Notes and highlights for

Capital Vol. 1, 2, & 3: The Only Complete and Unabridged Edition in One Volume! (Grapevine Edition)

Karl Marx

(Untitled)

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The utility of a thing makes it a use value. 4 But this utility is not a thing of air. Being limited by the physical properties of the commodity, it has no existence apart from that commodity. A commodity, such as iron, corn, or a diamond, is therefore, so far as it is a material thing, a use value, something useful. This property of a commodity is independent of the amount of labour required to appropriate its useful qualities. When treating of use value, we always assume to be dealing with definite quantities, such as dozens of watches, yards of linen, or tons of iron. The use values of commodities furnish the material for a special study, that of the commercial knowledge of commodities. 5 Use values become a reality only by use or consumption: they also constitute the substance of all wealth, whatever may be the social form of that wealth. In the form of society we are about to consider, they are, in addition, the material depositories of exchange value. Exchange value, at first sight, presents itself as a quantitative relation, as the proportion in which values in use of one sort are exchanged for those of another sort, 6 a relation constantly changing with time and place. Hence exchange value appears to be something accidental and purely relative, and consequently an intrinsic value, i.e., an exchange value that is inseparably connected with, inherent in commodities, seems a contradiction in terms. Let us consider the

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If then we leave out of consideration the use value of commodities, they have only one common property left, that of being products of labour. But even the product of labour itself has undergone a change in our hands. If we make abstraction from its use value, we make abstraction at the same time from the material elements and shapes that make the product a use value; we see in it no longer a table, a house, yarn, or any other useful thing. Its existence as a material thing is put out of sight. Neither can it any longer be regarded as the product of the labour of the joiner, the mason, the spinner, or of any other definite kind of productive labour. Along with the useful qualities of the products themselves, we put out of sight both the useful character of the various kinds of labour embodied in them, and the concrete forms of that labour; there is nothing left but what is common to them all; all are reduced to one and the same sort of labour, human labour in the abstract. Let us now consider the residue of each of these products; it consists of the same unsubstantial reality in each, a mere congelation of homogeneous human labour, of labour power expended without regard to the mode of its expenditure. All that these things now tell us is, that human labour power has been expended in their production, that human labour is embodied in

them. When looked at as crystals of this social substance, common to them all, they are – Values. We have seen that when commodities are exchanged, their exchange value manifests itself as something totally independent of their use value. But if we abstract from their use value, there remains their Value as defined above. Therefore, the common substance that manifests itself in the exchange value of commodities, whenever they are exchanged, is their value. The progress of our investigation will show that exchange value is the only form in which the value of commodities can manifest itself or be expressed. For the present, however, we have to consider the nature of value independently of this, its form. A use value, or useful article, therefore, has value

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only because human labour in the abstract has been embodied or materialised in it. How, then, is the magnitude of this value to be measured? Plainly, by the quantity of the value-creating substance, the labour, contained in the article. The quantity of labour, however, is measured by its duration, and labour time in its turn finds its standard in weeks, days, and hours. Some people might think that if the value of a commodity is determined by the quantity of labour spent on it, the more idle and unskilful the labourer, the more valuable would his commodity be, because more time would be required in its production. The labour, however, that forms the substance of value, is homogeneous human labour, expenditure of one uniform labour power. The total labour power of society, which is embodied in the sum total of the values of all commodities produced by that society, counts here as one homogeneous mass of human labour power, composed though it be of innumerable individual units. Each of these units is the same as any other, so far as it has the character of the average labour power of society, and takes effect as such; that is, so far as it requires for producing a commodity, no more time than is needed on an average, no more than is socially necessary. The labour time socially necessary is that required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time. The introduction of power-looms into England probably reduced by one-half the labour required to weave a given quantity of yarn into cloth. The hand- loom weavers, as a matter of fact, continued to require the same time as before; but for all that, the product of one hour of their labour represented after the change only half an hour’s social labour, and consequently fell to one-half its former value. We see then that that which determines the magnitude of the value of any article is the amount of labour socially necessary, or the labour time socially necessary for its production. 9 Each individual commodity, in this connexion, is to be considered as an average sample of its class. 10 Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour time necessary for the production of the one is to that necessary for the production of the other. “As values, all commodities are only definite masses of congealed labour time.” 11 The value of a commodity would therefore remain constant, if the labour time required for its production also remained constant. But the latter changes with every variation in the productiveness of labour. This productiveness is determined by various circumstances, amongst others, by the average amount of skill of the workmen, the state of science, and the degree of its practical application, the social organisation of production, the extent and capabilities of the means of production, and by physical conditions.

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To all the different varieties of values in use there correspond as many different kinds of useful labour, classified according to the order, genus, species, and variety to which they belong in the social division of labour. This division of labour is a necessary condition for the production of commodities, but it does not follow, conversely, that the production of commodities is a

necessary condition for the division of labour. In the primitive Indian community there is social division of labour, without production of commodities. Or, to take an example nearer home, in every factory the labour is divided according to a system, but this division is not brought about by the operatives mutually exchanging their individual products. Only such products can become commodities with regard to each other, as result from different kinds of labour, each kind being carried on independently and for the account of private individuals. To resume, then: In the use value of each commodity there is contained useful labour, i.e., productive activity of a definite kind and exercised with a definite aim. Use values cannot confront each other as commodities, unless the useful labour embodied in them is qualitatively different in each of them. In a community, the produce of which in general takes the form of commodities, i.e., in a community of commodity producers, this qualitative difference between the useful forms of labour that are carried on independently by individual producers, each on their own account, develops into a complex system, a social division of labour. Anyhow, whether the coat be worn by the tailor

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So far therefore as labour is a creator of use value, is useful labour, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and Nature, and therefore no life. The use values, coat, linen, &c., i.e., the bodies of

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While, therefore, with reference to use value, the labour contained in a commodity counts only qualitatively, with reference to value it counts only quantitatively, and must first be reduced to human labour pure and simple. In the former case, it is a question of How and What, in the latter of How much? How long a time? Since the magnitude of the value of a commodity represents only the quantity of labour embodied in it, it follows that all commodities, when taken in certain proportions, must be equal in value. If the productive power of all the different sorts of useful labour required for the production of a coat remains unchanged, the sum of the values of the coats produced increases with their number. If one coat represents x days' labour, two coats represent 2x days' labour, and so on. But assume that the duration of the labour necessary for the production of a coat becomes doubled or halved. In the first case one coat is worth as much as two coats were before; in the second case, two coats are only worth as much as one was before, although in both cases one coat renders the same service as before, and the useful labour embodied in it remains of the same quality. But the quantity of labour spent on its production has altered. An increase in the quantity of use values is an increase of material wealth. With two coats two men can be clothed, with one coat only one man. Nevertheless, an increased quantity of material wealth may correspond to a simultaneous fall in the magnitude of its value. This antagonistic movement has its origin in the two-fold character of labour. Productive power has reference, of course, only to labour of some useful concrete form, the efficacy of any special productive activity during a given time being dependent on its productiveness. Useful labour becomes, therefore, a more or less abundant source of products, in proportion to the rise or fall of its productiveness. On the other hand, no change in this productiveness affects the labour represented by value. Since productive power is an attribute of the concrete useful forms of labour, of course it can no longer have any bearing on that labour, so soon as we make abstraction from those concrete useful forms. However then productive power may vary, the same labour, exercised during equal periods of time, always yields equal amounts of value. But it will yield, during equal periods of time, different quantities of values in use; more, if the productive power rise, fewer, if it fall. The same change in productive power, which increases the fruitfulness of labour, and, in consequence, the quantity of use values produced by that labour,

will diminish the total value of this increased quantity of use values, provided such change shorten the total labour time necessary for their production; and vice versâ. On the one hand all labour is, speaking

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Let the quantities of labour time respectively necessary for the production of the linen and the coat vary simultaneously in the same direction and in the same proportion. In this case 20 yards of linen continue equal to 1 coat, however much their values may have altered. Their change of value is seen as soon as they are compared with a third commodity, whose value has remained constant. If the values of all commodities rose or fell simultaneously, and in the same proportion, their relative values would remain unaltered. Their real change of value would appear from the diminished or increased quantity of commodities produced in a given time. IV. The labour time respectively necessary for the production of the linen and the coat, and therefore the value of these commodities may simultaneously vary in the same direction, but at unequal rates or in opposite directions, or in other ways. The effect of all these possible different variations, on the relative value of a commodity, may be deduced from the results of I, II, and III. Thus real changes in the magnitude of value are neither unequivocally nor exhaustively reflected in their relative expression, that is, in the equation expressing the magnitude of relative value. The relative value of a commodity may vary, although its value remains constant. Its relative value may remain constant, although its value varies; and finally, simultaneous variations in the magnitude of value and in that of its relative expression by no means necessarily correspond in amount. 21 3. The Equivalent form of value We have seen that commodity A (the linen), by

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When, at the beginning of this chapter, we said, in common parlance, that a commodity is both a use value and an exchange value, we were, accurately speaking, wrong. A commodity is a use value or object of utility, and a value. It manifests itself as this two-fold thing, that it is, as soon as its value assumes an independent form – viz., the form of exchange value. It never assumes this form when isolated, but only when placed in a value or exchange relation with another commodity of a different kind. When once we know this, such a mode of expression does no harm; it simply serves as an abbreviation. Our analysis has shown, that the form or

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In the first form, 20 yds of linen = 1 coat, it might, for ought that otherwise appears, be pure accident, that these two commodities are exchangeable in definite quantities. In the second form, on the contrary, we perceive at once the background that determines, and is essentially different from, this accidental appearance. The value of the linen remains unaltered in magnitude, whether expressed in coats, coffee, or iron, or in numberless different commodities, the property of as many different owners. The accidental relation between two individual commodity-owners disappears. It becomes plain, that it is not the exchange of commodities which regulates the magnitude of their value; but, on the contrary, that it is the magnitude of their value which controls their exchange proportions.

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The general value form, which represents all products of labour as mere congelations of undifferentiated human labour, shows by its very structure that it is the social resumé of the world of commodities. That form consequently makes it indisputably evident that in the world of

commodities the character possessed by all labour of being human labour constitutes its specific social character. 2. The Interdependent Development of the

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Gold is now money with reference to all other commodities only because it was previously, with reference to them, a simple commodity. Like all other commodities, it was also capable of serving as an equivalent, either as simple equivalent in isolated exchanges, or as particular equivalent by the side of others. Gradually it began to serve, within varying limits, as universal equivalent. So soon as it monopolises this position in the expression of value for the world of commodities, it becomes the money commodity, and then, and not till then, does form D become distinct from form C, and the general form of value become changed into the money form.

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commodity appears, at first sight, a very trivial thing, and easily understood. Its analysis shows that it is, in reality, a very queer thing, abounding in metaphysical subtleties and theological niceties. So far as it is a value in use, there is nothing mysterious about it, whether we consider it from the point of view that by its properties it is capable of satisfying human wants, or from the point that those properties are the product of human labour. It is as clear as noon-day, that man, by his industry, changes the forms of the materials furnished by Nature, in such a way as to make them useful to him. The form of wood, for instance, is altered, by making a table out of it. Yet, for all that, the table continues to be that common, every-day thing, wood. But, so soon as it steps forth as a commodity, it is changed into something transcendent. It not only stands with its feet on the ground, but, in relation to all other commodities, it stands on its head, and evolves out of its wooden brain grotesque ideas, far more wonderful than “table-turning” ever was. 26a The mystical character of commodities does not originate, therefore, in their use value. Just as little does it proceed from the nature of the determining factors of value. For, in the first place, however varied the useful kinds of labour, or productive activities, may be, it is a physiological fact, that they are functions of the human organism, and that each such function, whatever may be its nature or form, is essentially the expenditure of human brain, nerves, muscles, &c. Secondly, with regard to that which forms the ground-work for the quantitative determination of value, namely, the duration of that expenditure, or the quantity of labour, it is quite clear that there is a palpable difference between its quantity and quality. In all states of society, the labour time that it costs to produce the means of subsistence, must necessarily be an object of interest to mankind, though not of equal interest in different stages of development. 27 And lastly, from the moment that men in any way work for one another, their labour assumes a social form.

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Whence, then, arises the enigmatical character of the product of labour, so soon as it assumes the form of commodities? Clearly from this form itself. The equality of all sorts of human labour is expressed objectively by their products all being equally values; the measure of the expenditure of labour power by the duration of that expenditure, takes the form of the quantity of value of the products of labour; and finally the mutual relations of the producers, within which the social character of their labour affirms itself, take the form of a social relation between the products. A commodity is therefore a mysterious thing, simply because in it the social character of men’s labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour. This is the reason why the products of labour become commodities, social things whose qualities are

at the same time perceptible and imperceptible by the senses. In the same way the light from an object is perceived by us not as the subjective excitation of our optic nerve, but as the objective form of something outside the eye itself.

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As a general rule, articles of utility become commodities, only because they are products of the labour of private individuals or groups of individuals who carry on their work independently of each other. The sum total of the labour of all these private individuals forms the aggregate labour of society. Since the producers do not come into social contact with each other until they exchange their products, the specific social character of each producer's labour does not show itself except in the act of exchange. In other words, the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers. To the latter, therefore, the relations connecting the labour of one individual with that of the rest appear, not as direct social relations between individuals at work, but as what they really are, material relations between persons and social relations between things. It is only by being exchanged that the products of labour acquire, as values, one uniform social status, distinct from their varied forms of existence as objects of utility. This division of a product into a useful thing and a value becomes practically important, only when exchange has acquired such an extension that useful articles are produced for the purpose of being exchanged, and their character as values has therefore to be taken into account, beforehand, during production. From this moment the labour of the individual producer acquires socially a two-fold character. On the one hand, it must, as a definite useful kind of labour, satisfy a definite social want, and thus hold its place as part and parcel of the collective labour of all, as a branch of a social division of labour that has sprung up spontaneously. On the other hand, it can satisfy the manifold wants of the individual producer himself, only in so far as the mutual exchangeability of all kinds of useful private labour is an established social fact, and therefore the private useful labour of each producer ranks on an equality with that of all others. The equalisation of the most different kinds of labour can be the result only of an abstraction from their inequalities, or of reducing them to their common denominator, viz. expenditure of human labour power or human labour in the abstract. The two-fold social character of the labour of the individual appears to him, when reflected in his brain, only under those forms which are impressed upon that labour in every-day practice by the exchange of products. In this way, the character that his own labour possesses of being socially useful takes the form of the condition, that the product must be not only useful, but useful for others, and the social character that his particular labour has of being the equal of all other particular kinds of labour, takes the form that all the physically different articles that are the products of labour, have one common quality, viz., that of having value. Hence, when we bring the products of our labour

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Labour time would, in that case, play a double part. Its apportionment in accordance with a definite social plan maintains the proper proportion between the different kinds of work to be done and the various wants of the community. On the other hand, it also serves as a measure of the portion of the common labour borne by each individual, and of his share in the part of the total product destined for individual consumption. The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution. The religious world is but the reflex of the real

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Political Economy has indeed analysed, however incompletely, 32 value and its magnitude, and has discovered what lies beneath these forms. But it has never once asked the question why labour is represented by the value of its product and labour time by the magnitude of that value. 33 These formulæ, which bear it stamped upon them in unmistakable letters that they belong to a state of society, in which the process of production has the mastery over man, instead of being controlled by him, such formulæ appear to the bourgeois intellect to be as much a self-evident necessity imposed by Nature as productive labour itself. Hence forms of social production that preceded the bourgeois form, are treated by the bourgeoisie in much the same way as the Fathers of the Church treated pre-Christian religions. 34 To what extent some economists are misled by

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The use-value of the money-commodity becomes two-fold. In addition to its special use-value as a commodity (gold, for instance, serving to stop teeth, to form the raw material of articles of luxury, &c.), it acquires a formal use-value, originating in its specific social function. Since all commodities are merely particular equivalents of money, the latter being their universal equivalent, they, with regard to the latter as the universal commodity, play the parts of particular commodities. 8 We have seen that the money-form is but the reflex, thrown upon one single commodity, of the value relations between all the rest. That money is a commodity9 is therefore a new discovery only for those who, when they analyse it, start from its fully developed shape. The act of exchange gives to the commodity converted into money, not its value, but its specific value-form. By confounding these two distinct things some writers have been led to hold that the value of gold and silver is imaginary. 10 The fact that money can, in certain functions, be replaced by mere symbols of itself, gave rise to that other mistaken notion, that it is itself a mere symbol. Nevertheless under this error lurked a presentiment that the money-form of an object is not an inseparable part of that object, but is simply the form under which certain social relations manifest themselves. In this sense every commodity is a symbol, since, in so far as it is value, it is only the material envelope of the human labour spent upon it. 11 But if it be declared that the social characters assumed by objects, or the material forms assumed by the social qualities of labour under the régime of a definite mode of production, are mere symbols, it is in the same breath also declared that these characteristics are arbitrary fictions sanctioned by the so-called universal consent of mankind. This suited the mode of explanation in favour during the 18th century. Unable to account for the origin of the puzzling forms assumed by social relations between man and man, people sought to denude them of their strange appearance by ascribing to them a conventional origin.

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It is not money that renders commodities commensurable. Just the contrary. It is because all commodities, as values, are realised human labour, and therefore commensurable, that their values can be measured by one and the same special commodity, and the latter be converted into the common measure of their values, i.e., into money. Money as a measure of value, is the phenomenal form that must of necessity be assumed by that measure of value which is immanent in commodities, labour-time. 1 The expression of the value of a commodity in gold – x commodity A = y money-commodity – is its money-form or price.

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Price is the money-name of the labour realised in a commodity. Hence the expression of the equivalence of a commodity with the sum of money constituting its price, is a tautology14, just as in general the expression of the relative value of a commodity is a statement of the equivalence of two commodities. But although price, being the exponent of the magnitude of a commodity's value, is the exponent of its exchange-ratio with money, it does not follow that the exponent of this exchange-ratio is necessarily the exponent of the magnitude of the commodity's value. Suppose two equal quantities of socially necessary labour to be respectively represented by 1 quarter of wheat and £ 2 (nearly 1/ 2 oz. of gold), £ 2 is the expression in money of the magnitude of the value of the quarter of wheat, or is its price. If now circumstances allow of this price being raised to £ 3, or compel it to be reduced to £ 1, then although £ 1 and £ 3 may be too small or too great properly to express the magnitude of the wheat's value; nevertheless they are its prices, for they are, in the first place, the form under which its value appears, i.e., money; and in the second place, the exponents of its exchange-ratio with money. If the conditions of production, in other words, if the productive power of labour remain constant, the same amount of social labour-time must, both before and after the change in price, be expended in the reproduction of a quarter of wheat. This circumstance depends, neither on the will of the wheat producer, nor on that of the owners of other commodities. Magnitude of value expresses a relation of social

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The exchange of commodities is therefore accompanied by the following changes in their form. Commodity – Money – Commodity. C——— M ——— C. The result of the whole process is, so far as concerns the objects themselves, C – C, the exchange of one commodity for another, the circulation of materialised social labour. When this result is attained, the process is at an end. C – M. First metamorphosis, or sale The leap taken by value from the body of the

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The division of labour converts the product of labour into a commodity, and thereby makes necessary its further conversion into money. At the same time it also makes the accomplishment of this transubstantiation quite accidental. Here, however, we are only concerned with the phenomenon in its integrity, and we therefore assume its progress to be normal. Moreover, if the conversion take place at all, that is, if the commodity be not absolutely unsaleable, its metamorphosis does take place although the price realised may be abnormally above or below the value. The seller has his commodity replaced by gold,

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M– C, or purchase. The second and concluding metamorphosis of a commodity Because money is the metamorphosed shape of all other commodities, the result of their general alienation, for this reason it is alienable itself without restriction or condition. It reads all prices backwards, and thus, so to say, depicts itself in the bodies of all other commodities, which offer to it the material for the realisation of its own use-value. At the same time the prices, wooing glances cast at money by commodities, define the limits of its convertibility, by pointing to its quantity. Since every commodity, on becoming money, disappears as a commodity, it is impossible to tell from the money itself, how it got into the hands of its possessor, or what article has been changed into it.

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Again, money functions as a means of circulation only because in it the values of commodities have independent reality. Hence its movement, as the medium of circulation, is, in fact, merely the movement of commodities while changing their forms. This fact must therefore make itself plainly visible in the currency of money. Thus the linen for instance, first of all changes its

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The commodity that functions as a measure of value, and, either in its own person or by a representative, as the medium of circulation, is money. Gold (or silver) is therefore money. It functions as money, on the one hand, when it has to be present in its own golden person. It is then the money-commodity, neither merely ideal, as in its function of a measure of value, nor capable of being represented, as in its function of circulating medium. On the other hand, it also functions as money, when by virtue of its function, whether that function be performed in person or by representative, it congeals into the sole form of value, the only adequate form of existence of exchange-value, in opposition to use-value, represented by all other commodities.

