

Outlines of a Critique of Political Economy

Engels, Friedrich
1843

Written for the *Deutsch-Französische Jahrbücher* ("German–French Annals") in 1843, and published 1844. This version has been taken from <https://www.marxists.org/archive/marx/works/1844/df-jahrbucher/outlines.htm>. The original German texts are available from [Wikisource](#) and [MLWerke](#).

Political economy came into being as a natural result of the expansion of trade, and with its appearance elementary, unscientific huckstering was replaced by a developed system of licensed fraud, an entire science of enrichment.

This political economy or science of enrichment born of the merchants' mutual envy and greed, bears on its brow the mark of the most detestable selfishness. People still lived in the naive belief that gold and silver were wealth, and therefore considered nothing more urgent than the prohibition everywhere of the export of the "precious" metals. The nations faced each other like misers, each clasping to himself with both arms his precious money-bag, eyeing his neighbours with envy and distrust. Every conceivable means was employed to lure from the nations with whom one had commerce as much ready cash as possible, and to retain snugly within the customs-boundary all which had happily been gathered in.

If this principle had been rigorously carried through trade would have been killed. People therefore began to go beyond this first stage. They came to appreciate that capital locked up in a chest was dead capital, while capital in circulation increased continuously. They then became more sociable, sent off their ducats as call-birds to bring others back with them, and realised that there is no harm in paying A too much for his commodity so long as it can be disposed of to B at a higher price.

On this basis the *Mercantile System* was built. The avaricious character of trade was to some extent already beginning to be hidden. The nations drew slightly nearer to one another, concluded trade and friendship agreements, did business with one another and, for the sake of larger profits, treated one another with all possible love and kindness. But in fact there was still the old avarice and selfishness and from time to time this erupted in wars, which in that day were all based on trade jealousy. In these wars it also became evident that trade, like robbery, is based on the law of the strong hand. No scruples whatever were felt about exacting by cunning or violence such treaties as were held to be the most advantageous.

The cardinal point in the whole Mercantile System is the theory of the balance of trade. For as it still subscribed to the dictum that gold and silver constitute wealth, only such transactions as would finally bring ready cash into the country were considered profitable. To ascertain this, exports were compared with imports. When more had been exported than imported, it was believed that the difference had come into the country in ready cash, and that the country was richer by that difference. The art of the economists,

therefore, consisted in ensuring that at the end of each year exports should show a favourable balance over imports; and for the sake of this ridiculous illusion thousands of men have been slaughtered! Trade, too, has had its crusades and inquisitions.

The eighteenth century, the century of revolution, also revolutionised economics. But just as all the revolutions of this century were one-sided and bogged down in antitheses – just as abstract materialism was set in opposition to abstract spiritualism, the republic to monarchy, the social contract to divine right – likewise the economic revolution did not get beyond antithesis. The premises remained everywhere in force: materialism did not attack the Christian contempt for and humiliation of Man, and merely posited Nature instead of the Christian God as the Absolute confronting Man. In politics no one dreamt of examining the premises of the state as such. It did not occur to economics to question the *validity of private property*. Therefore, the new economics was only half an advance. It was obliged to betray and to disavow its own premises, to have recourse to sophistry and hypocrisy so as to cover up the contradictions in which it became entangled, so as to reach the conclusions to which it was driven not by its premises but by the humane spirit of the century. Thus economics took on a philanthropic character. It withdrew its favour from the producers and bestowed it on the consumers. It affected a solemn abhorrence of the bloody terror of the Mercantile System, and proclaimed trade to be a bond of friendship and union among nations as among individuals. All was pure splendour and magnificence – yet the premises reasserted themselves soon enough, and in contrast to this sham philanthropy produced the Malthusian population theory – the crudest, most barbarous theory that ever existed, a system of despair which struck down all those beautiful phrases about philanthropy and world citizenship. The premises begot and reared the factory system and modern slavery, which yields nothing in inhumanity and cruelty to ancient slavery. Modern economics – the system of free trade based on Adam Smith's *Wealth of Nations* – reveals itself to be that same hypocrisy, inconsistency and immorality which now confront free humanity in every sphere.

But was Smith's system, then, not an advance? Of course it was, and a necessary advance at that. It was necessary to overthrow the mercantile system with its monopolies and hindrances to trade, so that the true consequences of private property could come to light. It was necessary for all these petty, local and national considerations to recede into the background, so that the struggle of our time could become a universal human struggle. It was necessary for the theory of private property to leave the purely empirical path of merely objective inquiry and to acquire a more scientific character which would also make it responsible for the consequences, and thus transfer the matter to a universally human sphere. It was necessary to carry the immorality contained in the old economics to its highest pitch, by attempting to deny it and by the hypocrisy introduced (a necessary result of that attempt). All this lay in the nature of the case. We gladly concede that it is only the justification and accomplishment of free trade that has enabled us to go beyond the economics of private property; but we must at the same time have the right to expose the utter theoretical and practical nullity of this free trade.

The nearer to our time the economists whom we have to judge, the more severe must our judgment become. For while Smith and Malthus found only scattered fragments, the modern economists had the whole system complete before them: the consequences had all been drawn; the contradictions came clearly enough to light; yet they did not come to examining the premises, and still accepted the responsibility for the whole system. The nearer the economists come to the present time, the further they depart from honesty. With every advance of time, sophistry necessarily increases, so as to prevent economics from lagging behind the times. This is why *Ricardo*, for instance, is more guilty than *Adam Smith*, and *McCulloch* and *Mill* more guilty than *Ricardo*.

Even the Mercantile System cannot be correctly judged by modern economics since the latter is itself one-sided and as yet burdened with that very system's premises. Only that view which rises above the opposition of the two systems, which criticises the premises common to both and proceeds from a purely human, universal basis, can assign to both their proper position. It will become evident that the protagonists of free trade are more inveterate monopolists than the old Mercantilists themselves. It will become evident that the sham humanity of the modern economists hides a barbarism of which their predecessors knew nothing; that the older economists' conceptual confusion is simple and consistent compared with the double-tongued logic of their attackers, and that neither of the two factions can reproach the other with anything which would not recoil upon themselves.

