

Phil 114, April 20, 2012

Karl Marx, *Capital*, Vol. 1, Ch. 4, 6–7, 10, 12, 14 (sect. 5), 15 (sect. 1 first paragraph, sect. 3 first four paragraphs, sect. 4), 16 (up to first footnote)

The circuit of capital:

For a wage-laborer, for example, exchange of commodities takes the form:

C(ommodity)₁—M(oney)—C(ommodity)₂.

E.g., A weaver weaves linen at home to sell. She sells the linen for some money. She uses money to buy a Bible. She realizes the use-value of the Bible.

The capitalist, by contrast, pursues a different circuit:

M(oney)—C(ommodity)—M*(o' money).

He buys a commodity in order to sell a commodity for money. Seeks not use-value, but instead more exchange-value.

Surplus-value is just how much mo' money results from this circuit = $M^* - M$

But wait: How does money become mo'? Where does surplus value come from? After all, we're supposing that all commodities are exchanged at their true exchange-value. So if the capitalist exchanges M for C and C for M*, then $M = C$ and $C = M^*$. So $M = M^*$. So $M^* - M = 0$. No surplus value!

The source of surplus value:

Part of the answer is that the circuit is more complicated than it at first appears. In fact:

M is exchanged for C, C is used to produce C*, and then C* is exchanged for M*

The mere fact that all commodities are exchanged at their true exchange-value now does not rule out that $M^* > M$, so long as $C^* > C$.

But how on earth can $C^* > C$? What is this miraculous commodity—C—whose *use-value* consists in its *creating more exchange-value* than it *has*?

Answer: C = Labor power.

After all, what is the exchange-value of labor power?

- Like the exchange-value of any other commodity, the exchange-value of labor power is the labor embodied in producing labor power.
- How does one “produce” labor power? One keeps a laborer alive and in “working condition” (in more than one sense).
- So the exchange-value of today's labor power is, roughly, the labor embodied in the commodities (e.g., food, shelter) needed to keep a laborer alive and in working condition for today.
- A fuller picture would take into account the labor time embodied in reproducing new little workers (given that a laborer will eventually wear out completely and need to be replaced), as well as the labor time embodied in developing the laborer's skills, so to increase his or her labor power.
- Suppose that 6 hours of labor is necessary in order to keep a laborer alive and in working

condition for another day. Then the exchange value of a day of labor power is 6 hours.

What does the capitalist do when he buys this commodity, a day of labor power?

- Like any other commodity, he uses it.
- What is it to use labor power? It is to put that labor power to work.
- So, the use-value of labor power is the value of the labor extracted from that labor power.
- Suppose that the laborer labors for 12 hours today producing commodities that the capitalist can then sell. The exchange-value of those commodities will be 12 hours of labor.

So, the capitalist has:

- purchased one day of labor power for its exchange-value of 6 hours of labor and
- put that labor power to use producing commodities with exchange-value of 12 hours of labor.
- The result is surplus-value of $12 - 6 = 6$ hours of labor.

This is where surplus-value comes from: the capitalist *pays only the cost of the labor-power, but gets all the labor that it produces*. “The trick has at last succeeded; money has been converted into capital”—money that “expands” itself.

Labor power as a commodity:

This means that while a system of circulating commodities and money are *necessary* for the capitalist circuit (M—M*) they are not *sufficient*. In order for surplus value to emerge in this way, it must also be the case *that labor power, in particular, is a commodity*. But how does it come about that labor power is a commodity?

1. Some people must own, and so be in a position to sell, their labor power (but only for limited duration; otherwise, they would become a commodities, rather than owners of a commodity).
2. Some of these people, instead of being able to sell commodities that embody their labor, must be forced to sell their labor power, as the only commodity they have. How does it come about that they are not able to sell commodities that embody their labor? A sufficient explanation is that they own no means of production: whatever it is that one needs to use in conjunction with labor power in order to produce something with a use-value. For, in order to sell commodities that embody their labor, they would have to own *some* means of production in order to produce—even if only enough sustenance to keep them alive while they are busy producing.

In other words, you need proletarians.

How the true nature of capitalism is hidden from view:

On the surface, relations between capitalist and proletarian are a “very Eden of the innate rights of man.”

- After all, there is a free and informed exchange of commodities, between the “rightful” owners of those commodities. The laborer sells labor power in return for wages.
- Moreover, the exchange is of *exactly equal exchange-values*. If the laborer is cheated or exploited, it *isn't* because he or she isn't paid the honest-to-goodness true exchange value of his or her labor power.
- Then there is subsequent use of those commodities by the new “rightful owners.” The

laborer consumes wages, and capitalist uses labor power. If we don't begrudge the laborer's eating the bowl of porridge bought with his wages, then how can we begrudge the capitalist's using what he has bought: putting the laborer's labor power to use?

As we have seen, however,

total hours the laborer labored today = today's surplus value from a laborer + hours of labor needed to reproduce that laborer for today (=necessary labor).

In effect, the laborer in our example works 6 hours for himself and then 6 hours "gratis for the capitalist."

- "But this is not evident on the surface." It is obscured by what, on the surface, seems to be a simple exchange of commodities and the subsequent use of those commodities by their "rightful" owners.
- In feudal system, by contrast, the distinction between surplus and necessary labor is obvious, perfectly open to view. Part of the week, the serf works to sustain himself on his own fields, part of the week, he works in the fields of his lord.

How surplus value is maximized:

Suppose that you are a capitalist. How do you get as much surplus value as you possibly can?

Recall that:

today's surplus value from a laborer = total hours the laborer labored today – hours of labor needed to reproduce that laborer for today.

So, there are two things that you can do.

1. Increase "absolute" surplus value: Increase the number of hours that laborer labors that day.
2. Increase "relative" surplus value: Decrease the number of hours of labor needed to reproduce that laborer for that day. How do you do that? By making labor (involved in producing the commodities needed to reproduce laborers) more productive, through improvements in equipment, techniques, etc. Then the commodities needed for reproducing the laborer can be produced in less time. Paradoxically, the more we *increase* the productivity of labor, the more we *decrease* the exchange-value of labor power!

Thus, Marx thinks, we easily explain two features of the industrial capitalism of his day: relentless efforts to extend the workday (at least until the Factory Acts) and to increase productivity.

Some terminology:

- "Variable" capital: Labor value of labor power used in production
- "Constant" capital: Labor value of other means of production used in production.
- "Living" labor: Labor.
- "Dead" labor: Past labor embodied in existing capital: i.e., labor power and means of production.

Review Questions:

1. Explain:

But the past labor that is embodied in the labour-power, and the living labor that it can call into action; the daily cost of maintaining it, and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use-value. The fact that half a day's labour is necessary to keep the labourer alive during 24 hours, does not in any way prevent him from working a whole day. Therefore, the value of labour-power, and the value which that labour-power creates in the labour-process, are two entirely different magnitudes

Why is it so important, according to Marx, to distinguish these "magnitudes"?

2. When Marx writes:

For the conversion of his money into capital, therefore, the owner of money must meet in the market with the free laborer, free in the double sense...

what are the two senses of "free" he has in mind?

3. Marx observes:

John Stuart Mill says in his "Principles of Political Economy": "It is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being." That is, however, by no means the aim of the capitalistic application of machinery.

What then is the "aim of the capitalistic application of machinery," according to Marx?