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The character of creditor, or of debtor, results here from the simple circulation. The change in the form of that circulation stamps buyer and seller with this new die. At first, therefore, these new parts are just as transient and alternating as those of seller and buyer, and are in turns played by the same actors. But the opposition is not nearly so pleasant, and is far more capable of crystallisation. 47 The same characters can, however, be assumed independently of the circulation of commodities. The class-struggles of the ancient world took the form chiefly of a contest between debtors and creditors, which in Rome ended in the ruin of the plebeian debtors. They were displaced by slaves. In the middle ages the contest ended with the ruin of the feudal debtors, who lost their political power together with the economic basis on which it was established. Nevertheless, the money relation of debtor and creditor that existed at these two periods reflected only the deeper-lying antagonism between the general economic conditions of existence of the classes in question.

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Credit-money springs directly out of the function of money as a means of payment. Certificates of the debts owing for the purchased commodities circulate for the purpose of transferring those debts to others. On the other hand, to the same extent as the system of credit is extended, so is the function of money as a means of payment. In that character it takes various forms peculiar to itself under which it makes itself at home in the sphere of great commercial transactions. Gold and silver coin, on the other hand, are mostly relegated to the sphere of retail trade. 53 When the production of commodities has

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When money leaves the home sphere of circulation, it strips off the local garbs which it there assumes, of a standard of prices, of coin, of tokens, and of a symbol of value, and returns to its original form of bullion. In the trade between the markets of the world, the value of commodities is expressed so as to be universally recognised. Hence their independent value-form also, in these cases, confronts them under the shape of universal money. It is only in the markets of the world that money acquires to the full extent the character of the commodity whose bodily form is also the immediate social incarnation of human labour in the abstract. Its real mode of existence in

this sphere adequately corresponds to its ideal concept. Within the sphere of home circulation, there

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The circulation of commodities is the starting-point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical ground-work from which it rises. The modern history of capital dates from the creation in the 16th century of a world-embracing commerce and a world-embracing market. If we abstract from the material substance of the circulation of commodities, that is, from the exchange of the various use-values, and consider only the economic forms produced by this process of circulation, we find its final result to be money: this final product of the circulation of commodities is the first form in which capital appears.

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a matter of history, capital, as opposed to landed property, invariably takes the form at first of money; it appears as moneyed wealth, as the capital of the merchant and of the usurer. 1 But we have no need to refer to the origin of capital in order to discover that the first form of appearance of capital is money. We can see it daily under our very eyes. All new capital, to commence with, comes on the stage, that is, on the market, whether of commodities, labour, or money, even in our days, in the shape of money that by a definite process has to be transformed into capital. The first distinction we notice between money that is money only, and money that is capital, is nothing more than a difference in their form of circulation. The simplest form of the circulation of commodities is C— M— C, the transformation of commodities into money, and the change of the money back again into commodities; or selling in order to buy. But alongside of this form we find another specifically different form: M— C— M, the transformation of money into commodities, and the change of commodities back again into money; or buying in order to sell. Money that circulates in the latter manner is thereby transformed into, becomes capital, and is already potentially capital. Now let us examine the circuit M— C— M a little closer. It consists, like the other, of two antithetical phases. In the first phase, M— C, or the purchase, the money is changed into a commodity. In the second phase, C— M, or the sale, the commodity is changed back again into money. The combination of these two phases constitutes the single movement whereby money is exchanged for a commodity, and the same commodity is again exchanged for money; whereby a commodity is bought in order to be sold, or, neglecting the distinction in form between buying and selling, whereby a commodity is bought with money, and then money is bought with a commodity. 2 The result, in which the phases of the process vanish, is the exchange of money for money, M— M. If I purchase 2,000 lbs. of cotton for £ 100, and resell the 2,000 lbs. of cotton for £ 110, I have, in fact, exchanged £ 100 for £ 110, money for money.

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The character and tendency of the process M— C— M, is therefore not due to any qualitative difference between its extremes, both being money, but solely to their quantitative difference. More money is withdrawn from circulation at the finish than was thrown into it at the start. The cotton that was bought for £ 100 is perhaps resold for £ 100 + £ 10 or £ 110. The exact form of this process is therefore M— C— M', where M' = M + Δ M = the original sum advanced, plus an increment. This increment or excess over the original value I call “surplus-value.” The value originally advanced, therefore, not only remains intact while in circulation, but adds to itself a surplus-value or expands itself. It is this movement that converts it into capital. Of course, it is also possible, that in C— M— C, the two extremes C-C, say corn and clothes, may represent

different quantities of value. The farmer may sell his corn above its value, or may buy the clothes at less than their value. He may, on the other hand, “be done” by the clothes merchant. Yet, in the form of circulation now under consideration, such differences in value are purely accidental. The fact that the corn and the clothes are equivalents, does not deprive the process of all meaning, as it does in M— C— M. The equivalence of their values is rather a necessary condition to its normal course. The repetition or renewal of the act of selling in

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Therefore, the final result of every separate circuit, in which a purchase and consequent commodities – selling in order to buy – is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values, the satisfaction of wants. The circulation of money as capital is, on the contrary, an end in itself, for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits. 6 As the conscious representative of this movement, the possessor of money becomes a capitalist. His person, or rather his pocket, is the point from which the money starts and to which it returns. The expansion of value, which is the objective basis or main-spring of the circulation M— C— M, becomes his subjective aim, and it is only in so far as the appropriation of ever more and more wealth in the abstract becomes the sole motive of his operations, that he functions as a capitalist, that is, as capital personified and endowed with consciousness and a will. Use-values must therefore never be looked upon as the real aim of the capitalist; 7 neither must the profit on any single transaction. The restless never-ending process of profit-making alone is what he aims at. 8 This boundless greed after riches, this passionate chase after exchange-value9, is common to the capitalist and the miser; but while the miser is merely a capitalist gone mad, the capitalist is a rational miser. The never-ending augmentation of exchange-value, which the miser strives after, by seeking to save10 his money from circulation, is attained by the more acute capitalist, by constantly throwing it afresh into circulation. 11 The independent form, i.e., the money-form, which the value of commodities assumes in the case of simple circulation, serves only one purpose, namely, their exchange, and vanishes in the final result of the movement. On the other hand, in the circulation M— C— M, both the money and the commodity represent only different modes of existence of value itself, the money its general mode, and the commodity its particular, or, so to say, disguised mode. 12 It is constantly changing from one form to the other without thereby becoming lost, and thus assumes an automatically active character. If now we take in turn each of the two different forms which self-expanding value successively assumes in the course of its life, we then arrive at these two propositions: Capital is money: Capital is commodities. 13 In truth, however, value is here the active factor in a process, in which, while constantly assuming the form in turn of money and commodities, it at the same time changes in magnitude, differentiates itself by throwing off surplus-value from itself; the original value, in other words, expands spontaneously. For the movement, in the course of which it adds surplus-value, is its own movement, its expansion, therefore, is automatic expansion. Because it is value, it has acquired the occult quality of being able to add value to itself. It brings forth living offspring, or, at the least,

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Value therefore now becomes value in process, money in process, and, as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within its circuit, comes back out of it with expanded bulk, and begins the same round ever afresh. 14 M— M', money which begets money, such is the description of Capital from the mouths of its first interpreters, the Mercantilists. Buying in order to sell, or, more accurately, buying in order to sell dearer, M— C— M', appears certainly to be a form peculiar to one kind of capital alone, namely, merchants’

capital. But industrial capital too is money, that is changed into commodities, and by the sale of these commodities, is re-converted into more money. The events that take place outside the sphere of circulation, in the interval between the buying and selling, do not affect the form of this movement. Lastly, in the case of interest-bearing capital, the circulation M— C— M' appears abridged. We have its result without the intermediate stage, in the form M— M', “en style lapidaire” so to say, money that is worth more money, value that is greater than itself. M— C— M' is therefore in reality the general formula of capital as it appears prima facie within the sphere of circulation.

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The creation of surplus-value, and therefore the conversion of money into capital, can consequently be explained neither on the assumption that commodities are sold above their value, nor that they are bought below their value. 13 The problem is in no way simplified by

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For the conversion of his money into capital, therefore, the owner of money must meet in the market with the free labourer, free in the double sense, that as a free man he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power.

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The historical conditions of its existence are by no means given with the mere circulation of money and commodities. It can spring into life, only when the owner of the means of production and subsistence meets in the market with the free labourer selling his labour-power. And this one historical condition comprises a world’s history. Capital, therefore, announces from its first appearance a new epoch in the process of social production. 4 We must now examine more closely this peculiar commodity, labour-power. Like all others it has a value. 5 How is that value determined? The value of labour-power is determined, as in the case of every other commodity, by the labour- time necessary for the production, and consequently also the reproduction, of this special article. So far as it has value, it represents no more than a definite quantity of the average labour of society incorporated in it. Labour-power exists only as a capacity, or power of the living individual. Its production consequently pre-supposes his existence. Given the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. Labour-power, however, becomes a reality only by its exercise; it sets itself in action only by working. But thereby a definite quantity of human muscle, nerve, brain, &c., is wasted, and these require to be restored. This increased expenditure demands a larger income. 6 If the owner of labour-power works to-day, to-morrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers

has been formed. 7 In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known. The owner of labour-power is mortal. If then his

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One consequence of the peculiar nature of labour-power as a commodity is, that its use-value does not, on the conclusion of the contract between the buyer and seller, immediately pass into the hands of the former. Its value, like that of every other commodity, is already fixed before it goes into circulation, since a definite quantity of social labour has been spent upon it; but its use-value consists in the subsequent exercise of its force. The alienation of labour-power and its actual appropriation by the buyer, its employment as a use-value, are separated by an interval of time. But in those cases in which the formal alienation by sale of the use-value of a commodity, is not simultaneous with its actual delivery to the buyer, the money of the latter usually functions as means of payment. 12 In every country in which the capitalist mode of production reigns, it is the custom not to pay for labour-power before it has been exercised for the period fixed by the contract, as for example, the end of each week. In all cases, therefore, the use-value of the labour- power is advanced to the capitalist: the labourer allows the buyer to consume it before he receives payment of the price; he everywhere gives credit to the capitalist. That this credit is no mere fiction, is shown not only by the occasional loss of wages on the bankruptcy of the capitalist, 13 but also by a series of more enduring consequences. 14 Nevertheless, whether money serves as a means of purchase or as a means of payment, this makes no alteration in the nature of the exchange of commodities. The price of the labour-power is fixed by the contract, although it is not realised till later, like the rent of a house. The labour-power is sold, although it is only paid for at a later period. It will, therefore, be useful, for a clear comprehension of the relation of the parties, to assume provisionally, that the possessor of labour-power, on the occasion of each sale, immediately receives the price stipulated to be paid for it. We now know how the value paid by the

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The Labour-Process or the Production of Use-Values The capitalist buys labour-power in order to use it; and labour-power in use is labour itself. The purchaser of labour-power consumes it by setting the seller of it to work. By working, the latter becomes actually, what before he only was potentially, labour-power in action, a labourer. In order that his labour may re-appear in a commodity, he must, before all things, expend it on something useful, on something capable of satisfying a want of some sort. Hence, what the capitalist sets the labourer to produce, is a particular use-value, a specified article. The fact that the production of use-values, or goods, is carried on under the control of a capitalist and on his behalf, does not alter the general character of that production. We shall, therefore, in the first place, have to consider the labour-process independently of the particular form it assumes under given social conditions. Labour is, in the first place, a process in which both man and Nature participate, and in which man of his own accord starts, regulates, and controls the material re-actions between himself and Nature. He opposes himself to Nature as one of her own forces, setting in motion arms and legs, head and hands, the natural forces of his body, in order to appropriate Nature’s productions in a form adapted to his own wants. By thus acting on the external world and changing it, he at the same time changes his own nature. He develops his slumbering powers and compels them to act in obedience to his sway. We are not now dealing with those primitive instinctive forms of labour that remind us of the mere animal. An immeasurable interval of time separates the state of things in which a man brings his labour-power to market for sale as a commodity, from that state in

which human labour was still in its first instinctive stage. We pre-suppose labour in a form that stamps it as exclusively human. A spider conducts operations that resemble those of a weaver, and a bee puts to shame many an architect in the construction of her cells. But what distinguishes the worst architect from the best of bees is this, that the

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The general character of the labour-process is evidently not changed by the fact, that the labourer works for the capitalist instead of for himself; moreover, the particular methods and operations employed in bootmaking or spinning are not immediately changed by the intervention of the capitalist. He must begin by taking the labour-power as he finds it in the market, and consequently be satisfied with labour of such a kind as would be found in the period immediately preceding the rise of capitalists. Changes in the methods of production by the subordination of labour to capital, can take place only at a later period, and therefore will have to be treated of in a later chapter. The labour-process, turned into the process by which the capitalist consumes labour-power, exhibits two characteristic phenomena. First, the labourer works under the control of the capitalist to whom his labour belongs; the capitalist taking good care that the work is done in a proper manner, and that the means of production are used with intelligence, so that there is no unnecessary waste of raw material, and no wear and tear of the implements beyond what is necessarily caused by the work. Secondly, the product is the property of the capitalist and not that of the labourer, its immediate producer. Suppose that a capitalist pays for a day's labour-power at its value; then the right to use that power for a day belongs to him, just as much as the right to use any other commodity, such as a horse that he has hired for the day. To the purchaser of a commodity belongs its use, and the seller of labour-power, by giving his labour, does no more, in reality, than part with the use-value that he has sold. From the instant he steps into the workshop, the use-value of his labour-power, and therefore also its use, which is labour, belongs to the capitalist. By the purchase of labour- power, the capitalist incorporates labour, as a living ferment, with the lifeless constituents of the product. From his point of view, the labour-process is nothing more than the consumption of the commodity purchased, i. e., of labour-power; but this consumption cannot be effected except by supplying the labour-power with the means of production. The labour-process is a process between things that the capitalist has purchased, things that have become his property. The product of this process belongs, therefore, to him, just as much as does the wine which is the product of a process of fermentation completed in his cellar. 10 Section 2: The Production of Surplus-Value The product appropriated by the capitalist is

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His aim is to produce not only a use-value, but a commodity also; not only use-value, but value; not only value, but at the same time surplus-value. It must be borne in mind, that we are now dealing with the production of commodities, and that, up to this point, we have only considered one aspect of the process. Just as commodities are, at the same time, use-values and values, so the process of producing them must be a labour-process, and at the same time, a process of creating value. 11 Let us now examine production as a creation of value. We know that the value of each commodity

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If we now compare the two processes of producing value and of creating surplus-value, we see that the latter is nothing but the continuation of the former beyond a definite point. If on the one hand the process be not carried beyond the point, where the value paid by the capitalist for the

labour-power is replaced by an exact equivalent, it is simply a process of producing value; if, on the other hand, it be continued beyond that point, it becomes a process of creating surplus-value. If we proceed further, and compare the process of producing value with the labour-process, pure and simple, we find that the latter consists of the useful labour, the work, that produces use-values. Here we contemplate the labour as producing a particular article; we view it under its qualitative aspect alone, with regard to its end and aim. But viewed as a value-creating process, the same labour-process presents itself under its quantitative aspect alone. Here it is a question merely of the time occupied by the labourer in doing the work; of the period during which the labour-power is usefully expended. Here, the commodities that take part in the process, do not count any longer as necessary adjuncts of labour-power in the production of a definite, useful object. They count merely as depositories of so much absorbed or materialised labour; that labour, whether previously embodied in the means of production, or incorporated in them for the first time during the process by the action of labour-power, counts in either case only according to its duration; it amounts to so many hours or days as the case may be. Moreover, only so much of the time spent in the

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We now see, that the difference between labour, considered on the one hand as producing utilities, and on the other hand, as creating value, a difference which we discovered by our analysis of a commodity, resolves itself into a distinction between two aspects of the process of production. The process of production, considered on the one hand as the unity of the labour-process and the process of creating value, is production of commodities; considered on the other hand as the unity of the labour-process and the process of producing surplus-value, it is the capitalist process of production, or capitalist production of commodities. We stated, on a previous page, that in the creation of surplus-value it does not in the least matter, whether the labour appropriated by the capitalist be simple unskilled labour of average quality or more complicated skilled labour. All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power whose production has cost more time and labour, and which therefore has a higher value, than unskilled or simple labour-power. This power being higher-value, its consumption is labour of a higher class, labour that creates in equal times proportionally higher values than unskilled labour does. Whatever difference in skill there may be between the labour of a spinner and that of a jeweller, the portion of his labour by which the jeweller merely replaces the value of his own labour- power, does not in any way differ in quality from the additional portion by which he creates surplus-value. In the making of jewellery, just as in spinning, the surplus-value results only from a quantitative excess of labour, from a lengthening-out of one and the same labour-process, in the one case, of the process of making jewels, in the other of the process of making yarn. 18 But on the other hand, in every process of

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The various factors of the labour-process play different parts in forming the value of the product. The labourer adds fresh value to the subject of his labour by expending upon it a given amount of additional labour, no matter what the specific character and utility of that labour may be. On the other hand, the values of the means of production used up in the process are preserved, and present themselves afresh as constituent parts of the value of the product; the values of the cotton and the spindle, for instance, re-appear again in the value of the yarn. The value of the means of production is therefore preserved, by being transferred to the product. This transfer takes place during the conversion of those means into a product, or in other words, during the labour-process. It is brought about by labour; but how? The labourer does not perform two operations

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We have seen that the means of production transfer value to the new product, so far only as during the labour-process they lose value in the shape of their old use-value. The maximum loss of value that they can suffer in the process, is plainly limited by the amount of the original value with which they came into the process, or in other words, by the labour-time necessary for their production. Therefore, the means of production can never add more value to the product than they themselves possess independently of the process in which they assist. However useful a given kind of raw material, or a machine, or other means of production may be, though it may cost £ 150, or, say, 500 days' labour, yet it cannot, under any circumstances, add to the value of the product more than £ 150. Its value is determined not by the labour-process into which it enters as a means of production, but by that out of which it has issued as a product. In the labour-process it only serves as a mere use-value, a thing with useful properties, and could not, therefore, transfer any value to the product, unless it possessed such value previously. 3 While productive labour is changing the means

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By our explanation of the different parts played by the various factors of the labour-process in the formation of the product's value, we have, in fact, disclosed the characters of the different functions allotted to the different elements of capital in the process of expanding its own value. The surplus of the total value of the product, over the sum of the values of its constituent factors, is the surplus of the expanded capital over the capital originally advanced. The means of production on the one hand, labour-power on the other, are merely the different modes of existence which the value of the original capital assumed when from being money it was transformed into the various factors of the labour-process. That part of capital then, which is represented by the means of production, by the raw material, auxiliary material and the instruments of labour does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, constant capital. On the other hand, that part of capital, represented by labour-power, does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or, shortly, variable capital. The same elements of capital which, from the point of view of the labour-process, present themselves respectively as the objective and subjective factors, as means of production and labour-power, present themselves, from the point of view of the process of creating surplus-value, as constant and variable capital. The definition of constant capital given above by

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The capital C is made up of two components, one, the sum of money c laid out upon the means of production, and the other, the sum of money v expended upon the labour-power; c represents the portion that has become constant capital, and v the portion that has become variable capital. At first then, C = c + v: for example, if £ 500 is the capital advanced, its components may be such that the £ 500 = £ 410 const. + £ 90 var. When the process of production is finished, we get a commodity whose value = (c + v) + s, where s is the surplus-value; or taking our former figures, the value of this commodity may be (£ 410 const. + £ 90 var.) + £ 90 surpl. The original capital has now changed from C to C', from £ 500 to £ 590. The difference is s or a surplus-value of £ 90. Since the value of the constituent elements of the product is equal to the value of the advanced capital, it is mere tautology to say, that the excess of the value of the product over the

value of its constituent elements, is equal to the expansion of the capital advanced or to the surplus-value produced. Nevertheless, we must examine this tautology

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The relative quantity produced, or the increase per cent of the variable capital, is determined, it is plain, by the ratio of the surplus-value to the variable capital, or is expressed by s/ v. In our example this ratio is 90/ 90, which gives an increase of 100%. This relative increase in the value of the variable capital, or the relative magnitude of the surplus-value, I call, “The rate of surplus-value.” 3 We have seen that the labourer, during one

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If instead of working for the capitalist, he worked independently on his own account, he would, other things being equal, still be obliged to labour for the same number of hours, in order to produce the value of his labour-power, and thereby to gain the means of subsistence necessary for his conservation or continued reproduction. But as we have seen, during that portion of his day’s labour in which he produces the value of his labour-power, say three shillings, he produces only an equivalent for the value of his labour-power already advanced4 by the capitalist; the new value created only replaces the variable capital advanced. It is owing to this fact, that the production of the new value of three shillings takes the semblance of a mere reproduction. That portion of the working day, then, during which this reproduction takes place, I call “necessary” labour time, and the labour expended during that time I call “necessary” labour. 5 Necessary, as regards the labourer, because independent of the particular social form of his labour; necessary, as regards capital, and the world of capitalists, because on the continued existence of the labourer depends their existence also. During the second period of the labour-process, that in which his labour is no longer necessary labour, the workman, it is true, labours, expends labour-power; but his labour, being no longer necessary labour, he creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of a creation out of nothing. This portion of the working day, I name surplus labour-time, and to the labour expended during that time, I give the name of surplus labour. It is every bit as important, for a correct understanding of surplus-value, to conceive it as a mere congelation of surplus labour-time, as nothing but materialised surplus labour, as it is, for a proper comprehension of value, to conceive it as a mere congelation of so many hours of labour, as nothing but materialised labour. The essential difference between the various economic forms of society, between, for instance, a society based on slave-labour, and one based on wage-labour, lies only in the mode in which this surplus labour is in each case extracted from the actual producer, the labourer. 6 Since, on the one hand, the values of the variable capital and of the labour-power purchased by that capital are equal, and the value of this labour-power determines the necessary portion of the working day; and since, on the other hand, the surplus-value is determined by the surplus portion of the working day, it follows that surplus-value bears the same ratio to variable capital, that surplus labour does to necessary labour, or in other words, the rate of surplus-value, s/ v = (surplus labour)/(necessary labour). Both ratios, s/ v and (surplus labour)/(necessary labour), express the same thing in different ways; in the one case by reference to materialised, incorporated labour, in the other by reference to living, fluent labour.