This is why modern liberal economics cannot comprehend the restoration of the Mercantile System by List, whilst for us the matter is quite simple. The inconsistency and ambiguity of liberal economics must of necessity dissolve again into its basic components. Just as theology must either regress to blind faith or progress towards free philosophy, free trade must produce the restoration of monopolies on the one hand and the abolition of private property on the other.

The only *positive* advance which liberal economics has made is the elaboration of the laws of private property. These are contained in it, at any rate, although not yet fully elaborated and clearly expressed. It follows that on all points where it is a question of deciding which is the shortest road to wealth – i. e., in all strictly economic controversies – the protagonists of free trade have right on their side. That is, needless to say, in controversies with the monopolists – not with the opponents of private property, for the English Socialists have long since proved both practically and theoretically that the latter are in a position to settle economic questions more correctly even from an economic point of view.

In the critique of political economy, therefore, we shall examine the basic categories, uncover the contradiction introduced by the free-trade system, and bring out the consequences of both sides of the contradiction.

The term national wealth has only arisen as a result of the liberal economists' passion for generalisation. As long as private property exists, this term has no meaning. The "national wealth" of the English is very great and yet they are the poorest people under the sun. One must either discard this term completely, or accept such premises as give it meaning. Similarly with the terms national economy and political or public economy. In the present circumstances that science ought to be called *private* economy, for its public connections exist only for the sake of private property.

The immediate consequence of private property is *trade* – exchange of reciprocal requirements – buying and selling. This trade, like every activity, must under the dominion of private property become a direct source of gain for the trader, i.e., each must seek to sell as dear as possible and buy as cheap as possible. In every purchase and sale, therefore, two men with diametrically opposed interests confront each other. The confrontation is decidedly antagonistic, for each knows the intentions of the other – knows that they are opposed to his own. Therefore, the first consequence is mutual mistrust, on the one hand, and the justification of this mistrust – the application of immoral means to attain an immoral end – on the other. Thus, the first maxim in trade is secretiveness – the concealment of everything which might reduce the value of the article in question. The result is that in trade it is permitted to take the utmost advantage of the ignorance, the

trust, of the opposing party, and likewise to impute qualities to one's commodity which it does not possess. In a word, trade is legalised fraud. Any merchant who wants to give truth its due can bear me witness that actual practice conforms with this theory.

The Mercantile System still had a certain artless Catholic candour and did not in the least conceal the immoral nature of trade. We have seen how it openly paraded its mean avarice. The mutually hostile attitude of the nations in the eighteenth century, loathsome envy and trade jealousy, were the logical consequences of trade as such. Public opinion had not yet become humanised. Why, therefore, conceal things which resulted from the inhuman, hostile nature of trade itself?

But when the *economic Luther*, Adam Smith, criticised past economics things had changed considerably. The century had been humanised; reason had asserted itself, morality began to claim its eternal right. The extorted trade treaties, the commercial wars, the strict isolation of the nations, offended too greatly against advanced consciousness. Protestant hypocrisy took the place of Catholic candour. Smith proved that humanity, too, was rooted in the nature of commerce; that commerce must become "among nations, as among individuals, a bond of union and friendship" instead of being "the most fertile source of discord and animosity" (cf. *Wealth of Nations*, Bk. 4, Ch. 3, section 2); that after all it lay in the nature of things for trade, taken overall, to be advantageous to *all* parties concerned.

Smith was right to eulogise trade as humane. There is nothing absolutely immoral in the world. Trade, too, has an aspect wherein it pays homage to morality and humanity. But what homage! The law of the strong hand, the open highway robbery of the Middle Ages, became humanised when it passed over into trade; and trade became humanised when its first stage characterised by the prohibition of the export of money passed over into the Mercantile System. Then the Mercantile System itself was humanised. Naturally, it is in the interest of the trader to be on good terms with the one from whom he buys cheap as well as with the other to whom he sells dear. A nation therefore acts very imprudently if it fosters feelings of animosity in its suppliers and customers. The more friendly, the more advantageous. Such is the humanity of trade. And this hypocritical way of misusing morality for immoral purposes is the pride of the free-trade system. "Have we not overthrown the barbarism of the monopolies?" exclaim the hypocrites. "Have we not carried civilisation to distant parts of the world? Have we not brought about the fraternisation of the peoples, and reduced the number of wars?" Yes, all this you have done – but *how!* *You* have destroyed the small monopolies so that the *one* great basic monopoly, property, may function the more freely and unrestrictedly. You have civilised the ends of the earth to win new terrain for the deployment of your vile avarice. You have brought about the fraternisation of the peoples – but the fraternity is the fraternity of thieves. You have reduced the number of wars – to earn all the bigger profits in peace, to intensify to the utmost the enmity between individuals, the ignominious war of competition! When have you done anything out of pure humanity, from consciousness of the futility of the opposition between the general and the individual interest? When have you been moral without being interested, without harbouring at the back of your mind immoral, egoistical motives?

By dissolving nationalities, the liberal economic system had done its best to universalise enmity, to transform mankind into a horde of ravenous beasts (for what else are competitors?) who devour one another just *because* each has identical interests with all the others – after this preparatory work there remained but one step to take before the goal was reached, the dissolution of the family. To accomplish this, economy's own beautiful invention, the factory system, came to its aid. The last vestige of common interests, the community of goods in the possession of the family, has been undermined by the

factory system and – at least here in England – is already in the process of dissolution. It is a common practice for children, as soon as they are capable of work (i.e., as soon as they reach the age of nine), to spend their wages themselves, to look upon their parental home as a mere boarding-house, and hand over to their parents a fixed amount for food and lodging. How can it be otherwise? What else can result from the separation of interests, such as forms the basis of the free-trade system? Once a principle is set in motion, it works by its own impetus through all its consequences, whether the economists like it or not.

But the economist does not know himself what cause he serves. He does not know that with all his egoistical reasoning he nevertheless forms but a link in the chain of mankind's universal progress. He does not know that by his dissolution of all sectional interests he merely paves the way for the great transformation to which the century is moving – the reconciliation of mankind with nature and with itself.

