyes nor yet with his, but from the place and with the eyes of a third person, who has no particular connexion with either, and who judges with impartiality between us. He is too, habit and experience have taught us to do this so easily and so readily that we are scarce sensible that to do it; and it requires, in this case too, so great a degree of reflection, and even of philosophy, to convince us, how little interest we should take in the greatest concerns of our neighbour, how little we should be affected by whatever relates to him, if the sense of propriety and justice did not correct the otherwise natural inequality of our sentiments.

Let us suppose that the great empire of China, with all its myriads of inhabitants, was suddenly swallowed up by an earthquake, and let us consider how a man of humanity in Europe, who had no sort of connexion with that part of the world, would be affected upon receiving intelligence of this dreadful calamity. He would, I imagine, first of all, express very strongly his sorrow for the misfortune of that unhappy people, he would make many melancholy reflections upon the precariousness of human life, and the vanities of the labours of man, which could thus be annihilated in a moment. He would too, perhaps, if he was a man of speculation, enter into many reasonings concerning the effects which this disaster might produce upon the commerce of Europe, and the trade and business of the world in general. And when all this fine philosophy was over, when all these human sentiments had been once fairly expressed, he would pursue his business as usual, his pleasure, take his repose or his diversion, with the same ease and tranquillity, as if no such accident had happened.

The most frivolous disaster which could befall himself would occasion him a more real disturbance. If he was to lose his little finger tomorrow, he would not sleep tonight; but, provided he never saw them, he will snore with the most profound security over the ruin of a hundred millions of his brethren, and the destruction of that immense multitude seems plainly an object less interesting to him, than this paltry misfortune of his own. . . . When we are always so much more deeply affected by whatever concerns ourselves, than by whatever concerns other men; what is it which prompts the generous . . . to sacrifice their own interest to the greater interest of others? It is not the soft power of humanity, it is not that feeble spark of benevolence

which Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self-love. It is a stronger power, a more forcible motive, which exerts itself upon such occasions. It is reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct. It is he who, whenever we are about to act so as to affect the happiness of others, calls to us, with a voice capable of astonishing the most presumptuous of our passions; that we are but one of the multitude, in no respect better than any other in it . . . It is a stronger love, a more powerful affection, which generally takes place upon such occasions; the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own character. . . .

The poor man's son, whom heaven in its anger has visited with ambition, when he begins to look around him, admires the condition of the rich. He finds the cottage of his father too small for his accommodation, and fancies he should be lodged more at his ease in a palace. He is displeased with being obliged to walk-a-foot, or to endure the fatigue of riding on horseback. He sees his superiors carried about in machines, and imagines that in one of these he could travel with less inconvenience. He feels himself naturally indolent, and willing to serve himself with his own hands as little as possible; and judges, that a numerous retinue of servants would save him from a great deal of trouble. he thinks if he had attained all these, he would sit still contentedly, and be quiet, enjoying himself in the thought of the happiness and tranquility of his situation. He is enchanted with the distant idea of this felicity. It appears in his fancy like the life of some superior rank of beings, and in order to arrive at it, he devotes himself forever to the pursuit of wealth and greatness.

### *Wealth of Nations, 1776*

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It 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.

Whether this propensity be one of those original principles in human nature, of which no further account can be given; or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to enquire. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. Two greyhounds, in running down the same hare, have sometimes the appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself.

This, however, is not the effect of any contract, but of the accidental concurrence of their passions in the same object at that particular time. Nobody ever saw a dog make a fair and deliberate exchange of one bone for

another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain something either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose service it requires. A puppy fawns upon its dam, and a spaniel endeavours by a thousand attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons.

In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other old clothes which suit him better, or for lodging, or for goods, or for money, with which he can buy either food, clothes, or lodging as he has occasion.

As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labour. In a tribe of hunters or shepherds a particular person makes bows and arrows, for example, with more readiness and dexterity than any-other. He frequently exchanges them for cattle or for venison with his companions; and he finds at last that he can in this manner get more cattle

and venison, than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of armourer. Another excels in making the frames and covers of their little huts or moveable houses. He is accustomed to be of use in this way to his neighbours, who reward him in the same manner with cattle and with venison, till at last he finds it his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith or a brazier, a fourth a tanner or dresser of hides or skins, the principal part of the clothing of savages. And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may possess for that particular species of business. . . .

Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniences, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities.

The real price of everything, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it, and who wants to dispose of it or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money or with goods is purchased by labour as much as what we acquire by the toil of our own body. That money or those goods indeed save us this toil. They contain the value of a certain quantity of labour which we exchange for what is supposed at the time to contain the value of an equal quantity. Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased; and its value, to those who possess it and who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command. . . .

. . . Servants, labourers, and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part can never be regarded as an inconvenience to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should

have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged. . . .

→ . . . As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic → to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was not part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it. . . .

. . . Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of which no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals to erect and maintain; because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.

## ADAM SMITH – A SIMULATED INTERVIEW

1. **What is human nature?**
  - A. Human beings are creatures of self-interest.
  - B. Human activity is motivated by a desire for wealth.
2. **If human beings are creatures of self-interest, what is the source of human morality?**
  - A. Individuals have a natural ability to view themselves from the position of an impartial observer. From the viewpoint of an impartial observer individuals can form ideas of morality.
  - B. Human beings can overcome self-interest with moral action. Knowledge of moral action arises from rational thinking and conscience.
3. **Does self-interest play a role in society?**
  - A. Self-interest serves as the dominant motivating force for human beings.
  - B. Individuals work best to fulfill the demands of society when they are motivated by self-interest.
4. **What is the role of competition?**
  - A. Competition is the natural result of self-interest. When human beings pursue their self-interest they naturally compete with each other.
  - B. Competition allows people to get the products they want at the prices they are willing to pay.
  - C. Competition creates a market system that is self-regulating. Competition keeps the prices, the quantity, and the quality of products at a level satisfactory to the marketplace.
5. **What are the characteristics of a free market system?**
  - A. Each individual is free to choose the place, the amount, and the kind of work that most satisfies individual needs and desires.
  - B. Due to self-interest, each individual pursues work that satisfies the demands of the marketplace. Individuals are controlled by an "invisible hand" that guides them, according to their talents, to fulfill the needs and desires of society.
  - C. In a free market system the value of a commodity is determined by the labor that goes into the production of the commodity.
  - D. When the market system is left alone society will continually improve. The natural result of a free market system is the creation of new products and services at a better quality and price.

6. **What is the importance of a division of labor?**
  - A. A division of labor allows separate individuals to produce distinct products. The division of labor is not natural to human existence. The division of labor results from the desire to trade products and services in a market place.
  - B. Once the division of labor was established each individual became dependent on others for both the necessities and the luxuries of life.
  
7. **What most threatens the success of the market system?**
  - A. The formation of monopolies destroys competition. Without competition the market cannot operate in the best interest of society.
  - B. Government intervention destroys the market's natural ability to regulate itself. The economic system is self-regulating when left free of government intervention.
  
8. **If government should not interfere in the economy, what is the purpose of government?**
  - A. Government should provide for the defense of the nation.
  - B. Government should keep society secure by administering justice.
  - C. Government should maintain certain public works.
  
9. **How do the poor affect society?**
  - A. No society can truly be happy when too many people are poor.
  - B. The best society is the one that most satisfies the needs of the working poor.
  
10. **What are the laws of economics?**
  - A. *Self-Interest*: In order to satisfy personal needs and desires individuals are motivated to perform the necessary tasks for which society is willing to pay.
  - B. *Competition*: Selfish motives are controlled by competition. Businessmen will lose their business if they overcharge, if they produce unsatisfactory products, or if they pay wages that are too low.
  - C. *Accumulation*: Capitalists accumulate profits that can be invested in the production of more and better products. All of society therefore benefits from the profits of the capitalists.



## STUDENT ACTIVITIES

## Vocabulary

Define the following terms before reading the lesson on Smith.

