

# The Contradictory Nature of Capital (Online Article)

## Historical Note

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## Content

### The Contradictory Nature of Capital

Capitalism is unjustified because it is a self-contradictory social form and mode of production. By self-contradictory we mean that capitalism contains within itself tendencies or forces which oppose each other. To give an imperfect analogy, consider a person who wants both to spend a lot of time with her family, as well as to secure a high standard of living for her family which is poor. She cannot satisfy both of these desires simultaneously. In her attempt to have a high standard, of living she has to spend a lot of time working, which prevents her from spending much time with her family. This person is experiencing a self-contradiction. In colloquial terms, we would say she is in crisis. Capitalism contains such a self-contradiction, which we call the self-contradiction of capital.

The contradiction of capital is an internal self-contradiction of the capitalist relations of production. The relations drive the development of the forces of production while simultaneously limiting it. They drive this development in their attempt to maximize value production, and they limit it in their attempt to sustain value production and keep value as the measure of wealth. The contradiction between relations and forces thus arises from the intrinsic tendency of the relations to both posit and undermine value as the measure of wealth. It leads to increasingly destructive crises which are harmful to humanity, and which thereby render capitalism an unjustified social form. We proceed to explicate the above claims.

### I. Value and Capitalist Production

To understand the self-contradiction of capital, we need to keep in mind that bourgeois or capitalist production is production based on the value produced by wage labour. The way we understand value is important, as it determines what counts as valuable in our society. Value, in the Marxian technical sense we are using here, is the abstract human labour objectified in the products we make during production. This kind of value appears in the form of the exchange value of products and is represented by their prices. It is distinct from use value, which refers to the concrete utility that each product has for human beings. Marx holds that value in this specific sense is the fundamental form of value in capitalist society: what is most valuable in our society is the abstract human labour or value congealed in the products we make.

As we have already explored in more detail in the chapter on exploitation, production based on value is production which presupposes and depends upon the ability of human labour power to produce surplus value. Capital is self-valorising value; it is value which drives an economic process leading to its valorisation, i.e., to its increase as value.[1] The capitalist mode of production is the economic

structure which exists for the purpose of facilitating capital's self-valorisation, i.e., the production of surplus value. Under the capitalist relations of production, the labour power of individual workers is directly expended in the workplace to produce commodities, i.e., products that apart from possessing utility or use value, are repositories of the objectified labour of workers. The quantity of labour objectified in a commodity is its value, and its unit of measure is labour time.

What is especially important to consider here is that value is a historical category, not a natural and transhistorical one. As Marx held, value is a historically specific measure of social wealth.[2] What this means is that while the products of labour always possess utility and thus form part of the collective wealth of society, they are repositories of objectified labour, i.e., of value, only during a historically specific epoch of development, namely, the present epoch of bourgeois modernity. This does not mean that value is always there but we only recognize it in the bourgeois epoch, as classical political economists like Adam Smith and David Ricardo mistakenly thought. It instead means that people did not always measure social wealth in terms of labour time. They didn't always identify wealth with value. Smith and Ricardo took for granted that value-producing labour has always been and will always be the source of social wealth, but it is only the source and measure of social wealth in the specific society we live in, namely, capitalism. Value is an abstract category whose existence is a result of social practice; it exists and matters only if we take it to exist and matter. It is thus possible that in the future we will not represent and measure the wealth of useful items labour produces in terms of value. (We will see in more detail how value and wealth can come apart shortly).

The logic of capitalist production on a global scale is to increase the productivity of labour to maximize profit, and this is done primarily via the development and application of technology in production. As capitalist production develops, the direct expenditure of labour power tends to become less and less central in it, with technology (such as automatic machinery) taking its place as the central productive force while direct living labour is relegated to a secondary role. Technology is the result of the development of science; it is the objectification of the productive force of science. Science is the collective knowledge of humanity, in the sense that it is the accumulated product of the effort and findings of many people across generations; consequently, technology is the objectification of the collective knowledge of humanity. Qua objectified labour, it is (fixed) capital (inanimate means of labour such as tools, automatic machinery etc.), as opposed to the living labour expended by workers. Capitalist production increasingly becomes "the technological application of science" [Marx], not the direct application of the living labour of workers. The latter is increasingly reduced to superintending the former.[3] The means of labour are now akin to forces of nature mastered by human beings; we master nature through science and apply it via technology. Now, the foundation of production and wealth is not abstract labour-time expended by direct labour, but the application of the collective human mastery of nature. Humanity qua a collective social individual with collective accumulated knowledge, skill and technology is the basis of production, not the sum of individual workers.

