Synopsis of Capital

Engels, Friedrich
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Marx requested Engels to write a summary, due to lack of time. The resulting synopsis summarized the first four chapters of Volume I of Capital. From https://www.marxists.org/archive/marx/works/1867-c1/1868-syn/, w/o page numbers, chapters 1-3.

The Process of Capitalist Production

Commodities as such

The wealth of societies in which capitalist production prevails consists of *commodities*. A commodity is a thing that has *use-value*; the latter exists in all forms of society, but in capitalist society, use-value is, in addition, the material depository of exchange-value.

Exchange-value presupposes a *tertium comparationis* by which it is measured; labor, the common social substance of exchange-values, to be precise, the *socially necessary labor-time* embodied in them.

Just as a commodity is something twofold: use-value and exchange-value, so the labour contained in it is two-fold determined:

- on the one hand, as definite productive activity, weaving labour, tailoring labour, etc. – "useful labour";
- on the other, as the simple expenditure of human labour-power, precipitated abstract (general) labour.

The former produces use-value, the latter exchange-value; only the latter is quantitatively comparable (the differences between skilled and unskilled, composite and simple labour confirm this).

Hence, the substance of exchange-value is abstract labour and its magnitude is the measure of time of abstract labour. Now, to consider the form of exchange-value.

1. *x* commodity *a* = *y* commodity *b*;

   The value of a commodity in the use-value of another is its relative value. The expression of the equivalence of two commodities is the simple form of relative value. In the above equation, y commodity b is the *equivalent*. In it, x commodity a acquires it value-form in contrast to its (the commodity's) natural form, while y commodity b acquires, at the same time, the property of direct exchangeability, even in its natural form. Exchange-value is impressed upon the use-value of a commodity by definite historical relations. Hence, the commodity cannot express its exchange-value in its own use-value, but only in the use-value of another commodity. Only in the equation of two concrete products of labour does the property of the concrete labour contained in both come to light as abstract human labour i.e., a commodity cannot be related to the concrete labour contained in itself, as the mere form of realization of abstract labour, but it can be so related to the concrete labour contained in other kinds of commodities.

The equation x commodity a = y commodity b necessarily implies that x commodity a can also be expressed in other commodities, thus:

2. x commodity a = y commodity b = x commodity c = u commodity d = u commodity e = etc., etc.

   This is the expanded relative form of value. Here, x commodity a no longer refers to one, but to all commodities as the mere phenomenal forms of the labour represented in it. But, through simple reversal, it leads to

3. the converse second form of relative value:

   y commodity b = x commodity a

   v commodity c = x commodity a

   u commodity d = x commodity a

   t commodity e = x commodity a

   etc., etc.

   Here, the commodities are given the general relative form of value, in which all of them are abstracted from their use-values and equated to x commodity a as the materialization of abstract labour; x commodity a is the generic form of the equivalent for all other commodities; it is their universal equivalent; the labour materialized in it represents in itself the realization of abstract labour, labour in general. Now, however,

4. every commodity of the series can take over the role of universal equivalent, but only one of them can do so at a time, since if all commodities were universal equivalents, each of them would in turn exclude the others from that role.

Form 3. is not obtained by x commodity a, but by the other commodities, objectively. Hence, a definite commodity must take over for the role – for a time, it can change – and only in this way does a commodity become a commodity completely. This special commodity, with whose natural form the general equivalent form becomes identified, is money.

The difficulty with a commodity is that, like all categories of the capitalist mode of production, it represents a personal relationship under a material wrapping. The producers relate their different kinds of labour to one another as general human labour by relating their products to one another as commodities – they cannot accomplish it without this mediation of things. The relation of persons thus appears as the relation of things.

For a society in which commodity production prevails, Christianity, particularly

The process of commodity exchange

A commodity proves that it is a commodity in exchange. The owners of two commodities must be willing to exchange their respective commodities and, therefore, to recognise each other as private owners. This legal relation, the form of which is the contract, is only a relation of wills, reflecting the economic relation. Its content is given by the economic relation itself.

A commodity is a use-value for its non-owner, a non-use-value for its owner. Hence, the need for exchange. But, every commodity owner wants to get in exchange specific use-values that he needs, to that extent, the exchange is an individual process. On the other hand, he wants to realise his commodity as value, that is, in any commodity, whether or not *his* commodity is use-value to the owner of the other commodity. To that extent, the exchange is for him a generally social process. But, one and the same process cannot be simultaneously both individual and generally social for all commodity owners. Every commodity owner considers his own commodity as the universal equivalent, while all other commodities are so many particular equivalents of his own. Since all commodity owners do the same, no commodity is the universal equivalent, and, hence, no commodities posses a general relative form of value, in which they are equated as values and compared as magnitudes of value. Therefore, they do not confront each other at all as commodities, but only as products.

Commodities can be related as values and, hence, as commodities only by comparison with some other commodity as the universal equivalent. But only the social act can make a particular commodity the universal equivalent – money.

The immanent contradiction in a commodity as the direct unity of use-value and exchange-value, as the product of useful private labour... and as the direct social materialization of abstract human labour – this contradiction finds no rest until it results in duplicating the commodity into commodity and money.

Since all other commodities are merely particular equivalents of money, and money is their universal equivalent, they are related to money as particular commodities to the universal commodity.