- |                  |                  |                    |
|------------------|------------------|--------------------|
| 1. accommodation | 9. domestic      | 17. opulence       |
| 2. affectation   | 10. fawning      | 18. passions       |
| 3. aversion      | 11. frivolous    | 19. precariousness |
| 4. benevolence   | 12. grandeur     | 20. presumptuous   |
| 5. brethren      | 13. impartiality | 21. retinue        |
| 6. commodity     | 14. indolent     | 22. servile        |
| 7. concurrence   | 15. melancholy   | 23. subsistence    |
| 8. dexterity     | 16. myriad       | 24. venison        |

## Review

1. What idea did Smith promote in *The Theory of Moral Sentiments*?
2. What is the title of Smith's book outlining his economic ideas?
3. What is the "invisible hand"?
4. How did Smith believe human beings gained moral knowledge?
5. What did Smith think was the natural result of self-interest?
6. What did Smith believe was the role of competition in a market system?
7. Why did Smith believe individuals pursued work that would satisfy the demands of society?
8. According to Smith, what determines the value of a commodity in a free market system?
9. What did Smith think would happen if the free market system was left alone?
10. According to Smith, what effect does a monopoly have on the free market system?
11. According to Smith, what effect does government intervention have on the free market system?
12. What role did Smith think the government should play in society?
13. According to Smith, what are the three laws of economics?
14. What is the Law of Accumulation?
15. Decide whether the following statements are **True** or **False** according to Adam Smith.
  - A. Human beings are creatures of self-interest motivated by a desire for wealth.
  - B. In a free market system each individual is free to choose the place, the amount, and the kind of work that most satisfies personal needs and desires.
  - C. A division of labor allows individuals to produce distinct products.
  - D. The division of labor makes each individual independent of others for both the necessities and the luxuries of life.
  - E. No society can truly be happy when too many people are poor.
  - F. All of society benefits from the accumulation of wealth.

**What do you think?**

On a scale of one through five, rate your opinion of the following quotations by Smith. Write a short statement explaining your rating.

**1** – You **strongly agree** with the statement *or* you feel the statement is **admirable** considering the historical circumstances surrounding it.

**5** – You **strongly disagree** with the statement *or* you feel the statement is **contemptible** considering the historical circumstances surrounding it.

- A. *To the selfish and original passions of human nature, the loss or gain of a very small interest of our own, appears to be of vastly more importance, excites a much more passionate joy or sorrow, a much more ardent desire or aversion, than the greatest concern of another with whom we have no particular connexion.*
- B. *The poor man's son, whom heaven in its anger has visited with ambition, when he begins to look around him, admires the condition of the rich.*
- C. *In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent . . . . But man has almost constant occasion for the help of his brethren, and it is vain for him to expect it from their benevolence only.*
- D. *The value of any commodity . . . is equal to the quantity of labour which it enables him to purchase or command.*
- E. *No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.*
- F. *Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way.*
- G. *People of the same trade seldom meet together, even for merriment and diversion, but their conversation ends in a conspiracy against the public, or in some contrivance to raise prices.*
- H. *Every individual endeavors to employ his capital so that its produce may be of greatest value. . . . He intends only his own security, only his own gain. . . . by pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it.*
- I. *Science is the great antidote to the poison of enthusiasm and superstition.*
- J. *Civil government, so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none at all.*
- K. *[The rich] are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants; and thus, without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species.*

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# KARL MARX

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## BACKGROUND

Karl Marx (1818-1883) was the son of a Prussian lawyer and a Dutch woman. His parents were descendants of a long line of Jewish rabbis. However, because Jews were barred from practicing law his parents decided to convert to Lutheranism. Karl Marx, who was baptized in the Lutheran church when he was six, eventually rejected all religion and became an atheist.

Marx, a philosopher with radical political and economic ideas, spent most of his life in exile. He was first exiled from his native country of Prussia in 1849. He then went to Paris where he was again exiled. He eventually moved to London where he lived in poverty and obscurity. He was virtually unknown to the English public in his lifetime.

Marx supported himself financially as a journalist for both German and English publications. He even served as a correspondent for the *New York Daily Tribune* from 1852 to 1862. Since journalism paid low wages, Marx could only avoid starvation by appealing to his friend Friedrich Engels for financial support.

Marx knew Engels from their involvement in the communist movement in Europe. Both Marx and Engels were observers of the dramatic economic and social transformation of Europe in the nineteenth century. Hoping to abolish economic injustice, they attached themselves to the growing desire for communism developing throughout Europe.

Marx's most famous work was *Das Kapital*, a 2500 page critique of capitalism. In *Das Kapital*, as well as numerous other writings, Marx described capitalism as an unworkable system that was doomed to fail. He believed capitalism was in the last stage of historical development before the establishment of communism. He also believed that after the establishment of communism there would be no further historical changes or struggles. Throughout the twentieth century his ideas had a tremendous influence on world history.