The primacy of fixed capital over living labour in production has radical implications. The more large-scale industry develops and technology becomes the dominant productive force, the less the production of wealth depends on the expenditure of direct labour time and the more it is the result of the technological application of science. In other words, the more wealth living labour produces and the more it develops industry, the more it undermines itself as the source of social wealth. It is no longer the expenditure of the workers' individual direct labour powers which produces most social wealth, but rather, it is socialized humanity itself that does so through wielding its scientific knowledge. Socialized humanity is a "social individual" [Marx] possessing much more productive power than the sum of individual workers directly engaged in production.[4] The foundation of production and wealth is not any longer the abstract labour-time expended by direct labour, but the technological application of the collective knowledge of society.

The productive effectiveness of technology is out of all proportion to the direct labour power expended to produce this technology, depending instead on the level of development of science. Given that the direct labour of individuals is no longer the primary source of wealth, abstract labour-time should also cease to be its measure. It follows that the labour theory of value is inadequate for measuring the wealth produced by technology. The technological application of science in large-scale industry has rendered value an inadequate measure of the produced social wealth.[5] The capitalist relations of production based on value have led to the development of a new productive force to which they are inadequate. The relations are thus undermining themselves.

## II. The moving contradiction

The outstripping of the relations based on value by the scientific productive forces creates great possibilities for humanity. The surplus labour of the working masses forming the subordinate class of society throughout civilization is no longer necessary for the production of material wealth. As living labour becomes increasingly unimportant in production, it should be possible for the direct producers to work less and less. Capitalism has minimized the direct labour necessary to reproduce individuals and society, so that the working masses can have a significant amount of free time for the first time in history.[6] This is the emancipatory potential of capitalism.

However, the emancipatory potential of capitalism is not being realized and cannot be realized within capitalism. The capitalist relations of production continue to rest on value; as we saw above, these relations are an economic structure that exists only for the purpose of producing surplus value (which translates into profit). Production occurs only when it is expected to be profitable, i.e., when it is expected to yield surplus value. Now, despite their wealth-producing capacities, the scientific productive forces cannot produce surplus value directly; they can only accelerate the production of surplus value by increasing the productivity of direct labour power. As we saw in the section on exploitation, the production of surplus value is an exclusive property of direct labour power. The expenditure of direct labour power becomes increasingly unnecessary for the creation of wealth, but it remains necessary for the creation of value. Consequently, the relations still require people to expend direct labour power to produce value. People still have to perform surplus labour to make a living. Their potential free time remains labour time, albeit labour time now rendered unnecessary and obsolete for wealth production, and by extension, for human well-being. Capital has rendered work more and more unnecessary through its development of scientific productive forces, but it still requires people to work a lot in order to produce value.

We have seen therefore that although the capitalist relations of production tend to develop powerful productive forces whose potential increasingly renders these relations obsolete and superfluous, the relations of production cannot permit the realization of this potential while remaining capitalist. Herein lies the contradiction of capital. Capital is self-valorising value, and the capitalist relations of production are such as to facilitate its maximization, though they can do so only in the context of wealth production. Now, to maximize the production of surplus value it is necessary to maximize the amount and productivity of direct labour time expended in production. In order to do so, the relations are driven[7] to revolutionize the productive forces using all available means, leading to the technological application of science becoming the primary productive force. Technology indeed facilitates the production of surplus value by increasing the productivity of direct labour power, but it simultaneously undermines the production of surplus value by tending to replace direct labour power as a productive force. While the workers using new technologies become more productive, many find their jobs replaced by technology and are laid off. The process of wealth production comes to require less and less direct labour time; it becomes less and less suitable for surplus value production. In other words, the capitalist relations of production undermine direct labour power as the source of

wealth in their attempt to maximize its productivity, while positing and depending upon labour time as the measure of wealth. That is the contradiction.[8]

The contradiction is dynamic and hence a “moving” one [Marx]: it tends to worsen and lead to increasingly violent crises. The reaction of the capitalists to the increasing primacy of technology over direct labour power is to try to bolster the latter over the former, so as to keep the rate of surplus value production (and hence of profit) from falling.[9] The capitalists do so by trying to increase labour productivity even more, exploiting and overworking the workers further, but as we have seen, this is self-defeating as it entails further development of technology. The contradiction thus grows stronger, causing crises in which the relations survive only by destroying part of the forces to alleviate the situation. It is in this way that the relations act as “fetters” [Marx] to the development of the forces. The relations are driven both to develop and to limit the development of the forces, a self-contradiction.