Money, or the circulation of commodities

A. The Measure of Values (Assuming Gold = Money)

Money, as the measure of value, is the necessary phenomenal form of the measure of value immanent in commodities – i.e., labour-time. The simple, relative expression of the value of commodities in money, x commodity $a = y$ money, is their price.

The price of a commodity, its money-form, is expressed in imaginary money; hence, money is the measure of values only ideally.

Once the change from value to price is effected, it becomes technically necessary to develop the measure of values further, into the standard of price – i.e., a quantity of gold is fixed, by which different quantities of gold are measured. This is quite different from the measure of values, which itself depends upon the value of gold, while the latter is immaterial for the standard of prices.

Once prices are expressed in accounting names of gold, money serves as money of account.

If price, as the exponent of the magnitude of a commodity's value, is the exponent of its exchange ratio with money, it does not follow conversely that the exponent of its exchange ratio with money is necessarily the exponent of the magnitude of its value. Assuming that circumstances permit or compel the sale of a commodity above or below its value, these selling prices do not correspond to its value, but they are none the less prices of the commodity, for they are

1. its value-form money, and
2. exponents of its exchange ratio with money.

The possibility, therefore, of quantities incongruity between price and magnitude of value is given in the price-form itself. That is no defect of this form, but on the contrary makes it the adequate form of a mode of production in which the rule can impose itself only as a blindly-acting law of averages of irregularity. The price-form, however, can also harbour a qualitative contradiction, so that price ceases altogether to be an expression of value... Conscience, honour, etc., can... acquire the form of commodities through their price.

Measurement of values in money, the price-form, implies the necessity of alienation, the ideal pricing implies the actual. Hence, circulation.

B. The Medium of Circulation

a. The Metamorphosis of Commodities

Simple form: $C \rightarrow M \rightarrow C$.

Its material content $C = C$. Exchange-value is alienated and use-value appropriated.

A. First phase: $C \rightarrow M$ = sale, for which two persons are required, hence the possibility of failure – i.e., of sale below value, or even below the cost of production, if the social value of the commodity changes.

> "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 make the accomplishment of this transubstantiation quite accidental.

B. The same takes place i the second phase, $M \rightarrow C$ – i.e., purchase, which is, at the same time, a sale for the other party.

C. The total process, hence, is a circuit of purchases and sales. The circulation of commodities. This is quite different from the direct exchange of products; first, the individual and local bounds of the direct exchange of products are broken through, and the metabolism of human labour is made possible; on the other hand, here it already appears that the whole process depends upon social relations spontaneous in their growth and independent of the actors.

Here the false economic dogma: the circulation of commodities involves a necessary equilibrium of purchases and sales, because every purchase is also a sale, and vice versa – which is to say, that every seller also brings his buyer to market with him.

1. Purchase and sale are, on the one hand, an identical act of two polarly opposite persons (poles are the two ends of the axis of a sphere); on the other hand, they are two polarly opposite acts of one and the same person. Hence, the identity of purchases and sale implies that the commodity is useless unless it is sold, and likewise that this case can occur.
2. $C \rightarrow M$, as a partial process, is similarly an independent process and implies that the acquirer of money can choose the time when he again converts this money into a commodity. He can wait.

The inner unity of the independent processes $C \rightarrow M$ and $M \rightarrow C$ moves in external antitheses precisely because of the independence of these processes; and when these dependent processes reach a certain limit of independence, their unity asserts itself in a crisis. Hence, the possibility of the latter is already given here.

Being the intermediary in commodity circulation, money is the medium of circulation.

b. The Currency of Money

Money is the medium by which each individual commodity goes into, and out of, circulation; it always remains therein itself. Hence, although the circulation of money is merely the expression of commodity circulation, the circulation of commodities appears to be the result of money circulation. Since money always remains within the sphere of circulation, the question is: how much money is present in it?

The quantity of money in circulation is determined by the sum prices of commodities (money-value remaining the same), and the latter by the quantity of commodities in circulation. Assuming that this quantity of commodities is given, the circulating quantity of money fluctuates with the fluctuations in the price of commodities. Now, since one and the same coin always mediates a number of transactions in succession in a given time, for a given interval of time, we have:

Hence, paper money can displace gold money if it is thrown into a saturated circulation.

Since the currency of money only *reflects* the process of commodity circulation, its rapidity reflects that of the change in the form of the commodities, its stagnation, the separation of purchase from sale, the stagnation of social metabolism. The origin of this stagnation cannot, of course, be seen from circulation itself, which puts in evidence only the phenomenon. The philistines attribute it to a deficient quantity of circulating medium.

Ergo:

1. If the prices of commodities remains constant, the quantity of money circulating rises when the quantity of circulating commodities increased or the circulation of money is retarded; and drops vice versa.
2. With a general rise in the prices of commodities, the quantity of money circulating remains constant if the quantity of commodities decreased or the velocity of circulation increases in the same proportion.
3. With a general drop in the prices of commodities, the converse of 2.

In general, there is a fairly constant average from which appreciable deviations occur almost exclusively as a result of crises.

c. Coin. Symbols of Value

The standard of prices is fixed by the state, as are also the denomination of the particular piece of gold – the coin, and its coining. In the world market, the respective national uniforms are doffed again (Seigniorage is disregarded here), so that coin and bullion differ only in form. But a coin wears away during circulation; gold, as a circulating medium, differs from gold as a standard of prices. The coin becomes more and more a *symbol* of its official content.