In his later years Marx became involved in a debate raging in the radical community over the meaning of his ideas. Near the end of his life he grew disgusted with the debate and intriguingly declared, "I am not a Marxist."

## KARL MARX – IN HIS OWN WORDS

*Economic and Philosophic Manuscripts of 1844*

*The separation of capital, ground-rent and labour is thus fatal for the worker.*

The lowest and the only necessary wage-rate is that providing for the subsistence of the worker for the duration of his work and as much more as is necessary for him to support a family and for the race of labourers not to die out. The ordinary wage, according to Smith, is the lowest compatible with common humanity (that is, a cattle-like existence). . . .

Capital is thus the *governing power* over labour and its products. The capitalist possesses this power, not on account of his personal or human qualities, but inasmuch as he is an *owner* of capital. His power is the *purchasing power* of his capital, which nothing can withstand. . . .

When we ask, then, what is the essential relationship of labour we are asking about the relationship of the *worker* to production.

Till now we have been considering the estrangement, the alienation of the worker only in one of its aspects, i.e., the worker's *relationship to the products of his labour*. But the estrangement is manifested not only in the result but in the *act of production*—within the *productive activity* itself. How would the worker 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. . . .

What, then constitutes the alienation of labour?

First, the fact that labour is *external* to the worker, i.e., it does not belong to his essential being; that in his work, therefore, he does not affirm himself but denies himself, does not feel content but unhappy, does not develop freely his physical and mental energy but mortifies his body and ruins his mind. The worker therefore only feels himself outside his work, and in his work feels outside himself. He is at home when he is not working, and when he is working he is not at home. His labour is therefore not voluntary, but coerced; it is *forced labour*. It is therefore not the satisfaction of a need; it is merely a *means* to satisfy needs external to it. Its alien character emerges clearly in the fact that as soon as no physical or other compulsion exists, labour is shunned like the plague. External labour, labour in which man alienates himself, is a labour of self-sacrifice, of mortification. Lastly, the 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. . . . It is the loss of his self.

*The Holy Family, 1845*

Private property as private property is wealth, is compelled to maintain *itself*, and thereby its opposite, the proletariat, in *existence*. That is the *positive* side of the contradiction, self-satisfied private property.

The proletariat, on the other hand, is compelled as proletariat to abolish

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itself and thereby its opposite, the condition for its existence, what makes it the proletariat, i.e., private property. That is the *negative* side of the contradiction, its restlessness with its very self, dissolved and self-dissolving private property.

***The German Ideology, 1846***

The way in which men produce their means of subsistence depends first of all on the nature of the actual means they find in existence and have to reproduce. This mode of production must not be considered simply as being the reproduction of the physical existence of the individuals. Rather it is a definite form of activity of these individuals, a definite form of expressing their life, a definite *mode of life* on their part. As individuals express their life, so they are. What they are, therefore, coincides with their production, both with *what* they produce and with *how* they produce. The nature of individuals thus depends on the material conditions determining their production.

***The Poverty of Philosophy, 1847***

Economic conditions had first transformed the mass of the people of the country into workers. The combination of capital has created for this mass a common situation, common interests. This mass is thus already a class as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united, and constitutes itself as a class for itself. The interests it defends become class interests. But the struggle of class against class is a political struggle. . . .

The working class, in the course of its development, will substitute for the old civil society an association which will exclude classes and their antagonism, and there will be no more political power properly so-called, since political power is precisely the official expression of antagonism in civil society.

***The Communist Manifesto, 1848***

[Written with Friedrich Engels]

A spectre is haunting Europe—the spectre of Communism. All the Powers of old Europe have entered into a holy alliance to exorcise this spectre . . . .

. . . It is enough to mention the commercial crises that by their periodical return put on its trial, each time more threateningly, the existence of the entire bourgeois society. In these crises a great part not only of the existing products, but also of the previously created productive forces, are periodically destroyed. In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity—the epidemic of over production. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilisation, too much

means of subsistence, too much industry, too much commerce.

In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property. . . .

Does it require deep intuition to comprehend that man's ideas, views and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material existence, in his social relations and in his social life?