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The sum of the necessary labour and the surplus labour, i.e., of the periods of time during which the workman replaces the value of his labour-power, and produces the surplus-value, this sum constitutes the actual time during which he works, i.e., the working day.

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Constant capital, the means of production, considered from the standpoint of the creation of surplus-value, only exist to absorb labour, and with every drop of labour a proportional quantity of surplus labour. While they fail to do this, their mere existence causes a relative loss to the capitalist, for they represent during the time they lie fallow, a useless advance of capital. And this loss becomes positive and absolute as soon as the intermission of their employment necessitates additional outlay at the recommencement of work. The prolongation of the working day beyond the limits of the natural day, into the night, only acts as a palliative. It quenches only in a slight degree the vampire thirst for the living blood of labour. To appropriate labour during all the 24 hours of the day is, therefore, the inherent tendency of capitalist production. But as it is physically impossible to exploit the same individual labour-power constantly during the night as well as the day, to overcome this physical hindrance, an alternation becomes necessary between the workpeople whose powers are exhausted by day, and those who are used up by night. This alternation may be effected in various ways; e.g., it may be so arranged that part of the workers are one week employed on day-work, the next week on night-work. It is well known that this relay system, this alternation of two sets of workers, held full sway in the full-blooded youth-time of the English cotton manufacture, and that at the present time it still flourishes, among others, in the cotton spinning of the Moscow district. This 24 hours' process of production exists to-day as a system in many of the branches of industry of Great Britain that are still "free," in the blast- furnaces, forges, plate-rolling mills, and other metallurgical establishments in England, Wales, and Scotland. The working-time here includes, besides the 24 hours of the 6 working days, a great part also of the 24 hours of Sunday. The workers consist of men and women, adults and children of both sexes. The ages of the children and young persons run through all intermediate grades, from 8 (in some cases from 6) to 18. 60 In some branches of industry, the girls and women work through the night together with the males. 61 Placing on one side the generally injurious

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The history of the regulation of the working day in certain branches of production, and the struggle still going on in others in regard to this regulation, prove conclusively that the isolated labourer, the labourer as "free" vendor of his labour-power, when capitalist production has once attained a certain stage, succumbs without any power of resistance. The creation of a normal working day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working-class. As the contest takes place in the arena of modern industry, it first breaks out in the home of that industry – England. 155 The English factory workers were the champions, not only of the English, but of the modern working-class generally, as their theorists were the first to throw down the gauntlet to the theory of capital. 156 Hence, the philosopher of the Factory, Ure, denounces as an ineffable disgrace to the English working-class that they inscribed "the slavery of the Factory Acts" on the banner which they bore against capital, manfully striving for "perfect freedom of labour." 157

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power. Let the mass of the surplus-value be S, the surplus-value supplied by the individual labourer in the average day s the variable capital daily advanced in the purchase of one individual labour- power v, the sum total of the variable capital V, the value of an average labour-power P, its degree of exploitation (a'/ a) (surplus labour/ necessary-labour) and the number of labourers employed n; we would have: S = (s/ v) × V P × (a'/ a) × n It is always supposed, not only that the value of an average labour-power is constant, but that the labourers employed by a capitalist are

reduced to average labourers. There are exceptional cases in which the surplus-value produced does not increase in proportion to the number of labourers exploited, but then the value of the labour-power does not remain constant. In the production of a definite mass of surplus-value, therefore the decrease of one factor may be compensated by the increase of the other. If the variable capital diminishes, and at the same time the rate of surplus-value increases in the same ratio, the mass of surplus-value produced remains unaltered. If on our earlier assumption the capitalist must advance 300s., in order to exploit 100 labourers a day, and if the rate of surplus-value amounts to 50%, this variable capital of 300s. yields a surplus-value of 150s. or of 100 × 3 working hours. If the rate of surplus-value doubles, or the working day, instead of being extended from 6 to 9, is extended from 6 to 12 hours and at the same time variable capital is lessened by half, and reduced to 150s., it yields also a surplus- value of 150s. or 50 × 6 working hours. Diminution of the variable capital may therefore be compensated by a proportionate rise in the degree of exploitation of labour-power, or the decrease in the number of the labourers employed by a proportionate extension of the working day. Within certain limits therefore the supply of labour exploitable by capital is independent of the supply of labourers. 1 On the contrary, a fall in the rate of surplus-value leaves unaltered the mass of the surplus-value produced, if the amount of the variable capital, or number of the labourers employed, increases in the same proportion.

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hours. The absolute limit of the average working day – this being by nature always less than 24 hours – sets an absolute limit to the compensation of a reduction of variable capital by a higher rate of surplus-value, or of the decrease of the number of labourers exploited by a higher degree of exploitation of labour-power. This palpable law is of importance for the clearing up of many phenomena, arising from a tendency (to be worked out later on) of capital to reduce as much as possible the number of labourers employed by it, or its variable constituent transformed into labour-power, in contradiction to its other tendency to produce the greatest possible mass of surplus-value. On the other hand, if the mass of labour-power employed, or the amount of variable capital, increases, but not in proportion to the fall in the rate of surplus-value, the mass of the surplus-value produced, falls.

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The law demonstrated above now, therefore, takes this form: the masses of value and of surplus-value produced by different capitals – the value of labour-power being given and its degree of exploitation being equal – vary directly as the amounts of the variable constituents of these capitals, i.e., as their constituents transformed into living labour-power. This law clearly contradicts all experience based on appearance. Everyone knows that a cotton spinner, who, reckoning the percentage on the whole of his applied capital, employs much constant and little variable capital, does not, on account of this, pocket less profit or surplus-value than a baker, who relatively sets in motion much variable and little constant capital. For the solution of this apparent contradiction, many intermediate terms are as yet wanted, as from the standpoint of elementary algebra many intermediate terms are wanted to understand that 0/ 0 may represent an actual magnitude. Classical economy, although not formulating the law, holds instinctively to it, because it is a necessary consequence of the general law of value. It tries to rescue the law from collision with contradictory phenomena by a violent abstraction. It will be seen later2 how the school of Ricardo has come to grief over this stumbling block. Vulgar economy which, indeed, “has really learnt nothing,” here as everywhere sticks to appearances in opposition to the law which regulates and explains them. In opposition to Spinoza, it believes that “ignorance is a sufficient reason.” The labour which is set in motion by the total

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But this is impossible without an increase in the productiveness of labour. For example, suppose a shoe-maker, with given tools, makes in one working day of twelve hours, one pair of boots. If he must make two pairs in the same time, the productiveness of his labour must be doubled; and this cannot be done, except by an alteration in his tools or in his mode of working, or in both. Hence, the conditions of production, i.e., his mode of production, and the labour-process itself, must be revolutionised. By increase in the productiveness of labour, we mean, generally, an alteration in the labour-process, of such a kind as to shorten the labour-time socially necessary for the production of a commodity, and to endow a given quantity of labour with the power of producing a greater quantity of use- value. 2 Hitherto in treating of surplus-value, arising from a simple prolongation of the working day, we have assumed the mode of production to be given and invariable. But when surplus-value has to be produced by the conversion of necessary labour into surplus labour, it by no means suffices for capital to take over the labour-process in the form under which it has been historically handed down, and then simply to prolong the duration of that process. The technical and social conditions of the process, and consequently the very mode of production must be revolutionised, before the productiveness of labour can be increased. By that means alone can the value of labour-power be made to sink, and the portion of the working day necessary for the reproduction of that value, be shortened. The surplus-value produced by prolongation of the working day, I call absolute surplus-value. On the other hand, the surplus-value arising from the curtailment of the necessary labour-time, and from the corresponding alteration in the respective lengths of the two components of the working day, I call relative surplus-value. In order to effect a fall in the value of labour-power,

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Each article costs, on an average, one shilling, and represents 2 hours of social labour; but under the altered mode of production it costs only ninepence, or contains only 1 ½ hours' labour. The real value of a commodity is, however, not its individual value, but its social value; that is to say, the real value is not measured by the labour-time that the article in each individual case costs the producer, but by the labour-time socially required for its production. If therefore, the capitalist who applies the new method, sells his commodity at its social value of one shilling, he sells it for threepence above its individual value, and thus realises an extra surplus-value of threepence. On the other hand, the working day of 12 hours is, as regards him, now represented by 24 articles instead of 12. Hence, in order to get rid of the product of one working day, the demand must be double what it was, i.e., the market must become twice as extensive. Other things being equal, his commodities can command a more extended market only by a diminution of their prices. He will therefore sell them above their individual but under their social value, say at tenpence each. By this means he still squeezes an extra surplus-value of one penny out of each. This augmentation of surplus-value is pocketed by him, whether his commodities belong or not to the class of necessary means of subsistence that participate in determining the general value of labour-power. Hence, independently of this latter circumstance, there is a motive for each individual capitalist to cheapen his commodities, by increasing the productiveness of labour. Nevertheless, even in this case, the increased

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The value of commodities is in inverse ratio to the productiveness of labour. And so, too, is the value of labour-power, because it depends on the values of commodities. Relative surplus-value is, on the contrary, directly proportional to that productiveness. It rises with rising and falls with falling productiveness. The value of money being assumed to be constant, an average social

working day of 12 hours always produces the same new value, six shillings, no matter how this sum may be apportioned between surplus-value and wages. But if, in consequence of increased productiveness, the value of the necessaries of life fall, and the value of a day's labour-power be thereby reduced from five shillings to three, the surplus-value increases from one shilling to three. Ten hours were necessary for the reproduction of the value of the labour-power; now only six are required. Four hours have been set free, and can be annexed to the domain of surplus labour. Hence there is immanent in capital an inclination and constant tendency, to heighten the productiveness of labour, in order to cheapen commodities, and by such cheapening to cheapen the labourer himself. 6 The value of a commodity is, in itself, of no interest to the capitalist. What alone interests him, is the surplus-value that dwells in it, and is realisable by sale. Realisation of the surplus-value necessarily carries with it the refunding of the value that was advanced. Now, since relative surplus-value increases in direct proportion to the development of the productiveness of labour, while, on the other hand, the value of commodities diminishes in the same proportion; since one and the same process cheapens commodities, and augments the surplus-value contained in them; we have here the solution of the riddle: why does the capitalist, whose sole concern is the production of exchange-value, continually strive to depress the exchange-value of commodities? A riddle with which Quesnay, one of the founders of Political Economy, tormented his opponents, and to which they could give him no answer.

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The shortening of the working day is, therefore, by no means what is aimed at, in capitalist production, when labour is economised by increasing its productiveness. 8 It is only the shortening of the labour-time, necessary for the production of a definite quantity of commodities, that is aimed at. The fact that the workman, when the productiveness of his labour has been increased, produces, say 10 times as many commodities as before, and thus spends one-tenth as much labour-time on each, by no means prevents him from continuing to work 12 hours as before, nor from producing in those 12 hours 1,200 articles instead of 120. Nay, more, his working day may be prolonged at the same time, so as to make him produce, say 1,400 articles in 14 hours. In the treatises, therefore, of economists of the stamp of MacCulloch, Ure, Senior, and tutti quanti [the like], we may read upon one page, that the labourer owes a debt of gratitude to capital for developing his productiveness, because the necessary labour-time is thereby shortened, and on the next page, that he must prove his gratitude by working in future for 15 hours instead of 10. The object of all development of the productiveness of labour, within the limits of capitalist production, is to shorten that part of the working day, during which the workman must labour for his own benefit, and by that very shortening, to lengthen the other part of the day, during which he is at liberty to work gratis for the capitalist. How far this result is also attainable, without cheapening commodities, will appear from an examination of the particular modes of producing relative surplus-value, to which examination we now proceed.

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As a general rule, labourers cannot co-operate without being brought together: their assemblage in one place is a necessary condition of their co-operation. Hence wage-labourers cannot co-operate, unless they are employed simultaneously by the same capital, the same capitalist, and unless therefore their labour-powers are bought simultaneously by him. The total value of these labour-powers, or the amount of the wages of these labourers for a day, or a week, as the case may be, must be ready in the pocket of the capitalist, before the workmen are assembled for the process of production. The payment of 300 workmen at once, though only for one day, requires a greater outlay of capital, than does the payment of a smaller number of men, week by week, during a whole year. Hence the number of the labourers that co-operate, or the scale of co-

operation, depends, in the first instance, on the amount of capital that the individual capitalist can spare for the purchase of labour-power; in other words, on the extent to which a single capitalist has command over the means of subsistence of a number of labourers. And as with the variable, so it is with the

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By the co-operation of numerous wage-labourers, the sway of capital develops into a requisite for carrying on the labour-process itself, into a real requisite of production. That a capitalist should command on the field of production, is now as indispensable as that a general should command on the field of battle. All combined labour on a large scale requires, more or less, a directing authority, in order to secure the harmonious working of the individual activities, and to perform the general functions that have their origin in the action of the combined organism, as distinguished from the action of its separate organs. A single violin player is his own conductor; an orchestra requires a separate one. The work of directing, superintending, and adjusting, becomes one of the functions of capital, from the moment that the labour under the control of capital, becomes co-operative. Once a function of capital, it acquires special characteristics.

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The directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus-value, 14 and consequently to exploit labour-power to the greatest possible extent. As the number of the co-operating labourers increases, so too does their resistance to the domination of capital, and with it, the necessity for capital to overcome this resistance by counterpressure. The control exercised by the capitalist is not only a special function, due to the nature of the social labour-process, and peculiar to that process, but it is, at the same time, a function of the exploitation of a social labour-process, and is consequently rooted in the unavoidable antagonism between the exploiter and the living and labouring raw material he exploits. Again, in proportion to the increasing mass of the means of production, now no longer the property of the labourer, but of the capitalist, the necessity increases for some effective control over the proper application of those means. 15 Moreover, the co-operation of wage labourers is entirely brought about by the capital that employs them. Their union into one single productive body and the establishment of a connexion between their individual functions, are matters foreign and external to them, are not their own act, but the act of the capital that brings and keeps them together. Hence the connexion existing between their various labours appears to them, ideally, in the shape of a preconceived plan of the capitalist, and practically in the shape of the authority of the same capitalist, in the shape of the powerful will of another, who subjects their activity to his aims. If, then, the control of the capitalist is in substance two-fold by reason of the two-fold nature of the process of production itself, which, on the one hand, is a social process for producing use-values, on the other, a process for creating surplus-value in form that control is despotic. As co-operation extends its scale, this despotism takes forms peculiar to itself. Just as at first the capitalist is relieved from actual labour so soon as his capital has reached that minimum amount with which capitalist production, as such, begins, so now, he hands over the work of direct and constant supervision of the individual workmen, and groups of workmen, to a special kind of wage-labourer. An industrial army of workmen, under the command of a capitalist, requires, like a real army, officers (managers), and sergeants (foremen, overlookers), who, while the work is being done, command in the name of the capitalist. The work of supervision becomes their established and exclusive function. When comparing the mode of production of isolated peasants and artisans with production by slave-labour, the political economist counts this labour of superintendence among the faux frais of production. 16 But, when considering the capitalist mode of production, he, on the contrary, treats the work of

control made necessary by the co- operative character of the labour-process as identical with the different work of control, necessitated by the capitalist character of that process and the antagonism of interests between capitalist and labourer. 17 It is not because he is a leader of industry that a man is a capitalist; on the contrary, he is a leader of industry because he is a capitalist. The leadership of industry is an attribute of capital, just as in feudal times the functions of general and judge, were attributes of landed property. 18

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Being independent of each other, the labourers are isolated persons, who enter into relations with the capitalist, but not with one another. This co- operation begins only with the labour-process, but they have then ceased to belong to themselves. On entering that process, they become incorporated with capital. As co-operators, as members of a working organism, they are but special modes of existence of capital. Hence, the productive power developed by the labourer when working in co-operation, is the productive power of capital. This power is developed gratuitously, whenever the workmen are placed under given conditions, and it is capital that places them under such conditions. Because this power costs capital nothing, and because, on the other hand, the labourer himself does not develop it before his labour belongs to capital, it appears as a power with which capital is endowed by Nature – a productive power that is immanent in capital. The colossal effects of simple co-operation are to be seen in the gigantic structures of the ancient Asiatics, Egyptians, Etruscans, &c. “It has happened in times past that these Oriental

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Division of labour in a society, and the corresponding tying down of individuals to a particular calling, develops itself, just as does the division of labour in manufacture, from opposite starting-points. Within a family, 26 and after further development within a tribe, there springs up naturally a division of labour, caused by differences of sex and age, a division that is consequently based on a purely physiological foundation, which division enlarges its materials by the expansion of the community, by the increase of population, and more especially, by the conflicts between different tribes, and the subjugation of one tribe by another. On the other hand, as I have before remarked, the exchange of products springs up at the points where different families, tribes, communities, come in contact; for, in the beginning of civilisation, it is not private individuals but families, tribes, &c., that meet on an independent footing. Different communities find different means of production, and different means of subsistence in their natural environment. Hence, their modes of production, and of living, and their products are different. It is this spontaneously developed difference which, when different communities come in contact, calls forth the mutual exchange of products, and the consequent gradual conversion of those products into commodities. Exchange does not create the differences between the spheres of production, but brings what are already different into relation, and thus converts them into more or less inter-dependent branches of the collective production of an enlarged society. In the latter case, the social division of labour arises from the exchange between spheres of production, that are originally distinct and independent of one another. In the former, where the physiological division of labour is the starting-point, the particular organs of a compact whole grow loose, and break off, principally owing to the exchange of commodities with foreign communities, and then isolate themselves so far, that the sole bond, still connecting the various kinds of work, is the exchange of the products as commodities. In the one case, it is the making dependent what was before independent; in the other case, the making independent what was before dependent. The foundation of every division of labour that is

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well developed, and brought about by the exchange of commodities, is the separation between town and country. 27 It may be said, that the whole economic history of society is summed up in the movement of this antithesis. We pass it over, however, for the present. Just as a certain number of simultaneously employed labourers are the material pre-requisites for division of labour in manufacture, so are the number and density of the population, which here correspond to the agglomeration in one workshop, a necessary condition for the division of labour in society. 28 Nevertheless, this density is more or less relative. A relatively thinly populated country, with well-developed means of communication, has a denser population than a more numerously populated country, with badly-developed means of communication; and in this sense the Northern States of the American Union, for instance, are more thickly populated than India. 29 Since the production and the circulation of commodities are the general pre-requisites of the capitalist mode of production, division of labour in manufacture demands, that division of labour in society at large should previously have attained a certain degree of development. Inversely, the former division reacts upon and develops and multiplies the latter. Simultaneously, with the differentiation of the instruments of labour, the industries that produce these instruments, become more and more differentiated. 30 If the manufacturing system seize upon an industry, which, previously, was carried on in connexion with others, either as a chief or as a subordinate industry, and by one producer, these industries immediately separate their connexion, and become independent. If it seize upon a particular stage in the production of a commodity, the other stages of its production become converted into so many independent industries. It has already been stated, that where the finished article consists merely of a number of parts fitted together, the detail operations may re-establish themselves as genuine and separate handicrafts. In order to carry out more perfectly the division of labour in manufacture, a single branch of production is, according to the varieties of its raw material, or the various forms that one and the same raw material may assume, split up into numerous, and to some extent, entirely new manufactures.

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Division of labour in society is brought about by the purchase and sale of the products of different branches of industry, while the connexion between the detail operations in a workshop, is due to the sale of the labour-power of several workmen to one capitalist, who applies it as combined labour-power. The division of labour in the workshop implies concentration of the means of production in the hands of one capitalist; the division of labour in society implies their dispersion among many independent producers of commodities. While within the workshop, the iron law of proportionality subjects definite numbers of workmen to definite functions, in the society outside the workshop, chance and caprice have full play in distributing the producers and their means of production among the various branches of industry.