Herewith, the latent possibility is given of replacing metallic money by tokens or symbols. Hence:

1. small coinage of copper and silver tokens, the permanent establishment of which in place of real gold money is prevented by limiting the quantity in which they are legal tender.

   Their metallic content is determined purely arbitrarily by law, and thus their function as coinage becomes independent of their value. Hence, the further step to quite worthless symbols is possible:
2. paper money – i.e., paper money issued by the state, having compulsory circulation. (Credit money not to be discussed here as yet.)

C. Money

a. Hoarding

With the earliest development of commodity circulation, there develops the need, and the passionate desire, to hold fast the product of $C \to M$, money. From a mere agency of change of matter, this change of form becomes an end in itself. Money petrifies into a hoard; the commodity seller becomes a money hoarder.

This form was dominant precisely in the beginnings of commodity circulation. Asia. With further development of commodity circulation, every producer of commodities must secure for himself the nexus rerum, the social pledge-money. Thus, hoards accumulate everywhere. The development of commodity circulation increases the power of money, the absolutely social form of wealth, always ready for use.

Besides, the accumulation of gold and silver in plate creates both a new market for these metals and a latent source of money.

Hoarding serves as a conduit for supplying or withdrawing circulating money with the continuous fluctuations in the degree of saturation of the circulation.

b. Means of

With the development of commodity circulation, new conditions appear: the alienation of a commodity can be separated in time from the realization of its price. Commodities require different periods of time for their production; they are produced in different seasons; some must be sent to distant markets, etc. Hence, A can be a seller before B, the buyer, is able to.

In this relation, money functions:

1. as the measure of value in the determination of the price of the commodity sold;
2. as an ideal means of purchase.

In the hoard, money was withdrawn from circulation; here, being a means of payment, money enters circulation, but only after the commodity has left it. The indebted buyer sells in order to be able to *pay*, or he will be put up for auction. Therefore, money now becomes the sale's end in itself through a social necessity arising out of the relations of the very circulation process.

The lack of simultaneity of purchases and sales, which gives rise to the function of money as a means of payment, at the same time effects an economy of the circulation media, payments being concentrated at a definite place. The virements (remittance by draft from own account to another) in Lyons in the Middle Ages – a sort of clearing-house, where only the net balance of the mutual claims is paid.

Insofar as the payments balance one another, money functions only ideally, as money of account or measure of values. Insofar as actual payment has to be made, it does not appear as a circulating medium, as only the vanishing and mediating form of metabolism, but as the individual embodiment of social labour, as the independent existence of exchange-value, as the absolute commodity. This direct contradiction breaks out in that phase of production and commercial crises that is called a monetary crisis. It occurs only where the progressing chain of payments, and an artificial system of settling them, are fully developed. With more general disturbances of this mechanism, no matter what their origin, money changes suddenly and immediately from its merely ideal shape of money of account into hard cash; profane commodities can no longer replace it.

Credit money originates in the function of money as a means of payment; certificates of debt themselves circulate, in turn, to transfer these debts to others. With the system of credit, the function of money as a means of payment again expands; in that capacity, money acquires its own forms of existence, in which it occupies the sphere of large-scale commercial transactions, while coin is largely relegated to the sphere of retail trade.

At a certain stage and volume of commodity production, the function of money-as-a-means-of-payment spreads beyond the sphere of the circulation of commodities; it becomes the universal commodity of contracts. Rents, taxes, and the like, are transformed from payments in kind into money payments. Cf. France under Louis XIV. (Boisguillebert and Vauban); on the other hand, Asia, Turkey, Japan, etc.

The development of money into a means of payment necessitates the accumulation of money against the date when payment is due. Hoarding, which, as a distinct form of acquiring riches, vanished as society further developed, again appears as a reserve fund of the means of payment.

c. Universal Money

In world trade, the local forms of coin – small coinage, and paper money – are discarded and only the bullion form of money is valid as universal money. Only in the world market does money function to the full extent as the commodity whose bodily form is at the same time the immediate social incarnation of human labour in the abstract. Its mode of existence becomes adequate to its concept.

The Transformation of Money into Capital

The general formula of capital

The circulation of commodities is the starting point of capital. Hence, commodity production, commodity circulation, and the latter's developed form, commerce, are always the historical groundwork from which capital arises. The modern history of capital dates from the creation of modern world trade and the world market in the 16th century.

If we consider only the economic forms produced by commodity circulation, we find that its final product is money, and the latter is the first form in which capital appears. Historically, capital invariably confront landed property at first as moneyed wealth, the capital of the merchant and the usurer, and even today all new capital first comes on the stage in the shape of money that by definite processes has to be transformed into capital.

Money-as-money and money-as-capital differ, to being with, only in their form of circulation. Alongside $C \rightarrow M \rightarrow C$, the form $M \rightarrow C \rightarrow M$, buying in order to sell, also occurs. Money that describes this form of circulation in its movement becomes capital, is already capital in itself – i.e., by its destination.

The result of $M \rightarrow C \rightarrow M$ is $M \rightarrow M$ – the indirect exchange of money for money. I buy cotton for 100 pounds sterling and sell it for 110; ultimately, I have exchanged 100 for 110, money for money.