What else does the history of ideas prove, than that intellectual production changes its character in proportion as material production is changed? The ruling ideas of each age have ever been the ideas of its ruling class. . . .

Nevertheless, in the most advanced countries, the following will be pretty generally applicable.

1. Abolition of property in land and application of all rents on land to public purposes.

2. A heavy progressive or graduated income tax.

3. Abolition of all right of inheritance.

4. Confiscation of the property of all emigrants and rebels.

5. Centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly.

6. Centralization of the means of communication and transport in the hands of the State.

7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of wastelands, and the improvement of the soil generally in accordance with a common plan.

8. Equal liability of all to labour. Establishment of industrial armies, especially for agriculture.

9. Combination of agriculture with manufacturing industries; gradual abolition of the distinction between town and country, by a more equitable distribution of the population over the country.

10. Free education for all children in public schools. Abolition of children's factory labour in its present form. combination of education with industrial production, etc., etc.

#### Letter to Joseph Wedemeyer, March 1852

What was new on my part was to prove the following:

1. that the existence of classes is connected only with certain historical struggles which arise out of the development of production;

2. that the class struggle necessarily leads to the dictatorship of the proletariat;

3. that this dictatorship itself is only a transition to the *abolition of all classes* and to a *classless society*.

**Preface to *A Contribution to the Critique of Political Economy*, 1859**

In the social production of their life, men enter definite relations that are indispensable and independent of their will, relations of production which correspond to a definite stage of development of their material productive forces. The sum total of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the social, political and intellectual life process in general. It is not the consciousness of men that determines their being, but, on the contrary their social being that determines their consciousness. At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution. With the change of the economic foundation the entire immense superstructure is more or less rapidly transformed. In considering such transformations a distinction should always be made between the material transformation of the economic conditions of production, which can be determined with the precision of natural science, and the legal, political, religious, aesthetic or philosophic—in short, ideological forms in which men become conscious of this conflict and fight it out. Just as our opinion of an individual is not based on what he thinks of himself, so can we not judge of such a period of transformation by its own consciousness; on the contrary, this consciousness must be explained rather from the contradictions of material life, from the existing conflict between the social productive forces and the relations of production. No social order ever perishes before all the productive forces for which there is room in it have developed; and new, higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself. Therefore mankind always sets itself only such tasks as it can solve; since, looking at the matter more closely, it will always be found that the task itself arises only when the material conditions for its solution already exist or are at least in the process of formation.

**“Wages, Prices and Profit,” 1865**

*What, then, is the general law which determines the rise and fall of wages and profit in their reciprocal relation?*

*They stand in inverse ratio to each other. Capital's share, profit, rises in the same proportion as labour's share, wages, falls, and vice versa. Profit rises to the extent that wages fall; it falls to the extent that wages rise.*

To explain, therefore, the general nature of profits, you must start from the theorem that, on an average, commodities are sold at their real value, and that profits are derived from selling them at their values, that is, in proportion to the quantity of labour realised in them. If you cannot explain

profit upon this supposition, you cannot explain it at all. This seems paradox and contrary to everyday observation. It is also paradox that the earth moves round the sun, and that water consists of two highly flammable gases. Scientific truth is always paradox, if judged by everyday experience, which catches only the delusive appearance of things. . . .

. . . The capitalist will daily advance three shillings and daily pocket six shillings, . . . half of which will form *surplus value* . . . .

*The rate of surplus value*, all other circumstances remaining the same, will depend on the proportion between that part of the working day necessary to reproduce the value of the labouring power and the *surplus time* or *surplus labour* performed for the capitalist. It will, therefore, depend on the *ratio in which the working day is prolonged over and above that extent*, by working which the working man would only reproduce the value of his labouring power, or replace his wages.