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Division of labour within the workshop implies the undisputed authority of the capitalist over men, that are but parts of a mechanism that belongs to him. The division of labour within the society brings into contact independent commodity- producers, who acknowledge no other authority but that of competition, of the coercion exerted by the pressure of their mutual interests; just as in the animal kingdom, the bellum omnium contra omnes [war of all against all – Hobbes] more or less preserves the conditions of existence of every species. The same bourgeois mind which praises division of labour in the workshop, life- long annexation of the labourer to a partial operation, and his complete subjection to capital, as being an organisation of labour that increases its productiveness – that same bourgeois mind denounces with equal vigour every

conscious attempt to socially control and regulate the process of production, as an inroad upon such sacred things as the rights of property, freedom and unrestricted play for the bent of the individual capitalist. It is very characteristic that the enthusiastic apologists of the factory system have nothing more damning to urge against a general organisation of the labour of society, than that it would turn all society into one immense factory. If, in a society with capitalist production, anarchy in the social division of labour and despotism in that of the workshop are mutual conditions the one of the other, we find, on the contrary, in those earlier forms of society in which the separation of trades has been spontaneously developed, then crystallised, and finally made permanent by law, on the one hand, a specimen of the organisation of the labour of society, in accordance with an approved and authoritative plan, and on the other, the entire exclusion of division of labour in the workshop, or at all events a mere dwarflike or sporadic and accidental development of the same. 36 Those small and extremely ancient Indian

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Capital now sets the labourer to work, not with a manual tool, but with a machine which itself handles the tools. Although, therefore, it is clear at the first glance that, by incorporating both stupendous physical forces, and the natural sciences, with the process of production, modern industry raises the productiveness of labour to an extraordinary degree, it is by no means equally clear, that this increased productive force is not, on the other hand, purchased by an increased expenditure of labour. Machinery, like every other component of constant capital, creates no new value, but yields up its own value to the product that it serves to beget. In so far as the machine has value, and, in consequence, parts with value to the product, it forms an element in the value of that product. Instead of being cheapened, the product is made dearer in proportion to the value of the machine. And it is clear as noon-day, that machines and systems of machinery, the characteristic instruments of labour of Modern Industry, are incomparably more loaded with value than the implements used in handicrafts and manufactures. In the first place, it must be observed that the

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As the use of machinery becomes more general in a particular industry, the social value of the product sinks down to its individual value, and the law that surplus-value does not arise from the labour-power that has been replaced by the machinery, but from the labour-power actually employed in working with the machinery, asserts itself. Surplus-value arises from variable capital alone, and we saw that the amount of surplus-value depends on two factors, viz., the rate of surplus-value and the number of the workmen simultaneously employed. Given the length of the working day, the rate of surplus-value is determined by the relative duration of the necessary labour and of the surplus labour in a day. The number of the labourers simultaneously employed depends, on its side, on the ratio of the variable to the constant capital. Now, however much the use of machinery may increase the surplus labour at the expense of the necessary labour by heightening the productiveness of labour, it is clear that it attains this result, only by diminishing the number of workmen employed by a given amount of capital. It converts what was formerly variable capital, invested in labour-power, into machinery which, being constant capital, does not produce surplus-value. It is impossible, for instance, to squeeze as much surplus-value out of 2 as out of 24 labourers. If each of these 24 men gives only one hour of surplus labour in 12, the 24 men give together 24 hours of surplus labour, while 24 hours is the total labour of the two men. Hence, the application of machinery to the production of surplus-value implies a contradiction which is immanent in it, since of the two factors of the surplus-value created by a given amount of capital, one, the rate of surplus-value, cannot be increased, except by diminishing the other, the number of workmen. This contradiction comes to light, as soon as by the general employment

of machinery in a given industry, the value of the machine-produced commodity regulates the value of all commodities of the same sort; and it is this contradiction, that in its turn, drives the capitalist, without his being conscious of the fact, 71 to excessive lengthening of the working day, in order that he may compensate the decrease in the relative number of labourers exploited, by an increase not only of the relative, but of the absolute surplus labour. If, then, the capitalistic employment of machinery, on the one hand, supplies new and powerful motives to an excessive lengthening of the working day, and radically changes, as well the methods of labour, as also the character of the social working organism, in such a manner as to break down all opposition to this tendency, on the other hand it produces, partly by opening out to the capitalist new strata of the working-class, previously inaccessible to him, partly by setting free the labourers it supplants, a surplus working population, 72 which is compelled to submit to the dictation of capital. Hence that remarkable phenomenon in the history of modern industry, that machinery sweeps away every moral and natural restriction on the length of the working day. Hence, too, the economic paradox, that the most powerful instrument for shortening labour-time, becomes the most unfailing means for placing every moment of the labourer's time and that of his family, at the disposal of the capitalist for the purpose of expanding the value of his capital.

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The shortening of the hours of labour creates, to begin with, the subjective conditions for the condensation of labour, by enabling the workman to exert more strength in a given time. So soon as that shortening becomes compulsory, machinery becomes in the hands of capital the objective means, systematically employed for squeezing out more labour in a given time. This is effected in two ways: by increasing the speed of the machinery, and by giving the workman more machinery to tent. Improved construction of the machinery is necessary, partly because without it greater pressure cannot be put on the workman, and partly because the shortened hours of labour force the capitalist to exercise the strictest watch over the cost of production. The improvements in the steam-engine have increased the piston speed, and at the same time have made it possible, by means of a greater economy of power, to drive with the same or even a smaller consumption of coal more machinery with the same engine. The improvements in the transmitting mechanism have lessened friction, and, what so strikingly distinguishes modern from the older machinery, have reduced the diameter and weight of the shafting to a constantly decreasing minimum. Finally, the improvements in the operative machines have, while reducing their size, increased their speed and efficiency, as in the modern power-loom; or, while increasing the size of their framework, have also increased the extent and number of their working parts, as in spinning-mules, or have added to the speed of these working parts by imperceptible alterations of detail, such as those which ten years ago increased the speed of the spindles in self-acting mules by one-fifth. The reduction of the working day to 12 hours dates in England from 1832. In 1836 a manufacturer stated: "The labour now undergone in the factories

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There cannot be the slightest doubt that the tendency that urges capital, so soon as a prolongation of the hours of labour is once for all forbidden, to compensate itself, by a systematic heightening of the intensity of labour, and to convert every improvement in machinery into a more perfect means of exhausting the workman, must soon lead to a state of things in which a reduction of the hours of labour will again be inevitable. 95 On the other hand, the rapid advance of English industry between 1848 and the present time, under the influence of a day of 10 hours, surpasses the advance made between 1833 and 1847, when the day was 12 hours long, by far more than the latter surpasses the advance made during the half century after the first introduction of the factory system, when the working day was without limits. 96 Section 4: The Factory At the

commencement of this chapter we considered that which we may call the body of the factory, i.e., machinery organised into a system.

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Although then, technically speaking, the old system of division of labour is thrown overboard by machinery, it hangs on in the factory, as a traditional habit handed down from Manufacture, and is afterwards systematically re-moulded and established in a more hideous form by capital, as a means of exploiting labour-power. The life-long speciality of handling one and the same tool, now becomes the life-long speciality of serving one and the same machine. Machinery is put to a wrong use, with the object of transforming the workman, from his very childhood, into a part of a detail-machine. 103 In this way, not only are the expenses of his reproduction considerably lessened, but at the same time his helpless dependence upon the factory as a whole, and therefore upon the capitalist, is rendered complete. Here as everywhere else, we must distinguish between the increased productiveness due to the development of the social process of production, and that due to the capitalist exploitation of that process. In handicrafts and manufacture, the workman makes use of a tool, in the factory, the machine makes use of him. There the movements of the instrument of labour proceed from him, here it is the movements of the machine that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes its mere living appendage. “The miserable routine of endless drudgery and

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Handicraft and on the Division of Labour We have seen how machinery does away with co-operation based on handicrafts, and with manufacture based on the division of handicraft labour. An example of the first sort is the mowing-machine; it replaces co-operation between mowers. A striking example of the second kind, is the needle-making machine. According to Adam Smith, 10 men, in his day, made in co- operation, over 48,000 needles a-day. On the other hand, a single needle-machine makes 145,000 in a working day of 11 hours. One woman or one girl superintends four such machines, and so produces near upon 600,000 needles in a day, and upwards of 3,000,000 in a week. 166 A single machine, when it takes the place of co-operation or of manufacture, may itself serve as the basis of an industry of a handicraft character.

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The principle, carried out in the factory system, of analysing the process of production into its constituent phases, and of solving the problems thus proposed by the application of mechanics, of chemistry, and of the whole range of the natural sciences, becomes the determining principle everywhere. Hence, machinery squeezes itself into the manufacturing industries first for one detail process, then for another. Thus the solid crystal of their organisation, based on the old division of labour, becomes dissolved, and makes way for constant changes. Independently of this, a radical change takes place in the composition of the collective labourer, a change of the persons working in combination. In contrast with the manufacturing period, the division of labour is thenceforth based, wherever possible, on the employment of women, of children of all ages, and of unskilled labourers, in one word, on cheap labour, as it is characteristically called in England. This is the case not only with all production on a large scale, whether employing machinery or not, but also with the so-called domestic industry, whether carried on in the houses of the workpeople or in small workshops. This modern so-called domestic industry has nothing, except the name, in common with the old-fashioned domestic industry, the existence of which pre-supposes independent urban handicrafts, independent peasant farming, and above all, a

dwelling-house for the labourer and his family. That old-fashioned industry has now been converted into an outside department of the factory, the manufactory, or the warehouse. Besides the factory operatives, the manufacturing workmen and the handicraftsman, whom it concentrates in large masses at one spot, and directly commands, capital also sets in motion, by means, of invisible threads, another army; that of the workers in the domestic industries, who dwell in the large towns and are also scattered over the face of the country. An example: The shirt factory of Messrs. Tillie at Londonderry, which employs 1,000 operatives in the factory itself, and 9,000 people spread up and down the country and working in their own houses. 170

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At the same time, this portion of the Act strikingly shows that the capitalist mode of production, owing to its very nature, excludes all rational improvement beyond a certain point. It has been stated over and over again that the English doctors are unanimous in declaring that where the work is continuous, 500 cubic feet is the very least space that should be allowed for each person. Now, if the Factory Acts, owing to their compulsory provisions, indirectly hasten on the conversion of small workshops into factories, thus indirectly attacking the proprietary rights of the smaller capitalists, and assuring a monopoly to the great ones, so, if it were made obligatory to provide the proper space for each workman in every workshop, thousands of small employers would, at one full swoop, be expropriated directly! The very root of the capitalist mode of production, i.e., the self-expansion of all capital, large or small, by means of the “free” purchase and consumption of labour-power, would be attacked. Factory legislation is therefore brought to a deadlock before these 500 cubic feet of breathing space. The sanitary officers, the industrial inquiry commissioners, the factory inspectors, all harp, over and over again, upon the necessity for those 500 cubic feet, and upon the impossibility of wringing them out of capital. They thus, in fact, declare that consumption and other lung diseases among the workpeople are necessary conditions to the existence of capital. 216 Paltry as the education clauses of the Act appear

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220 From the Factory system budded, as Robert Owen has shown us in detail, the germ of the education of the future, an education that will, in the case of every child over a given age, combine productive labour with instruction and gymnastics, not only as one of the methods of adding to the efficiency of production, but as the only method of producing fully developed human beings. Modern industry, as we have seen, sweeps away by technical means the manufacturing division of labour, under which each man is bound hand and foot for life to a single detail-operation. At the same time, the capitalistic form of that industry reproduces this same division of labour in a still more monstrous shape; in the factory proper, by converting the workman into a living appendage of the machine; and everywhere outside the Factory, partly by the sporadic use of machinery and machine workers, 221 partly by re-establishing the division of labour on a fresh basis by the general introduction of the labour of women and children, and of cheap unskilled labour. The antagonism between the manufacturing division of labour and the methods of modern industry makes itself forcibly felt. It manifests itself, amongst other ways, in the frightful fact that a great part of the children employed in modern factories and manufactures, are from their earliest years riveted to the most simple manipulations, and exploited for years, without being taught a single sort of work that would afterwards make them of use, even in the same manufactory or factory. In the English letter-press printing trade, for example, there existed formerly a system, corresponding to that in the old manufactures and handicrafts, of advancing the apprentices from easy to more and more difficult work. They went through a course of teaching till they were finished printers. To be able to read and write was for every one of them a requirement of their trade. All this was changed by the printing machine. It employs two sorts of

labourers, one grown up, renters, the other, boys mostly from 11 to 17 years of age whose sole business is either to spread the sheets of paper under the machine, or to take from it the printed sheets. They perform this weary task, in London especially, for 14, 15, and 16 hours at a stretch, during several days in the week, and frequently for 36 hours, with only 2 hours' rest for meals and sleep. 222 A great part of them cannot read, and they are, as a rule, utter savages and very extraordinary creatures. "To qualify them for the work which they have

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As with the division of labour in the interior of the manufacturing workshops, so it is with the division of labour in the interior of society. So long as handicraft and manufacture form the general groundwork of social production, the subjection of the producer to one branch exclusively, the breaking up of the multifariousness of his employment224 is a necessary step in the development. On that groundwork each separate branch of production acquires empirically the form that is technically suited to it, slowly perfects it, and, so soon as a given degree of maturity has been reached, rapidly crystallises that form. The only thing, that here and there causes a change, besides new raw material supplied by commerce, is the gradual alteration of the instruments of labour. But their form, too, once definitely settled by experience, petrifies, as is proved by their being in many cases handed down in the same form by one generation to another during thousands of years. A characteristic feature is, that, even down into the eighteenth century, the different trades were called "mysteries" (mystères); 225 into their secrets none but those duly initiated could penetrate. modern industry rent the veil that concealed from men their own social process of production, and that turned the various, spontaneously divided branches of production into so many riddles, not only to outsiders, but even to the initiated. The principle which it pursued, of resolving each process into its constituent movements, without any regard to their possible execution by the hand of man, created the new modern science of technology. The varied, apparently unconnected, and petrified forms of the industrial processes now resolved themselves into so many conscious and systematic applications of natural science to the attainment of given useful effects. Technology also discovered the few main fundamental forms of motion, which, despite the diversity of the instruments used, are necessarily taken by every productive action of the human body; just as the science of mechanics sees in the most complicated machinery nothing but the continual repetition of the simple mechanical powers. Modern industry never looks upon and treats the existing form of a process as final. The technical basis of that industry is therefore revolutionary, while all earlier modes of production were essentially conservative. 226 By means of machinery, chemical processes and other methods, it is continually causing changes not only in the technical basis of production, but also in the functions of the labourer, and in the social combinations of the labour-process. At the same time, it thereby also revolutionises the division of labour within the society, and incessantly launches masses of capital and of workpeople from one branch of production to another. But if modern industry, by its very nature, therefore necessitates variation of labour, fluency of function, universal mobility of the labourer, on the other hand, in its capitalistic form, it reproduces the old division of labour with its ossified particularisations. We have seen how this absolute contradiction between the technical necessities of modern industry, and the social character inherent in its capitalistic form, dispels all fixity and security in the situation of the labourer; how it constantly threatens, by taking away the instruments of labour, to snatch from his hands his means of subsistence, 227 and, by suppressing his detail-function, to make him superfluous. We have seen, too, how this antagonism vents its rage in the creation of that monstrosity, an industrial reserve army, kept in misery in order to be always at the disposal of capital; in the incessant human sacrifices from among the working-class, in the most reckless squandering of labour-power and in the devastation caused by a social anarchy which turns every

economic progress into a social calamity. This is the negative side. But if, on the one hand, variation of work at present imposes itself after the manner of an overpowering natural law, and with the blindly destructive action of a natural law that meets with resistance228 at all points, modern industry, on the other hand, through its catastrophes imposes the necessity of recognising, as a fundamental law of production, variation of work, consequently fitness of the labourer for varied work, consequently the greatest possible development of his varied aptitudes. It becomes a question of life and death for society to adapt the mode of production to the normal functioning of this law. Modern Industry, indeed, compels society, under penalty of death, to replace the detail-worker of to-day, grappled by life- long repetition of one and the same trivial operation, and thus reduced to the mere fragment of a man, by the fully developed individual, fit for a variety of labours, ready to face any change of production, and to whom the different social functions he performs, are but so many modes of giving free scope to his own natural and acquired powers. One step already spontaneously taken towards effecting this revolution is the establishment of technical and agricultural schools, and of "écoles d'enseignement professionnel," in which the children of the working-men receive some little instruction in technology and in the practical handling of the various implements of labour. Though the Factory Act, that first and meagre concession wrung from capital, is limited to combining elementary education with work in the factory, there can be no doubt that when the working-class comes into power, as inevitably it must, technical instruction, both theoretical and practical, will take its proper place in the working-class schools. There is also no doubt that such revolutionary ferments, the final result of which is the abolition of the old division of labour, are diametrically opposed to the capitalistic form of production, and to the economic status of the labourer corresponding to that form. But the historical development of the antagonisms, immanent in a given form of production, is the only way in which that form of production can be dissolved and a new form established. "Ne sutor ultra crepidam" – this nec plus ultra of handicraft wisdom became sheer nonsense, from the moment the watchmaker Watt invented the steam-engine, the barber Arkwright, the throstle, and the working-jeweller, Fulton, the steamship. 229 So long as Factory legislation is confined to regulating the labour in factories, manufactories, &c., it is regarded as a mere interference with the exploiting rights of capital. But when it comes to regulating the so-called "home-labour," 230 it is immediately viewed as a direct attack on the patria potestas, on parental authority. The tender-hearted English Parliament long affected to shrink from taking this step. The force of facts, however, compelled it at last to acknowledge that modern industry, in overturning the economic foundation on which was based the traditional family, and the family labour corresponding to it, had also unloosened all traditional family ties. The rights of the children had to be proclaimed. The final report of the Ch. Empl. Comm. of 1866,

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It was not, however, the misuse of parental authority that created the capitalistic exploitation, whether direct or indirect, of children's labour; but, on the contrary, it was the capitalistic mode of exploitation which, by sweeping away the economic basis of parental authority, made its exercise degenerate into a mischievous misuse of power. However terrible and disgusting the dissolution, under the capitalist system, of the old family ties may appear, nevertheless, modern industry, by assigning as it does an important part in the process of production, outside the domestic sphere, to women, to young persons, and to children of both sexes, creates a new economic foundation for a higher form of the family and of the relations between the sexes. It is, of course, just as absurd to hold the Teutonic-Christian form of the family to be absolute and final as it would be to apply that character to the ancient Roman, the ancient Greek, or the Eastern forms which, moreover, taken together form a series in historical development.

Moreover, it is obvious that the fact of the collective working group being composed of individuals of both sexes and all ages, must necessarily, under suitable conditions, become a source of humane development; although in its spontaneously developed, brutal, capitalistic form, where the labourer exists for the process of production, and not the process of production for the labourer, that fact is a pestiferous source of corruption and slavery. 232 The necessity for a generalisation of the Factory

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The Royal Commission appointed in 1867 to inquire into the employment in agriculture of children, young persons, and women, has published some very important reports. Several attempts to apply the principles of the Factory Acts, but in a modified form, to agriculture have been made, but have so far resulted in complete failure. All that I wish to draw attention to here is the existence of an irresistible tendency towards the general application of those principles. If the general extension of factory legislation to all trades for the purpose of protecting the working-class both in mind and body has become inevitable, on the other hand, as we have already pointed out, that extension hastens on the general conversion of numerous isolated small industries into a few combined industries carried on upon a large scale; it therefore accelerates the concentration of capital and the exclusive predominance of the factory system. It destroys both the ancient and the transitional forms, behind which the dominion of capital is still in part concealed, and replaces them by the direct and open sway of capital; but thereby it also generalises the direct opposition to this sway. While in each individual workshop it enforces uniformity, regularity, order, and economy, it increases by the immense spur which the limitation and regulation of the working day give to technical improvement, the anarchy and the catastrophes of capitalist production as a whole, the intensity of labour, and the competition of machinery with the labourer. By the destruction of petty and domestic industries it destroys the last resort of the “redundant population,” and with it the sole remaining safety-valve of the whole social mechanism. By maturing the material conditions, and the combination on a social scale of the processes of production, it matures the contradictions and antagonisms of the capitalist form of production, and thereby provides, along with the elements for the formation of a new society, the forces for exploding the old one. 244 Section 10: Modern Industry and Agriculture

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agriculture as in manufacture, the transformation of production under the sway of capital, means, at the same time, the martyrdom of the producer; the instrument of labour becomes the means of enslaving, exploiting, and impoverishing the labourer; the social combination and organisation of labour-processes is turned into an organised mode of crushing out the workman’s individual vitality, freedom, and independence. The dispersion of the rural labourers over larger areas breaks their power of resistance while concentration increases that of the town operatives. In modern agriculture, as in the urban industries, the increased productiveness and quantity of the labour set in motion are bought at the cost of laying waste and consuming by disease labour-power itself. Moreover, all progress in capitalistic agriculture is a progress in the art, not only of robbing the labourer, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility. The more a country starts its development on the foundation of modern industry, like the United States, for example, the more rapid is this process of destruction. 246Capitalist production, therefore, develops technology, and the combining together of various processes into a social whole, only by sapping the original sources of all wealth-the soil and the labourer.