If this process yielded at its outcome the same money-value that was originally put into it – 100 pounds sterling out of 100 – it would be absurd. Yet, whether the merchant realizes 100, 110, or merely 50 for his 100 pounds sterling, his money has described a specific movement quite different from that of commodity circulation, $C \rightarrow M \rightarrow C$. From the examination of the differences in form between this movement and $C \rightarrow M \rightarrow C$, the difference in content will also be found.

The two phases of the process, taken separately, are the same as in $C \rightarrow M \rightarrow C$. But, there is a great difference in the process as a whole. In $C \rightarrow M \rightarrow C$, money constitutes the intermediary, the commodity the starting point and the finish; in this case, the commodity is the intermediary, with money the starting point and the finish. In $C \rightarrow M \rightarrow C$, the money is spent once and for all; in $M \rightarrow C \rightarrow M$, it is merely advanced, it is to be got back again. It flows back to its starting point. Here, therefore, is already a palpable difference between the circulation of money-as-money and money-as-capital.

In $C \rightarrow M \rightarrow C$, money can return to its starting point only through the repetition of the whole process, through the sale of fresh commodities. Hence, the reflux is independent of the process itself. In $M \to C \to M$, on the other hand, it is conditioned from the outset by the structure of the process itself, which is incomplete if the return flow fails.

The ultimate object of $C \to M \to C$ is use-value, that of $M \to C \to M$ exchange-value itself.

In $C \to M \to C$, both extremes possess the same definiteness of economic form. Both are commodities, and of equal value. But, at the same time, they are qualitatively different use-values, and the process has social metabolism as its content. In $M \to C \to M$, the operation, at first glance, seems tautological, purposeless. To exchange 100 pounds for 100 pounds, and in a roundabout way to boot, seems absurd. One sum of money is distinguishable from another only by its size; $M \to C \to M$ acquires its meaning, therefore, only through the quantitative difference in the extremes. More money is withdrawn from circulation than has been thrown into it. The cotton bought for 100 is sold, say, for 100 10; the process, thus, follows the formula $M \to C \to M'$, where $M' = M \Delta M$. This ΔM, this increment, is surplus-value. The value originally advanced not only remains intact in circulation, but adds to itself a surplus-value, expands itself – and this movement converts money into capital.

In $C \to M \to C$, they may also be a difference in the value of the extremes, but it is purely accidental in this form of circulation, and $C \to M \to C$ does not become absurd when the extremes are equivalent – on the contrary, this is rather the necessary conditions for the normal process.

The repetition of $C \to M \to C$ is regulated by an ultimate object outside itself; consumption, the satisfaction of definite needs. In $M \to C \to M$, on the other hand, the beginning and the end are the same – money – and that already makes the movement endless. Granted, $M \Delta M$ differs quantitatively from M, but it, too, is merely a limited sum of money; if it were spent, it would no longer be capital; if it were withdrawn from circulation, it would remain stationary as a hoard. Once the need for expansion of value is given, it sexists for M' as well as for M, and the movement of capital is boundless, because its goal is as much unattained at the end of the process as at the beginning. As the representative of this process, the owner of money becomes a capitalist. As the representative of this process, the owner of money becomes a capitalist.

If, in commodity circulation, the exchange-value attains at most a form independent of the use-value of commodities, it suddenly manifests itself here as a substance in process, endowed with motion of its own, for which commodity and money are mere forms. More than that, as original value, it is differentiated from itself as surplus-value. It becomes money in process, and as such, capital.

$M \to C \to M'$ appears, indeed, to be a form peculiar to merchant's capital alone. But, industrial capital, too, is money which is converted into commodities, and by the latter's sale reconverted into more money. Acts that take place between purchase and sale, outside the sphere of circulation, effect no change in this. Lastly, in interest-bearing capital, the process appears as $M \to M'$ without any intermediary, value that is, as it were, greater than itself.

Contradictions in the general formula

The form of circulation by which money becomes capital contradicts all previous laws bearing on the nature of commodities, of value, of money and of circulation itself. Can the purely formal differences of inverted order of succession cause this?

What is more, this inversion exists only for one of the three transacting persons. As a capitalist, I buy commodities from A and sell them to B. A and B appear merely as simple buyers and sellers of commodities. In both cases, I confront them merely as a simple owner of money or owner of commodities, confronting one as buyer or money, the other as seller or commodity, but neither of them as a capitalist or a representative of something that is more than money or commodity. For *A*, the transaction began with a sale; for *B*, it ended with a purchase, hence, just as in commodity circulation. Moreover, if I base the right to surplus-value upon the simple sequence, *A* could sell to *B* directly and the chance of surplus-value would be eliminated.

Assume that *A* and *B* buy commodities from each other directly. As far as use-value is concerned, both may profit; A may even produce more of his commodity than *B* could produce in the same time, and vice versa, whereby both would profit again. But otherwise with exchange-value. Here, equal values are exchanged for each other, even if money, as the medium of circulation, intervenes.

Abstractly considered, only a change in form of the commodity takes places in simple commodity circulation, if we except the substitution of one use-value for another. So far, as it involves only a change in form of its exchange-value, it involves the exchange of equivalents, if the phenomenon proceeds in a pure form. Commodities can, indeed, be sold at prices differing from their values, but this would mean a violation of the law of commodity exchange. In its pure form, it is an exchange of equivalents, hence no medium for enriching oneself.