The next category established by trade is *value*. There is no dispute between the old and the modern economists over this category, just as there is none over all the others, since the monopolists in their obsessive mania for getting rich had no time left to concern themselves with categories. All controversies over such points stem from the modern economists.

The economist who lives by antitheses has also of course a *double value* – abstract or real value and exchange-value. There was a protracted quarrel over the nature of real value between the English, who defined the costs of production as the expression of real value, and the Frenchman Say, who claimed to measure this value by the utility of an object. The quarrel hung in doubt from the beginning of the century, then became dormant without a decision having been reached. The economists cannot decide anything.

The English – McCulloch and Ricardo in particular – thus assert that the abstract value of a thing is determined by the costs of production. *Nota bene* the abstract value, not the exchange value, the *exchangeable value* [English term quoted by Engels. – Ed.], value in exchange – that, they say, is something quite different. Why are the costs of production the measure of value? Because – listen to this! – because no one in ordinary conditions and leaving aside the circumstance of competition would sell an object for less than it costs him to produce it. Would sell? What have we to do with “selling” here, where it is not a question of value in *exchange*? So we find trade again, which we are specifically supposed to leave aside – and what trade! A trade in which the cardinal factor, the circumstance of competition, is not to be taken into account! First, an abstract value; now also an abstract trade – a trade without competition, i.e., a man without a body, a thought without a brain to produce thoughts. And does the economist never stop to think that as soon as competition is left out of account there is no guarantee at all that the producer will sell his commodity just at the cost of production? What confusion!

Furthermore: Let us concede for a moment that everything is as the economist says. Supposing someone were to make with tremendous exertion and at enormous cost something utterly useless, something which no one desires – is that also worth its production costs? Certainly not, says the economist: Who will want to buy it? So we suddenly have not only Say's much decried utility but alongside it – with “buying” – the circumstance of competition. It can't be done – the economist cannot for one moment hold on to his abstraction. Not only what he painfully seeks to remove – competition – but also what he attacks – utility – crops up at every moment. Abstract value and its determination by the costs of production are, after all, only abstractions, nonentities.

But let us suppose once more for a moment that the economist is correct – how then will he determine the costs of production without taking account of competition? When examining the costs of production we shall see that this category too is based on competition, and here once more it becomes evident how little the economist is able to substantiate his claims.

If we turn to Say, we find the same abstraction. The utility of an object is something purely subjective, something which cannot be decided absolutely, and certainly something which cannot be decided at least as long as one still roams about in antitheses. According to this theory, the necessities of life ought to possess more value than luxury articles. The only possible way to arrive at a more or less objective, *apparently* general decision on the greater or lesser utility of an object is, under the dominion of private property, by competition; and yet it is precisely that circumstance which is to be left aside. But if competition is admitted production costs come in as well; for no one will sell for less than what he has himself invested in production. Thus, here, too, the one side of the opposition passes over involuntarily into the other.

Let us try to introduce clarity into this confusion. The value of an object includes both factors, which the contending parties arbitrarily separate – and, as we have seen, unsuccessfully. Value is the relation of production costs to utility. The first application of value is the decision as to whether a thing ought to be produced at all; i.e., as to whether utility counterbalances production costs. Only then can one talk of the application of value to exchange. The production costs of two objects being equal, the deciding factor determining their comparative value will be utility.

This basis is the only just basis of exchange. But if one proceeds from this basis, who is to decide the utility of the object? The mere opinion of the parties concerned? Then in any event *one* will be cheated. Or are we to assume a determination grounded in the inherent utility of the object independent of the parties concerned, and not apparent to them? If so, the exchange can only be effected by *coercion*, and each party considers itself cheated. The contradiction between the real inherent utility of the thing and the determination of that utility, between the determination of utility and the freedom of those who exchange, cannot be superseded without superseding private property; and once this is superseded, there can no longer be any question of exchange as it exists at present. The practical application of the concept of value will then be increasingly confined to the decision about production, and that is its proper sphere.

But how do matters stand at present? We have seen that the concept of value is violently torn asunder, and that each of the separate sides is declared to be the whole. Production costs, distorted from the outset by competition, are supposed to be value itself. So is mere subjective utility – since no other kind of utility can exist at present. To help these lame definitions on to their feet, it is in both cases necessary to have recourse to competition; and the best of it is that with the English competition represents utility, in contrast to the costs of production, whilst inversely with Say it introduces the costs of production in contrast to utility. But what kind of utility, what kind of production costs, does it introduce? Its utility depends on chance, on fashion, on the whim of the rich; its production costs fluctuate with the fortuitous relationship of demand and supply.

The difference between real value and exchange-value is based on a fact – namely, that the value of a thing differs from the so-called equivalent given for it in trade; i.e., that this equivalent is not an equivalent. This so-called equivalent is the *price* of the thing, and if the economist were honest, he would employ this term for “value in exchange.” But he has still to keep up some sort of pretence that price is somehow bound up with value, lest the immorality of trade become too obvious. It is, however, quite correct, and a fundamental law of private property, that *price* is determined by the reciprocal action of

production costs and competition. This purely empirical law was the first to be discovered by the economist; and from this law he then abstracted his "real value," i.e., the price at the time when competition is in a state of equilibrium, when demand and supply cover each other. Then, of course, what remains over are the costs of production and it is these which the economist proceeds to call "real value," whereas it is merely a definite aspect of price. Thus everything in economics stands on its head. Value, the primary factor, the source of price, is made dependent on price, its own product. As is well known, this inversion is the essence of abstraction; on which see Feuerbach.

According to the economists, the production costs of a commodity consist of three elements: the rent for the piece of land required to produce the raw material; the capital with its profit, and the wages for the labour required for production and manufacture. But it becomes immediately evident that capital and labour are identical, since the economists themselves confess that capital is "stored-up labour." We are therefore left with only two sides – the natural, objective side, land; and the human, subjective side, labour, which includes capital and, besides capital, a third factor which the economist does not think about – I mean the mental element of invention, of thought, alongside the physical element of sheer labour. What has the economist to do with inventiveness? Have not all inventions fallen into his lap without any effort on his part? Has *one* of them cost him anything? Why then should he bother about them in the calculation of production costs? Land, capital and labour are for him the conditions of wealth, and he requires nothing else. Science is no concern of his.

