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A capital question: How did Marx identify accumulation of capital?

Detail

Bio
Paul Zarembka, PhD, is Research Professor of Economics at SUNY at Buffalo, USA, and series editor of *Research in Political Economy* (Emerald). Recently, he authored *Key Elements of Social Theory Revolutionized by Marx* (Brill and paperback by Haymarket, 2021). He has been listed in Marquis' *Who's Who in the World*.

References

Zarembka, P, (2021) *Key Elements of Social Theory Revolutionized by Marx*, The Netherlands: Brill and (paperback) Chicago: Haymarket.

Zarembka, P, (2020) Late Marx and the Conception of "Accumulation of Capital". In: Silver, M (ed) *Confronting Capitalism in the 21st Century*, London: Palgrave Macmillan.

Research Objectives

Professor Paul Zarembka examines Marx's conception of 'accumulation of capital', it being distinct from that of classical economists, such as Adam Smith.

Personal Response

What specific applications can you see in social theory for the complete concept of the 'Marxist accumulation of capital'?

"Like any revolution in intellectual thought, there is a tendency to 'backslide', Lenin's thought on Marx being one example. In recent decades, a huge portion of Marx's own work has been brought forward for critical review to enrich our understanding. The main implication of my work is that Marx's own ever-deepening thought in political economy moved toward the social. But reformulation of 'accumulation of capital' remained incomplete in his political economy. My work also offers a technical advancement upon his work, while including a calculation of the surplus value needed historically since 1870 for Marxist accumulation of capital."

A capital question

How did Marx identify accumulation of capital?

'Accumulation of capital' is a ubiquitous concept in political economy and central to Marxist theory. Classical economists before Marx defined the concept as gathering ever-greater means of production – ie tools, machinery, buildings, and raw materials. Marxist theorists commonly accept a classical understanding and fail to exploit the essence of Marx's own concept. Paul Zarembka, Research Professor of Economics at SUNY at Buffalo, USA, elaborates Marx's understanding of capital accumulation to provide a deeper theoretical framework to aid in advancing social theory.

Karl Marx represented a sharp turn from the orthodoxy of classical economics. Earlier thinkers, such as Adam Smith and David Ricardo, regarded capitalism as a natural progression in human history and focused their work on improving productivity and growth in such a system – ie, through free markets and an effective division of labour. Marx, however, brought attention to the antagonism between workers and capitalists at the heart of capitalism, following upon class antagonisms in previous social orders such as feudalism.

The antagonism in capitalism centres around the extraction and expansion of 'surplus value' by capitalists at the expense of workers who do not have means of production and have to sell their labour power. It is out of this cornerstone of Marx's thought that his notion of capital accumulation took a different shape from classical understandings. Paul Zarembka, Research Professor of Economics at The State University of New York at Buffalo, USA, elaborates this radical break that gives a different meaning to the concept of capital accumulation than is commonly recognised by contemporary scholars.

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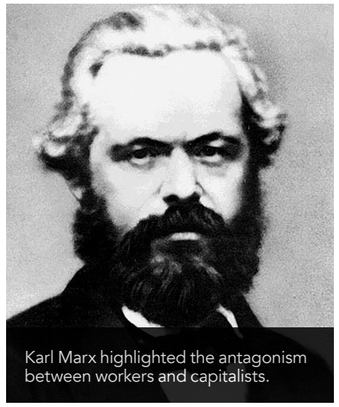
HOW IS MARX'S 'CAPITAL ACCUMULATION' DIFFERENT FROM CLASSICAL DEFINITIONS?

Marx saw the foundation of capitalism as the extraction of 'surplus value' from workers. Capitalists obtain a surplus value by hiring workers to produce more value than contained in their wages. Capital accumulation, in turn, or so goes the presumption of many Marxist scholars, is using a part of this surplus by investing in ever-greater means of production, thus expanding productive capacity and the intended profits that would result. While this understanding of accumulation does incorporate the distinctly Marxist concept of surplus value, it does not otherwise differ fundamentally from the thinking of classical economists. Capital accumulation, as described by Adam Smith, also involved the development of 'capital stocks', referring to the tools, machines, and storage facilities that enable the production and distribution of goods and services.



Karl Marx highlighted the antagonism between workers and capitalists.

