

# Happy Birthday, Friedrich Engels

**Friedrich Engels was born 200 years ago today. We should thank him for helping out his friend Karl Marx — but also for the critique of capitalism he produced in his own right.**



Friedrich Engels was born on November 28, 1820.

Today marks two hundred years since the birth of Friedrich Engels, a giant of the nineteenth-century socialist movement — and for four decades, Karl Marx’s closest collaborator. After his friend’s death in 1883, Engels devoted much of his own final years to editing and popularizing Marx’s work.

But as Marxist economist Michael Roberts insists in his new book, [\*Engels 200: His Contribution to Political Economy\*](#), Engels was also an innovative thinker in his own right. From his work on humanity’s relationship with nature to his writings on finance, Engels offered sharp insights into many problems that socialists have to confront today.

Roberts spoke to *Jacobin*’s David Broder about Engels’s role in shaping the young Marx’s thinking, the relevance of his ideas on unemployment and the housing question, and why he should be reclaimed from attempts to paint him as a purely dogmatic figure.

David Broder

Sent to work at his father’s firm in Manchester from 1842, Engels began work on *The*

*Condition of the Working Class in England*. He based this study on conversations with workers, his network of “informers,” and his study of official statistics. You highlight that this didn’t just produce a picture of deprivation, but helped explain how wages are determined in a capitalist economy, in a different way to the classical political economists.

Michael Roberts

Yes, at the ripe old age of twenty-four, Engels published his close study of the condition of workers in Manchester, at the height of the Industrial Revolution. This led him to conclude that wage labor was a new form of exploitation peculiar to capitalism, different from slavery or serfdom.

Introducing technology and machines to replace labor, capitalism generated a permanent “reserve army of labor.” The size of that reserve army would fluctuate with the vagaries of the cycle of boom and slump under capitalism. But capital always exerted a general downward pressure on workers’ wages — and thus on the share of income going to labor.

Engels provides empirical support to his thesis: “Of this surplus population there are, according to the reports of the Poor Law commissioners, on an average, a million and a half in England and Wales . . .” But Engels points out that these “official” figures for unemployment are an underestimate: “This million and a half includes only those who actually apply to the parish for relief; the great multitude who struggle on without recourse to this most hated expedient, it does not embrace.” We could repeat this criticism of modern official unemployment data, which often fails to account for workers not claiming benefits but who do want employment.

The competition between capitalists leads them to pay their workers as little as possible, while trying to squeeze more and more work from them: unionization was essential. The fact that unionization helps to sustain real wage levels, and the share of labor in output has since been borne out by many studies.

“The young Engels’s contribution to political economy remains refreshingly modern and relevant, even if it is forgotten by most, including Marxist economists.”

Engels’s theory has modern relevance. For most of the last forty years, pay in the United States has stagnated for all but the highest-paid workers, and inequality has risen dramatically. The share of workers covered by a collective bargaining agreement dropped from 27 percent to 11.6 percent between 1979 and 2019, meaning the union coverage rate is now less than half where it was forty years ago. Research shows that de-unionization accounts for a sizable share of the growth in inequality over that period — around 13–20 percent for women and 33–37 percent for men. Applying these shares to annual earnings data reveals that working people are now losing the order of \$200 billion per year as a result of the erosion of union coverage over the last four decades — with that money being redistributed upward, to the rich.

David Broder

You present Engels as a forerunner — a communist before Karl Marx, who coined concepts and categories which became associated with his friend and collaborator. In particular, you highlight Engels’s *Umrisse*, which he wrote aged just twenty-two. What inspired this text of his — and what effect did this “first Marxist” have on the

development of Marx's own studies?

Michael Roberts

Well, Marx once wrote to Engels: "As you know, I'm always late off the mark with everything, and I invariably follow in your footsteps." In the case of political economy, this was true. Engels's experience in the early 1840s, working in his father's cotton mill in Manchester, opened his eyes to the directly material nature of "alienation" under capitalism. It took the form of the exploitation and poverty of hundreds of thousands of rural workers flooding into the cities in England's so-called Industrial Revolution.

In early meetings, Engels urged Marx to read the works of the contemporary economists, to understand the contradictions of capitalism. A philosophical critique of capitalism was important, but a scientific critique of capital and the economists was vital. Engels was first with that. In Manchester, between October and November 1843, Engels wrote his first economic work, titled *Outline of a Critique of Political Economy (Umriss)*. This was written to encourage Marx to concentrate on his own critique of political economy and capitalism.

Engels's critique is a brilliant analysis of the ideas of the contemporary economists, exposing their contradictions. He also begins to develop some of what became the basic categories of the Marxist theories of value and crisis, well before Marx. He emphasizes private property as the foundation of modern capitalist production; expounds the nature of value under capitalism (including a theory of rent); outlines the continuing tension between competition and monopoly, free trade and protection; and offers an explanation of the recurring and regular cycles of boom and slump in modern capitalism. All these are germs (and sometimes more than germs) of Marx's later critique in *Capital*.