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On the other hand, however, our notion of productive labour becomes narrowed. Capitalist production is not merely the production of commodities, it is essentially the production of surplus-value. The labourer produces, not for himself, but for capital. It no longer suffices, therefore, that he should simply produce. He must produce surplus-value. That labourer alone is productive, who produces surplus-value for the capitalist, and thus works for the self-expansion of capital. If we may take an example from outside the sphere of production of material objects, a schoolmaster is a productive labourer when, in addition to belabouring the heads of his scholars, he works like a horse to enrich the school proprietor. That the latter has laid out his capital in a teaching factory, instead of in a sausage factory, does not alter the relation. Hence the notion of a productive labourer implies not merely a relation between work and useful effect, between labourer and product of labour, but also a specific, social relation of production, a relation that has sprung up historically and stamps the labourer as the direct means of creating surplus-value. To be a productive labourer is, therefore, not a piece of luck, but a misfortune. In Book IV. which treats of the history of the theory, it will be more clearly seen, that the production of surplus-value has at all times been made, by classical political economists, the distinguishing characteristic of the productive labourer. Hence their definition of a productive labourer changes with their comprehension of the nature of surplus-value. Thus the Physiocrats insist that only agricultural labour is productive, since that alone, they say, yields a surplus-value. And they say so because, with them, surplus-value has no existence except

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On these assumptions the value of labour-power, and the magnitude of surplus-value, are determined by three laws. (1.) A working day of given length always creates the same amount of value, no matter how the productiveness of labour, and, with it, the mass of the product, and the price of each single commodity produced, may vary. If the value created by a working day of 12 hours be, say, six shillings, then, although the mass of the articles produced varies with the productiveness of labour, the only result is that the value represented by six shillings is spread over a greater or less number of articles. (2.) Surplus-value and the value of labour-power vary in opposite directions. A variation in the productiveness of labour, its increase or diminution, causes a variation in the opposite direction in the value of labour-power, and in the same direction in surplus-value.

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(3.) Increase or diminution in surplus-value is always consequent on, and never the cause of, the corresponding diminution or increase in the value of labour-power. 2 Since the working day is constant in magnitude,

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We begin with the case in which the working day is shortened. (1.) A shortening of the working day under the conditions given above, leaves the value of labour-power, and with it, the necessary labour time, unaltered. It reduces the surplus labour and surplus-value. Along with the absolute magnitude of the latter, its relative magnitude also falls, i.e., its magnitude relatively to the value of labour-power whose magnitude remains

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unaltered. Only by lowering the price of labour-power below its value could the capitalist save himself harmless. All the usual arguments against the shortening of the working day, assume that it takes place under the conditions we have here supposed to exist; but in reality the very contrary is the case: a change in the productiveness and intensity of labour either precedes, or immediately follows, a shortening of the working day. 5 (2.) Lengthening of the working day. Let the necessary labour time be 6 hours, or the value of labour-power 3 shillings; also let the surplus labour be 6 hours or the surplus-value 3 shillings. The whole working day then amounts to 12 hours and is embodied in a value of 6 shillings. If, now, the working day be lengthened by 2 hours and the price of labour-power remain unaltered, the surplus-value increases both absolutely and relatively. Although there is no absolute change in the value of labour-power, it suffers a relative fall. Under the conditions assumed in 1. there could not be a change of relative magnitude in the value of labour-power without a change in its absolute magnitude. Here, on the contrary, the change of relative magnitude in the value of labour-power is the result of the change of absolute magnitude in surplus-value.

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The more the productiveness of labour increases, the more can the working day be shortened; and the more the working day is shortened, the more can the intensity of labour increase. From a social point of view, the productiveness increases in the same ratio as the economy of labour, which, in its turn, includes not only economy of the means of production, but also the avoidance of all useless labour. The capitalist mode of production, while on the one hand, enforcing economy in each individual business, on the other hand, begets, by its anarchical system of competition, the most outrageous squandering of labour-power and of the social means of production, not to mention the creation of a vast number of employments, at present indispensable, but in themselves superfluous. The intensity and productiveness of labour being given, the time which society is bound to devote to material production is shorter, and as a consequence, the time at its disposal for the free development, intellectual and social, of the individual is greater, in proportion as the work is more and more evenly divided among all the able-bodied members of society, and as a particular class is more and more deprived of the power to shift the natural burden of labour from its own shoulders to those of another layer of society. In this direction, the shortening of the working day finds at last a limit in the generalisation of labour. In capitalist society spare time is acquired for one class by converting the whole life-time of the masses into labour time.

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Wages by the piece are nothing else than a converted form of wages by time, just as wages by time are a converted form of the value or price of labour-power. In piece wages it seems at first sight as if the use-value bought from the labourer was, not the function of his labour-power, living labour, but labour already realized in the product, and as if the price of this labour was determined, not as with time-wages, by the fraction daily value of labour-power the working day of a given number of hours but by the capacity for work of the producer. 1 The confidence that trusts in this appearance

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The conversion of a sum of money into means of production and labour-power, is the first step taken by the quantum of value that is going to function as capital. This conversion takes place in the market, within the sphere of circulation. The second step, the process of production, is

complete so soon as the means of production have been converted into commodities whose value exceeds that of their component parts, and, therefore, contains the capital originally advanced, plus a surplus-value. These commodities must then be thrown into circulation. They must be sold, their value realised in money, this money afresh converted into capital, and so over and over again. This circular movement, in which the same phases are continually gone through in succession, forms the circulation of capital. The first condition of accumulation is that the capitalist must have contrived to sell his commodities, and to reconvert into capital the greater part of the money so received. In the following pages we shall assume that capital circulates in its normal way. The detailed analysis of the process will be found in Book II. The capitalist who produces surplus-value – i.e., who extracts unpaid labour directly from the labourers, and fixes it in commodities, is, indeed, the first appropriator, but by no means the ultimate owner, of this surplus-value. He has to share it with capitalists, with landowners, &c., who fulfil other functions in the complex of social production. Surplus-value, therefore, splits up into various parts. Its fragments fall to various categories of persons, and take various forms, independent the one of the other, such as profit, interest, merchants' profit, rent, &c. It is only in Book III. that we can take in hand these modified forms of surplus-value. On the one hand, then, we assume that the capitalist sells at their value the commodities he has produced, without concerning ourselves either about the new forms that capital assumes while in the sphere of circulation, or about the concrete conditions of reproduction hidden under these forms. On the other hand, we treat the capitalist producer as owner of the entire surplus-value, or, better perhaps, as the representative of all the sharers with him in the booty. We, therefore, first of all consider accumulation from an abstract point of view – i.e., as a mere phase in the actual process of production. So far as accumulation takes place, the capitalist must have succeeded in selling his commodities, and in reconverting the sale-money into capital. Moreover, the breaking-up of surplus-value into fragments neither alters its nature nor the conditions under which it becomes an element of accumulation. Whatever be the proportion of surplus-value which the industrial capitalist retains for himself, or yields up to others, he is the one who, in the first instance, appropriates it. We, therefore, assume no more than what actually takes place. On the other hand, the simple fundamental form of the process of accumulation is obscured by the incident of the circulation which brings it about, and by the splitting up of surplus-value. An exact analysis of the process, therefore, demands that we should, for a time, disregard all phenomena that hide the play of its inner mechanism.

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If production be capitalistic in form, so, too, will be reproduction. Just as in the former the labour process figures but as a means towards the self-expansion of capital, so in the latter it figures but as a means of reproducing as capital – i.e., as self-expanding value – the value advanced. It is only because his money constantly functions as capital that the economic guise of a capitalist attaches to a man. If, for instance, a sum of £ 100 has this year been converted into capital, and produced a surplus-value of £ 20, it must continue during next year, and subsequent years, to repeat the same operation. As a periodic increment of the capital advanced, or periodic fruit of capital in process, surplus-value acquires the form of a revenue flowing out of capital. 1 If this revenue serve the capitalist only as a fund to provide for his consumption, and be spent as periodically as it is gained, then, caeteris paribus, simple reproduction will take place. And although this reproduction is a mere repetition of the process of production on the old scale, yet this mere repetition, or continuity, gives a new character to the process, or, rather, causes the disappearance of some apparent characteristics which it possessed as an isolated discontinuous process. The purchase of labour-power for a fixed period

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Apart then from all accumulation, the mere continuity of the process of production, in other words simple reproduction, sooner or later, and of necessity, converts every capital into accumulated capital, or capitalised surplus-value. Even if that capital was originally acquired by the personal labour of its employer, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialised either in money or in some other object. We saw in Chapt. IV.-VI. that in order to convert money into capital something more is required than the production and circulation of commodities. We saw that on the one side the possessor of value or money, on the other, the possessor of the value-creating substance; on the one side, the possessor of the means of production and subsistence, on the other, the possessor of nothing but labour-power, must confront one another as buyer and seller. The separation of labour from its product, of subjective labour-power from the objective conditions of labour, was therefore the real foundation in fact, and the starting-point of capitalist production.

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All the capitalist cares for, is to reduce the labourer's individual consumption as far as possible to what is strictly necessary, and he is far away from imitating those brutal South Americans, who force their labourers to take the more substantial, rather than the less substantial, kind of food. 9 Hence both the capitalist and his ideological representative, the political economist, consider that part alone of the labourer's individual consumption to be productive, which is requisite for the perpetuation of the class, and which therefore must take place in order that the capitalist may have labour-power to consume; what the labourer consumes for his own pleasure beyond that part, is unproductive consumption. 10 If the accumulation of capital were to cause a rise of wages and an increase in the labourer's consumption, unaccompanied by increase in the consumption of labour-power by capital, the additional capital would be consumed unproductively. 11 In reality, the individual consumption of the labourer is unproductive as regards himself, for it reproduces nothing but the needy individual; it is productive to the capitalist and to the State, since it is the production of the power that creates their wealth. 12 From a social point of view, therefore, the working class, even when not directly engaged in the labour process, is just as much an appendage of capital as the ordinary instruments of labour. Even its individual consumption is, within certain limits, a mere factor in the process of production. That process, however, takes good care to prevent these self-conscious instruments from leaving it in the lurch, for it removes their product, as fast as it is made, from their pole to the opposite pole of capital. Individual consumption provides, on the one hand, the means for their maintenance and reproduction: on the other hand, it secures by the annihilation of the necessaries of life, the continued re-appearance of the workman in the labour-market. The Roman slave was held by fetters: the wage labourer is bound to his owner by invisible threads. The appearance of independence is kept up by means of a constant change of employers, and by the fictio juris of a contract. In former times, capital resorted to legislation,

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Capitalist production, therefore, of itself reproduces the separation between labour-power and the means of labour. It thereby reproduces and perpetuates the condition for exploiting the labourer. It incessantly forces him to sell his labour-power in order to live, and enables the capitalist to purchase labour-power in order that he may enrich himself. 17 It is no longer a mere accident, that capitalist and labourer confront each other in the market as buyer and seller. It is the process itself that incessantly hurls back the labourer on to the market as a vendor of his labour-power, and that incessantly converts his own product into a means by which another man can purchase

him. In reality, the labourer belongs to capital before he has sold himself to capital. His economic bondage18 is both brought about and concealed by the periodic sale of himself, by his change of masters, and by the oscillations in the market-price of labour-power. 19 Capitalist production, therefore, under its aspect of a continuous connected process, of a process of reproduction, produces not only commodities, not only surplus-value, but it also produces and reproduces the capitalist relation; on the one side the capitalist, on the other the wage labourer. 20

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Thus the original conversion of money into capital is achieved in the most exact accordance with the economic laws of commodity production and with the right of property derived from them. Nevertheless, its result is: (1) that the product belongs to the capitalist and not to the worker; (2) that the value of this product includes, besides the value of the capital advanced, a surplus- value which costs the worker labour but the capitalist nothing, and which none the less becomes the legitimate property of the capitalist; (3) that the worker has retained his labour-power and can sell it anew if he can find a buyer. Simple reproduction is only the periodical repetition of this first operation; each time money is converted afresh into capital. Thus the law is not broken; on the contrary, it is merely enabled to operate continuously. “Several successive acts of exchange have only made the last represent the first” (Sismondi, “Nouveaux Principes, etc.,” p.

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Accumulate, accumulate! That is Moses and the prophets! “Industry furnishes the material which saving accumulates.” 23 Therefore, save, save, i.e., reconvert the greatest possible portion of surplus-value, or surplus-product into capital! Accumulation for accumulation’s sake, production for production’s sake: by this formula classical economy expressed the historical mission of the bourgeoisie, and did not for a single instant deceive itself over the birth-throes of wealth. 24 But what avails lamentation in the face of historical necessity? If to classical economy, the proletarian is but a machine for the production of surplus-value; on the other hand, the capitalist is in its eyes only a machine for the conversion of this surplus-value into additional capital. Political Economy takes the historical function of the capitalist in bitter earnest. In order to charm out of his bosom the awful conflict between the desire for enjoyment and the chase after riches, Malthus, about the year 1820, advocated a division of labour, which assigns to the capitalist actually engaged in production, the business of accumulating, and to the other sharers in surplus-value, to the landlords, the place-men, the beneficed clergy, &c., the business of spending. It is of the highest importance, he says, “to keep separate the passion for expenditure and the passion for accumulation.” 25 The capitalists having long been good livers and men of the world, uttered loud cries. What, exclaimed one of their spokesmen, a disciple of Ricardo, Mr. Malthus preaches high rents, heavy taxes, &c., so that the pressure of the spur may constantly be kept on the industrious by unproductive consumers! By all means, production, production on a constantly increasing scale, runs the shibboleth; but “production will, by such a process, be far more curbed in than spurred on. Nor is it quite fair thus to maintain in idleness a number of persons, only to pinch others, who are likely, from their characters, if you can force them to work, to work with success.” 26

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The composition of capital is to be understood in a two-fold sense. On the side of value, it is determined by the proportion in which it is divided into constant capital or value of the means of production, and variable capital or value of labour power, the sum total of wages. On the side of material, as it functions in the process of production, all capital is divided into means of

production and living labour power. This latter composition is determined by the relation between the mass of the means of production employed, on the one hand, and the mass of labour necessary for their employment on the other. I call the former the value-composition, the latter the technical composition of capital. Between the two there is a strict correlation. To express this, I call the value composition of capital, in so far as it is determined by its technical composition and mirrors the changes of the latter, the organic composition of capital. Wherever I refer to the composition of capital, without further qualification, its organic composition is always understood. The many individual capitals invested in a particular branch of production have, one with another, more or less different compositions. The average of their individual compositions gives us the composition of the total capital in this branch of production. Lastly, the average of these averages, in all branches of production, gives us the composition of the total social capital of a country, and with this alone are we, in the last resort, concerned in the following investigation. Growth of capital involves growth of its variable constituent or of the part invested in labour power. A part of the surplus-value turned into additional capital must always be re-transformed into variable capital, or additional labour fund. If we suppose that, all other circumstances remaining the same, the composition of capital also remains constant (i.e., that a definite mass of means of production constantly needs the same mass of labour power to set it in motion), then the demand for labour and the subsistence-fund of the labourers clearly increase in the same proportion as the capital, and the more rapidly, the more rapidly the capital increases. Since the capital produces yearly a surplus-value, of which one part is yearly added to the original capital; since this increment itself grows yearly along with the augmentation of the capital already functioning; since lastly, under special stimulus to enrichment, such as the opening of new markets, or of new spheres for the outlay of capital in consequence of newly developed social wants, &c., the scale of accumulation may be suddenly extended, merely by a change in the division of the surplus-value or surplus-product into capital and revenue, the requirements of accumulating capital may exceed the increase of labour power or of the number of labourers; the demand for labourers may exceed the supply, and, therefore, wages may rise. This must, indeed, ultimately be the case if the conditions supposed above continue. For since in each year more labourers are employed than in its predecessor, sooner or later a point must be reached, at which the requirements of accumulation begin to surpass the customary supply of labour, and, therefore, a rise of wages takes place. A lamentation on this score was heard in England during the whole of the fifteenth, and the first half of the eighteenth centuries. The more or less favourable circumstances in which the wage working class supports and multiplies itself, in no way alter the fundamental character of capitalist production. As simple reproduction constantly reproduces the capital relation itself, i.e., the relation of capitalists on the one hand, and wage workers on the other, so reproduction on a progressive scale, i.e., accumulation, reproduces the capital relation on a progressive scale, more capitalists or larger capitalists at this pole, more wage workers at that. The reproduction of a mass of labour power, which must incessantly re-incorporate itself with capital for that capital’s self-expansion; which cannot get free from capital, and whose enslavement to capital is only concealed by the variety of individual capitalists to whom it sells itself, this reproduction of labour power forms, in fact, an essential of the reproduction of capital itself. Accumulation of capital is, therefore, increase of the proletariat. 1 Classical economy grasped this fact so thoroughly that Adam Smith, Ricardo, &c., as mentioned earlier, inaccurately identified accumulation with the consumption, by the productive labourers, of all the capitalised part of the surplus-product, or with its transformation into additional wage labourers. As early as 1696 John Bellers says: “For if one had a hundred thousand acres of land and as many pounds in money, and as many cattle, without a labourer, what would the rich man be, but a labourer? And as the labourers make men rich, so the more

labourers there will be, the more rich men ... the labour of the poor being the mines of the rich." 2 So also Bernard de Mandeville at the beginning of the eighteenth century:

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The law of capitalist production, that is at the bottom of the pretended "natural law of population," reduces itself simply to this: The correlation between accumulation of capital and rate of wages is nothing else than the correlation between the unpaid labour transformed into capital, and the additional paid labour necessary for the setting in motion of this additional capital. It is therefore in no way a relation between two magnitudes, independent one of the other: on the one hand, the magnitude of the capital; on the other, the number of the labouring population; it is rather, at bottom, only the relation between the unpaid and the paid labour of the same labouring population. If the quantity of unpaid labour supplied by the working class, and accumulated by the capitalist class, increases so rapidly that its conversion into capital requires an extraordinary addition of paid labour, then wages rise, and, all other circumstances remaining equal, the unpaid labour diminishes in proportion. But as soon as this diminution touches the point at which the surplus labour that nourishes capital is no longer supplied in normal quantity, a reaction sets in: a smaller part of revenue is capitalised, accumulation lags, and the movement of rise in wages receives a check. The rise of wages therefore is confined within limits that not only leave intact the foundations of the capitalistic system, but also secure its reproduction on a progressive scale. The law of capitalistic accumulation, metamorphosed by economists into pretended law of Nature, in reality merely states that the very nature of accumulation excludes every diminution in the degree of exploitation of labour, and every rise in the price of labour, which could seriously imperil the continual reproduction, on an ever-enlarging scale, of the capitalistic relation. It cannot be otherwise in a mode of production in which the labourer exists to satisfy the needs of self-expansion of existing values, instead of, on the contrary, material wealth existing to satisfy the needs of development on the part of the labourer. As, in religion, man is governed by the products of his own brain, so in capitalistic production, he is governed by the products of his own hand. 10

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First: The increasing concentration of the social means of production in the hands of individual capitalists is, other things remaining equal, limited by the degree of increase of social wealth. Second: The part of social capital domiciled in each particular sphere of production is divided among many capitalists who face one another as independent commodity-producers competing with each other. Accumulation and the concentration accompanying it are, therefore, not only scattered over many points, but the increase of each functioning capital is thwarted by the formation of new and the sub-division of old capitals. Accumulation, therefore, presents itself on the one hand as increasing concentration of the means of production, and of the command over labour; on the other, as repulsion of many individual capitals one from another. This splitting-up of the total social capital into

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Centralisation completes the work of accumulation by enabling industrial capitalists to extend the scale of their operations. Whether this latter result is the consequence of accumulation or centralisation, whether centralisation is accomplished by the violent method of annexation – when certain capitals become such preponderant centres of attraction for others that they shatter the individual cohesion of the latter and then draw the separate fragments to themselves – or whether the fusion of a number of capitals already formed or in process of formation takes place

by the smoother process of organising joint-stock companies – the economic effect remains the same. Everywhere the increased scale of industrial establishments is the starting point for a more comprehensive organisation of the collective work of many, for a wider development of their material motive forces – in other words, for the progressive transformation of isolated processes of production, carried on by customary methods, into processes of production socially combined and scientifically arranged. But accumulation, the gradual increase of capital

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On the one hand, therefore, the additional capital formed in the course of accumulation attracts fewer and fewer labourers in proportion to its magnitude. On the other hand, the old capital periodically reproduced with change of composition, repels more and more of the labourers formerly employed by it. Section 3: Progressive Production of a Relative

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Considering the social capital in its totality, the movement of its accumulation now causes periodical changes, affecting it more or less as a whole, now distributes its various phases simultaneously over the different spheres of production. In some spheres a change in the composition of capital occurs without increase of its absolute magnitude, as a consequence of simple centralisation; in others the absolute growth of capital is connected with absolute diminution of its variable constituent, or of the labour power absorbed by it; in others again, capital continues growing for a time on its given technical basis, and attracts additional labour power in proportion to its increase, while at other times it undergoes organic change, and lessens its variable constituent; in all spheres, the increase of the variable part of capital, and therefore of the number of labourers employed by it, is always connected with violent fluctuations and transitory production of surplus population, whether this takes the more striking form of the repulsion of labourers already employed, or the less evident but not less real form of the more difficult absorption of the additional labouring population through the usual channels. 14 With the magnitude of social capital already functioning, and the degree of its increase, with the extension of the scale of production, and the mass of the labourers set in motion, with the development of the productiveness of their labour, with the greater breadth and fulness of all sources of wealth, there is also an extension of the scale on which greater attraction of labourers by capital is accompanied by their greater repulsion; the rapidity of the change in the organic composition of capital, and in its technical form increases, and an increasing number of spheres of production becomes involved in this change, now simultaneously, now alternately.