#### *Das Kapital*, 1867

'What is a working-day? What is the length of time during which capital may consume the labour-power whose daily value it buys? How far may the working-day be extended beyond the working-time necessary for the reproduction of labour-power itself?' It has been seen that to these questions capital replies: the working-day contains the full 24 hours, with the deduction of the few hours of repose without which labour-power absolutely refuses its services again. Hence it is self-evident that the labourer is nothing else, his whole life through, than labour-power, that therefore all his disposable time is by nature and law labour-time, to be devoted to the self-expansion of capital. Time for education, for intellectual development, for the fulfilling of his bodily and mental activity, even the rest time of Sunday (and that in a country of Sabbatarians!)—moonshine! But in its blind unrestrainable passion, its werewolf hunger for surplus labour, capital oversteps not only the moral, but even the merely physical maximum bounds of the working day. It usurps the time for growth, development, and healthy maintenance of the body. It steals the time required for the consumption of fresh air and sunlight. It higgles over a meal-time, incorporating it where possible with the process of production itself, so that food is given to the labourer as to a mere means of production, as coal is supplied to the boiler, grease and oil to the machinery. It reduces the sound sleep needed for the restoration, reputation, refreshment of the bodily powers to just so many hours of torpor as the revival of an organism, absolutely exhausted, renders essential. It is not the normal maintenance of the labour-power, no matter how diseased, compulsory, and painful it may be, which is to determine the limits of the labourers' period of repose. Capital cares nothing for the length of life of labour-power. All that concerns it is simply and solely the maximum of labour-power, that can be rendered fluent in a working-day. It attains this end by shortening the extent of the labourer's life, as a greedy farmer snatches increased produce from the soil by robbing it of its fertility.



**KARL MARX - A SIMULATED INTERVIEW**

1. **What determines the character of human existence?**
  - A. The character of individuals, groups, or institutions is determined by the economic conditions under which they exist.
  - B. The character of ideas is determined by the economic circumstances of those who express the ideas. The ideas that rule society are the ideas of the ruling classes.
  
2. **What is the character of the working class in a capitalist society?**
  - A. Capitalists pay workers no more than subsistence wages. Workers are doomed to a life of "cattle-like" existence.
  - B. Workers gain no benefit from their labor; they are alienated from the product of their labor.
  - C. Workers live under conditions that do not allow them to refuse work; they are in a situation of forced labor.
  
3. **How do capitalists operate in a capitalist society?**
  - A. Capitalists control the means of production. However, they do not have control because of superior personal qualities; they have control simply because they possess capital.
  - B. Capitalists profit from the destruction of competition. With the destruction of competition capitalists can more easily increase their profits.
  - C. Capitalists profit from paying workers subsistence wages. Capitalists will never threaten their own profits by allowing workers a way out of an unhappy existence.
  
4. **What is the relationship between workers and capitalists?**
  - A. Work does not belong to the worker. Capitalists control employment; the worker is at the mercy of the capitalist.
  - B. Capitalists work to protect capitalism while workers struggle to destroy capitalism. Class conflict is inevitable in a capitalist system.
  
5. **What will be the final outcome of the struggle between workers and capitalists?**
  - A. Capitalism is destined for a revolution in which the workers abolish private property. Economic classes will disappear.
  - B. Class struggle will lead to a dictatorship of the working classes. The dictatorship will serve as a transitional stage in the development of a classless society.
  - C. After workers destroy private property and class division, political authority will eventually be unnecessary.

6. **What is the cyclical process that causes a continuing economic crisis in the capitalist system?**
- A. A desire to sell more products motivates capitalists to hire more workers.
  - B. The desire for more workers drives up wages.
  - C. More workers at higher wages leads to a crisis of overproduction during which capitalists witness a decline in profits.
  - D. A decline in profits causes capitalists to reduce the cost of labor.
  - E. When labor costs are reduced society faces a crisis of underconsumption. During this crisis smaller businesses are taken over by larger businesses. The circle of capitalists narrows; huge business organizations begin to dominate the economy.
  - F. The crisis of underconsumption gives capitalists a desire to sell more products. The cycle starts over.
  - G. The cycle of overproduction and underconsumption will continue until society experiences a final economic crisis in which the workers will overthrow the capitalists.
7. **What are the characteristics of a society moving beyond capitalism and toward communism?**
- A. After capitalism is destroyed inheritance will be abolished, child labor will be abolished and free public schools will be established for all children. In addition, government will own all banking and credit as well as the means of production.
  - B. Capitalism eventually will be replaced by communism. Communism is defined as the abolition of private property.
  - C. The destruction of private property will bring about a change in human nature. Selfishness will disappear with the absence of private property.
8. **What are the laws of history?**
- A. *Economic Determinism*: Economic conditions determine the character of all institutions. The character of government, religion, art, and ideas is determined by the economic environment.
  - B. *Dialectical Materialism (Class Struggle)*: Economic classes naturally struggle against each other. This struggle produces constant change in history.
  - C. *Inevitability of Communism*: The working classes will eventually overthrow the capitalists. This final historical change will result in a dictatorship of the working class that will bring about the abolition of private property and the creation of a classless society.