There are limitations in *Umriss* that Marx later superseded. What is missing from Engels's account is Marx's theory of surplus value — that only labor creates value, but by having a monopoly on the means of production, capitalists are able to appropriate the value created by labor. They turn labor itself into a commodity, labor power, and so gain a surplus through the sale of the commodity for more value than labor's wages. This discovery, as Engels was always pointing out, was one of Marx's major scientific achievements.

In my view, despite its limitations, the young Engels's contribution to political economy remains refreshingly modern and relevant, even if it is forgotten by most, including Marxist economists.

David Broder

In what sense did Engels develop the concept of "financialization"?

Michael Roberts

Financialization is a buzzword among heterodox and Marxist economists right now. The term implies that the finance sector has become dominant in modern capitalist accumulation, and indeed most large nonfinancial companies and activities have been transformed into financial operations that are no longer productive for society as a whole. We live in a world of finance capital, not capitalism.

"Engels was again ahead of Marx in discerning the rising role of finance capital in

modern capitalism.”

What I found from preparing this short book was that Engels was again ahead of Marx in discerning the rising role of finance capital in modern capitalism. In particular, he was first to use the Marxist term of “fictitious capital,” where capitalists invest in financial assets like stocks and bonds rather than in material assets like factories and workers.

Fictitious capitals are claims on future value created by workers in productive sectors — they are “fictitious” because that new value may never materialize, eventually leading to a financial crash. Back in 1844, Engels said: “Then come the daring speculators working with fictitious capital, living upon credit, ruined if they cannot speedily sell; they hurl themselves into this universal, disorderly race for profits, multiply the disorder and haste by their unbridled passion, which drives prices and production to madness.”

Later, after Marx’s death, Engels developed further his concept of fictitious capital, taking into account developments in finance capital in Britain and the United States. Referring to Marx’s *Capital*, Engels commented, “At that time [1865], the stock exchange was still a place where the capitalists took away each other’s accumulated capital.” Now things had changed. A “change has taken place which today assigns a considerably increased and constantly growing role to the stock exchange, and which, as it develops, tends to concentrate all production, industrial as well as agricultural, and all commerce, the means of communication as well as the functions of exchange, in the hands of stock exchange operators, so that the stock exchange becomes the most prominent representative of capitalist production itself.”

But I don’t think Engels would have agreed with modern financialization theory. Modern theory suggests that 1) financial activity is now the *main* source of surplus value and that 2) financial excess is now the *main* cause of crises, and not the excess of productive capital relative to profitability causing overproduction. Engels’s view was that yes, credit can become “separate from trade in commodities and have a development of its own, special laws and separate phases determined by its own nature,” but only “under certain conditions imposed by production and commodity trade and within these limits.” Crises are the result of the overproduction of capital, not of financial excess.

David Broder

One important set of interventions by Engels concerned the “housing question.” While he insisted this issue could only be resolved if grasped as part of a wider “social question,” he also rebutted the analogy made by Pierre-Joseph Proudhon directly comparing relations of landlord and tenant to those between capitalist and worker. Why is this analogy misleading — and what kind of approach to housing shortages and high rents does this critique instead imply?

Michael Roberts

Social reformers in the mid-nineteenth century were well aware of the shocking housing conditions of working people, forced to pay exorbitant rents to landlords that squeezed their wages to the limit, to live in squalor. Nothing has changed in that today for millions. Prominent socialists then, like Proudhon, saw the solution to ending

private landlordism by the conversion of tenants' rents into mortgage payments on their dwellings, which they would then own. Social reformer Sax held the view that "home-and-garden" ownership would transform workers into capitalists by enabling them to generate income or credit from real estate in hard times and also improve their sense of "self-worth."

In a series of essays, Engels rejected this solution to the housing crisis. He reckoned that any policy aimed at rent control or limits on bankers' huge interest on mortgages would fall well short of solving the "housing question." As he put it,

Our Proudhonist comes along and believes that if we were to forbid one single sub-species of capitalists, and at that of such capitalists who purchase no labor power directly and therefore also cause no surplus value to be produced, to receive profit or interest, it would be a step forward. But the mass of unpaid labor taken from the working class would remain exactly the same even if landlords and bankers were to be deprived tomorrow of the possibility of receiving ground rent and interest.

What was needed to solve the housing crisis was to end private property in land and homes. For Engels, there was no such thing as a housing crisis per se, only a crisis of capitalism in which housing conditions formed just "one of the innumerable, smaller, secondary evils caused by the exploitation of workers by capital."