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The labouring population therefore produces, along with the accumulation of capital produced by it, the means by which it itself is made relatively superfluous, is turned into a relative surplus population; and it does this to an always increasing extent. 15 This is a law of population peculiar to the capitalist mode of production; and in fact every special historic mode of production has its own special laws of population, historically valid within its limits and only in so far as man has not interfered with them. But if a surplus labouring population is a

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It forms a disposable industrial reserve army, that belongs to capital quite as absolutely as if the latter had bred it at its own cost. Independently of the limits of the actual increase of population, it creates, for the changing needs of the self-expansion of capital, a mass of human material

always ready for exploitation. With accumulation, and the development of the productiveness of labour that accompanies it, the power of sudden expansion of capital grows also; it grows, not merely because the elasticity of the capital already functioning increases, not merely because the absolute wealth of society expands, of which capital only forms an elastic part, not merely because credit, under every special stimulus, at once places an unusual part of this wealth at the disposal of production in the form of additional capital; it grows, also, because the technical conditions of the process of production themselves – machinery, means of transport, &c. – now admit of the rapidest transformation of masses of surplus-product into additional means of production. The mass of social wealth, overflowing with the advance of accumulation, and transformable into additional capital, thrusts itself frantically into old branches of production, whose market suddenly expands, or into newly formed branches, such as railways, &c., the need for which grows out of the development of the old ones. In all such cases, there must be the possibility of throwing great masses of men suddenly on the decisive points without injury to the scale of production in other spheres. Overpopulation supplies these masses. The course characteristic of modern industry, viz., a decennial cycle (interrupted by smaller oscillations), of periods of average activity, production at high pressure, crisis and stagnation, depends on the constant formation, the greater or less absorption, and the re-formation of the industrial reserve army or surplus population. In their turn, the varying phases of the industrial cycle recruit the surplus population, and become one of the most energetic agents of its reproduction. This peculiar course of modern industry, which occurs in no earlier period of human history, was also impossible in the childhood of capitalist production.

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Even Malthus recognises overpopulation as a necessity of modern industry, though, after his narrow fashion, he explains it by the absolute over-growth of the labouring population, not by their becoming relatively supernumerary. He says: “Prudential habits with regard to marriage,

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The industrial reserve army, during the periods of stagnation and average prosperity, weighs down the active labour-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus population is therefore the pivot upon which the law of demand and supply of labour works. It confines the field of action of this law within the limits absolutely convenient to the activity of exploitation and to the domination of capital. This is the place to return to one of the grand

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The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, develop also the labour power at its disposal. The relative mass of the industrial reserve army increases therefore with the potential energy of wealth. But the greater this reserve army in proportion to the active labour army, the greater is the mass of a consolidated surplus population, whose misery is in inverse ratio to its torment of labour. The more extensive, finally, the lazarus layers of the working class, and the industrial reserve army, the greater is official pauperism. This is the absolute general law of capitalist accumulation. Like all other laws it is modified in its working by many circumstances, the analysis of which does not concern us here. The folly is now patent of the economic wisdom

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The law by which a constantly increasing quantity of means of production, thanks to the advance in the productiveness of social labour, may be set in movement by a progressively diminishing expenditure of human power, this law, in a capitalist society – where the labourer does not employ the means of production, but the means of production employ the labourer – undergoes a complete inversion and is expressed thus: the higher the productiveness of labour, the greater is the pressure of the labourers on the means of employment, the more precarious, therefore, becomes their condition of existence, viz., the sale of their own labour power for the increasing of another's wealth, or for the self-expansion of capital. The fact that the means of production, and the productiveness of labour, increase more rapidly than the productive population, expresses itself, therefore, capitalistically in the inverse form that the labouring population always increases more rapidly than the conditions under which capital can employ this increase for its own self-expansion.

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No period of modern society is so favourable for the study of capitalist accumulation as the period of the last 20 years. It is as if this period had found Fortunatus' purse. But of all countries England again furnishes the classical example, because it holds the foremost place in the world-market, because capitalist production is here alone completely developed, and lastly, because the introduction of the Free-trade millennium since 1846 has cut off the last retreat of vulgar economy. The titanic advance of production – the latter half of the 20 years' period again far surpassing the former – has been already pointed out sufficiently in Part IV. Although the absolute increase of the English population in the last half century was very great, the relative increase or rate of growth fell constantly, as the following table borrowed from the census shows. Annual increase per cent. of the population of

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The process, therefore, that clears the way for the capitalist system, can be none other than the process which takes away from the labourer the possession of his means of production; a process that transforms, on the one hand, the social means of subsistence and of production into capital, on the other, the immediate producers into wage labourers. The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production. It appears as primitive, because it forms the prehistoric stage of capital and of the mode of production corresponding with it. The economic structure of capitalist society has grown out of the economic structure of feudal society. The dissolution of the latter set free the elements of the former. The immediate producer, the labourer, could only dispose of his own person after he had ceased to be attached to the soil and ceased to be the slave, serf, or bondsman of another. To become a free seller of labour power, who carries his commodity wherever he finds a market, he must further have escaped from the regime of the guilds, their rules for apprentices and journeymen, and the impediments of their labour regulations. Hence, the historical movement which changes the producers into wage-workers, appears, on the one hand, as their emancipation from serfdom and from the fetters of the guilds, and this side alone exists for our bourgeois historians. But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements. And the history of this, their expropriation, is written in the annals of mankind in letters of blood and fire. The industrial capitalists, these new potentates, had on their part not only to displace the guild masters of handicrafts, but also the feudal lords, the possessors of the sources of wealth. In this respect, their conquest of social power appears as

the fruit of a victorious struggle both against feudal lordship and its revolting prerogatives, and against the guilds and the fetters they laid on the free development of production and the free exploitation of man by man. The chevaliers d'industrie, however, only succeeded in supplanting the chevaliers of the sword by making use of events of which they themselves were wholly innocent. They have risen by means as vile as those by which the Roman freedman once on a time made himself the master of his patronus. The starting point of the development that gave

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The spoliation of the church's property, the fraudulent alienation of the State domains, the robbery of the common lands, the usurpation of feudal and clan property, and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a "free" and outlawed proletariat.

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As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself, but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever-extending scale, the co-operative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as means of production of combined, socialised labour, the entanglement of all peoples in the net of the world market, and with this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated. The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisition of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production. The transformation of scattered private property, arising from individual labour, into capitalist private property is, naturally, a process, incomparably more protracted, violent, and difficult, than the transformation of capitalistic private property, already practically resting on socialised

production, into socialised property. In the former case, we had the expropriation of the mass of the people by a few usurpers; in the latter, we have the expropriation of a few usurpers by the mass of the people. 2

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Division of labour and assumption of independence do not make a function one that creates products and value if it was not so intrinsically, hence before it became independent. If a capitalist invests his capital anew, he must invest a part of it in hiring a book-keeper, etc., and in the wherewithal of book-keeping. If his capital is already functioning, is engaged in the process of its own constant reproduction, he must continually reconvert a part of his product into a book-keeper, clerks, and the like, by transforming that part into money. That part of his capital is withdrawn from the process of production and belongs in the costs of circulation, deductions from the total yield (including the labour-power itself that is expended exclusively for this function). But there is a certain difference between the costs incidental to book-keeping, or the unproductive expenditure of labour-time on the one hand and those of mere buying and selling time on the other. The latter arise only from the definite social form of the process of production, from the fact that it is the process of production of commodities. Book-keeping, as the control and ideal synthesis of the process, becomes the more necessary the more the process assumes a social scale and loses its purely individual character. It is therefore more necessary in capitalist production than in the scattered production of handicraft and peasant economy, more necessary in collective production than in capitalist production. But the costs of book-keeping drop as production becomes concentrated and book-keeping becomes social.

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Thus the distinction between instruments of labour and subject of labour, which is grounded on the nature of the labour-process, is reflected in a new form: the distinction between fixed capital and circulating capital. It is only then that a thing which performs the function of an instrument of labour becomes fixed capital. If owing to its material properties it can function also in other capacities than that of instrument of labour, it may be fixed capital or not, depending on the specific function it performs. Cattle as beasts of toil are fixed capital; as beef cattle they are raw material which finally enters into circulation as a product; hence they are circulating, not fixed capital. The mere fixation of a means of production for

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Now if Adam Smith had welded together the snatches of thought which forced themselves upon him at first in the study of the reproduction of that which he calls fixed, and now of that which he calls circulating capital, he would have arrived at the following result: I. The annual product of society consists of two departments: one of them comprises the means of production, the other the articles of consumption. Each must be treated separately. II. The aggregate value of that part of the annual product which consists of means of production is divided as follows: One portion of the value represents only the value of the means of production consumed in the fabrication of these means of production; it is but capital-value re-appearing in a renewed form; another portion is equal to the value of the capital laid out in labour-power, or equal to the sum of wages paid by the capitalists in this sphere of production. Finally, a third portion of value is the source of profits, including ground-rent, of the industrial capitalists in this category. The first constituent part, according to Adam Smith the reproduced portion of the fixed capital of all the individual capitalists employed in this first section, is —totally excluded from making any part of the neat revenue,‖ either of the individual capitalist or of society. It always functions as capital, never as

revenue. To that extent the ―fixed capital‖ of every individual capitalist is in no way different from the fixed capital of society. But the other portions of value of the annual product of society consisting of means of production — portions of value which therefore exist in aliquot parts of this aggregate quantity of means of production — form indeed simultaneously revenues for all agents engaged in this production, wages for the labourers, profits and ground-rents for the capitalists. But they form capital, not revenue, for society, although the annual product of society consists only of the sums of the products of the individual capitalists who belong to that society. By nature they are generally fit to function only as means of production, and even those which, if need be, might be able to function as articles of consumption are intended for service as raw or auxiliary materials of new production. But they serve as such — hence as capital — not in the hands of their producers, but in those of their users, namely: III. The capitalists of the second department, the direct producers of articles of consumption. They replace for these capitalists the capital consumed in the production of articles of consumption (so far as this capital is not converted into labour-power, and hence is not the sum of the wages of the labourers of this second department), while this consumed capital, which now exists in the form of articles of the consumption in the hands of the capitalist producing them — socially speaking — in its turn forms the consumption-fund in which the capitalists and labourers of the first department realise their revenue. If Adam Smith had continued his analysis to this

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All this can refer only to the quantitative aspect of the various elements of reproduction, not to the role which they play as reproducing capital or as a reproduced revenue in the entire process. I. The Two Departments of Social Production The total product, and therefore the total production, of society may be divided into two major departments: I. Means of Production, commodities having a form in which they must, or at least may, pass into productive consumption. II. Articles of Consumption, commodities having a form in which they pass into the individual consumption of the capitalist and the working-class. All the various branches of production pertaining

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to each of these two departments form one single great branch of production, that of the means of production in the one case, and that of articles of consumption in the other. The aggregate capital employed in each of these two branches of production constitutes a separate large department of the social capital. In each department the capital consists of two parts: 1) Variable Capital. This capital, so far as its value is concerned, is equal to the value of the social labour-power employed in this branch of production; in other words, it is equal to the sum of the wages paid for this labour-power. So far as its substance is concerned, it consists of the labour-power in action, i.e., of the living labour set in motion by this capital-value. 2) Constant Capital. This is the value of all the means of production employed for productive purposes in this branch. These, again, are divided into fixed capital, such as machines, instruments of labour, buildings, labouring animals, etc., and circulating constant capital, such as materials of production: raw and auxiliary materials, semi-finished products, etc.

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The general conclusion is this: Of the money which the industrial capitalists throw into circulation to accomplish their own commodity circulation, whether at the expense of the constant part of the commodity-value or at the expense of the surplus-value existing in the commodities to the extent that it is laid out as revenue, as much returns into the hands of the

respective capitalists as was advanced by them for the money-circulation. As for the reconversion of the variable capital

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The following is to be noted with reference to replacement of fixed capital: If — all other things, and not only the scale of production, but above all the productivity of labour, remaining the same — a greater part of the fixed element of IIc expires than did the year before, and hence a greater part must be renewed in kind, then that part of the fixed capital which is as yet only on the way to its demise and is to be replaced meanwhile in money until its day of expiry, must shrink in the same proportion, inasmuch as it was assumed that the sum (and the sum of the value) of the fixed part of capital functioning in II remains the same. This however brings with it the following circumstances. First: If the greater part of commodity-capital I consists of elements of the fixed capital of IIc, then a correspondingly smaller portion consists of circulating component parts of IIc, because the total production of I for IIc remains unchanged. If one of these parts increases the other decreases, and vice versa. On the other hand the total production of class II also retains the same volume. But how is this possible if its raw materials, semi-finished products, and auxiliary materials (i.e., the circulating elements of constant capital II) decrease? Second: the greater part of fixed capital IIc, restored in its money-form, flows to I to be reconverted from its money-form into its bodily form. So there is a greater flow of money to I, aside from the money circulating between I and II merely for the exchange of their commodities; more money which is not instrumental in effecting mutual commodity exchange, but acts only one-sidedly in the function of a means of purchase. But then the mass of commodities of IIc, which is the bearer of the wear-and-tear equivalent — and thus the mass of commodities II that must only be exchanged for money I and not for commodities I — would also shrink proportionately. More money would have flown from II to I as mere means of purchase, and there would be fewer commodities II in relation to which I would have to function as a mere buyer. A greater portion of Is — for Iv is already converted into commodities II — would not therefore be convertible into commodities II, but would persist in the form of money. The opposite case, in which the reproduction of demises of fixed capital II in a certain year is less and on the contrary the depreciation part greater, needs no further discussion.

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There would be a crisis — a crisis of over-production — in spite of reproduction on an unchanging scale. In short, if under simple reproduction and other unchanged conditions — particularly under unchanged productive power, total volume and intensity of labour — no constant proportion is assumed between expiring fixed capital (to be renewed) and fixed capital still continuing to function in its old bodily form (merely adding to the products value in compensation of its depreciation), then, in the one case the mass of circulating component parts to be reproduced would remain the same while the mass of fixed component parts to be reproduced would be increased. Therefore the total production I would have to grow or, even aside from money- relations, there would be a deficit in reproduction. In the other case, if the size of fixed capital II to be reproduced in kind should proportionately decrease and hence the component part of fixed capital II, which must now be replaced only in money, should increase in the same ratio, then the quantity of the circulating component parts of constant capital II reproduced by I would remain unchanged, while that of the fixed component parts to be reproduced would decrease. Hence either decrease in aggregate production of I, or surplus (as previously deficit) and surplus that is not to be converted into money. True, the same labour can, in the first case, turn out a greater product through increasing productivity, extension or intensity, and the deficit could thus be covered in that case. But such a change would not take place

without a shifting of capital and labour from one line of production of I to another, and every such shift would call forth momentary disturbances. Furthermore (in so far as extension and intensification of labour would mount), I would have for exchange more of its own value for less of II‘s value. Hence there would be a depreciation of the product of I. The reverse would take place in the second case, where I must curtail its production, which implies a crisis for its labourers and capitalists, or produce a surplus, which again spells crisis. Such surplus is not an evil in itself, but an advantage; however it is an evil under capitalist production. Foreign trade could help out in either case: in the first case in order to convert commodities I held in the form of money into articles of consumption, and in the second case to dispose of the commodity surplus. But since foreign trade does not merely replace certain elements (also with regard to value), it only transfers the contradictions to a wider sphere and gives them greater latitude. Once the capitalist form of reproduction is abolished, it is only a matter of the volume of the expiring portion — expiring and therefore to be reproduced in kind — of fixed capital (the capital which in our illustration functions in the production of articles of consumption) varying in various successive years. If it is very large in a certain year (in excess of the average mortality, as is the case with human beings), then it is certainly so much smaller in the next year. The quantity of raw materials, semi-finished products, and auxiliary materials required for the annual production of the articles of consumption — provided other things remain equal — does not decrease in consequence. Hence the aggregate production of means of production would have to increase in the one case and decrease in the other. This can be remedied only by a continuous relative over-production. There must be on the one hand a certain quantity of fixed capital produced in excess of that which is directly required; on the other hand, and particularly, there must be a supply of raw materials, etc., in excess of the direct annual requirements (this applies especially to means of subsistence). This sort of over-production is tantamount to control by society over the material means of its own reproduction. But within capitalist society it is an element of anarchy. This illustration of fixed capital, on the basis of an unchanged scale of reproduction, is striking. A disproportion of the production of fixed and circulating capital is one of the favourite arguments of the economists in explaining crises. That such a disproportion can and must arise even when the fixed capital is merely preserved, that it can and must do so on the assumption of ideal normal production on the basis of simple reproduction of the already functioning social capital is something new to them.

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We find, then, that for capitals with an equal per cent composition, with equal rates of surplus-value and equal working-days, the rates of profit of the two capitals are related inversely as their periods of turnover. If either the composition, the rates of surplus-value, the working-day, or the wages, are unequal in the two compared cases, this would naturally produce further differences in the rates of profit; but these are independent of the turnover and, for this reason, do not concern us at this point. They have already been discussed in Chapter III. The direct effect of a reduced period of turnover on the production of surplus-value, and consequently of profit, consists of an increased efficiency imparted thereby to the variable portion of capital, as shown in Book II, Chapter XVI, “The Turnover of Variable Capital”. This chapter demonstrated that a variable capital of 500 turned over ten times a year produces as much surplus-value in this time as a variable capital of 5,000 with the same rate of surplus-value and the same wages, turned over just once a year. Take capital I, consisting of 10,000 fixed capital

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The increase of absolute surplus-value, or the prolongation of surplus-labour, and thus of the working-day, while the variable capital remains the same and thus employs the same number of

labourers at the same nominal wages, regardless of whether overtime is paid or not, reduces the relative value of the constant capital as compared to the total and the variable capital, and thereby increases the rate of profit, again irrespective of the growth of the quantity of surplus-value and a possibly rising rate of surplus-value. The volume of the fixed portion of constant capital, such as factory buildings, machinery, etc., remains the same, no matter whether these serve the labour-process 16 or 12 hours. A prolongation of the working-day does not entail any fresh expenditures in this, the most expensive portion of constant capital. Furthermore, the value of the fixed capital is thereby reproduced in a smaller number of turnover periods, so that the time for which it must be advanced to make a certain profit is abbreviated. A prolongation of the working-day therefore increases the profit, even if overtime is paid, or even if, up to a certain point, it is better paid than the normal hours of labour. The ever-mounting need to increase fixed capital in modern industry was therefore one of the main reasons prompting profit-mad capitalists to lengthen the working-day. 1 The same conditions do not obtain if the working-day is constant. Then it is necessary either to increase the number of labourers, and with them to a certain extent the amount of fixed capital, the buildings, machinery, etc., in order to exploit a greater quantity of labour (for we leave aside deductions from wages or the depression of wages below their normal level), or, if the intensity and, consequently, the productivity of labour, increase and, generally, more relative surplus-value is produced, the magnitude of the circulating portion of constant capital increases in such industrial branches which use raw materials, since more raw material, etc., is processed in a given time; and, secondly, the amount of machinery set in motion by the same number of labourers, therefore also this part of constant capital, increases as well.