The contradiction of capital is thus an internal self-contradiction of the capitalist relations of production. The relations drive the development of the forces of production while simultaneously limiting it. They drive this development in their attempt to maximize value production, and they limit it in their attempt to sustain value production and keep value as the measure of wealth. The contradiction between relations and forces thus arises from the intrinsic tendency of the relations to both posit and undermine value as the measure of wealth. It is also clear that the contradiction and the resulting crises arise from the realm of production, not from issues with distribution as many leftists think. The contradiction of capital is the ultimate development of production resting on value.

The contradiction leads to major social problems that render capitalism harmful and necessitate its overcoming. We have seen that despite the fact that technological development can increase our free time and hence our well-being (position on Freedom), this cannot happen under capitalism as the capitalists have to keep people working as much as possible. Technology thus becomes instead a means for the improved exploitation of workers, subjecting them to cruel working conditions that are designed to extract as much surplus value as possible from their labour (this is especially the case in the ‘developing’ world where most of the world’s manufacturing takes place). On the other hand, the availability of technology also facilitates unemployment enabling the capitalists to keep down wages by having more workers competing for fewer jobs (this is especially the case in the Western world). In other words, while technology creates the opportunity to redivide work so that everyone works less, under capitalism it only leads to the twin problems of overwork and unemployment.

It follows that capitalism creates the possibility for an unprecedented amount of freedom – in the sense of free time to develop human potentialities – while simultaneously being the biggest obstacle to the realization of this possibility. On the one hand, capitalism increases the realm of necessity – of labour – in opposition to the realm of freedom. Under capitalism, free time is not recognized as having any value; it is only accepted as a necessary break from work in order to have the energy to begin working again anew the next day. On the other hand, capitalism creates the possibility of drastically limiting the time people need to work. This possibility renders the workers’ suffering unnecessary and unjustified. The unjustifiability of capitalism goes hand in hand with its instability, with both being rooted in the fact that production rests on value. The unjustifiability of capitalism is the unjustifiability of keeping value as the measure of wealth.

### **III. The crises of capital**

It will be instructive to examine the cause of capitalist crises in more detail.

The capitalist mode of production, with its social production and planned division of labour in factories and other businesses, first arose in the feudal society of individual small producers and led to its

demise.[10] The capitalist mode of production was incompatible with feudal society, because in the latter social organization was based on heredity, privileges and the 'great chain of being'[11], while in the former social worth is measured by labour. In feudalism, individual workers, mostly peasants and handicraftsmen, owned their personal means of production. These means were for individuals, and were thus small in size and scale. In the period of the rise of bourgeois society, these means of production were concentrated and enlarged, passing through the phases of co-operation, manufacture, and modern industry. In this process, the individual means of production had to be transformed into collective ones, otherwise, their productive power would not increase as much. Thus, we ended up with complicated machinery assembled and operated by many different specialized workers. Production was transformed from a collection of many individual acts to a smaller number of social acts, of collective acts of large groups of workers. Unlike feudal products, the products of factories and businesses are not the products of any one individual. Factories could produce products much more quickly, and thus much more cheaply, than individual producers, and thus put individual producers out of business. Large-scale socialized production replaced small-scale individual production.

Now, to a certain mode of production corresponds a certain mode of appropriation of the products. Under the feudal mode of small-scale individual production, the product was appropriated or owned by the owner of the means of production, because it was also him who produced the product. Large-scale socialized production, on the other hand, implies a different mode of appropriation, namely, a social one, where the products are the collective property of the producers. However, the old feudal mode of individual appropriation persisted under the new socialized production, resulting in a contradiction. It was assumed that the products still belonged to the owner of the means of production even though it was not he himself who made the products. In other words, socialized production was still treated as the production of the individual owning the means of production, namely, the capitalist. So, we can say that the capitalist mode of production is one characterized by the contradiction between socialized production and capitalistic, individual appropriation of products.[12] This is another form or expression of the fundamental contradiction of capitalism, namely, the contradiction between the new industrial productive forces of machinery and technology and the bourgeois relations of production based on individual labour.

Socialized production creates the potential for and actually demands collective ownership of the means of production, but this potential has not been realized under capitalism. Instead, socialized production is merely viewed as a means to increase and make more efficient the production of commodities, and by extension, the production of surplus value. The recurring discontents with the existing capitalist society as unreasonable and unjust reflect and are the result of the development of said contradiction between socialized production and individual appropriation, as we are going to show presently.