Hence, the error of all endeavors to derive surplus-value from commodity circulation. Condillac, Newman.

But let us assume that the exchange does not take place in a pure form, that non-equivalents are exchanged. Let us assume that each seller sells his commodity at 10 per cent above its value. Everything remains the same; what each one gains as a seller, he loses in turn as a buyer. Just as if the value of money had changed by 10 per cent. Likewise, if the buyers bought everything at 10 per cent below value.

The assumption that surplus-value arises from a rise in prices presupposes that a class exists which buys and does not sell – i.e., consumers and does not produce, which constantly receives money gratis. To sell commodities above their value to this class means merely to get back, by cheating, part of the money given away gratis. (Asia Minor and Rome.) Yet, the seller always remains the cheated one and cannot grow richer, cannot form surplus-value thereby.

Let us take the case of cheating. *A* sells to *B* wine worth 40 pounds sterling in exchange for grain worth 50. *A* has gained 10. But *A* and *B* together have only 90. *A* has 50 and *B* only 40; value has been transferred but not created. The capitalist class, as a whole, in any country, cannot cheat itself.

Hence: if equivalents are exchanged, no surplus-value results; and if non-equivalents are exchanged, still no surplus-value results. Commodity circulation creates no new value.

That is why the oldest and most popular forms of capital – merchant capital and usurers' capital – are not considered here. If the expansion of merchant capital is not to be explained by mere cheating, many intermediate factors, lacking here as yet, are required. Even more so for usurers', and interest-bearing, capital. It will later be seen that both are derived forms, and why they occur historically before modern capital.

Hence, surplus-value cannot originate in circulation. But outside it? Outside it, the commodity owner is the simple producer of his commodity, the value of which depends upon the quantity of his own labour, contained in it, measured according to a definite social law; this value is expressed in money of account – e.g., in a price of 10 pounds. But this value is not at the same time a value of 11 pounds; his labour creates values, but not self-expanding values. It can add more value to existing value, but this occurs only through the addition of more labour. Thus, the commodity producer cannot produce surplus-value outside the sphere of circulation, without coming in contact with other commodity owners.

Hence, capital must originate in commodity, yet not in it.

Thus:

> the transformation of money into capital has to be explained on the basis of the laws inherent to the exchange of commodities, the exchange of equivalents forming the starting point. Our owners of money, as yet the mere chrysalis of a capitalist, has to buy his commodities at their value, to sell them at their value, and yet at the end of this process, to extract more value than he put into it. His development into a butterfly must take in the sphere of circulation and yet not in it. These are the conditions of the problem. Hic Rhodus, hic salta!

The buying and selling of labour-power

The change in value of money that is to be converted into capital cannot take place in that money itself, for in buying, it merely realizes the price of the commodity; and on the other hand, as long as it remains money, it does not change the magnitude of its value; and in selling, too, it merely converts the commodity from its bodily form into its money-form. The change must, therefore, take place in the commodity of $M \rightarrow C \rightarrow M$; but not in its exchange-value, since equivalents are exchanged; it can only arise from its use-value as such – that is, from its consumption. For that purpose, a commodity is required whose use-value possess the property of being the source of exchange-value – and this does exist – labour-power.

But, for the owner of money to find labour-power in the market as a commodity, it must be sold by its own possessor – that is, it must be free labour-power. Since buyer and seller as contracting parties are both juridically equal persons, labour-power must be sold only temporarily – since in a sale, en bloc, the seller no longer remains the seller, but becomes a commodity himself. But then the owner, instead of being able to sell commodities in which his labour is embodied, must rather be in a position where he has to sell his labour-power itself as a commodity.

For the conversion of his money into capital, therefore, the owner of money must find in the commodity market the free labourer, free in the double sense that as a free man he can dispose of his labour-power as his commodity, and that, on the other hand, he has no other commodities to sell, has no ties, is free of all things necessary for the realization of his labour-power.

Parenthetically, the relation between money owner and labour-power owner is not a natural one, or a social one common to all ages, but a *historical* one, the product of many economic revolutions. So, too, do the economic categories considered up to now bear their historical stamp. To become a commodity, a product must no longer be produced as the immediate means of subsistence. The mass of products can assume commodity-form only within a specific mode of production, the capitalist mode, although commodity production and circulation can take place even where the mass of products never become commodities. Likewise, money can exist in all periods that have attained a certain level of commodity circulation; the specific money-forms, from mere equivalent to world money, presuppose various stages of development; nevertheless, a very slightly developed circulation of commodities can give rise to all of them. Capital, on the other hand, arises only under the above condition, and this one condition comprises a world's history.

Labour-power has an exchange-value which is determined, like that of all other commodities, by the labour-time required for its production, and hence for its reproduction aa well. The value of labour-power is the value of the means of subsistence necessary for the maintenance of its owner – that is, his maintenance in a state of normal capacity for work. This depends upon climate, natural conditions, etc., and also on the given historical standard of life in each country and for each particular epoch. Moreover, his maintenance includes the means of subsistence for his substitutes – i.e., his children – in order that the race of these peculiar commodity owners may perpetuate itself. Furthermore, for skilled labour, the cost of education.

The minimum limit of the value of labour-power is the value of the physically indispensable means of subsistence. If the price of labour-power falls to this minimum, it falls below its value, since the latter presupposes normal, not stunted, quality of labour-power.