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Hence, an increase in surplus-value is accompanied by an increase in constant capital, and the growing exploitation of labour by greater outlays of the means of production through which labour is exploited, i.e., by a greater investment of capital. Therefore, the rate of profit is thereby reduced on the one hand while it increases on the other. Quite a number of current expenses remain

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The capitalist's fanatical insistence on economy in means of production is therefore quite understandable. That nothing is lost or wasted and the means of production are consumed only in the manner required by production itself, depends partly on the skill and intelligence of the labourers and partly on the discipline enforced by the capitalist for the combined labour. This discipline will become superfluous under a social system in which the labourers work for their own account, as it has already become practically superfluous in piece-work. This fanatical insistence comes to the surface also conversely in the adulteration of the elements of production, which is one of the principal means of lowering the relation of the value of the constant capital to the variable capital, and thus of raising the rate of profit. Whereby the sale of these elements of production above their value, so far as this reappears in the product, acquires a marked element of cheating. This practice plays an essential part particularly in German industry, whose maxim is: People will surely appreciate if we send them good samples at first, and then inferior goods afterward. However, as these matters belong to the sphere of competition they do not concern us here. It should be noted that this raising of the rate

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The general rate of profit is, therefore, determined by two factors: 1) The organic composition of the capitals in the different spheres of production, and thus, the different rates of profit in the

individual spheres. 2) The distribution of the total social capital in these different spheres, and thus, the relative magnitude of the capital invested in each particular sphere at the specific rate of profit prevailing in it; i. e., the relative share of the total social capital absorbed by each individual sphere of production. In Books I and II we dealt only with the value

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produced by the total social capital. In the case of capitals of average, or approximately average, composition, the price of production is thus the same or almost the same as the value, and the profit the same as the surplus-value produced by them. All other capitals, of whatever composition, tend toward this average under pressure of competition. But since the capitals of average composition are of the same, or approximately the same, structure as the average social capital, all capitals have the tendency, regardless of the surplus-value produced by them, to realize the average profit, rather than their own surplus-value in the price of their commodity, i.e., to realize the prices of production. On the other hand, it may be said that wherever

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1) The law of value dominates price movements with reductions or increases in required labour-time making prices of production fall or rise. It is in this sense that Ricardo (who doubtlessly realised that his prices of production deviated from the value of commodities) says that “the inquiry to which I wish to draw the reader's attention relates to the effect of the variations in the relative value of commodities, and not in their absolute value”. 2) The average profit determining the prices of production must always be approximately equal to that quantity of surplus-value which falls to the share of individual capital in its capacity of an aliquot part of the total social capital. Suppose that the general rate of profit, and therefore the average profit, are expressed by money-value greater than the money-value of the actual average surplus-value. So far as the capitalists are concerned, it is then immaterial whether they reciprocally charge 10 or 15% profit. Neither of these percentages covers more actual commodity-value than the other, since the overcharge in money is mutual. As for the labourer (the assumption being that he receives his normal wage and the rise in the average profit does not therefore imply an actual deduction from his wage, i.e., it expresses something entirely different from the normal surplus-value of the capitalist), the rise in commodity-prices caused by an increase of the average profit must correspond to the rise of the money-expression of the variable capital. Such a general nominal increase in the rate of profit and the average profit above the limit provided by the ratio of the actual surplus-value to the total invested capital is not, in effect, possible without causing an increase in wages, and also an increase in the prices of commodities forming the constant capital. The reverse is true in case of a reduction. Since the total value of the commodities regulates the total surplus-value, and this in turn regulates the level of average profit and thereby the general rate of profit – as a general law or a law governing fluctuations – it follows the law of value regulates the prices of production. What competition, first in a single sphere,

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commodities. And it is competition of capitals in different spheres, which first brings out the price of production equalizing the rates of profit in the different spheres. The latter process requires a higher development of capitalist production that the previous one. For commodities of the same sphere of production, the same kind, and approximately the same quality, to be sold at their values, the following two requirements are necessary: First, the different individual values must be equalized at one social value, the above-named market value, and this implies competition among producers of the same kind of commodities and, likewise, the existence of a

common market in which they offer their articles for sale. For the market-price of identical commodities, each, however, produced under different individual circumstances, to correspond to the market-value and not to deviate from it either by rising above or falling below it, it is necessary that the pressure exerted by different sellers upon one another be sufficient to bring enough commodities to market to fill the social requirements, i.e., a quantity for which society is capable of paying the market-value.

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To this growing quantity of value of the constant capital – although indicating the growth of the real mass of use-values of which the constant capital materially consists only approximately – corresponds a progressive cheapening of products. Every individual product, considered by itself, contains a smaller quantity of labour than it did on a lower level of production, where the capital invested in wages occupies a far greater place compared to the capital invested in means of production. The hypothetical series drawn up at the beginning of this chapter expresses, therefore, the actual tendency of capitalist production. This mode of production produces a progressive relative decrease of the variable capital as compared to the constant capital, and consequently a continuously rising organic composition of the total capital. The immediate result of this is that the rate of surplus-value, at the same, or even a rising, degree of labour exploitation, is represented by a continually falling general rate of profit. (We shall see later [Present edition: Ch. XIV. – Ed.] why this fall does not manifest itself in an absolute form, but rather as a tendency toward a progressive fall.) The progressive tendency of the general rate of profit to fall is, therefore, just an expression peculiar to the capitalist mode of production of the progressive development of the social productivity of labour. This does not mean to say that the rate of profit may not fall temporarily for other reasons. But proceeding from the nature of the capitalist mode of production, it is thereby proved logical necessity that in its development the general average rate of surplus-value must express itself in a falling general rate of profit. Since the mass of the employed living labour is continually on the decline as compared to the mass of materialised labour set in motion by it, i.e., to the productively consumed means of production, it follows that the portion of living labour, unpaid and congealed in surplus-value, must also be continually on the decrease compared to the amount of value represented by the invested total capital. Since the ratio of the mass of surplus-value to the value of the invested total capital forms the rate of profit, this rate must constantly fall.

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The law of the falling rate of profit, which expresses the same, or even a higher, rate of surplus-value, states, in other words, that any quantity of the average social capital, say, a capital of 100, comprises an ever larger portion or means of labour, and an ever smaller portion of living labour. Therefore, since the aggregate mass of living labour operating the means of production decreases in relation to the value of these means of production, it follows that the unpaid labour and the portion of value in which it is expressed must decline as compared to the value of the advanced total capital. Or: An ever smaller aliquot part of invested total capital is converted into living labour, and this total capital, therefore, absorbs in proportion to its magnitude less and less surplus-labour, although the unpaid part of the labour applied may at the same time grow in relation to the paid part. The relative decrease of the variable and increase of the constant capital, however much both parts may grow in absolute magnitude, is, as we have said, but another expression for greater productivity of labour. Let a capital of 100 consist of 80c + 20v, and

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The law of the progressive falling of the rate of profit, or the relative decline of appropriated surplus-labour compared to the mass of materialised labour set in motion by living labour, does not rule out in any way that the absolute mass of exploited labour set in motion by the social capital, and consequently the absolute mass of the surplus-labour it appropriates, may grow; nor, that the capitals controlled by individual capitalists may dispose of a growing mass of labour and, hence, of surplus-labour, the latter even though the number of labourers they employ does not increase. Take a certain working population of, say, two

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Essentially, the capitalist process of production is simultaneously a process of accumulation. We have shown that with the development of capitalist production the mass of values to be simply reproduced, or maintained, increases as the productivity of labour grows, even if the labour-power employed should remain constant. But with the development of social productivity of labour the mass of produced use-values, of which the means of production form a part, grows still more. And the additional labour, through whose appropriation this additional wealth can be reconverted into capital, does not depend on the value, but on the mass of these means of production (including means of subsistence), because in the production process the labourers have nothing to do with the value, but with the use-value, of the means of production. Accumulation itself, however, and the concentration of capital that goes with it, is a material means of increasing productiveness. Now, this growth of the means of production includes the growth of the working population, the creation of a working population, which corresponds to the surplus-capital, or even exceeds its general requirements, thus leading to an over-population of workers. A momentary excess of surplus-capital over the working population it has commandeered, would have a two-fold effect. It could, on the one hand, by raising wages, mitigate the adverse conditions which decimate the offspring of the labourers and would make marriages easier among them, so as gradually to increase the population. On the other hand, by applying methods which yield relative surplus-value (introduction and improvement of machinery) it would produce a far more rapid, artificial, relative over-population, which in its turn, would be a breeding-ground for a really swift propagation of the population, since under capitalist production misery produces population. It therefore follows of itself from the nature of the capitalist process of accumulation, which is but one facet of the capitalist production process, that the increased mass of means of production that is to be converted into capital always finds a correspondingly increased, even excessive, exploitable worker population. As the process of production and accumulation advances therefore, the mass of available and appropriated surplus-labour, and hence the absolute mass of profit appropriated by the social capital, must grow. Along with the volume, however, the same laws of production and accumulation increase also the value of the constant capital in a mounting progression more rapidly than that of the variable part of capital, invested as it is in living labour. Hence, the same laws produce for the social capital a growing absolute mass of profit, and a falling rate of profit. We shall entirely ignore here that with the advance of capitalist production and the attendant development of the productiveness of social labour and multiplication of production branches, hence products, the same amount of value represents a progressively increasing mass of use- values and enjoyments. The development of capitalist production and accumulation lifts labour-processes to an increasingly enlarged scale and thus imparts to them ever greater dimensions, and involves accordingly larger investments of capital for each individual establishment. A mounting concentration of capitals (accompanied, though on a smaller scale, by an increase in the number of capitalists) is, therefore, one of its material requirements as well as one of its results. Hand in hand with it, mutually interacting, there occurs a progressive expropriation of the more or less direct producers. It is, then, natural for the individual capitalists to command increasingly large armies

of labourers (no matter how much the variable capital may decrease in relation to the constant), and natural, too, that the mass of surplus-value, and hence profit, appropriated by them, should grow simultaneously with, and in spite of, the fall in the rate of profit. The causes which concentrate masses of labourers under the command of individual capitalists, are the very same that swell the mass of the invested fixed capital, and auxiliary and raw materials, in mounting proportion as compared to the mass of employed living labour. It requires no more than a passing remark at this

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explain why this fall is not greater and more rapid. There must be some counteracting influences at work, which cross and annul the effect of the general law, and which give it merely the characteristic of a tendency, for which reason we have referred to the fall of the general rate of profit as a tendency to fall. The following are the most general counterbalancing forces: I. Increasing Intensity Of Exploitation The degree of exploitation of labour, the appropriation of surplus-labour and surplus-value, is raised notably by lengthening the working-day and intensifying labour.

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The rise in the rate of surplus-value is a factor which determines the mass of surplus-value, and hence also the rate of profit, for it takes place especially under conditions, in which, as we have previously seen, the constant capital is either not increased at all, or not proportionately increased, in relation to the variable capital. This factor does not abolish the general law. But it causes that law to act rather as a tendency, i.e., as a law whose absolute action is checked, retarded, and weakened, by counteracting circumstances. But since the same influences which raise the rate of surplus-value (even a lengthening of the working-time is a result of large-scale industry) tend to decrease the labour-power employed by a certain capital, it follows that they also tend to reduce the rate of profit and to retard this reduction. If one labourer is compelled to perform as much labour as would rationally be performed by at least two, and if this is done under circumstances in which this one labourer can replace three, then this one labourer will perform as much surplus- labour as was formerly performed by two, and the rate of surplus-value will have risen accordingly. But he will not perform as much as three had performed, and the mass of surplus- value will have decreased accordingly. But this reduction in mass will be compensated, or limited, by the rise in the rate of surplus-value. If the entire population is employed at a higher rate of surplus-value, the mass of surplus-value will increase, in spite of the population remaining the same. It will increase still more if the population increases. And although this is tied up with a relative reduction of the number of employed labourers in proportion to the magnitude of the total capital, this reduction is moderated, or checked, by the rise in the rate of surplus-value. Before leaving this point, it is to be emphasised

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II. Depression Of Wages Below The Value Of Labour-Power This is mentioned here only

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empirically, since, like many other things which might be enumerated, it has nothing to do with the general analysis of capital, but belongs in an analysis of competition, which is not presented in this work. However, it is one of the most important factors checking the tendency of the rate of profit to fall. III. Cheapening Of Elements Of Constant Capital Everything said in Part I of this

book about factors which raise the rate of profit while the rate of surplus-value remains the same, or regardless of the rate of surplus-value, belongs here. Hence also, with respect to the total capital, that the value of the constant capital does not increase in the same proportion as its material volume. For instance, the quantity of cotton worked up by a single European spinner in a modern factory has grown

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same, or falls. The foregoing is bound up with the depreciation of existing capital (that is, of its material elements), which occurs with the development of industry. This is another continually operating factor which checks the fall of the rate of profit, although it may under certain circumstances encroach on the mass of profit by reducing the mass of the capital yielding a profit. This again shows that the same influences which tend to make the rate of profit fall, also moderate the effects of this tendency. IV. Relative Over-Population Its propagation is inseparable from, and hastened by, the development of the productivity of labour as expressed by a fall in the rate of profit.

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The relative over-population becomes so much more apparent in a country, the more the capitalist mode of production is developed in it. This, again, is the reason why, on the one hand, the more or less imperfect subordination of labour to capital continues in many branches of production, and continues longer than seems at first glance compatible with the general stage of development. This is due to the cheapness and abundance of disposable or unemployed wage-labourers, and to the greater resistance, which some branches of production, by their very nature, render to the transformation of manual work into machine production. On the other hand, new lines of production are opened up, especially for the production of luxuries, and it is these that take as their basis this relative over-population, often set free in other lines of production through the increase of their constant capital. These new lines start out predominantly with living labour, and by degrees pass through the same evolution as the other lines of production. In either case the variable capital makes up a considerable portion of the total capital and wages are below the average, so that both the rate and mass of surplus-value in these lines of production are unusually high. Since the general rate of profit is formed by levelling the rates of profit in the individual branches of production, however, the same factor which brings about the tendency in the rate of profit to fall, again produces a counterbalance to this tendency and more or less paralyses its effects. V. Foreign Trade Since foreign trade partly cheapens the elements of constant capital, and partly the necessities of life for which the variable capital is exchanged, it tends to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital. It generally acts in this direction by permitting an expansion of the scale of production. It thereby hastens the process of accumulation, on the one hand, but causes the variable capital to shrink in relation to the constant capital, on the other, and thus hastens a fall in the rate of profit. In the same way, the expansion of foreign trade, although the basis of the capitalist mode of production in its infancy, has become its own product, however, with the further progress of the capitalist mode of production, through the innate necessity of this mode of production, its need for an ever-expanding market. Here we see once more the dual nature of this effect. (Ricardo has entirely overlooked this side of foreign trade. [D. Ricardo, On the Principles of Political Economy, and Taxation, Third edition, London, 1824, Ch. VII. – Ed.]) Another question – really beyond the scope of

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There is so much less reason for it, since these spheres of investment of capital are subject to the laws of free competition. What Ricardo fancies is mainly this: with the higher prices realised abroad commodities are bought there in return and sent home. These commodities are thus sold on the home market, which fact can at best be but a temporary extra disadvantage of these favoured spheres of production over others. This illusion falls away as soon as it is divested of its money-form. The favoured country recovers more labour in exchange for less labour, although this difference, this excess is pocketed, as in any exchange between labour and capital, by a certain class. Since the rate of profit is higher, therefore, because it is generally higher in a colonial country, it may, provided natural conditions are favourable, go hand in hand with low commodity-prices. A levelling takes place but not a levelling to the old level, as Ricardo feels. This same foreign trade develops the capitalist mode of production in the home country, which implies the decrease of variable capital in relation to constant, and, on the other hand, causes over-production in respect to foreign markets, so that in the long run it again has an opposite effect. We have thus seen in a general way that the same influences which produce a tendency in the general rate of profit to fall, also call forth counter-effects, which hamper, retard, and partly paralyse this fall. The latter do not do away with the law, but impair its effect. Otherwise, it would not be the fall of the general rate of profit, but rather its relative slowness, that would be incomprehensible. Thus, the law acts only as a tendency. And it is only under certain circumstances and only after long periods that its

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rise in the absolute and relative surplus-value. The tendency of the rate of profit to fall is bound up with a tendency of the rate of surplus-value to rise, hence with a tendency for the rate of labour exploitation to rise. Nothing is more absurd, for this reason, than to explain the fall in the rate of profit by a rise in the rate of wages, although this may be the case by way of an exception. Statistics is not able to make actual analyses of the rates of wages in different epochs and countries, until the conditions which shape the rate of profit are thoroughly understood. The rate of profit does not fall because labour becomes less productive, but because it becomes more productive. Both the rise in the rate of surplus-value and the fall in the rate of profit are but specific forms through which growing productivity of labour is expressed under capitalism. VI. The Increase Of Stock Capital The foregoing five points may still

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The rate of profit, i.e., the relative increment of capital, is above all important to all new offshoots of capital seeking to find an independent place for themselves. And as soon as formation of capital were to fall into the hands of a few established big capitals, for which the mass of profit compensates for the falling rate of profit, the vital flame of production would be altogether extinguished. It would die out. The rate of profit is the motive power of capitalist production. Things are produced only so long as they can be produced with a profit. Hence the concern of the English economists over the decline of the rate of profit. The fact that the bare possibility of this happening should worry Ricardo, shows his profound understanding of the conditions of capitalist production. It is that which is held against him, it is his unconcern about “human beings,” and his having an eye solely for the development of the productive forces, whatever the cost in human beings and capital-values – it is precisely that which is the important thing about him. Development of the productive forces of social labour is the historical task and justification of capital. This is just the way in which it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving

force of accumulation, should be endangered by the development of production itself. And here the quantitative proportion means everything. There is, indeed, something deeper behind it, of which he is only vaguely aware. It comes to the surface here in a purely economic way – i.e., from the bourgeois point of view, within the limitations of capitalist understanding, from the standpoint of capitalist production itself – that it has its barrier, that it is relative, that it is not an absolute, but only a historical mode of production corresponding to a definite limited epoch in the development of the material requirements of production. IV. Supplementary Remarks Since the development of the productivity

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Growth of capital, hence accumulation of capital, does not imply a fall in the rate of profit, unless it is accompanied by the aforementioned changes in the proportion of the organic constituents of capital. Now it so happens that in spite of the constant daily revolutions in the mode of production, now this and now that larger or smaller portion of the total capital continues to accumulate for certain periods on the basis of a given average proportion of those constituents, so that there is no organic change with its growth, and consequently no cause for a fall in the rate of profit. This constant expansion of capital, hence also an expansion of production, on the basis of the old method of production which goes quietly on while new methods are already being introduced at its side, is another reason, why the rate of profit does not decline as much as the total capital of society grows. The increase in the absolute number of labourers does not occur in all branches of production, and not uniformly in all, in spite of the relative decrease of variable capital laid out in wages. In agriculture, the decrease of the element of living labour may be absolute. At any rate, it is but a requirement of

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Three cardinal facts of capitalist production: 1) Concentration of means of production in few hands, whereby they cease to appear as the property of the immediate labourers and turn into social production capacities. Even if initially they are the private property of capitalists. These are the trustees of bourgeois society, but they pocket all the proceeds of this trusteeship. 2) Organisation of labour itself into social labour: through co-operation, division of labour, and the uniting of labour with the natural sciences. In these two senses, the capitalist mode of production abolishes private property and private labour, even though in contradictory forms. 3) Creation of the world-market. The stupendous productivity developing under the capitalist mode of production relative to population, and the increase, if not in the same proportion, of capital-values (not just of their material substance), which grow much more rapidly than the population, contradict the basis, which constantly narrows in relation to the expanding wealth, and for which all this immense productiveness works. They also contradict the conditions under which this swelling capital augments its value. Hence the crises.

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The question now arises: What about the commercial wage-workers employed by the commercial capitalist, here the merchant? In one respect, such a commercial employee is a wage-worker like any other. In the first place, his labour-power is bought with the variable capital of the merchant, not with money expended as revenue, and consequently it is not bought for private service, but for the purpose of expanding the value of the capital advanced for it. In the second place, the value of his labour-power, and thus his wages, are determined as those of other wage-workers, i.e., by the cost of production and reproduction of his specific labour-power, not by the product of his labour.