What does it matter to him that he has received its gifts through Berthollet, Davy, Liebig, Watt, Cartwright, etc. – gifts which have benefited him and his production immeasurably? He does not know how to calculate such things; the advances of science go beyond his figures. But in a rational order which has gone beyond the division of interests as it is found with the economist, the mental element certainly belongs among the elements of production and will find its place, too, in economics among the costs of production. And here it is certainly gratifying to know that the promotion of science also brings its material reward; to know that a single achievement of science like James Watt's steam-engine has brought in more for the world in the first fifty years of its existence than the world has spent on the promotion of science since the beginning of time.

We have, then, two elements of production in operation – nature and man, with man again active physically and mentally, and can now return to the economist and his production costs.

What cannot be monopolised has no value, says the economist – a proposition which we shall examine more closely later on. If we say "has no *price*", then the proposition is valid for the order which rests on private property. If land could be had as easily as air, no one would pay rent. Since this is not the case, but since, rather, the extent of a piece of land to be appropriated is limited in any particular case, one pays rent for the appropriated, i.e., the monopolised land, or one pays down a purchase price for it. After this enlightenment about the origin of the value of land it is, however, very strange to have to hear from the economist that the rent of land is the difference between the yield from the land for which rent is paid and from the worst land worth cultivating at all. As is well known, this is the definition of rent fully developed for the first time by Ricardo. This definition is indeed correct in practice if one presupposes that a fall in demand reacts *instantaneously* on rent, and at once puts a corresponding amount of the worst cultivated land out of cultivation. This, however, is not the case, and the definition is therefore inadequate. Moreover, it does not cover the causation of rent, and is therefore even for that

reason untenable. In opposition to this definition, Col. T. P. Thompson, the champion of the AntiCorn Law League, revived Adam Smith's definition, and substantiated it. According to him, rent is the relation between the competition of those striving for the use of the land and the limited quantity of available land. Here at least is a return to the origin of rent; but this explanation does not take into account the varying fertility of the soil, just as the previous explanation leaves out competition.

Once more, therefore we have two one-sided and hence only partial definitions of a single object. As in the case of the concept of value, we shall again have to combine these two definitions so as to find the correct definition which follows from the development of the thing itself and thus embraces all practice. Rent is the relation between the productivity of the land, the natural side (which in turn consists of *natural* fertility and *human* cultivation – labour applied to effect improvement), and the human side, competition. The economists may shake their heads over this “definition”; they will discover to their horror that it embraces everything relevant to this matter.

The *landowner* has nothing with which to reproach the merchant.

He practices robbery in monopolising the land. He practices robbery in exploiting for his own benefit the increase in population which increases competition and thus the value of his estate; in turning into a source of personal advantage that which has not been his own doing – that which is his by sheer accident. He practices robbery in *leasing his land*, when he eventually seizes for himself the improvements effected by his tenant. This is the secret of the ever-increasing wealth of the big landowners.

The axioms which qualify as robbery the landowner's method of deriving an income – namely, that each has a right to the product of his labour, or that no one shall reap where he has not sown – are not advanced by us. The first excludes the duty of feeding children; the second deprives each generation of the right to live, since each generation starts with what it inherits from the preceding generation. These axioms are, rather, consequences of private property. One should either put into effect the consequences or abandon private property as a premise.

Indeed, the original act of appropriation itself is justified by the assertion of the still earlier existence of *common* property rights. Thus, wherever we turn, private property leads us into contradictions.

To make land an object of huckstering – the land which is our one and all, the first condition of our existence – was the last step towards making oneself an object of huckstering. It was and is to this very day an immorality surpassed only by the immorality of self-alienation. And the original appropriation – the monopolisation of the land by a few, the exclusion of the rest from that which is the condition of their life – yields nothing in immorality to the subsequent huckstering of the land.

If here again we abandon private property, rent is reduced to its truth, to the rational notion which essentially lies at its root. The value of the land divorced from it as rent then reverts to the land itself. This value, to be measured by the productivity of equal areas of land subjected to equal applications of labour, is indeed taken into account as part of the production costs when determining the value of products; and like rent, it is the relation of productivity to competition – but to *true* competition, such as will be developed when its time comes.

We have seen that capital and labour are initially identical; we see further from the explanations of the economist himself that, in the process of production, capital, the result of labour, is immediately transformed again into the substratum, into the material of labour; and that therefore the momentarily postulated separation of capital from labour is

immediately superseded by the unity of both. And yet the economist separates capital from labour, and yet clings to the division without giving any other recognition to their unity than by his definition of capital as “stored-up labour.” The split between capital and labour resulting from private property is nothing but the inner dichotomy of labour corresponding to this divided condition and arising out of it. And after this separation is accomplished, capital is divided once more into the original capital and profit – the increment of capital, which it receives in the process of production; although in practice profit is immediately lumped together with capital and set into motion with it. Indeed, even profit is in its turn split into interest and profit proper. In the case of interest, the absurdity of these splits is carried to the extreme. The immorality of lending at interest, of receiving without working, merely for making a loan, though already implied in private property, is only too obvious, and has long ago been recognised for what it is by unprejudiced popular consciousness, which in such matters is usually right. All these subtle splits and divisions stem from the original separation of capital from labour and from the culmination of this separation – the division of mankind into capitalists and workers – a division which daily becomes ever more acute, and which, as we shall see, is *bound* to deepen. This separation, however, like the separation already considered of land from capital and labour, is in the final analysis an impossible separation. What share land, capital and labour each have in any particular product cannot be determined. The three magnitudes are incommensurable. The land produces the raw material, but not without capital and labour. Capital presupposes land and labour. And labour presupposes *at least* land, and usually also capital. The functions of these three elements are completely different, and are not to be measured by a fourth common standard. Therefore, when it comes to dividing the proceeds among the three elements under existing conditions, there is no inherent standard; it is an entirely alien and with regard to them fortuitous standard that decides – competition, the cunning right of the stronger. Rent implies competition; profit on capital is solely determined by competition; and the position with regard to wages we shall see presently.