The nature of labour implies that labour-power is consumed only after conclusion of the contract, and, as money is usually the means of payment for such commodities in all countries with the capitalist mode of production, the labour-power is paid for only after it is consumed. Everywhere, therefore, the labourer gives credit to the capitalist.

The process of consuming labour-power is at the same time the process of producing commodities and surplus-value and this consumption takes place outside the sphere of circulation.

The Production of Absolute Surplus Value

The labor process and the process of producing surplus-value

The purchaser of labor-power consumes it by setting its seller to work. This labor-to-produce-commodities at first turns out use-values, and in this property it is independent of the specific relation between capitalist and labourer... Description of the labor process as such.

The labor process, on a capitalist basis, has two peculiarities:

1. The labourer works under the capitalist's control.
2. The product is the capitalist's property, since the labor process is now only a process between two things purchased by the capitalist: labor-power and means of production.

But the capitalist does not want the use-value produced for its own sake, but only as the depository of exchange-value, and especially of surplus-value. Labor, under this condition – where the commodity was a unity of use-value and exchange-value – becomes the unity of the production process and of the process creating value.

Thus, the quantity of labor embodied in the product is to be investigated.

Yarn, for example. Let 10 lbs. of cotton be necessary for making it, say, 10 shillings, and instruments of labor – whose wear and tear are inevitable in the spinning, here denoted in brief as spindle share – say, 2 shilling. Thus, there are 12 shillings' worth of means of production in the product – i.e., inasmuch as

1. the product has become an actual use-value, in this case yarn; and
2. only the socially necessary labor-time was represented in these instruments of labor.

How much is added to it by the labor of spinning?

The labor process is here viewed from an altogether different angle. In the value of the product, the labors of the cotton-planter, of the spindle-maker, etc., and of the spinner, are commensurable, qualitatively equal parts of general, human, necessary value-creating labor, and therefore distinguishable only qualitatively, and for that very reason quantitatively comparable by the length of time, presupposing that it is socially necessary labor-time, for only the latter is value-creating.

Assumed the value of a day's labor-power is 3 shillings, and that it represents 6 hours of labor, that 1 2/3 lbs. of yarn are made per hour, hence in 6 hours: 10 lbs. of yarn from 10 lbs. of cotton (as above); then 3 shillings of value have been added in 6 hours, and the value of the product is 15 shillings (10 2 3 shillings), or a shilling and a half per pound of yarn.

But in this case there is no surplus-value. That is of no use to the capitalist.

We assumed that the value of a day's labor-power was 3 shillings, because 1/2 working-day, or 6 hours, is incorporated in it. But the fact that only 1/2 working-day is required to maintain the worker for 24 hours does not in any way prevent him from working a whole day. The value of labor-power, and the value it creates, are two different quantities. Its useful property was only a conditio sine qua non; but what was decisive was the specific use-value of labor-power in being the source of more exchange-value than it has itself.

Hence, the labourer works 12 hours, spins 20 lbs. of cotton worth 20 shillings and 4 shillings' worth of spindles, and his labor costs 3 shillings: total – 27 shillings. But, in the product there are embodied: four days' labor in the shape of spindles and cotton, and one day's labor of the spinner, in all five days at 6 shillings totalling 30 shillings' value of product. We have a surplus-value of 3 shillings: money has been converted into capital. All the conditions of the problem are fulfilled.

As a value-creating process, the labor process becomes a process of producing surplus-value the moment it is prolonged beyond the point where it delivers a simple equivalent for the paid-for value of labor-power.

The value-creating process differs from the simple labor process in that the latter is considered qualitatively, and only to the extent that it comprises socially necessary labor-time.

As the unity of labor process and value-creating process, the production process is the production of commodities; as the unity of labor process and the process of producing surplus-value, it is the process of capitalist production of commodities.

Reduction of compound labor to simple labor.

Constant and variable capital

The labor process adds new value to the object of labor – but, at the same time, it transfers the value of the object of labor to the product, thus preserving it by merely adding new value. This double result is attained in this manner: the specifically useful qualitative character of labor converts one use-value into another use-value and thus preserves value; the value-creating, abstractly general, quantitative character of labor, however, adds value.

E.g. – let the productivity of spinning labor multiply sixfold. As useful (qualitative) labor, it preserves in the same time six-times as many instruments of labor. But it adds only the same new value as before – i.e., in each pound of yarn, there is only 1/6 of the new value previously added. As value-creating labor, it accomplishes no more than before. The contrary is true, if the productivity of spinning labor remains the same, but the value of the instruments of labor rises.

The instruments of labor transfer to the product only that value which they lose themselves. This is the case in differing degree. Coal, lubricants, etc., are consumed completely – raw materials take on a new form. Instruments, machinery, etc., transmit value only slowly and by parts – and the wear and tear are calculated by experience. But the instrument remains continually as a whole in the labor process. Therefore, the same instrument counts as a whole in the labor process, but only partly in the process of producing surplus-value, so that the difference between the two processes is reflected here in material factors. Conversely, the raw material, which forms waste, enters wholly into the process of producing surplus-value, and only partly into the labor process, since it appears in the product minus the waste.

But, in no case can an instrument of labor transfer more exchange-value than it possessed itself – in the labor process it acts only as a use-value and, hence, can give only the exchange-value that it possessed previously.