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However, we must make the same distinction between him and the wage-workers directly employed by industrial capital which exists between industrial capital and merchant's capital, and thus between the industrial capitalist and the merchant. Since the merchant, as a mere agent of circulation, produces neither value nor surplus-value (for the additional value which he adds to the commodities through his expenses resolves itself into an addition of previously existing values, although the question here poses itself, how he preserves this value of his constant capital?) it follows that the mercantile workers employed by him in these same functions cannot directly create surplus-value for him. Here, as in the case of productive labourers, we assume that wages are determined by the value of the labour-power, and that, hence, the merchant does not enrich himself by depressing wages, so that he does not enter into his cost account an advance for labour which he has paid only in part; in other words, that he does not enrich himself through cheating his clerks, etc. The difficulty as concerns mercantile wage-workers

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Hence, industrial capital does not maintain the same attitude to its commercial wage-labourers as it does to its productive wage-labourers. The more productive wage-labourers it employs under otherwise equal circumstances, the greater the output, and the greater the surplus-value, or profit. Conversely, however, the larger the scale of production, the greater the quantity of value and surplus-value to be realised, the greater the produced commodity-capital, the greater are the absolute, if not relative, office costs, giving rise to a kind of division of labour. To what extent profit is the precondition for these outlays, is seen, among other things, from the fact that with the increase of commercial salaries, a part of them is frequently paid by a share in the profit. It is in the nature of things that labour consisting merely of intermediate operations connected partly with calculating values, partly with realising them, and partly with reconverting the realised money into means of production, is a labour whose magnitude therefore depends on the quantity of the produced values that have to he realised, and does not act as the cause, like directly productive labour, but rather as an effect, of the respective magnitudes and masses of these values. The same applies to the other costs of circulation. To do much measuring, weighing, packing, and transporting, much must be on hand. The amount of packing, transporting, etc., depends on the quantity of commodities which are the objects of this activity, not vice versa. The commercial worker produces no surplus-value directly. But the price of his labour is determined by the value of his labour-power, hence by its costs of production, while the application of this labour-power, its exertion, expenditure of energy, and wear and tear, is as in the ease of every other wage-labourer by no means limited by its value. His wage, therefore, is not necessarily proportionate to the mass of profit which he helps the capitalist to realise. What he costs the capitalist and what he brings in for him, are two different things. He creates no direct surplus-value, but adds to the capitalist's income by helping him to reduce the cost of realising surplus-value, inasmuch as he performs partly unpaid labour. The commercial worker, in the strict sense of the term, belongs to the better-paid class of wage-workers – to those whose labour is classed as skilled and stands above average labour. Yet the wage tends to fall, even in relation to average labour, with the advance of the capitalist mode of production. This is due partly to the division of labour in the office, implying a one-sided development of the labour capacity, the cost of which does not fall entirely on the capitalist, since the labourer's skill develops by itself through the exercise of his function, and all the more rapidly as division of labour makes it more one-sided. Secondly, because the necessary training, knowledge of commercial practices, languages, etc., is more and more rapidly, easily, universally and cheaply reproduced with the progress of science and public education the more the capitalist mode of production directs teaching methods, etc., towards practical purposes. The universality of public education enables capitalists to recruit

such labourers from classes that formerly had no access to such trades and were accustomed to a lower standard of living. Moreover, this increases supply, and hence competition. With few exceptions, the labour-power of these people is therefore devaluated with the progress of capitalist production. Their wage falls, while their labour capacity increases. The capitalist increases the number of these labourers whenever he has more value and profits to realise. The increase of this labour is always a result, never a cause of more surplus-value. 2 There is duplication, therefore. On the one hand, the functions as commodity-capital and money- capital (hence further designated as merchant's capital) are general definite forms assumed by industrial capital. On the other hand, specific capitals, and therefore specific groups of capitalists, are exclusively devoted to these functions; and these functions thus develop into specific spheres of self-expansion of capital. In the case of mercantile capital, the commercial

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is evident that the mass of money-capital with which the money-dealers operate is the money-capital of merchants and industrial capitalists in the process of circulation, and that the money-dealers' operations are actually operations of merchants and industrial capitalists, in which they act as middlemen. It is equally evident that the money-dealers' profit is nothing but a deduction from the surplus- value, since they operate with already realised values (even when realised in the form of creditors' claims). Just as in the commodity trade, there is a duplication of functions, because a part of the technical operations connected with money circulation must be carried out by the dealers and producers of commodities themselves.

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The less developed the production, the more wealth in money is concentrated in the hands of merchants or appears in the specific form of merchants' wealth. Within the capitalist mode of production – i.e., as soon as capital has established its sway over production and imparted to it a wholly changed and specific form – merchant's capital appears merely as a capital with a specific function. In all previous modes of production, and all the more, wherever production ministers to the immediate wants of the producer, merchant's capital appears to perform the function par excellence of capital. There is, therefore, not the least difficulty in understanding why merchant's capital appears as the historical form of capital long before capital established its own domination over production. Its existence and development to a certain level are in themselves historical premises for the development of capitalist production 1) as premises for the concentration of money wealth, and 2) because the capitalist mode of production presupposes production for trade, selling on a large scale, and not to the individual customer, hence also a merchant who does not buy to satisfy his personal wants but concentrates the purchases of many buyers in his one purchase. On the other hand, all development of merchant's capital tends to give production more and more the character of production for exchange-value and to turn products more and more into commodities. Yet its development, as we shall presently see, is incapable by itself of promoting and explaining the transition from one mode of production to another. Within capitalist production merchant's capital is reduced from its former independent existence to a special phase in the investment of capital, and the levelling of profits reduces its rate of profit to the general average. It functions only as an agent of productive capital. The special social conditions that take shape with the development of merchant's capital, are here no longer paramount. On the contrary, wherever merchant's capital still predominates we find backward conditions. This is true even within one and the same country, in which, for instance, the specifically merchant towns present far more striking analogies with past conditions than industrial towns. 2 The independent and predominant development of capital as merchant's capital is tantamount to the non-subjection of production to capital, and hence to capital

developing on the basis of an alien social mode of production which is also independent of it. The independent development of merchant's capital, therefore, stands in inverse proportion to the general economic development of society. Independent mercantile wealth as a predominant form of capital represents the separation of the circulation process from its extremes, and these extremes are the exchanging producers themselves.

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Capital exists as capital in actual movement, not in the process of circulation, but only in the process of production, in the process by which labour- power is exploited. The matter is different with interest-bearing capital, however, and it is precisely this difference which lends it its specific character. The owner of money who desires to enhance his money as interest-bearing capital, turns it over to a third person, throws it into circulation, turns it into a commodity as capital; not just capital for himself, but also for others. It is not capital merely for the man who gives it up, but is from the very first given to the third person as capital, as a value endowed with the use-value of creating surplus-value, of creating profit; a value which preserves itself in its movement and returns to its original owner, in this case the owner of money, after performing its function. Hence it leaves him only for a specified time, passes but temporarily out of the possession of its owner into the possession of a functioning capitalist, is therefore neither given up in payment nor sold, but merely loaned, merely relinquished with the understanding that, first, it shall return to its point of departure after a definite time interval, and, second, that it shall return as realised capital – a capital having realised its use-value, its power of creating surplus-value.

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The acts of circulation, M – C and C – M', in which a certain amount of value functions as money or commodities, are but intermediate processes, mere phases of the total movement. As capital, it performs the entire movement M – M'. It is advanced as money or a sum of values in one form or another, and returns as a sum of values. The lender of money does not expend it in purchasing commodities, or, if this sum of values is in commodity-form, does not sell it for money. He advances it as capital, as M – M', as a value, which returns to its point of departure after a certain term. He lends instead of buying or selling. This lending, therefore, is the appropriate form of alienating value as capital, instead of alienating it as money or commodities. It does not follow, however, that lending cannot also take the form of transactions which have nothing to do with the capitalist process of reproduction. We have so far only considered the movements

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The entire transaction, as assumed, takes place between two kinds of capitalists – the money-capitalist and the industrial or merchant capitalist. It must always be borne in mind that here capital as capital is a commodity, or that the commodity here discussed is capital. All the relations in evidence here would therefore be irrational from the standpoint of an ordinary commodity, or from that of capital in so far as it acts as a commodity-capital in the process of reproduction. Lending and borrowing, instead of selling and buying, is a distinction which here springs from the specific nature of the commodity-capital. Similarly, the fact that it is interest, not the price of the commodity, which is paid here. If we want to call interest the price of money-capital, then it is an irrational form of price quite at variance with the conception of the price of commodities. 6 The price is here reduced to its purely abstract and meaningless form, signifying that it is a certain sum of money paid for something serving in one way or another as a use-value; whereas the conception of price really signifies the value of some use-value expressed in money.

Interest, signifying the price of capital, is from the outset quite an irrational expression. The commodity in question has a double value, first a value, and then a price different from this value, while price represents the expression of value in money. Money-capital is nothing but a sum of money, or the value of a certain quantity of commodities fixed in a sum of money. If a commodity is loaned out as capital, it is only a disguised form of a sum of money. Because what is loaned out as capital is not so and so many pounds of cotton, but so much and so much money existing in the form of cotton as its value. The price of capital, therefore, refers to it as to a sum of money, even if not currency, as Mr. Torrens thinks (see Footnote 59). How, then, can a sum of value have a price besides its own price, besides the price expressed in its own money-form? Price, after all, is the value of a commodity (this is also true of the market-price, whose difference from value is not one of quality, but only one of quantity, referring only to the magnitude of value) as distinct from its use-value. A price which differs from value in quality is an absurd contradiction. 7 Capital manifests itself as capital through self-expansion.

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Capital, however, appears here as a commodity, inasmuch as it is offered on the market, and the use-value of money is actually alienated as capital. Its use-value, however, lies in producing profit. The value of money or of commodities employed as capital does not depend on their value as money or as commodities, but on the quantity of surplus-value they produce for their owner. The product of capital is profit. On the basis of capitalist production it is merely a different use of money – whether it is expended as money; or advanced as capital. Money, or commodities, are in themselves potentially capital, just as labour-power is potential capital. Because, 1) money may be converted into elements of production and is, as is, merely an abstract expression of them – their existence as value; 2) the material elements of wealth have the property of potentially becoming capital, because their supplementary opposite, which makes them into capital, namely wage-labour, is available on the basis of capitalist production. The contradictory social features of material wealth – its antagonism to labour as wage-labour – are expressed in capitalist property as such independently of the production process. This particular fact, set apart from the process of capitalist production itself, from which it constantly results and as whose constant result it serves as a constant prerequisite, expresses itself in that money and commodities alike are latent, potential, capital, so that they may be sold as capital, and in that they can in this form command the labour of others bestowing a claim to appropriate the labour of others, and therefore represent self-expanding values. It also becomes clearly apparent that this relationship, and not the labour offered as an equivalent on the part of the capitalist, supplies the title and the means to appropriate the labour of others. Furthermore, capital appears as a commodity,

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effect, and wages equal the value of labour-power. But it is different with the interest on money-capital. Competition does not, in this case, determine the deviations from the rule. There is rather no law of division except that enforced by competition, because, as we shall later see, no such thing as a “natural” rate of interest exists. By the natural rate of interest people merely mean the rate fixed by free competition. There are no “natural” limits for the rate of interest. Whenever competition does not merely determine the deviations and fluctuations, whenever, therefore, the neutralisation of opposing forces puts a stop to any and all determination, the thing to be determined becomes something arbitrary and lawless. More on this in the next chapter. In the case of interest-bearing capital everything appears superficial: the advance of capital as mere transfer from lender to borrower; the reflux of realised capital as mere transfer back, as a return payment with interest, by borrower to lender. The same is true of the fact, immanent in the capitalist mode of production, that the rate of profit is not only determined by the relation of

profit made in one single turnover to advanced capital-value, but also by the length of this period of turnover, hence determined as profit yielded by industrial capital within definite spans of time. In the case of interest-bearing capital this likewise appears on the surface to mean that a definite interest is paid to the lender for a definite time span. With his usual insight into the internal

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The general rate of profit is, indeed, determined 1) by the surplus-value produced by the total capital, 2) by the proportion of this surplus-value to the value of the total capital, and 3) by competition, but only in so far as this is a movement whereby capitals invested in particular production spheres seek to draw equal dividends out of this surplus-value in proportion to their relative magnitudes. The general rate of profit, therefore, derives actually from causes far different and far more complicated than the market rate of interest, which is directly and immediately determined by the proportion between supply and demand, and hence is not as tangible and obvious a fact as the rate of interest. The individual rates of profit in various spheres of production are themselves more or less uncertain; but in so far as they appear, it is not their uniformity but their differences which are perceptible. The general rate of profit, however, appears only as the lowest limit of profit, not as an empirical, directly visible form of the actual rate of profit. In emphasising this difference between the rate

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The general remarks, which the credit system so far elicited from us, were the following: I. Its necessary development to effect the equalisation of the rate of profit, or the movements of this equalisation, upon which the entire capitalist production rests. II. Reduction of the costs of circulation. 1) One of the principal costs of circulation is money itself, being value in itself. It is economised through credit in three ways. A. By dropping away entirely in a great many transactions. B. By the accelerated circulation of the circulating medium.iv This corresponds in part with what is to be said under 2). On the one hand, the acceleration is technical; i.e., with the same magnitude and number of actual turnovers of commodities for consumption, a smaller quantity of money or money tokens performs the same service. This is bound up with the technique of banking. On the other hand, credit accelerates the velocity of the metamorphoses of commodities and thereby the velocity of money circulation. C. Substitution of paper for gold money. 2) Acceleration, by means of credit, of the individual phases of circulation or of the metamorphosis of commodities, later the metamorphosis of capital, and with it an acceleration of the process of reproduction in general. (On the other hand, credit helps to keep the acts of buying and selling longer apart and serves thereby as a basis for speculation.) Contraction of reserve funds, which may be viewed in two ways: as a reduction of the circulating medium, on the one hand, and, on the other, as a reduction of that part of capital which must always exist in the form of money.v III. Formation of stock companies. Thereby: 1) An enormous expansion of the scale of production and of enterprises, that was impossible for individual capitals. At the same time, enterprises that were formerly government enterprises, become public.

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The credit system appears as the main lever of over-production and over-speculation in commerce solely because the reproduction process, which is elastic by nature, is here forced to its extreme limits, and is so forced because a large part of the social capital is employed by people who do not own it and who consequently tackle things quite differently than the owner, who anxiously weighs the limitations of his private capital in so far as he handles it himself. This simply demonstrates the fact that the self-expansion of capital based on the contradictory nature

of capitalist production permits an actual free development only up to a certain point, so that in fact it constitutes an immanent fetter and barrier to production, which are continually broken through by the credit system.vii Hence, the credit system accelerates the material development of the productive forces and the establishment of the world-market. It is the historical mission of the capitalist system of production to raise these material foundations of the new mode of production to a certain degree of perfection. At the same time credit accelerates the violent eruptions of this contradiction – crises – and thereby the elements of disintegration of the old mode of production. The two characteristics immanent in the credit system are, on the one hand, to develop the incentive of capitalist production, enrichment through exploitation of the labour of others, to the purest and most colossal form of gambling and swindling, and to reduce more and more the number of the few who exploit the social wealth; on the other hand, to constitute the form of transition to a new mode of production. It is this ambiguous nature, which endows the principal spokesmen of credit from Law to Isaac Péreire with the pleasant character mixture of swindler and prophet. Iv “The average of notes in circulation during the

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The banking system, so far as its formal organization and centralization is concerned, is the most artificial and most developed product turned out by the capitalist mode of production, a fact already expressed in 1697 in Some Thoughts of the Interests of England. This accounts for the immense power of an institution such as the Bank of England over commerce and industry, although their actual movements remain completely beyond its province and it is passive toward them. The banking system possesses indeed the form of universal book-keeping and distribution of means of production on a social scale, but solely the form. We have seen that the average profit of the individual capitalist, or of every individual capital, is determined not by the surplus-labour appropriated at first hand by each capital, but by the quantity of total surplus-labour appropriated by the total capital, from which each individual capital receives its dividend only proportional to its aliquot part of the total capital. This social character of capital is first promoted and wholly realized through the full development of the credit and banking system. On the other hand this goes farther. It places all the available and even potential capital of society that is not already actively employed at the disposal of the industrial and commercial capitalists so that neither the lenders nor users of this capital are its real owners or producers. It thus does away with the private character of capital and thus contains in itself, but only in itself, the abolition of capital itself. By means of the banking system the distribution of capital as a special business, a social function, is taken out of the hands of the private capitalists and usurers. But at the same time, banking and credit thus become the most potent means of driving capitalist production beyond its own limits, and one of the most effective vehicles of crises and swindle. The banking system shows, furthermore, by substituting various forms of circulating credit in place of money, that money is in reality nothing but a particular expression of the social character of labour and its products, which, however, as antithetical to the basis of private production, must always appear in the last analysis as a thing, a special commodity, alongside other commodities. Finally, there is no doubt that the credit system will serve as a powerful lever during the transition from the capitalist mode of production to the mode of production of associated labour; but only as one element in connection with other great organic revolutions of the mode of production itself. On the other hand, the illusions concerning the miraculous power of the credit and banking system, in the socialist sense, arise from a complete lack of familiarity with the capitalist mode of production and the credit system as one of its forms. As soon as the means of production cease being transformed into capital (which also includes the abolition of private property in land), credit as such no longer has any meaning. This, incidentally, was even understood by the followers of Saint-Simon. On the other hand, as long as the capitalist mode of

production continues to exist, interest-bearing capital, as one of its forms, also continues to exist and constitutes in fact the basis of its credit system. Only that sensational writer, Proudhon, who wanted to perpetuate commodity-production and abolish money, xxxiv was capable of dreaming up the monstrous crèdit gratuit, the ostensible realization of the pious wish of the petty-bourgeois estate. In Religion saint-simonienne, èconomie politique

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First, the alleged sources of the annually available wealth belong to widely dissimilar spheres and are not at all analogous with one another. They have about the same relation to each other as lawyer's fees, red beets and music. Capital, land, labour! However, capital is not a thing, but rather a definite social production relation, belonging to a definite historical formation of society, which is manifested in a thing and lends this thing a specific social character. Capital is not the sum of the material and produced means of production. Capital is rather the means of production transformed into capital, which in themselves are no more capital than gold or silver in itself is money. It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital. It is not merely the products of labourers turned into independent powers, products as rulers and buyers of their producers, but rather also the social forces and the future [? illegible] [A later collation with the manuscript showed that the text reads as follows: "die Gesellschaftlichen Kräfte und Zusammenhängende Form dieser Arbeit" (the social forces of their labour and socialised form of this labour). – Ed.] form of this labour, which confront the labourers as properties of their products. Here, then, we have a definite and, at first glance, very mystical, social form, of one of the factors in a historically produced social production process. And now alongside of this we have the land,

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Profit (profit of enterprise plus interest) and rent are nothing but peculiar forms assumed by particular parts of the surplus-value of commodities. The magnitude of surplus-value is the limit of the total size of the parts into which it may be divided. Average profit plus rent are, therefore, equal to the surplus-value. It is possible for part of the surplus-labour, and thus surplus-value, contained in the commodities, not to take part directly in the equalisation of an average profit, so that part of the commodity-value is not expressed at all in its price. But first, this is balanced either by the fact that the rate of profit increases, when the commodities sold below their value form an element of the constant capital, or by profit and rent being represented by a larger product, when commodities sold below their value enter into the portion of value consumed as revenue in the form of articles for individual consumption. Secondly, this is eliminated in the average movement. At any rate, even if a portion of surplus-value not expressed in the price of the commodity is lost for the price formation, the sum of average profit plus rent in its normal form can never be larger than the total surplus-value, although it may be smaller. Its normal form presupposes wages corresponding to the value of labour-power. Even monopoly rent, in so far as it is not a deduction from wages, i.e., does not constitute a special category, must always indirectly be a part of the surplus-value. If it is not part of the price excess above the price of production of the commodity itself, of which it is a constituent part (as in differential rent), or an excess portion of the surplus-value of the commodity itself, of which it is a constituent part, above that portion of its own surplus-value measured by the average profit (as in absolute rent), it is at least part of the surplus-value of other commodities, i.e., of commodities which are exchanged for this commodity having a monopoly price. The sum of average profit plus ground-rent can never be greater than the magnitude of which they are components and which exists

before this division. It is therefore immaterial for our discussion whether the entire surplus-value of the commodities, i.e., all the surplus-labour contained in the commodities, is realised in their price or not. The surplus-labour is not entirely realised if only for the reason that due to a continual change in the amount of labour socially necessary to produce a certain commodity, resulting from the constant change in the productiveness of labour, some commodities are always produced under abnormal conditions and must, therefore, be sold below their individual value. At any rate, profit plus rent equal the total realised surplus-value (surplus-labour), and for purposes of this discussion the realised surplus-value may be equated to all surplus-value; for profit and rent are realised surplus-value, or, generally speaking, the surplus-value which passes into the prices of commodities, thus in practice all the surplus-value forming a constituent part of this price.

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labour; but this refers only to the individual capitalist.) Accordingly, a portion of the profit, therefore of surplus-value and thereby also surplus-product, in which (as concerns value) only newly added labour is represented, serves as an insurance fund. And it matters not whether this insurance fund is managed by insurance companies as a separate business or not. This is the sole portion of revenue which is neither consumed as such nor serves necessarily as a fund for accumulation. Whether it actually serves as such, or covers merely a loss in reproduction, depends upon chance. This is also the only portion of surplus-value and surplus-product, and thus of surplus-labour, which would continue to exist, outside of that portion serving for accumulation, and hence expansion of the process of reproduction, even after the abolition of the capitalist mode of production. This, of course, presupposes that the portion regularly consumed by direct producers does not remain limited to its present minimum. Apart from surplus-labour for those who on account of age are not yet, or no longer, able to take part in production, all labour to support those who do not work would cease. If we think back to the beginnings of society, we find no produced means of production, hence no constant capital, the value of which could pass into the product, and which, in reproduction on the same scale, would have to be replaced in kind out of the product and to a degree measured by its value. But Nature there directly provides the means of subsistence, which need not first be produced. Nature thereby also gives to the savage who has but few wants to satisfy the time, not to use the as yet non-existent means of production in new production, but to transform, alongside the labour required to appropriate naturally existing means of production, other products of Nature into means of production: bows, stone knives, boats, etc. This process among savages, considered merely from the substantive side, corresponds to the reconversion of surplus-labour into new capital. In the process of accumulation, the conversion of such products of excess labour into capital obtains continually; and the circumstance that all new capital arises out of profit, rent, or other forms of revenue, i.e., out of surplus-labour, leads to the mistaken idea that all value of commodities arises from some revenue. This reconversion of profit into capital shows rather upon closer analysis that, conversely, the additional labour – which is always represented in the form of revenue – does not serve for the maintenance, or reproduction respectively, of the old capital value, but for the creation of new excess capital so far as it is not consumed as revenue. The whole difficulty arises from the fact that all