Engels's critique has modern relevance. Take Margaret Thatcher's highly popular move in the UK in the 1980s to encourage direct sales of council housing at very large discounts to tenants — to expand homeownership at the expense of the public housing stock. This Right to Buy policy is now the one direct and major cause of the lack of affordable housing in the UK today (over the past thirty-five years, nearly three million publicly owned homes have been sold off under the scheme). The Right to Buy even failed on its own privatizing terms, as many who exercised their Right to Buy sold on to private landlords, who then rented them to tenants at double or triple the levels of previous public rents.

David Broder

Having stepped back to support Marx's work financially, following his friend's death Engels did much to edit and circulate his work, as well as being a revered figure in the socialist movement. But many theorists have damned him for these efforts, accusing him of producing a vulgarized Marxism that granted a falsely "systemic" character. This approach has been painted as mechanical or even proto-Stalinist. What do you think drives such arguments — and do they stand up to scrutiny?

Michael Roberts

Yes, it seems that Engels attracts much criticism among some Marxists. The reason seems to be that he turned Marxism into a theoretical system to transform a mass political movement. Many Marxist "academics" do not like this. For this reason, they prefer to portray Marx as a "liberal thinker" as opposed to the "sneaky" communist Engels. It is true that Engels became a communist before Marx. And it is true that Soviet thinkers under Stalin used Engels's works to suggest that the transition from capitalism to socialism was inexorable and determined, as exhibited by the example of the Soviet Union. But this was just as much a distortion of Engels as that of the "liberal Marxists" of the post-Soviet West.

In my view, not even a sheet of paper can separate Marx and Engels in their materialist conception of history and scientific socialism. They worked closely and collaborated on all their studies for over forty years, with each intimately knowing each other's views. Of course, they did not agree on every dot and comma as they were independent thinkers, but on the key issues and approach, they were in agreement. If not, we would have known about it!

As Marx said to Engels on completing his masterwork, *Capital*: "Without you, I would never have been able to bring the work to a conclusion, and I can assure you it always weighed like a nightmare on my conscience that you were allowing your fine energies to be squandered and to rust in commerce, chiefly for my sake, and, into the bargain, that you had to share all my *petites miseres*."

David Broder

Engels is accused of a vision which exalts the maximum development of the productive forces through the untrammelled human domination of nature. But your account (like that of John Bellamy Foster) instead sees him as a forerunner of ecological thought. What in his work points against the commonplace reading — and is his ecological critique more than a moral or sentimental rejection of the effects of industrialization?

Michael Roberts

Marx and Engels are often accused of a "Promethean" vision of human social organization — namely that human beings, using knowledge and technical prowess, can and should impose their will on the planet and what is called "nature" — for better or worse.

"Engels attacked the view that 'human nature' is inherently selfish and will just destroy nature. He described that argument as a 'repulsive blasphemy against man and nature.'"

This charge is particularly aimed at Engels who, it is claimed, took a bourgeois "positivist" view of science: scientific knowledge was progressive and neutral in ideology, and so was the relationship between man and nature. Indeed, the modern "green" critique of Marx and Engels is that they were unaware that homo sapiens were destroying the planet and thus themselves. Instead, Marx and Engels had a touching Promethean faith in capitalism's ability to develop the productive forces and technology to overcome any risks to the planet and nature.

But in truth, Engels was ahead of Marx (yet again) in connecting the destruction and damage to the environment that industrialization was causing. While still living in his hometown of Barmen (now Wuppertal), at the age of eighteen, he wrote several diary notes about the inequality of rich and poor, the pious hypocrisy of the church preachers, and also the pollution of the rivers.

In *Umrisse*, Engels noted how the private ownership of the land, the drive for profit, and the degradation of nature go hand in hand. Once the earth becomes commodified by capital, it is subject to just as much degradation as labor. We now know that COVID-19 and other pathogen pandemics are due to capitalism's drive to industrialize agriculture and usurp the remaining wilderness that has led to nature "striking back," as humans come into contact with pathogens to which they have no

immunity.

So, at this time of the COVID-19 pandemic, it is worth returning to one of Engels's great works: *The Part Played by Labour in the Transition from Ape to Man*. In this unfinished piece, Engels shows the intimate connection between human labor and nature — a connection that if disrupted would be devastating to humanity as well as to the other species of the planet. For him,

at every step we are reminded that we by no means rule over nature like a conqueror over a foreign people, like someone standing outside nature — but that we, with flesh, blood and brain, belong to nature, and exist in its midst, and that all our mastery of it consists in the fact that we have the advantage over all other creatures of being able to learn its laws and apply them correctly.

Engels attacked the view that “human nature” is inherently selfish and will just destroy nature. He described that argument as a “repulsive blasphemy against man and nature.” Humans can work in harmony with and as part of nature. It requires greater knowledge of the consequences of human action. But as Engels said: “To carry out this control requires something more than mere knowledge.” Science is not enough. “It requires a complete revolution in our hitherto existing mode of production, and with it of our whole contemporary social order.” The “positivist” Engels, it seems, still supported Marx's materialist conception of history.