This preserving of value is very advantageous to the capitalist, but costs him nothing.

Yet, the preserved value only re-appears, it was already present, and only the labor process adds new value. That is, in capitalist production, surplus-value, the excess of the product's value over the value of the consumed elements of the product (means of production and labor-power).

Herewith have been described the forms of existence which the original capital value takes on in dropping its money-form, in being converted into factors of the labor process:

1. in the purchase of instruments of labor;
2. in the purchase of labor-power.

The capital invested in instruments of labor does not, therefore, alter the magnitude of its value in the production process. We call it CONSTANT capital.

The portion invested in labor-power does change its value; it produces:

1. its own value, and
2. surplus-value – it is called VARIABLE capital. (P.176 [209])

Capital is constant only in relation to the production process specifically given, in which it does not change; it can consist sometimes of more, sometimes of fewer instruments of labor, and the purchased instruments of labor may rise or fall in value, but that does not affect their relationship to the production process. Likewise, the percentage in which a given capital is subdivided into constant and variable capital may change, but in any given case, the *c* remains constant and the *v* variable.

The rate of surplus-value

$$C = 500 = \overset{c}{410}\overset{v}{90}$$

Let us assume *c* consists of 312 raw material, 44 auxiliary material, and 54 wear and tear of machinery – in all 410.

Let the value of *all* the machinery be 1,054.

If this were entered as a *whole*, we would get 1,410 for *c* on both sides of our calculation; the surplus-value would remain 90 as before.

Since the value of *c* merely re-appears in the product, the value of the product we get differs from the value created in the process; the latter, therefore, equals not *cvs*, but *vs*. Hence, the magnitude of *c* is immaterial to the process of creating surplus-value – i.e., $c = 0$. This also takes place in practice in commercial accounting – e.g., in calculating a country's profit from its industry, imported raw material is deducted. Cf. Vol.III for the ratio of surplus-value to total capital.

Hence: the rate of surplus-value is s:v, in the above case 90:90 = 100%.

The labor-time during which the labourer reproduces the value of his labor-power – in capitalist or other circumstances – is the **necessary labor**; what goes beyond that, producing surplus-value for the capitalist, **surplus-labor**. Surplus-value is congealed surplus-labor, and only the form of extorting the same differentiates the various social formations.

The sum of the necessary labor and the surplus-labor equals the working-day.

The working day

The necessary labor-time is given. The surplus-labor is variable – but within certain limits. It can never be reduced to nil, since then capitalist production ceases. It can never go as high as 24 hours for physical reasons, and, moreover, the maximum limit is always affected by moral grounds as well. But, these limits are very elastic. The economic demand is that the working-day should be no longer than for normal wear-and-tear of the worker. But what is normal? An antinomy results and only force can decide. Hence, the struggle between the working class and the capitalist class for the normal working-day.

Surplus-labor in previous social epochs. As long as the exchange-value is not more important than the use-value, surplus-labor is milder – e.g., among the ancients; only where direct exchange-value – gold and silver – was produced, surplus-labor was terrible. Likewise, in the slave states of America until the mass production of cotton for export. Likewise, corvee labor – e.g., in Romania.

Corvee labor is the best means of comparison with capitalist exploitation, because the former fixes and shows the surplus-labor as a specific labor-time to be performed – Reglement organique of Wallachia.

The English Factory Acts are negative expression of the greed for surplus-labor, just as the foregoing was its positive expression.

THE FACTORY ACTS. That of 1850. 10.5 hours and 7.5 on Saturdays = 60 hours per week. Mill-owners' profit through evasion.

Exploitation in unrestricted, or only later-restricted, branches: lace industry, potteries, lucifer matches, wall-paper, baking, railway employees, seamstresses, blacksmiths, day and night workers in shifts: (a) metallurgy and the metal industry

These facts prove that capital regards the labourer as nothing else than labor-power, all of whose time is labor-time as far as this is at all possible at a given moment, and that the length of life of labor-power is immaterial to the capitalists. But is this not against the interests of the capitalist? What about the replacement of what is rapidly worn out? The organized slave trade in the interior of the United States has raised the rapid wearing out of slaves to an economic principle, exactly like the supply of labourers from the rural districts in Europe, etc. Poorhouse supply (labor-power provided by poorhouses). The capitalist sees only the continuously available surplus-population and wears it out. Whether the race perishes – apres moi le deluge. Capital is reckless of the health or length of life of the labourer, unless under compulsion from society... and free competition brings out the inherent laws of capitalist production in the shape of external coercive laws having power over every individual capitalist.

Establishment of a normal working-day – the result of centuries of struggle between capitalist and labourer.

At the beginning, laws were made to raise working-time; now to lower it.

- The first Statute of labourers, 23rd Edward III, 1349, was passed under the pretext that the plague had so decimated the population that everyone had to do more work.

Hence, maximum wages and limit of the working-day were fixed by law.

- In 1496, under Henry VII, the working day of field labourers and all artificers continued from 5 a.m. to between 7 and 8 p.m. in summer – March to September – with 1 hour, 1.5 hours and .5 hour, in all 3 hours' break. In winter, it was from 5 a.m. to dark. This statute was never strictly enforced.
- In the 18th century, the whole week's labor was not yet available to capital (with the exception of agricultural labor). Cf. controversies of that time.