If we abandon private property, then all these unnatural divisions disappear. The difference between interest and profit disappears; capital is nothing without labour, without movement. The significance of profit is reduced to the weight which capital carries in the determination of the costs of production, and profit thus remains inherent in capital, in the same way as capital itself reverts to its original unity with labour.

Labour – the main factor in production, the “source of wealth” free human activity – comes off badly with the economist. Just as capital has already been separated from labour, so labour is now in turn split for a second time: the product of labour confronts labour as wages, is separated from it, and is in its turn as usual determined by competition – there being, as we have seen, no firm standard determining labour’s share in production. If we do away with private property, this unnatural separation also disappears. Labour becomes its own reward, and the true significance of the wages of labour, hitherto alienated, comes to light – namely, the significance of labour for the determination of the production costs of a thing.

We have seen that in the end everything comes down to competition, so long as private property exists. It is the economist’s principal category – his most beloved daughter, whom he ceaselessly caresses – and look out for the Medusa’s head which she will show you!

The immediate consequence of private property was the split of production into two opposing sides – the natural and the human sides, the soil which without fertilisation by

man is dead and sterile, and human activity, the first condition of which is that very soil. Furthermore we have seen how human activity in its turn was dissolved into labour and capital, and how these two sides antagonistically confronted each other. Thus we already had the struggle of the three elements against one another, instead of their mutual support; now we have to add that private property brings in its wake the fragmentation of each of these elements. One piece of land stands confronted by another, one capital by another, one labourer by another. In other words, because private property isolates everyone in his own crude solitariness, and because, nevertheless, everyone has the same interest as his neighbour, one landowner stands antagonistically confronted by another, one capitalist by another, one worker by another. In this discord of identical interests resulting precisely from this identity is consummated the immorality of mankind's condition hitherto; and this consummation is competition.

The opposite of *competition is monopoly*. Monopoly was the war-cry of the Mercantilists; competition the battle-cry of the liberal economists. It is easy to see that this antithesis is again a quite hollow antithesis. Every competitor *cannot but* desire to have the monopoly, be he worker, capitalist or landowner. Each smaller group of competitors cannot but desire to have the monopoly for itself against all others. Competition is based on self-interest, and self-interest in turn breeds monopoly. In short, competition passes over into monopoly. On the other hand, monopoly cannot stem the tide of competition – indeed, it itself breeds competition; just as a prohibition of imports, for instance, or high tariffs positively breed the competition of smuggling. The contradiction of competition is exactly the same as that of private property. It is in the interest of each to possess everything, but in the interest of the whole that each possess an equal amount. Thus, the general and the individual interest are diametrically opposed to each other. The contradiction of competition is that each cannot but desire the monopoly, whilst the whole as such is bound to lose by monopoly and must therefore remove it. Moreover, competition already presupposes monopoly – namely, the monopoly of property (and here the hypocrisy of the liberals comes once more to light); and so long as the monopoly of property exists, for so long the possession of monopoly is equally justified – for monopoly, once it exists, is also property. What a pitiful half-measure, therefore, to attack the small monopolies, and to leave untouched the basic monopoly! And if we add to this the economist's proposition mentioned above, that nothing has value which cannot be monopolised – that nothing, therefore, which does not permit of such monopolisation can enter this arena of competition – then our assertion that competition presupposes monopoly is completely justified.

The law of competition is that demand and supply always strive to complement each other, and therefore never do so. The two sides are torn apart again and transformed into flat opposition. Supply always follows close on demand without ever quite covering it. It is either too big or too small, never corresponding to demand; because in this unconscious condition of mankind no one knows how big supply or demand is. If demand is greater than supply the price rises and, as a result, supply is to a certain degree stimulated. As soon as it comes on to the market, prices fall; and if it becomes greater than demand, then the fall in prices is so significant that demand is once again stimulated. So it goes on unendingly – a permanently unhealthy state of affairs – a constant alternation of over-stimulation and flagging which precludes all advance – a state of perpetual fluctuation without ever reaching its goal. This law with its constant adjustment, in which whatever is lost here is gained there, is regarded as something excellent by the economist. It is his chief glory – he cannot see enough of it, and considers it in all its possible and impossible applications. Yet it is obvious that this law is purely a law of nature and not a law

of the mind. It is a law which produces revolution. The economist comes along with his lovely theory of demand and supply, proves to you that "one can never produce too much," and practice replies with trade crises, which reappear as regularly as the comets, and of which we have now on the average one every five to seven years. For the last eighty years these trade crises have arrived just as regularly as the great plagues did in the past – and they have brought in their train more misery and more immorality than the latter. (Compare Wade: *History of the Middle and Working Classes*, London, 1835, p. 211.) Of course, these commercial upheavals confirm the law, confirm it exhaustively – but in a manner different from that which the economist would have us believe to be the case. What are we to think of a law which can only assert itself through periodic upheavals? It is certainly a natural law based on the unconsciousness of the participants. If the producers as such knew how much the consumers required, if they were to organise production, if they were to share it out amongst themselves, then the fluctuations of competition and its tendency to crisis would be impossible. Carry on production consciously as human beings – not as dispersed atoms without consciousness of your species – and you have overcome all these artificial and untenable antitheses. But as long as you continue to produce in the present unconscious, thoughtless manner, at the mercy of chance – for just so long trade crises will remain; and each successive crisis is bound to become more universal and therefore worse than the preceding one; is bound to impoverish a larger body of small capitalists, and to augment in increasing proportion the numbers of the class who live by labour alone, thus considerably enlarging the mass of labour to be employed (the major problem of our economists) and finally causing a social revolution such as has never been dreamt of in the philosophy of the economists.