Capitalist commodity production and exchange based on an ever-advancing division of labour is chaotic. It is chaotic in the sense that people do not know in advance the precise demand for their product, in order to produce accordingly. Whether people succeed in selling their products or not is determined by chance. In other words, the social relations governing the social metabolism are independent of individual producers and determine their fate. Capitalism made commodity production and the resulting disorder of competition the norm. Commodity production has its own laws which manifest no matter what. It entails the social relationship of exchange, and its laws are manifested there as the infamous laws of competition or of the market. These laws of competition appear as natural ones, despite the fact that they are the historically specific social product of our very own historically specific social relations. Producers can come to understand the workings of the laws via experience, but not where the laws come from. Like history, which up to now has been the

unconscious to us net effect of the sum total of individual human actions, competition is the unconscious to us net effect of the sum total of individual separate production. History governs the fate of society, and competition governs the fate of individual producers.

Capitalism facilitated the growth of commodity production and the aforementioned disorder of production and exchange via the opposite of this disorder, namely, via the increasing organization and planning of production in the workplace. Production in each particular workplace (factory, business) has become increasingly organized and planned, with a sophisticated division of labour, budgetary planning etc. The purpose of this organization is to make production more cost-efficient. The increasing organization of production in the workplace contradicts the disorder of production in society at large, and is a manifestation of the contradiction between socialized production and capitalistic appropriation.[13] Indeed, socialized production leads to organized production in the workplace, while the capitalistic appropriation and exchange of products in the market entails the disorder of production in society in general, as social production is still mediated by the blind chaotic competition of individual capitalists. Society under capitalism is the site of a Darwinian struggle of capitalist producers for existence, and the fate of wage-workers is determined by the outcomes of this struggle.

The Darwinian struggle of capitalist producers for profit is the immediate cause of crises. In their struggle to maximize surplus value and gain profit, the capitalists undermine the production of surplus value. Capitalists attempt to maximize surplus value by cutting costs, and a primary means for doing so is by lowering wages or by laying people off and replacing them with automatic machinery and other technologies. The problem here is that by putting people out of work, demand in the home market for products falls. Thus, in their effort to maximize profits by cutting costs, capitalists simultaneously lose money by the decrease of demand for their products, another expression of the contradiction of the capital. Markets are undermined by capital's tendency to lay people off and pay lower wages. Simultaneously, the extension of markets is slower than the extension of capital, especially after capitalism took over the whole world and there are no new markets left to exploit.

The contradiction between the size of the market and of production, between demand and supply, creates the crises of capitalism. The crises of capitalism are crises of overproduction, where supply dwarfs demand. More precisely, they are crises of overaccumulation of capital, i.e., of the accumulation of capital that cannot be employed productively. The socialized organized production in factories increases productivity so much that the outdated relations of production mediated by the market cannot keep up with it. The capitalist mode of production cannot profitably turn all these means of production into capital, because the abundance of products makes them too cheap to be profitable enough. If production in society as a whole was likewise organized and planned, this abundance would be productively utilized, but this is not the case under capitalism. Under capitalism, the means of production and subsistence must be turned into capital to be put to use. Thus, we have the absurdity of having an abundance of means of production and subsistence, i.e., an abundance of material wealth, as well as workers who can work these means of production and who need these means of subsistence, but the workers are not employed because it is not profitable for capital to employ them.[14]

What ensues is the waste and destruction of productive forces (workers and machinery) and products, until production and exchange begin to move again. Labour is temporarily suspended. Capital destroys part of itself in order to survive. It destroys itself as a condition for its self-preservation, a stark expression of its self-contradiction.[15] Under capitalism, growth and development can only take place if the creation of surplus value is also possible, and this is an unnecessary burden on growth.

The crises are manifestations of the contradiction between socialized production and capitalist appropriation. They are the result of the fact that the industrial productive forces tend to outgrow the relations of production based on individual labour regulating them. Only society as a whole can control the productive forces. They appear and work exactly like natural forces as long as we do not understand that they are our own products and can thus be consciously directed by us. Society must recognize that these forces are social, a collective social product, and thus ought to be utilized collectively, doing away with the anachronistic capitalist mode of production and exchange which limits the utilization of said forces by putting them in the service of the production of capital. As long as the contradiction persists, i.e., as long as capitalism persists, the crises will continue and grow worse and worse.

*From the collection of "Our Position on Capitalism: What It Is, and Why We Should Be Against It".*

[1] "[V]alue is here the subject of a process in which, while constantly assuming the form in turn of money and commodities, it changes its own magnitude, throws off surplus-value from itself considered as original value, and thus valorises itself independently. For the movement in the course of which it adds surplus-value is its own movement, its valorisation is therefore self-valorisation. By virtue of being value, it has acquired the occult ability to add value to itself. It brings forth living offspring, or at least lays golden eggs." (Capital 255) And: "The driving motive and determining purpose of capitalist production is the self-valorisation of capital to the greatest possible extent, i.e. the greatest possible production of surplus-value, hence the greatest possible exploitation of labour-power by the capitalist." (Capital 449)

[2] Most readers of Marx treat him as having a positive, transhistorical labor theory of value, but this is a mistake.