Only with modern large-scale industry was this, and more, achieved; it broke down all bounds and exploited the workers most shamelessly. The proletariat resisted as soon as it recollected itself.

> The five acts of 1802-33 were only nominal, since there were no inspectors. Only the Act of 18833 created a normal working-day in the four textile industries: from 5:30 a.m. to 8:30 p.m., during which time young persons from 13 to 18 years of age could be employed only 12 hours with 1.5 hours' pauses, children from 9 to 13 years of age only 8 hours, while night work of children and juveniles was prohibited.

The relay system and its abuse for purposes of evasion.

- Finally, the Act of 1844 – which put women of all ages on the same basis as juveniles. Children limited to 6.5 hours; the relay system curbed. On the other hand, children permitted from 8 years on.
- At last, in 1847, the tens-hours bill forced through for women and juveniles. The capitalists' efforts against it. A flaw in the Act of 1847 led to the compromise Act of 1850, which fixes the working day for juveniles and women – 5 days of 10.5 hours, 1 day of 7.5 = 60 hours per week, and that between 6 a.m. and 6 p.m. Otherwise, Act of 1847 in force for children. The exception for the silk industry.
- In 1853, the working-time for children also limited to between 6 a.m. and 6 p.m.
- Printworks Act, in 1845, limits almost nothing – children and women can work 16 hours!
- Bleaching and dyeing works, 1860.
- Lace factories, 1861.
- potteries and many other branches, 1863 (under the Factory Act, special acts passed the same year for bleaching in the open air and baking).

Large-scale industry, thus, at first creates the need for limiting working-time, but it later found that the same overwork has gradually taken possession of all other branches as well.

History further shows that the isolated "free" labourer is defenceless against the capitalist and succumbs, especially with the introduction of women's and children's labor, so that it is here that the class struggle develops between the workers and the capitalists.

In France, the 12-hour day law for all ages and branches of work was passed only in 1846, (Cf., however, p.253 [278], footernote on the French child labor law of 1841, which was really enforced only in 1853, and only in the Department du Nord.) Complete "freedom of labour" in Belgium. The 8-hour movement in America.

Thus, the labourer comes out of the production process quite different than he entered. The labour contract was not the act of a free agent; the time for which he is free to sell his labour-power is the time for which he is forced to sell it, and only the mass opposition of the workers wins for them the passing of a law that shall prevent the workers from selling, by voluntary contract with capital, themselves and their generation into slavery and death. In place of the pompous catalogue of the inalienable rights of man, comes the modest Magna Charta of the Factory Act.

Rate and mass of surplus-value

With the rate, the *mass* is also given. If the daily value of one labour-power is 3 shillings, and the rate of surplus-value is 100 per cent, its daily mass = 3 shillings, for one labourer.

i. Since the variable capital is the money expression of the value of all the labour-powers simultaneously employed by one capitalist, the mass of the surplus-value produced by them is equal to the variable capital multiplied by the rate of surplus-value. Both factors can vary, different combinations thus arising. The mass of surplus-value can grow, even with decreasing variable capital, if the rate rises – that is, if the working-day is lengthened. ii. This increase in the rate of surplus-value has its absolute limit in that the working-day can never be prolonged to the full 24 hours; hence, the total value of one worker's daily production can never equal the value of 24 working-hours. Thus, in order to obtain the same mass of surplus-value, variable capital can be replaced by increased exploitation of labour only within these limits. This is important for the explanation of various phenomena arising from the contradictory tendency of capital:

1. to reduce the variable capital and the number of workers employed; and
2. to produce the greatest possible mass of surplus-value nonetheless.

iii. The masses of value and surplus-value produced by different capitals, for given value and equally high degree of exploitation of labour-power, are related directly as the magnitudes of the variable components of these capitals.

This seems to contradict all facts.

For a given society, and a given working-day, surplus-value can be increased only by increasing the number of workers – i.e., the population; with a given number of workers, only by lengthening the working-day. This is important, however, only for *absolute* surplus-value.

It now turns out that not *every* sum of money can be transformed into capital – that a minimum exists: the cost price of a single labour-power and of the necessary instruments of labour. In order to be able to live like a worker, the capitalist would have to have two workers, with a rate of surplus-value of 50 per cent, and yet save nothing. Even with eight, he is still a small master. Hence, in the Middle Ages people were forcibly hampered in transformation from craftsmen into capitalists by limitation of the number of journeymen to be employed by one master. The minimum of wealth required to form a real capitalist varies in different periods and branches of business.

Capital has evolved into command over labour, and sees to it that work is done regularly and intensively. Moreover, it compels the workers to do more work than is necessary for their sustenance; and, in pumping out surplus-labour, it surpasses all earlier production systems based upon direct compulsory labour.

Capital takes over labour with the given technical conditions, and at first does not change them. Hence, with the production process considered as a labour process, the worker stands in relation to the means of production not as to capital, but as to the means of his own intelligent activity. But, considered as a process of creating surplus-value, otherwise. The means of production become means of absorbing the labour of others. It is no longer the labourer who employs the means of production, but the means of production that employ the labourer. Instead of being consumed by him... they consume him, as the ferment necessary to their own life-process, and the life-process of capital consists only in its movement as value constantly multiplying itself.... The simple transformation of money into means of production transforms the latter into a title and a right to the labour and surplus-labour of others.

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