The perpetual fluctuation of prices such as is created by the condition of competition completely deprives trade of its last vestige of morality. It is no longer a question of *value*; the same system which appears to attach such importance to value, which confers on the abstraction of value in money form the honour of having an existence of its own – this very system destroys by means of competition the inherent value of all things, and daily and hourly changes the value-relationship of all things to one another. Where is there any possibility remaining in this whirlpool of an exchange based on a moral foundation? In this continuous up-and-down, everyone must seek to hit upon the most favourable moment for purchase and sale; everyone must become a speculator – that is to say, must reap where he has not sown; must enrich himself at the expense of others, must calculate on the misfortune of others, or let chance win for him. The speculator always counts on disasters, particularly on bad harvests. He utilises everything – for instance, the New York fire [December 16, 1835] in its time – and immorality's culminating point is the speculation on the Stock Exchange, where history, and with it mankind, is demoted to a means of gratifying the avarice of the calculating or gambling speculator. And let not the honest "respectable" merchant rise above the gambling on the Stock Exchange with a Pharisaic "I thank thee, O Lord..." etc. He is as bad as the speculators in stocks and shares. He speculates just as much as they do. He has to: competition compels him to. And his trading activity therefore implies the same immorality as theirs. The truth of the relation of competition is the relation of consumption to productivity. In a world worthy of mankind there will be no other competition than this. The community will have to calculate what it can produce with the means at its disposal; and in accordance with the relationship of this productive power to the mass of consumers it will determine how far it has to raise or lower production, how far it has to give way to, or curtail, luxury. But so that they may be able to pass a correct judgement on this relationship and on the increase in productive power to be expected from a rational state of affairs within the community, I invite my readers to consult the writings of the English Socialists, and partly also those of Fourier.

Subjective competition – the contest of capital against capital, of labour against labour, etc. – will under these conditions be reduced to the spirit of emulation grounded in human nature (a concept tolerably set forth so far only by Fourier), which after the transcendence of opposing interests will be confined to its proper and rational sphere.

The struggle of capital against capital, of labour against labour, of land against land, drives production to a fever-pitch at which production turns all natural and rational relations upside-down. No capital can stand the competition of another if it is not brought to the highest pitch of activity. No piece of land can be profitably cultivated if it does not continuously increase its productivity. No worker can hold his own against his competitors if he does not devote all his energy to labour. No one at all who enters into the struggle of competition can weather it without the utmost exertion of his energy, without renouncing every truly human purpose. The consequence of this over-exertion on the one side is, inevitably, slackening on the other. When the fluctuation of competition is small, when demand and supply, consumption and production, are almost equal, a stage must be reached in the development of production where there is so much superfluous productive power that the great mass of the nation has nothing to live on, that the people starve from sheer abundance. For some considerable time England has found herself in this crazy position, in this living absurdity. When production is subject to greater fluctuations, as it is bound to be in consequence of such a situation, then the alternation of boom and crisis, overproduction and slump, sets in. The economist has never been able to find an explanation for this mad situation. In order to explain it, he invented the population theory, which is just as senseless – indeed even more senseless than the contradiction of coexisting wealth and poverty. The economist *could not afford* to see the truth; he could not afford to admit that this contradiction is a simple consequence of competition; for in that case his entire system would have fallen to bits.

For us the matter is easy to explain. The productive power at mankind's disposal is immeasurable. The productivity of the soil can be increased *ad infinitum* by the application of capital, labour and science. According to the most able economists and statisticians (cf. Alison's *Principles of Population*, Vol. I, Chs. 1 and 2), "over-populated" Great Britain can be brought within ten years to produce a corn yield sufficient for a population six times its present size. Capital increases daily; labour power grows with population; and day by day science increasingly makes the forces of nature subject to man. This immeasurable productive capacity, handled consciously and in the interest of all, would soon reduce to a minimum the labour falling to the share of mankind. Left to competition, it does the same, but within a context of antitheses. One part of the land is cultivated in the best possible manner whilst another part – in Great Britain and Ireland thirty million acres of good land – lies barren. One part of capital circulates with colossal speed; another lies dead in the chest. One part of the workers works fourteen or sixteen hours a day, whilst another part stands idle and inactive, and starves. Or the partition leaves this realm of simultaneity: today trade is good; demand is very considerable; everyone works; capital is turned over with miraculous speed; farming flourishes; the workers work themselves sick. Tomorrow stagnation sets in. The cultivation of the land is not worth the effort; entire stretches of land remain untilled; the flow of capital suddenly freezes; the workers have no employment, and the whole country labours under surplus wealth and surplus population.

The economist cannot afford to accept this exposition of the subject as correct; otherwise, as has been said, he would have to give up his whole system of competition. He would have to recognise the hollowness of his antithesis of production and consumption, of surplus population and surplus wealth. To bring fact and theory into conformity with

each other – since this fact simply could not be denied – the population theory was invented.

Malthus, the originator of this doctrine, maintains that population is always pressing on the means of subsistence; that as soon as production increases, population increases in the same proportion; and that the inherent tendency of the population to multiply in excess of the available means of subsistence is the root of all misery and all vice. For, when there are too many people, they have to be disposed of in one way or another: either they must be killed by violence or they must starve. But when this has happened, there is once more a gap which other multipliers of the population immediately start to fill up once more: and so the old misery begins all over again. What is more, this is the case in all circumstances – not only in civilised, but also in primitive conditions. In New Holland [The old name for Australia. - Ed.], with a population density of *one* per square mile, the savages suffer just as much from over-population as England. In short, if we want to be consistent, we must admit *that the earth was already over-populated when only one man existed*. The implications of this line of thought are that since it is precisely the poor who are the surplus, nothing should be done for them except to make their dying of starvation as easy as possible, and to convince them that it cannot be helped and that there is no other salvation for their whole class than keeping propagation down to the absolute minimum. Or if this proves impossible, then it is after all better to establish a state institution for the painless killing of the children of the poor, such as “Marcus” has suggested, whereby each working-class family would be allowed to have two and a half children, any excess being painlessly killed. Charity is to be considered a crime, since it supports the augmentation of the surplus population. Indeed, it will be very advantageous to declare poverty a crime and to turn poor-houses into prisons, as has already happened in England as a result of the new “liberal” Poor Law. Admittedly it is true that this theory ill conforms with the Bible’s doctrine of the perfection of God and of His creation; but “it is a poor refutation to enlist the Bible against facts.”

