Marx’s critique of political economy can be characterized as two-fold, both as a critique of political economy’s capitalist modes of production and its prevailing theory, therefore the primary conditions for this critique must provide for the existence of both, as well as the Hegelian philosophical tradition from which Marx confronts them. Tracing these conditions will take us from Britain’s transformation toward a Capitalist economy and the Enlightenment thinkers which theorized during this time, to the Capitalist transformation of Germany and the post-Enlightenment, Hegelian philosophy which meets Marx there. I will finish by discussing how this critique manifests itself in the first three chapters of *Das Capital*.

Capitalist production originated with Agricultural transformations in England’s countryside. Copied Dutch innovations combatted the Malthusian dilemma of scarcity through enhanced harvests, rendering farmers who adopted these innovations more productive and market survivors. These changes consequently upended the old agrarian order by allowing for the reallocation of labor from agricultural to urban manufacturing sectors, and increased the Englishman’s income for acquiring the novelties of the new global markets that profited private traders like the East India Company. England’s “Industrial Evolution” required this freeing of labor and labor’s pockets to utilize inventions and enhance profits. The Scientific Revolution with Bacon’s method revealed new knowledge of the physical world, prompting useful discoveries. Innovators like Newcomen, Savery, and Watt provided steam power and new ways to harness fossil fuels. Consequently, labor could work longer hours and more productively, bolstering textile and pottery markets and firmly establishing factorization, furthering Capitalism’s establishment.

Transformations in thought accompanied these changes in production, birthing the Enlightenment, which featured strong faith in man’s ability to create his own social universe. Economists Smith, Ricardo, Say, and Mill, furthered a new economic discourse. Smith’s conception of human beings as consistent, cooperative market participants governed by natural laws (reflecting the homogenous nature labor now embodied in England) combined with his law of unintended consequences to promote social divisions of labor, contrasting with Feudal labor. It also suggested history unfolded progressively, that societies like England did not change; they developed. Concerning political discourse, thinkers Locke and Hobbes no longer saw society governed by the Old Order but a contract between people and rulers, leading to England’s Parliament’s construction, shifting power from an authoritarian to the rational populous. Locke, along with Newton and Defoe, saw human nature as static, complementing Smith’s notion that the individualistic economy functioned naturally. These theoretical changes, heralding economic freedom and individual rights, coalesced with the economy’s new capacity to generate extreme profits to further establish Capitalism in England.

The political economy which Marx confronts in 19th century Germany originated out of England’s transformations. Like England, industrialization required reformation of agricultural methods. Seeing farmers’ productivity in England, the Prussian government passed laws freeing serfs, reorienting agriculture towards wage labor. Driven by Smith’s notion of economic “backwardness,” German states sought unity and dominance through economic progress. Germany’s continued industrialization depended on production of railroads to connect commerce across them, enabled by investment funds of private bankers. Increased transportation capabilities for circulating coal, iron, and capital combined with borrowed British technology in the realms of textiles and locomotives to further production. Tariffs also allowed Germany’s rising industries to compete with Britain’s and simultaneously replace its old, unproductive production methods. Incorporation through private limited liability companies furthered this industrialization by giving limited liability to owners of growing enterprises. Thus, Germany combined belief in progress, a nation-building sense, protective tariffs, incorporation, and borrowed innovations to transform its Feudal economy to Capitalism.

Now we turn to German philosophy’s influence on Marx from which we can establish his critique’s foundations and dialectic method. Hegelian philosophy countered Kant’s enlightenment thinking. While Kant argued we only know things as they appear, Hegel maintained that we can know the noumenon. Hegel argued the real is a product of thought concentrating itself, probing and unfolding itself by itself. In *The Grundrisse* Marx argues that this Hegelian dialectic method represents the scientifically correct one but falls into the illusion that it *produces* the real. Marx instead considers the material world as the presupposition, the point of departure for man’s thinking process, which reproduces the concrete in the mind thereby providing knowledge of the world. Thus, for Hegel the mind produces the real, but for Marx reproduces, because man’s consciousness does not determine his existence rather his social existence determines his consciousness. This leads Marx to see progress in ruthless criticism of everything material, not by confronting the world as doctrinaries (Hegelian Idealists) but developing new principles out of its own by clarifying their real meanings. For example, Marx criticizes the method of political economy in *The Grundrisse* by showing how it begins from abstractions treated as the concrete (population, prices, etc.), which offers a chaotic conception of the whole and leads to abstract determinations (like Smith’s notion of labor), from which economic systems are founded with numerous contradictions. Marx’s critique of political economy employed in *Capital* aims to reveal these contradictions by way of his dialectic method to attain a more concrete notion of reality.

Of the contradictions or antagonisms which Marx’s critique unveils in *Capital*’s first three chapters, I have selected three. One of Marx’s contradictions rests in the fact that the use-value and exchange-value embodied in a commodity may not equate, but classicalists nevertheless equate the two in the commodity’s price. Use-values must differ across commodities, hence why exchange must occur in a capitalist, divided-labor society to satisfy one’s needs. In order to exchange two unequal things commodities are measured by the socially necessary abstract labor time embodied in production (ESNALT), i.e. their value, which Marx assumes to be the value for which they are actually exchanged (SNALT), i.e. their exchange-value. It is possible for exchange-value to change disproportionately to use-value (perhaps with technological change), which stands in contrast to the classicalist assumption of their equality (you get what you pay for), revealing a contradiction internal to the commodity.

This internal opposition leads to an external opposition when commodities and their owners confront each other in the exchange process in the simple value form, a second contradiction which Marx reveals. One commodity assumes the relative form while the other the equivalent form, for the second provides the material in which the first’s value is expressed. The first commodity is identical with the second and looks like it only as value and is thus expressed qualitatively only in the use-value of the second. Its natural form therefore only faces the second as the aspect of use-value when exchanged. The first commodity is expressed quantitatively only by the magnitude of the second’s value, which, as equivalent, cannot express its own value but rather only the other’s. The second’s natural form therefore faces the first as the aspect of value. Moreover, the simple form of a commodity’s value presents the external opposition between use-value and value also contained within the commodity.

Marx reveals a third contradiction in monetary exchange, in which money (the universal equivalent facilitating exchange) acts as a destabilizing factor by widening the opposition between use-value and exchange-value. The process of exchange (C-M-C) includes a sale and purchase, whereby the buyer has the commodity and the seller the money. No sale can occur without another’s purchase. Yet, Marx argues, nothing guarantees one will purchase after selling. These two processes therefore lack internal independence because they complement each other, so once their external independence proceeds to a critical point a crisis will occur. Furthermore, this third antagonism does not necessitate crises, but conditions for their possibility.