[3] Marx expressing this point: "To the degree that labour time - the mere quantity of labour - is posited by capital as the sole determinant element, to that degree does direct labour and its quantity disappear as the determinant principle of production - of the creation of use values - and is reduced both quantitatively, to a smaller proportion, and qualitatively, as an, of course, indispensable but subordinate moment, compared to general scientific labour, technological application of natural sciences, on one side, and to the general productive force arising from social combination in total production on the other side." (Grundrisse 281-2)

[4] "In this transformation, it is neither the direct human labour he [the worker] himself performs, nor the time during which he works, but rather the appropriation of his own general productive power, his understanding of nature and his mastery over it by virtue of his presence as a social body - it is, in a word, the development of the social individual which appears as the great foundation-stone of production and of wealth." (Grundrisse 284)

[5] "As soon as labour in the direct form has ceased to be the great well-spring of wealth, labour time ceases and must cease to be its measure, and hence exchange value [must cease to be the measure] of use value. The *surplus labour of the mass* has ceased to be the condition for the development of general wealth, just as the *non-labour of the few*, for the development of the general powers of human head." (Grundrisse 284)

[6] "The free development of individualities, and hence not the reduction of necessary labour time so as to posit surplus labour, but rather the general reduction of the necessary labour of society to a minimum, which then corresponds to the artistic, scientific etc. development of the individuals in the time set free, and with the means created, for all of them." (Grundrisse 284-5)

[7] The relations act through the capitalists, who are “personifications” of the relations.

[8] “Capital itself is the moving contradiction, [in] that it presses to reduce labour time to a minimum, while it posits labour time, on the other side, as sole measure and source of wealth. ... On the one side, then, it calls to life all the powers of science and of nature, as of social combination and of social intercourse, in order to make the creation of wealth independent (relatively) of the labour time employed on it. On the other side, it wants to use labour time as the measuring rod for the giant social forces thereby created, and to confine them within the limits required to maintain the already created value as value.” (Grundrisse 285)

[9] Marx: “...capital will attempt every means of checking the smallness of the relation of living labour to the size of the capital generally, hence also of the surplus value... expressed as profit.” (Grundrisse 291)

[10] To be clear, the division of labour in society and the attendant commodity production and exchange existed in both ancient and feudal societies, but only on a small scale and without being the norm of those societies. By and large, people produced what they needed and consumed it (subsistence agriculture). The commodities that existed came from the surplus of the production of individuals, and thus did not determine the individuals' fate.

[11]

[https://en.wikipedia.org/wiki/Great\\_chain\\_of\\_being#:~:text=The%20great%20chain%20of%20being,a%20animals%20and%20plants%20to%20minerals](https://en.wikipedia.org/wiki/Great_chain_of_being#:~:text=The%20great%20chain%20of%20being,a%20animals%20and%20plants%20to%20minerals).

[12] Engels: “The means of production, and production itself, had become in essence socialized. But they were subjected to a form of appropriation which presupposes the private production of individuals, under which, therefore, every one owns his own product and brings it to market. The mode of production is subjected to this form of appropriation, although it abolishes the conditions upon which the latter rests.” (Socialism: Utopian and Scientific 703-4)

[13] Engels: “The contradiction between socialized production and capitalistic appropriation now presents itself as *an antagonism between the organization of production in the individual workshop and the anarchy of production in society generally.*” (Socialism: Utopian and Scientific 707)

[14] Engels: “The whole mechanism of the capitalist mode of production breaks down under the pressure of the productive forces, its own creations. It is no longer able to turn all this mass of means of production into capital. They lie fallow, and for that very reason the industrial reserve army must also lie fallow. Means of production, means of subsistence, available labourers, all the elements of production and of general wealth, are present in abundance. But “abundance becomes the source of distress and want” (Fourier), because it is the very thing that prevents the transformation of the means of production and subsistence into capital. For in capitalistic society, the means of production can only function when they have undergone a preliminary transformation into capital, into the means of exploiting human labour-power. The necessity of this transformation into capital of the means of production and subsistence stands like a ghost between these and the workers.” (Socialism: Utopian and Scientific 709-10)

[15] “The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms. The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given it to be gone and to give room to a higher state of social production.” (Grundrisse 291)

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