Am I to go on any longer elaborating this vile, infamous theory, this hideous blasphemy against nature and mankind? Am I to pursue its consequences any further? Here at last we have the immorality of the economist brought to its highest pitch. What are all the wars and horrors of the monopoly system compared with this theory! And it is just this theory which is the keystone of the liberal system of free trade, whose fall entails the downfall of the entire edifice. For if here competition is proved to be the cause of misery, poverty and crime, who then will still dare to speak up for it?

In his above-mentioned work, Alison has shaken the Malthusian theory by bringing in the productive power of the land, and by opposing to the Malthusian principle the fact that each adult can produce more than he himself needs – a fact without which mankind could not multiply, indeed could not even exist; if it were not so how could those still growing up live? But Alison does not go to the root of the matter, and therefore in the end reaches the same conclusion as Malthus. True enough, he proves that Malthus’ principle is incorrect, but cannot gainsay the facts which have impelled Malthus to his principle.

If Malthus had not considered the matter so one-sidedly, he could not have failed to see that surplus population or labour-power is invariably tied up with surplus wealth, surplus capital and surplus landed property. The population is only too large where the productive power as a whole is too large. The condition of every over-populated country, particularly England, since the time when Malthus wrote, makes this abundantly clear. These were the facts which Malthus ought to have considered in their totality, and whose consideration was bound to have led to the correct conclusion. Instead, he selected one fact, gave no consideration to the others, and therefore arrived at his crazy conclusion. The second error he committed was to confuse means of subsistence with [means of]

employment. That population is always pressing on the means of employment – that the number of people produced depends on the number of people who can be employed – in short, that the production of labour-power has been regulated so far by the law of competition and is therefore also exposed to periodic crises and fluctuations – this is a fact whose establishment constitutes Malthus' merit. But the means of employment are not the means of subsistence. Only in their end-result are the means of employment increased by the increase in machine-power and capital. The means of subsistence increase as soon as productive power increases even slightly. Here a new contradiction in economics comes to light. The economist's "demand" is not the real demand; his "consumption" is an artificial consumption. For the economist, only that person really demands, only that person is a real consumer, who has an equivalent to offer for what he receives. But if it is a fact that every adult produces more than he himself can consume, that children are like trees which give superabundant returns on the outlays invested in them – and these certainly are facts, are they not? – then it must be assumed that each worker ought to be able to produce far more than he needs and that the community, therefore, ought to be very glad to provide him with everything he needs; one must consider a large family to be a very welcome gift for the community. But the economist, with his crude outlook, knows no other equivalent than that which is paid to him in tangible ready cash. He is so firmly set in his antitheses that the most striking facts are of as little concern to him as the most scientific principles.

We destroy the contradiction simply by transcending it. With the fusion of the interests now opposed to each other there disappears the contradiction between excess population here and excess wealth there; there disappears the miraculous fact (more miraculous than all the miracles of all the religions put together) that a nation has to starve from sheer wealth and plenty; and there disappears the crazy assertion that the earth lacks the power to feed men. This assertion is the pinnacle of Christian economics – and that our economics is essentially Christian I could have proved from every proposition, from every category, and shall in fact do so in due course. The Malthusian theory is but the economic expression of the religious dogma of the contradiction of spirit and nature and the resulting corruption of both. As regards religion, and together with religion, this contradiction was resolved long ago, and I hope that in the sphere of economics I have likewise demonstrated the utter emptiness of this contradiction. Moreover, I shall not accept as competent any defence of the Malthusian theory which does not explain to me on the basis of its own principles how a people can starve from sheer plenty and bring this into harmony with reason and fact.

At the same time, the Malthusian theory has certainly been a necessary point of transition which has taken us an immense step further. Thanks to this theory, as to economics as a whole, our attention has been drawn to the productive power of the earth and of mankind; and after overcoming this economic despair we have been made for ever secure against the fear of overpopulation. We derive from it the most powerful economic arguments for a social transformation. For even if Malthus were completely right, this transformation would have to be undertaken straight away; for only this transformation, only the education of the masses which it provides, makes possible that moral restraint of the propagative instinct which Malthus himself presents as the most effective and easiest remedy for overpopulation. Through this theory we have come to know the deepest degradation of mankind, their dependence on the conditions of competition. It has shown us how in the last instance private property has turned man into a commodity whose production and destruction also depend solely on demand; how the system of competition has thus slaughtered, and daily continues to slaughter, millions of men. All this we have seen, and all this drives us to the abolition of this degradation of mankind through the abolition of private property, competition and the opposing interests.

Yet, so as to deprive the universal fear of overpopulation of any possible basis, let us once more return to the relationship of productive power to population. Malthus establishes a formula on which he bases his entire system: population is said to increase in a geometrical progression – $1+2+4+8+16+32$, etc.; the productive power of the land in an arithmetical progression – $1+2+3+4+5+6$. The difference is obvious, is terrifying; but is it correct? Where has it been proved that the productivity of the land increases in an arithmetical progression? The extent of land is limited. All right! The labour-power to be employed on this land-surface increases with population. Even if we assume that the increase in yield due to increase in labour does not always rise in proportion to the labour, there still remains a third element which, admittedly, never means anything to the economist – science – whose progress is as unlimited and at least as rapid as that of population. What progress does the agriculture of this century owe to chemistry alone – indeed, to two men alone, Sir Humphry Davy and Justus Liebig! But science increases at least as much as population. The latter increases in proportion to the size of the previous generation, science advances in proportion to the knowledge bequeathed to it by the previous generation, and thus under the most ordinary conditions also in a geometrical progression. And what is impossible to science? But it is absurd to talk of over-population so long as “there is ‘enough waste land in the valley of the Mississippi for the whole population of Europe to be transplanted there” [A. Alison, loc. cit., p. 548. - Ed.]; so long as no more than one-third of the earth can be considered cultivated, and so long as the production of this third itself can be raised sixfold and more by the application of improvements already known.