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So how did Marx revolutionise the concept of capital accumulation? When elucidating the notion of surplus value, accumulation involves not only the investment of surplus into greater means of production, but also includes accessing more workers to have more value produced and appropriated.

Technological advancement of machinery could increase the productivity available to capitalists, allowing them to decrease the work hours required to create a set of commodities, thereby reducing unit costs, and increasing the surplus obtained. Yet, if work hours were to be decreased, less value is produced. Further, there is a limit to the exploitation of workers, whose working hours and renumeration must be kept above a threshold that ensures their continued survival and productivity, while also avoiding provoking a workers' struggle that may challenge the capitalist class.

For capital to be accumulated, there must be new workers producing more and more values. Sole reliance on acquiring more efficient machinery (ie, means of production) without a growing workforce encounters a problem: if an ever-greater proportion of working time of a fixed number of workers is committed to producing the technology for the means of production, while an ever-diminishing proportion produces goods for workers' subsistence – such as food and shelter for survival – then capitalism faces a crisis of sustainability.

Furthermore, when capitalists reach the aforementioned limits to the benefit of technology or their ability to intensify worker exploitation, then a larger workforce provides an alternative source of expansion for more surplus value. In the absence of expansion, capital ceases to be understandable. Capital necessarily involves the cyclical expansion of surpluses, rather than merely covering the cost of workers and machines, and then another application of the same. A simple reproduction at the same level does not constitute an accumulation of capital as Marx intended it to be understood. One can think of a coffee shop starting from one location in one city and expanding to be around the world as illustrative of the fundamental drive of capitalism, namely, the drive for accumulation.

THE BLIND SPOT IN MARX'S EARLIER WORK

Despite Marx's allusion in his later works to a broader definition, Marxist scholarship often holds to the narrow view of capital accumulation expressed by classical economists, such as Adam Smith – that it involves the cycle of investing more revenue into the tools and machinery of production. This oversight may spring from a theoretical approach that Marx followed in his most important work, *Capital*, in which he assumed a fully capitalist world. To focus his analysis on fundamentals of the capitalist system, Marx treated the entire world as a unit within which capitalist production has spread itself into every industry.

Capital accumulation inevitably requires greater access to workers through the incorporation of non-capitalist societies into the capitalist-wage labour relationship.

A more holistic definition of capital accumulation invites a better understanding of the social conditions by which people are transformed and made exploitable under capitalism.

Through this lens of 'universal capitalism', Marx was able to uncover many of the intrinsic characteristics of capitalism, but it also brought a significant blind spot. In such a closed system, capitalism can only increase its workforce through a general rise in the population or by bringing in groups previously excluded from employment, such as women and children. This perspective of capitalism encouraged Marx to treat an internal increase in the capitalist workforce as sufficient for capital accumulation, and to ignore any need for the incorporation of workers from non-capitalist societies. Some Marxist scholars seem to argue that strides in productivity made by new and improved machinery can reliably free up enough workers to meet the growing need for labour that arises under a developing capitalist economy. This would make an increase in the total number of workers for the system to continue unnecessary.

It was only in Marx's work in later years that he would be open to the blind spot in *Capital*, that capital accumulation required greater access to workers through the incorporation of non-capitalist societies into the capitalist-wage labour relationship. This line of argument did find a successor in Rosa Luxemburg, whose most influential book – *The Accumulation of Capital* – described the continual drive of capitalism to penetrate every corner of the world. She understood the problem of having more and more production of commodities occurring without having more demand from workers' incomes to purchase the enlarged outputs. Additionally, her work elucidates the complex ways in which capitalism embeds itself into non-capitalist societies, combines with traditional practices, and ultimately dissolves the previous social structure from the inside.

This approach relates to an understanding of the social circumstances by which capitalism developed in the first place, in the 'proletarianisation' of the rural workers of England, transforming those engaged in working in non-capitalist conditions (as peasants, serfs, etc) into working as wage-labourers for capitalists. Zarembka argues that a more holistic definition of capital accumulation invites a better understanding of the social conditions by which people are transformed and made exploitable under capitalism – as opposed to the economistic focus on investments in machinery. Acknowledgement of a crisis of sustainability arising from disproportionate investment in such machinery offers another example of the contradictions of capitalism. Consequently, the proffered concept of the 'Marxist accumulation of capital' provides a more robust theoretical framework to advance the social theory of capitalist reality.

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