## STUDENT ACTIVITIES

## Vocabulary

Define the following terms before reading the lesson on Marx.

- |                   |                   |                    |
|-------------------|-------------------|--------------------|
| 1. aesthetic      | 10. compulsory    | 19. manifested     |
| 2. alienation     | 11. confiscation  | 20. mortify        |
| 3. antagonism     | 12. contradiction | 21. paradox        |
| 4. bourgeois      | 13. diabolical    | 22. progressive    |
| 5. centralization | 14. epoch         | 23. proletariat    |
| 6. coerced        | 15. estrangement  | 24. reciprocal     |
| 7. commodity      | 16. exorcize      | 25. spectre        |
| 8. compatible     | 17. graduated     | 26. subsistence    |
| 9. compulsion     | 18. ideological   | 27. superstructure |

## Review

1. How did Marx support himself financially?
2. What friend of Karl Marx joined him in the European communist movement?
3. What was the title of Marx's most famous book?
4. What did Marx believe determined the character of individuals, groups, and institutions?
5. What did Marx believe determined the character of ideas?
6. According to Marx, why do capitalists control the means of production?
7. According to Marx, why do capitalists refuse to pay more than subsistence wages to workers?
8. Why did Marx think class conflict was inevitable in a capitalist system?
9. What did Marx believe would happen when workers destroyed private property?
10. According to Marx, what is the role of a proletariat dictatorship?
11. What was the cycle of overproduction and underconsumption described by Marx?
12. What did Marx believe society would witness after the destruction of capitalism?
13. What is communism?
14. How did Marx believe communism would change human nature?
15. According to Marx, what are the three laws of history?
16. Decide whether the following statements are **True** or **False** according to Karl Marx.
  - A. Workers are doomed to a life of "cattle-like" existence.
  - B. Workers are not in a position to refuse work.
  - C. Capitalists depend on competition to increase their profits.
  - D. Workers are at the mercy of the capitalists.
  - E. The abolition of private property is inevitable.
  - F. Class struggle produces constant change in history.
  - G. Communism is inevitable.

**What do you think?**

On a scale of one through five, rate your opinion of the following quotation by Marx. Write a short statement explaining your rating.

**1** – You **strongly agree** with the statement *or* you feel the statement **admirable** considering the historical circumstances surrounding it.

**5** – You **strongly disagree** with the statement *or* you feel the statement **contemptible** considering the historical circumstances surrounding it.

- A. *Capital is the governing power over labour and its products. . . . The capitalist possesses this power, not on account of his personal or human qualities, but inasmuch as he is an owner of capital.*
- B. *[A worker's] labour is . . . not voluntary, but coerced; it is for labour.*
- C. *Private property as private property is wealth, is compelled to maintain itself, and thereby its opposite, the proletariat, in existence. . . . The proletariat, on the other hand, is compelled as proletariat to abolish itself and thereby its opposite, the condition for its existence, and makes it the proletariat, i.e., private property.*
- D. *Does it require deep intuition to comprehend that man's ideas, views and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material existence?*
- E. *The ruling ideas of each age have ever been the ideas of its ruling class.*
- F. *In its blind unrestrainable passion, its werewolf hunger for surplus labour, capital oversteps not only the moral, but even the material physical maximum bounds of the working day.*
- G. *When labor has become not only a means of living, but itself the necessity of life . . . it will be possible . . . for society to inscribe on banners: From each according to his abilities to each according to his needs.*
- H. *Capital is dead labor that, vampire-like, lives only by sucking living labor, and lives more, the more labor it sucks.*
- I. *Let the ruling classes tremble at a communist revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries, unite!*
- J. *The philosophers have only interpreted the world differently, the point is to change it.*
- K. *Political power, properly so called, is merely the organized power of one class for oppressing another.*
- L. *Modern society . . . greets gold as its Holy Grail, as the glittering incarnation of the very principle of its own life.*
- M. *Force is the midwife of every old society pregnant with a new one.*
- N. *The rich will do everything for the poor except get off their backs.*