Thus, competition sets capital against capital, labour against labour, landed property against landed property; and likewise each of these elements against the other two. In the struggle the stronger wins; and in order to predict the outcome of the struggle, we shall have to investigate the strength of the contestants. First of all, labour is weaker than either landed property or capital, for the worker must work to live, whilst the landowner can live on his rent, and the capitalist on his interest, or, if the need arises, on his capital or on capitalised property in land. The result is that only the very barest necessities, the mere means of subsistence, fall to the lot of labour; whilst the largest part of the products is shared between capital and landed property. Moreover, the stronger worker drives the weaker out of the market, just as larger capital drives out smaller capital, and larger landed property drives out smaller landed property. Practice confirms this conclusion. The advantages which the larger manufacturer and merchant enjoy over the smaller, and the big landowner over the owner of a single acre, are well known. The result is that already under ordinary conditions, in accordance with the law of the stronger, large capital and large landed property swallow small capital and small landed property – i.e., centralisation of property. In crises of trade and agriculture, this centralisation proceeds much more rapidly.

In general large property increases much more rapidly than small property, since a much smaller portion is deducted from its proceeds as property-expenses. This law of the centralisation of private property is as immanent in private property as all the others. The middle classes must increasingly disappear until the world is divided into millionaires and paupers, into large landowners and poor farm labourers. All the laws, all the dividing of landed property, all the possible splitting-up of capital, are of no avail: this result must and will come, unless it is anticipated by a total transformation of social conditions, a fusion of opposed interests, an abolition of private property.

Free competition, the keyword of our present-day economists, is an impossibility. Monopoly at least intended to protect the consumer against fraud, even if it could not in

fact do so. The abolition of monopoly, however, opens the door wide to fraud. You say that competition carries with it the remedy for fraud, since no one will buy bad articles. But that means that everyone has to be an expert in every article, which is impossible. Hence the necessity for monopoly, which many articles in fact reveal. Pharmacies, etc., must have a monopoly. And the most important article – money – requires a monopoly most of all. Whenever the circulating medium has ceased to be a state monopoly it has invariably produced a trade crisis; and the English economists, Dr. Wade among them, do concede in this case the necessity for monopoly. But monopoly is no protection against counterfeit money. One can take one's stand on either side of the question: the one is as difficult as the other. Monopoly produces free competition, and the latter, in turn, produces monopoly. Therefore both must fall, and these difficulties must be resolved through the transcendence of the principle which gives rise to them.

Competition has penetrated all the relationships of our life and completed the reciprocal bondage in which men now hold themselves. Competition is the great mainspring which again and again jerks into activity our ageing and withering social order, or rather disorder; but with each new exertion it also saps a part of this order's waning strength. Competition governs the numerical advance of mankind; it likewise governs its moral advance. Anyone who has any knowledge of the statistics of crime must have been struck by the peculiar regularity with which crime advances year by year, and with which certain causes produce certain crimes. The extension of the factory system is followed everywhere by an increase in crime. The number of arrests, of criminal cases – indeed, the number of murders, burglaries, petty thefts, etc., for a large town or for a district – can be predicted year by year with unflinching precision, as has been done often enough in England. This regularity proves that crime, too, is governed by competition, that society creates a *demand* for crime which is met by a corresponding *supply*; that the gap created by the arrest, transportation or execution of a certain number is at once filled by others, just as every gap in population is at once filled by new arrivals; in other words, that crime presses on the means of punishment just as the people press on the means of employment. How just it is to punish criminals under these circumstances, quite apart from any other considerations, I leave to the judgement of my readers. Here I am merely concerned in demonstrating the extension of competition into the moral sphere, and in showing to what deep degradation private property has brought man.

In the struggle of capital and land against labour, the first two elements enjoy yet another special advantage over labour – the assistance of science; for in present conditions science, too, is directed against labour. Almost all mechanical inventions, for instance, have been occasioned by the lack of labour-power; in particular Hargreaves', Crompton's and Arkwright's cotton-spinning machines. There has never been an intense demand for labour which did not result in an invention that increased labour productivity considerably, thus diverting demand away from human labour. The history of England from 1770 until now is a continuous demonstration of this. The last great invention in cotton-spinning, the self-acting mule, was occasioned solely by the demand for labour, and rising wages. It doubled machine-labour, and thereby cut down hand-labour by half; it threw half the workers out of employment, and thereby reduced the wages of the others by half; it crushed a plot of the workers against the factory owners, and destroyed the last vestige of strength with which labour had still held out in the unequal struggle against capital. (Cf. Dr. Ure, *Philosophy of Manufactures*, Vol. 2.) The economist now says, however, that in its final result machinery is favourable to the workers, since it makes production cheaper and thereby creates a new and larger market for its products, and thus ultimately

re-employs the workers put out of work. Quite right. But is the economist forgetting, then, that the production of labour-power is regulated by competition; that labour-power is always pressing on the means of employment, and that, therefore, when these advantages are due to become operative, a surplus of competitors for work is already waiting for them, and will thus render these advantages illusory; whilst the disadvantages – the sudden withdrawal of the means of subsistence from one half of the workers and the fall in wages for the other half – are not illusory? Is the economist forgetting that the progress of invention never stands still, and that these disadvantages, therefore, perpetuate themselves? Is he forgetting that with the division of labour, developed to such a high degree by our civilisation, a worker can only live if he can be used at this particular machine for this particular detailed operation; that the change-over from one type of employment to another, newer type is almost invariably an absolute impossibility for the adult worker?

In turning my attention to the effects of machinery, I am brought to another subject less directly relevant – the factory system; and I have neither the inclination nor the time to treat this here. Besides, I hope to have an early opportunity to expound in detail the despicable immorality of this system, and to expose mercilessly the economist's hypocrisy which here appears in all its brazenness.

(Signed: *Frederick Engels in Manchester*)